

AGREEMENT

Between

THE PREMCOR REFINING GROUP, INC.

An Equal Opportunity Employer

And

LOCAL 1238
INTERNATIONAL BROTHERHOOD
OF ELECTRICAL WORKERS

From

November 7, 2006

To

February 1, 2011

AGREEMENT

Between

THE PREMCOR REFINING GROUP, INC.

And

**LOCAL UNION 1238
Of the**

**INTERNATIONAL
BROTHERHOOD OF
ELECTRICAL WORKERS**

PREMABLE

This Agreement is made by and between The Premcor Refining Group, Inc. (hereinafter called the Company) and Local Union 1238 of the International Brotherhood of Electrical Workers (hereinafter called the Union.) This Agreement shall be binding upon the successors or assigns of the Company. The Company shall as a condition of any sale require that any subsequent Buyer/Operator recognize the Union as the exclusive bargaining representative of all affected bargaining-unit employees and assume the Collective Bargaining Agreement (CBA), for those affected BU employees. The parties hereto agree with each other as follows:

ARTICLE I

Representation and Recognition

1.1 The Company recognizes the Union as the sole and exclusive bargaining agent with respect to wages, hours, and other terms and conditions of employment for the Company's employees who are employed at its Delaware City Power Plant facility, in classifications set forth in Appendix A, attached hereto and made part of this Agreement.

1.2 Job Descriptions of the job classifications listed in Exhibit "A" and Article VI are based upon the manner in which such jobs have heretofore been regularly and customarily performed and shall remain in effect until the necessity of any changes in them. If the Company desires to make any changes in these job classifications or job descriptions relating hereto, or if any additional job classifications are to be added to Exhibits "A", such changes or additions shall be mutually agreed upon between the Company and the Union. It is further agreed that work covered by these job

classifications shall be represented by the Union and shall not be transferred out of the bargaining units except by mutual consent.

ARTICLE II
Company-Union Relationship

2.1 It is agreed that, except as otherwise provided in this Agreement, the Company retains the sole right to operate and manage its property, including the right to hire, promote, transfer, discipline, lay off, or terminate employees for just cause and to determine the number of employees to be employed and the number to be assigned to any given job classification.

2.2 The Company and the Union continue to agree that the operation or application of the provisions of this Agreement shall in no way serve to discriminate against any individual with respect to compensation, terms, and conditions of employment or otherwise affect his/her status as an employee because of such individual's race, color, creed, sex, age, handicap, national origin, or status as a disabled or Vietnam Era Veteran. Furthermore, there shall be no discrimination, interference, restraint, or coercion by the Company or any of its agents against any employee because of his/her membership in the Union or because of any lawful activities on behalf of the Union; and the Union, its members, and its agents, shall not unlawfully coerce employees into membership in the Union and shall not solicit membership in the Union while employees are working.

Masculine gender usage is also applicable to the feminine gender.

2.3 Employees working within classifications identified in Exhibit "A" shall have the right to become members of the Union as they individually prefer.

All employees entering classifications covered by this Agreement, shall be required to share equally in the cost of maintaining and operating the collective bargaining agency.

In the event that an employee covered hereby fails to comply with the requirements of this section, the Company, within thirty (30) days after receipt of written notice from the Union requesting the same, shall discharge or transfer such employee to a classification outside of the Bargaining Unit.

2.4 As a convenience to employees and the Union, the Company agrees to deduct usual and customary Union dues and voluntary Union

Political Education Committee contributions the first two (2) pays of each month and assessments on the second (2nd) pay of each month from the pay of each present or new member who files with the Company an individual written request. A member desiring to discontinue his/her individual check-off may do so by notifying the Company and Union in writing. Collected dues and assessments shall be paid to the Financial Secretary of Local 1238.

2.5 The Company agrees that during the period of this Agreement there shall be no lockout, or the equivalent, of members of the Union, and Union agrees that there shall be no strike, or the equivalent, by the Union or any of its members.

2.6 Posting of official Union notices on Company bulletin boards in the departments set forth in Article I will be permitted and a definite space shall be allotted for this purpose.

2.7 Neither the Company nor the Union through their officers, members, representatives, agents or committees shall engage in any subterfuge for the purpose of defeating or evading the terms of this Agreement.

ARTICLE III
Hours of Work, Overtime and Holidays

3.1 The following definitions shall apply as referred to herein:

PAYROLL will be administered by the Company on a bi-weekly basis.

THE PAYROLL WEEK shall begin at 12:01 A.M. Monday and end at 12:00 midnight of the following Sunday.

THE BASIC WORK WEEK shall consist of five (5) regularly scheduled basic workdays of eight (8) hours each totaling forty (40) hours within the payroll week. There shall be two (2) regularly scheduled consecutive days off where operating schedules permit.

SCHEDULED HOURS, as referred to herein, shall be considered those hours regularly assigned to an employee.

OFF-SCHEDULED HOURS, as referred to herein, shall be considered those hours during which an employee is not regularly scheduled to work.

A SHIFT EMPLOYEE is defined as one who works at a job which is operated twenty-four (24) hours per day, seven (7) days a week, including work on Sunday and holidays.

A SCHEDULED EMPLOYEE is defined as one who is assigned to work of a regular or a continually recurring nature required in varying degree during the day or night which may include Sundays and holidays. The number of scheduled employees and the number of these employees assigned to Sunday and holiday work shall be kept to the minimum.

Schedules shall be posted and so arranged that work periods and days off shall be rotated. The manner in which work periods and days off are rotated and in which work periods swing shall be uniform within each department. Such schedules now in effect and unsatisfactory to the employee will be changed providing the new schedules requested will entail no additional expense to the Company and will adequately cover operating requirements.

A NON-SHIFT EMPLOYEE is defined as one not included under shift and scheduled employee and shall work daytime hours from Monday to Friday inclusive.

3.2 TIME AND ONE-HALF shall be paid for hours worked beyond the regularly scheduled eight (8) hours per day and for hours worked on the first day of rest, except where otherwise provided.

Except as provided below, where a non-shift employee is required to work through his/her usual and customary meal period, he/she shall be paid overtime therefore.

Except where otherwise provided, when a qualified employee is required to work on different rate jobs within a workweek, and works overtime on a job which pays a higher rate than he/she normally receives, overtime shall be computed on the wage scale that prevails for that job and shall not be less than that prevailing for his/her own classification.

Overtime shall be distributed equitably among qualified employees.

Supervisors shall make every effort to select the proper employee for overtime. Should more than two errors per year be made in a department, the following procedure will be used. If through error the low available qualified employee is not called, he/she will be compensated at the appropriate overtime rate for the number of hours worked by the employee called unless the Company gives the employee an opportunity to make up overtime loss on work which would

not otherwise have been scheduled as overtime work within 30 days after the error was discovered. In scheduling make-up overtime, supervision should provide advance notice where practical. An employee who does not receive at least 48 hours notice regarding make-up overtime can decline the overtime without prejudice to his/her rights under this action. In such cases, management will be obligated to provide an additional make-up overtime opportunity during the above-referenced 30-day period.

The Company and Union agree on the principle that while a supervisor has the prime responsibility to assign overtime correctly, there is also an obligation on the Steward and employees in the interest of good relations to call honest errors in misassignment to the attention of the supervisor in advance when such misassignments are evident.

The Company and the Union agree that within 90 days of the ratification of this contract, an Overtime Committee will be established to define the rules and responsibilities of administering overtime.

3.3 Employees who have worked overtime shall not be given time off without pay on regularly scheduled workdays to equalize overtime.

An employee who has worked more than sixteen (16) hours without rest shall be entitled to an eight (8) hour rest period before he/she returns to work. When an employee has worked more than sixteen (16) hours without rest on consecutive days, the second rest period shall be computed from his/her scheduled starting time and not from the time he/she returned to work following his/her first rest period. If the rest period extends into his/her regularly scheduled basic five (5) day workweek, he/she shall lose no time thereby.

An employee called out to work two (2) hours or less after completing his/her regularly scheduled workday hours or more consecutively shall be credited for this interval at straight-time pay when totaling consecutive hours of work to qualify for the rest period provided under the sixteen (16) hour provision). An employee credited for this interval who receives subsequent callouts within two (2) hours of completing each previous callout, shall be credited for the subsequent intervals at straight time pay when totaling consecutive hours of work to qualify for the rest period provided under the sixteen (16) hour provision. Credited intervals are initiated only at the end of regularly-scheduled workdays and are not cumulative once callout has been completed and there have been

no subsequent callouts within two (2) hours of completing the callout.

When an employee is called out and works one (1) or more hours in the first five (5) hours of the eight (8) hour period immediately preceding his/her regularly-scheduled starting time, he/she shall be allowed a rest period at the beginning of his/her regularly scheduled workday equal to the hours worked in the eight (8) hour period. The employee will suffer no loss of pay for the above rest period. Should the time worked continue straight through to starting time of his/her scheduled day, the rest period shall be scheduled for the latter part of his/her scheduled day.

If he/she is required to work during the rest period set forth in this section, he/she will be paid double time for such hours of his/her regular scheduled hours that would have comprised his/her rest period. For regular-scheduled hours worked after the rest period, the employee will be paid at straight time.

The above represents all existing subject overtime agreements. No other previous overtime practices or pay provisions shall modify the terms of this contract.

3.4 DOUBLE TIME shall be paid for all hours worked on the second day of rest in any payroll week.

If an employee is required to work longer than sixteen (16) consecutive hours, he/she shall be paid for all consecutive hours of labor thereafter at double time.

3.5 In no event shall more than the highest single overtime provision be applied when overtime provisions conflict for the same hours of work.

3.6 If an employee is called to work during off-scheduled hours, he/she shall be paid for off-scheduled work a minimum of one (1) hour straight time for travel allowance and two (2) hours at the applicable overtime rate.

When the first callout is made one (1) hour or less before an employee's scheduled workday, he/she shall receive one (1) hour straight time for travel allowance plus a minimum of one (1) hour at the applicable overtime rate.

3.7 If an employee is, during scheduled hours, advised to report for work at a later time during off-scheduled hours, he/she shall be paid for such off-scheduled hours of work, the appropriate overtime rate, but in any event not less than a minimum of two (2)

hours at straight time. The employee shall be allowed at least twenty-four (24) hours advance notice for such prearranged work and call-out provision shall prevail when twenty-four (24) hour notice has not been given.

When an employee is notified of cancellation of off-scheduled work less than twenty-four (24) hours prior to reporting time, he/she shall be paid (1) hour at straight time; if he/she is notified of cancellation after reporting for work, he/she will be paid one (1) hour straight time plus one (1) hour travel time.

3.8 If a change is made in the regularly scheduled hours of an employee without giving such employee forty-eight (48) hours prior notice of such change, he/she shall be paid at the appropriate overtime rate for the first eight (8) hour period of the new schedule. This, however, does not apply at the end of a temporary assignment when the employee resumes his/her regular schedule provided there is an eight (8) hour interval between the two scheduled periods.

When an employee is notified of cancellation of change in regular scheduled hours less than forty-eight (48) hours prior to reporting time, he/she shall be paid one (1) hour at straight time; if he/she is notified of cancellation after reporting for work, he/she will be paid one (1) hour straight time plus one (1) hour travel time.

Mutual agreement shall be reached between Company and Union before a non-shift employee can be changed to a shift or scheduled employee, however, this shall not apply to practices now in effect. A scheduled employee will not be changed to a shift employee until discussed with the Union Business Manager.

3.9 Shift employees working as scheduled on shifts in which the majority of hours fall between 4:00 P.M. and 8:00 A.M. of the next succeeding day shall be paid a shift differential of one dollar and forty cents (\$1.40), and one dollar and forty-five cents (\$1.45) per hour effective the nearest payroll beginning date to February 1, 2008.

A Sunday shift differential of one dollar and forty cents (\$1.40) per hour, and one dollar and forty-five cents (\$1.45) per hour effective the nearest payroll beginning date to February 1, 2008, shall apply to all regularly scheduled shifts on a calendar Sunday. The Sunday shift differential shall also apply to all regularly scheduled shifts worked on a holiday recognized in accordance with Section 3.9.

Shift differential shall be included in the base rate for overtime pay purposes when the employee concerned qualified for shift differential pay as described herein.

When an employee is held over or scheduled on overtime to work a full eight (8) hours Sunday or night shift, the shift differential is applicable. When an employee is held over or scheduled for less than eight (8) hours on a Sunday or night shift, the shift differential is not applicable unless differential is already being paid for the employee's regular hours of work.

When an employee receives a Sunday or shift differential, the differential is included in the base on which overtime is applied.

3.10 The following days shall be recognized as guaranteed holidays: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the Friday immediately following Thanksgiving Day, Christmas Eve, Christmas Day, and New Year's Eve. When any of the above holidays fall on Sunday, except as provided below, the following Monday shall be observed as the holiday.

When any of the above holidays fall on Saturday or when Christmas Eve or New Year's Eve falls on Sunday, the Company shall designate another day immediately before or after that weekend in lieu thereof, or at its option, pay for same at regular straight time

For Shift employees, the following holidays shall be observed the day the holiday actually occurs: New Year's Day, Independence Day, Christmas Eve, Christmas Day, and New Year's Eve.

With employees not reporting the day before or the day after a holiday, the Union will cooperate in dealing with abuse.

3.11 All regular employees are entitled to holidays off with regular pay. When such an employee is required to work on a holiday, he/she shall receive holiday pay, and in addition, one and one-half (1½) times his/her hourly rate for all hours worked within his/her regularly scheduled working hours on the holiday. Hours worked outside of the regularly scheduled working hours on a holiday

shall be paid for at two and one-half (2 1/2) times his/her hourly rate. For holiday pay purposes, an employee retains his/her last scheduled workday hours through his/her off days.

A Shift or Scheduled employee who works his/her regularly scheduled working hours on his/her regularly scheduled shift during the New Year's Day, and/or Good Friday, and/or Memorial Day, and/or Independence Day Holiday will receive one and one-half (1 ½) times his/her hourly rate for all hours worked within his/her regularly scheduled working hours on the New Year's Day, and/or Good Friday Holiday, and/or Memorial Day, and/or Independence Day will receive holiday and premium pay as noted above, or will be granted a day off with pay to be prearranged with supervision according to the needs of the service.

When an employee has worked eight (8) hours on the holiday or within his/her last regularly scheduled basic workday prior to a holiday in a higher classification, his/her holiday pay shall be calculated at the rate of the higher classification.

3.12 Nothing herein contained shall require the Company to grant employee's time off on holidays, and when required to work, employees will do so.

ARTICLE IV
Seniority in Promotion, Transfer,
Layoff and Reemployment

4.1 The following definitions shall apply as referred to herein:

SERVICE is defined as the length of continuous service with the Company, its predecessors or affiliates, beginning with the date of last continuous employment by the Company and shall not be interrupted because of layoffs of less than one year, authorized leaves of absence, authorized absence due to military service, authorized sickness or accident.

SENIORITY is defined as the length of cumulative service in any one of the departments set forth in Article I. Such "seniority" shall not predate "service".

When employees have equal departmental seniority, the employee with the greatest length of continuous service shall have the greatest seniority, and the employee last hired shall have the least seniority.

A REGULAR EMPLOYEE is defined as one who has completed a probationary period and is not subject to a time limitation in employment.

A TEMPORARY EMPLOYEE is defined as one who is employed with the understanding that his/her employment is for a limited period of time, not to exceed six (6) months. Extension for longer periods must be mutually agreed upon by Company and Union. Such employee may be retained longer by the Company as a regular employee with seniority dating from the time of his/her last employment with the Company. It is agreed that the employment of temporary employees shall not result in loss of employment for regular employees. A temporary employee can be disciplined or released by the Company without regard to any other provision of the Agreement and not subject to Section 9.1. When temporary employees are hired, transferred or loaned to another department, the Union and the Steward of the new department will be given a list of such employees. A temporary employee will be given one (1) week's termination notice when possible. Pay in lieu of notice will not be made. Temporary employees shall be told of extensions and when placed on regular status.

The Company shall provide the Union Business Manager on a monthly basis a list of all temporary employees who have been on the property three months or more, and who are carrying out work customarily performed by bargaining unit employees. The list shall include location, departmental classification and length of employment.

A PROBATIONARY EMPLOYEE is defined as one who is newly employed to fill a regular job, but who has not yet completed six (6) months of actual work in a department. Such an employee can be disciplined or released by the Company without regard to any other provision of the Agreement and not subject to Section 9.1.

Probationary period begins anew on the first transfer of an employee during this period.

The HR Department will give a copy of the Agreement to probationary employees. Probationary employees shall be told when placed on regular status.

ABILITY, FITNESS AND OTHER QUALIFICATIONS as referred to herein are defined as:

(a) Performing assigned work in the manner in which the Company expects and requires it to be done, as efficiently, economically and quickly as it can be done under the circumstances then existing.

(b) Cooperating with supervisors in doing the work to be done.

(c) Protecting the property and customer relations of the Company.

(d) Promptness and regularity in reporting for work.

(e) Observing all lawful rules and regulations of the Company.

4.2 When filling vacancies by promotion or when filling new positions created in job classifications up to and including the grade of first-class mechanic, or journeyman, where the qualifications, as defined above are sufficient, seniority shall govern.

When filling vacancies by transfer, up to and including the grade of first-class mechanic, or journeyman, where the qualifications as defined above are sufficient, service shall govern.

When filling vacancies by promotion or transfer, or when filling new positions created in jobs of the senior classification, or working foreman, full consideration will be given to seniority as defined herein but governing consideration shall be given to ability, fitness and other qualifications for the position in question as determined by the Company.

Before filling any vacancies covered under this section, the department head shall discuss the matter with the Union Steward.

4.3 Before making promotions or filling vacancies, the department head will advise the Union Steward of his/her selection for the position in question. In the event there is no employee in the department qualified to fill the vacancy, the Company shall post a notice of the vacancy for a period of seven (7) calendar days.

An employee with one (1) year service at date of transfer who bids in an opening in another department will retain his/her rate for six (6) months if higher than the rate of his/her classification but not to exceed the second step rate of the bottom classification.

An employee who bids in an opening in another department, or accepts a non-bargaining unit position, shall be transferred no

later than four (4) weeks after he/she has been notified of his/her acceptance. Seniority shall begin upon notification of acceptance to employee; however, qualifying time under Section 4.9 and wage progression shall begin on first day of actual transfer.

Human Resources will notify the Union immediately after filling posted bargaining unit jobs.

4.4 Filling vacancies in exempt jobs shall be at the sole discretion of the Company and not subject to grievance procedure or arbitration. However, before filling such vacancies in the first line of supervision, the department head shall discuss the matter with the Union Steward.

4.5 In the event that it becomes necessary to reduce in rank an employee from a supervisory position, he/she shall be returned to the classification from which he/she was promoted within the bargaining unit and shall assume in it his/her old seniority plus that accumulated in his/her higher position provided, however, such reduction in rank will have been made within six (6) months from date of promotion. If he/she cannot perform the work of that classification, the classification to which he/she is assigned and the seniority which he/she assumes in it shall be mutually agreed upon by the Company and the Union. If he/she was not promoted from the bargaining unit, he/she shall not return to it unless by mutual consent.

4.6 When the Company determines it is necessary to curtail forces in any department, seniority shall govern. Starting with the occupational group in which surplus exists, layoffs will begin with those employees having the least seniority. The Union will be given reasons, in writing, within three (3) weeks notice before curtailing forces or laying off regular employees.

In the event the Company finds it necessary to curtail forces:

(a) The Company has the sole right to determine if a vacancy exists in any other department or if additional personnel are needed or can be efficiently occupied, and the designation and classification of the job which an employee can be transferred.

(b) The Union will waive the posting procedure set forth in Section 4.3 and oppose no transfer of an employee from the curtailed department to another department.

(c) The transferred employee will be given reasonable and sufficient instruction and training and the customary qualifying period in which to qualify for the job.

(d) During the qualifying period, the employee's progress will be subject to periodic review.

(e) The department head, upon completion of the qualifying period, will determine the employee's qualifications for retention or release from the department.

(f) Should the employee fail to meet the requirement of the job he/she shall be reassigned to the department from which he/she was transferred for further personnel disposition.

(g) During the qualifying period, the employee, will receive the rate of pay of his/her former classification: and upon satisfactory completion of the qualifying period, the employee will assume the rate of pay for the job to which transferred, waiving provisions of Section 4.9.

(h) The Union will be notified of each case of curtailment of forces and the name of the individual(s) under consideration.

4.7 When additional employees are needed in a department, the regular employees who have been laid off within a one (1) year period, or who have been displaced within a two (2) year period from such department due to lack of work, shall be offered the jobs before they are filled by promotion or transfer of employees with less seniority or by the hiring of new employees, provided that such employees meet the minimum job requirements and have not refused to accept an offer of a regular job. A notification shall be sent to them by registered mail, to the latest mailing address supplied to the Company, and copies of the notification shall be supplied to the Union. The Company shall be notified within seven (7) days after receipt of the notice of the desire to the former employee to accept the offer of the job and that he/she will start work not later than three(3) weeks after the receipt of the notice. Should the employee fail to report, he/she shall be dropped from the Company rolls. The foregoing does not preclude the hiring of new employees to fill the job temporarily until the former employee can be obtained.

4.8 During the period of this Agreement, no regular employee covered by this Agreement with ten (10) or more years of continuous service shall be laid off because of lack of work, nor shall his/her rate of pay be reduced for this reason. In the event of a reduction, elimination or reassignment of work, the Company will offer to such an employee affected thereby a job which the employee qualified to perform or for which he/she can be trained that may then be available anywhere within the bargaining unit.

All seniority provisions of the Agreement will be waived to permit the Company to place the employee in a classification. It is agreed, however, that this section does not apply if such an employee refuses to accept an offered job and that he/she will be terminated with the provisions of Section 8.3 and 8.4 applying. It is further understood that such job offer to an eligible employee shall not displace another employee with ten (10) or more years of continuous service.

Additionally, for one time only, when an employee with twenty-five(25) or more years of continuous service is declared surplus and placed in a classification as outlined above, the employee, within two (2) years from date of transfer may bid on a vacancy through the bidding process and if accepted retain his/her rate of pay. The employee must successfully complete the trial period and assume seniority under the provisions of Sections 4.9 and 4.10.

4.9 An employee who is promoted or transferred shall be given a reasonable qualifying period not to exceed six (6) months in which it shall be determined whether or not he/she can meet the job requirements. During this period, he/she shall be instructed and trained on the job and shall not be eligible to bid on another opening after a transfer outside of his/her occupational group unless so agreed by the Company. Any employee failing to meet the job requirements within this period shall be reassigned to the classification and department from which he/she was promoted or transferred and shall immediately resume the wage rate and the seniority he/she would have been entitled to if he/she had not left this classification. This shall in no way prejudice an employee's opportunities for future promotions. Before such reassignment is made, the Department Head shall discuss the matter with the Union Steward.

4.10 When an employee transfers from one (1) department to another, he/she shall continue to accumulate seniority in his/her original department during the qualifying period, of six (6) months. At the end of this qualifying period he/she shall assume in the new department seniority from the date of notification of Company acceptance. When the earned seniority in the new department equals the seniority held in the department from which he/she was transferred he/she shall then lose the seniority in the former department.

When the Company initiates an employee involuntary transfer from one (1) department to another, the transferred employee(s) shall carry their seniority from their previous department and it

shall become the employee's seniority in the employee's new department.

4.11 List showing seniority and service, and mailing addresses of members shall be supplied to the Union. Revisions shall be supplied every six(6) months. The Union shall be given notice of new employees hired.

4.12 Employees not in adherence to departmental and Company policies are subject to disciplinary counseling. When an employee's performance and/or behavior warrant disciplinary action, the following disciplinary procedures are recommended:

- Written Reminder
- Decision Making Leave (DML)
- Termination

Progressive disciplinary counseling is recommended. At the discretion of the Company, any or none of these disciplinary steps may be used prior to termination based on the severity of the offense. Formal documentation becomes a part of the employee's personnel file.

The Union Steward shall be notified of the reasons for any contemplated disciplinary action, demotion, or discharge of employees. Any objection to such action by the Union shall be handled through the grievance procedure set forth herein.

Written reminders issued by the Company after a period of one (1) year will not be used to advance an employee through progressive discipline.

4.13 A regular employee who is drafted, enlisted, or called into the military service of the United State and who, under Federal law, is entitled to reinstatement upon release from such service shall be reinstated in accordance with the provisions of the law. The Company agrees to restore such reinstated employee to his/her job or to a job of like seniority, with cumulative seniority during his/her absence, and at the then established pay rate provided he/she is still qualified to perform the duties of such job.

Regular employees who are members of National Guard or Military Reserves will be granted a leave of absence not to exceed fifteen (15) working days per year to participate in annual training period. Employees will be paid the amount equal to the difference between the amount received from the Government for the military training period and the amount normally received from the Company. Company pay is computed at the employee's base rate for normal working hours

not exceeding a maximum of forty(40) hours per week. A copy of official orders and the military pay voucher from employee's commanding officer must be presented to employee's department head showing required time employee must be absent and the amount of pay to be received for such training. Employees participating in the annual training period are also entitled to their scheduled paid vacation.

An employee may elect to receive payment of regular pay on paydays occurring while participating in annual training by agreeing before leaving to reimburse the Company for military pay received by signing the Company authorization form provided.

Military earnings for security patrol duty performed on the employee's rest days will not be charged to employee in computing the difference between Company and military pay.

4.14 Progress reports on employee will be shown to employee concerned and signed by employee when detrimental. Signing by employee does not constitute agreement with performance appraisal.

ARTICLE V Working Conditions

5.1 The safety rules and regulations established by the Company or governmental authority shall be strictly adhered to by both the employees and the Company, and the Company shall enforce these rules and regulations uniformly. Changes in safety rules and regulations will be discussed with the Union before becoming effective.

At the Union's request, the Company will meet periodically with the Union's Safety Committee.

The Failure to observe or the disregard of safety rules by employee shall constitute grounds for disciplinary action.

5.2 While accident investigating committees are interviewing members of the bargaining unit to determine the facts involved in lost time accidents, an authorized Union representative shall be present.

The Union shall be furnished a copy of reports of all accidents which result in loss of time to the employee involved.

5.3 No employee shall perform the duties of either a higher or unrelated classification except during the qualifying period, as set forth in the job description, and an employee who is not advanced after he/she is qualified for promotion shall not thereafter perform duties outside of his/her classification unless paid the appropriate rate therefore. An employee temporarily assigned to a lower classification shall receive his/her rate of pay while so engaged.

When an employee, qualified as above, works three (3) hours in a higher grade bargaining unit classification within his/her scheduled basic workday, he/she will receive the higher rate for all hours worked within that scheduled basic workday.

When bargaining unit classification has been filled by a temporary assignment for seven hundred (700) regular work hours in a calendar year (except as a direct or chain reaction replacement of an employee absent from his/her job under a provision of the Labor Agreement, or temporarily unable to fill his/her normal duties, or during the qualifying period set forth in job descriptions, or in emergencies), a promotion will be made under the promotion provisions of the Labor Agreement. For temporary upgrading purposes, an emergency exists when an outage occurs or when life or property is endangered and an insufficient number of qualified employees holding classifications under this Agreement are available.

5.4 When an employee is to be permanently assigned to a lower classification for other than disciplinary reasons, the Union shall be notified and the employee shall retain his/her present rate of pay for sixty (60) days thereafter and then shall receive the regular rate of the job to which assigned, except as provided in 5.6

5.5 Regular employees shall receive full time employment provided they report for duty on their assigned schedules within the terms of this Agreement.

5.6 An employee will not be required to perform a hazardous task for which he/she is not qualified.

5.7 The Company shall furnish all tools, raincoats, boots and hats, safety devices, coveralls for painting structural steel work and for other purposes as determined by Department Heads, and other equipment considered necessary. The employee receiving such tools and equipment shall be responsible for their return in good condition, ordinary wear and tear, and reasonable loss expected. The Company shall provide suitable and safe place for storing tools and equipment furnished to employees.

1. When working on Company property and contractor employees are present (as during construction of buildings, peaking units or substations), tool boxes should be locked when conditions permit. Large tools, truck equipment and material should be kept as secure as possible and occasionally checked.
2. As soon as possible after discovery of loss of tools or equipment, the employee should notify his/her department supervision and follow instructions given. Cases of carelessness in safeguarding tools and equipment will result in disciplinary action and possible reimbursement to the Company for loss involved.

Where work requires the use of gloves, the Company will furnish such gloves to employees without costs and will replace without cost upon return of worn out pair. Lost gloves may be replaced under controls mutually agreed upon with the Union.

5.8 When the Company requires employees to be away from their homes overnight, the Company shall pay for adequate lodgings and meals.

When employees are scheduled to attend training outside of the New Castle Region during regularly scheduled hours and must travel to, and or from such training during non-scheduled hours, the employee will be paid travel time at the appropriate overtime rate. Travel time will be the amount of time that it takes to travel from the employee's regular reporting location to the training facility.

5.9 Employees will be reimbursed a twelve dollar (\$12.00) allowance for each meal entitlement, as outlined in the following.

In the event an employee is called out with less than eight (8) hours' notice and misses a regular meal thereby, the employee shall be entitled to a meal allowance and an opportunity to eat a meal without loss of time; and if work continues, shall be entitled to an additional meal allowance for each additional five (5) hours worked and an opportunity to eat a meal without loss of time.

In the event an employee is prescheduled or called out with (8) hours' notice or more, or works hours at the end of and in addition to his/her regular workday, the employee shall be entitled to a meal allowance after the expiration of ten (10) consecutive hours of work, and if work continues, the employee shall be entitled to an additional meal allowance for each additional five (5) hours worked and an opportunity to eat a meal without loss of time. If an

employee is released from work after the expiration of ten (10) consecutive hours of work, and if a meal is eaten, it shall be on the employee's own time. If work continues after the expiration of ten (10) consecutive hours of work, the employee shall be entitled to a meal allowance and opportunity to eat a meal without loss of time.

During the workday, when a scheduled unpaid midday meal period is not worked, it will not be paid, will not be counted as part of the ten (10) consecutive hours and will not cause the ten (10) consecutive hours to be interrupted.

Opportunities to eat a meal shall be granted as can reasonably be scheduled by supervisors or other executives. An opportunity to eat a meal without loss of time will be limited to the actual time required to eat the meal, and should not normally exceed one hour.

Normally, work groups and crews must opt as a unit to eat a meal without loss of time. However, if the company determines that the needs of service will permit, members of work groups and crews may individually eat a meal without loss of time.

The above represents all existing meal agreements. No other previous practices or agreements concerning meals shall modify the terms of this contract.

5.10 If the Company finds it should be necessary to employ outside contractors for work of the type customarily performed by the employees of the Company, no such work will be contracted if it would result in loss of regular employment for the Company employees who customarily do this type of work.

The Company agrees that it shall continue its efforts to build its own forces and minimize the use of contract crews since it is the desire of both parties to perform as much work as possible with Company employees.

5.11 No supervisor as such shall act in other than a supervisory capacity except in emergencies, for training purposes, or in performing routine physical tasks for a limited period during a workday and who is not displacing any other employee. It is further agreed that the provisions of this Section shall not apply to clerical and engineering supervisors.

Temporary Supervisory Assignments:

When the Company assigns a non-supervisory employee to perform the duties of the foreman or supervisor, such employee will be paid his/her regular rate plus ten percent (10%) for the period of such assignment, except that when the employee to be upgraded is not from the most senior classification in his/her occupational group in his/her department, the ten percent (10%) will be calculated from the most senior classification in his/her occupational group and added to the employee's regular rate of pay. When the employee to be upgraded is from a classification that is in itself an occupational group with various step progressions, the ten percent (10%) will be calculated from the highest salary progression step in that classification and added to the employee's regular rate of pay. The increased rate shall not apply to those employees whose job description includes supervisory duties.

ARTICLE VI
Wages

6.1 The wage rates for the period of the Agreement shall be those set forth in Exhibit "A" attached hereto and made a part thereof and shall be effective from the date set forth in Exhibit "A".

When an employee is promoted, he/she will be paid the rate in the higher classification, which is immediately above his/her present rate.

When an employee is temporarily assigned to a higher classification, he/she will be paid the rate in the higher classification which is immediately above his/her regular rate, provided he/she is qualified as set forth in the job description.

When an employee transfers to the same classification outside of his/her seniority group, his/her salary will not be changed but progression anniversary will be from date of transfer.

When an employee transfers to a different classification, his/her salary will start at the bottom step of the classification; however, the Company may give credit based on qualifications but salary will not exceed that of the lowest paid employee in that classification of the seniority group involved and progression anniversary will be from day of transfer. In the event that the transferring employee is a bidder of one (1) year service under the provisions of Section 4.3, minimum salary will begin at the second step of the classification.

When an employee is demoted or transferred to his/her former classification within his/her six (6) month trial period, Section 4.9 will apply.

Progression will be suspended during a sickness period in excess of thirty (30) days, employee-requested leave of absence exceeding two (2) weeks, suspension exceeding one (1) week, and for the entire period of layoff within one (1) year and will recommence on return to full-time employment.

6.2 When an employees' probationary or qualifying period is extended by mutual agreement beyond the six (6) month period set forth in the Agreement, the payment of any automatic increase provided for the classification will be delayed until employee qualifies.

**ARTICLE VII
Vacations, Leaves of Absence**

7.1 The following Vacation schedule applies;

<u>Completed Years of Service</u>	<u>Eligible Vacation</u>
1 through 4	2 Weeks
5 through 9	3 Weeks
10 through 19	4 Weeks
20 through 29	5 Weeks
30 or more	6 Weeks

NEWLY HIRED EMPLOYEES

Employees hired between January 1 and June 30 will be eligible to take one week of vacation during the second half of their first year of employment. Employees hired between July 1 and December 31 will not be eligible for vacation during the first year of employment. On January 1 of the following year, employees will be eligible to take two weeks of vacation anytime that year.

The following schedule applies to the first and second years of employment:

Month of Hire	Current Year	2nd Year
January - June	1 week	2 weeks
July - December	0 weeks	2 weeks

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7.2 Should a holiday(s) be observed while an employee is on vacation, he/she shall be entitled to an additional day(s) with pay. The employee can schedule this day(s) in accordance with the provisions of 7.4

7.3 Two (2) weeks of vacation may be scheduled as ten (10) single vacation days.

Two (2) one-half day vacations may be scheduled only from one (1) of the ten (10) single vacation days.

Employees will be required to request one-half day or single day vacations with proper advance notification to be determined by departmental supervision. Exceptions to this notification requirement may be considered in case of emergency. The Company is not required to pay overtime to accommodate the scheduling of vacations, including vacations of one day or less.

7.4 The Company will schedule vacations as nearly as possible as employees desire, giving preference to seniority; but, it is agreed that because of the needs of the service, the Company may schedule vacations as it may find it necessary to do so.

Vacation schedules will be posted not later than May 1. No employee shall change the vacation period assigned to him without prior approval of his/her department head. Vacations may be scheduled throughout the year but must be completed by December 31, unless carried over with proper advance notification to be determined by departmental supervision.

7.5 An employee who is selected to serve as full-time representative of the Local union shall, after reasonable notice to the Company, be granted a leave of absence without pay during the time of office, and shall continue to accumulate seniority during the leave of absence. Upon termination of his/her Union duties, he/she shall be reinstated in his/her former position, if physically qualified at the then prevailing rate of pay for such position, or if it has been eliminated to a position as nearly comparable as possible, together with all his/her seniority rights.

7.6 An employee who may be selected as delegate, or alternate, to attend the Union Conventions, shall, upon notice to his/her supervisor, be relieved from his/her Company duties without pay for sufficient time to attend such conventions.

Shift or scheduled employees on the Union Negotiating Committee will be assigned as non-shift employees during negotiations. Union to cooperate to avoid interference with operations in a department.

7.7 The Company provides an employee up to three days off with pay (if scheduled to work, beginning with the date of death, ending with date of funeral) for a death in the "immediate family." If the employee must travel more than 500 miles one way from his/her place of work for the death, funeral, burial, or memorial service, then five days may be approved. Beginning with date of death, and ending with date of funeral.

Immediate family includes spouse, children, siblings, parents, Step-parents, step-children, grandparents, grandchildren, son-in-law, daughter-in-law, legal guardians, parents-in-law, brother-in-law, sister-in-law, and grandparents-in-law.

Funeral Leave Pay is intended for the purpose of keeping employees pay whole therefore, it is paid for any such days lost from an employee's regular straight time pay rate on the employee's regularly scheduled work day.

7.8 If it is necessary for an employee to serve on jury duty, or if subpoenaed as a witness during scheduled hours, such employee shall furnish the Company with a copy of the subpoena, or notice to serve, on their next workday following its receipt so that schedules can be arranged.

Employees will be expected to report to work promptly during assigned working hours when excused from jury or witness duty prior to noon, and on days when not required, to report for such duty. When so excused or advised not to report, he/she will notify his/her department immediately and will report for work when and where as instructed. Whenever possible, employees who would otherwise be working in the 4:00 P.M. to 8:00 A.M. period shall be considered as scheduled on the day shift in an unassigned status on days required to report for jury or witness duty; however, if excused for more than a day, he/she may be rescheduled to his/her regular shift during this period without the forty-eight (48) hour notice.

7.9 A regular employee shall be granted a leave of absence without pay after reasonable notice and conditions of work at the time are such that his/her services can be spared. Leaves of absence shall be one (1) week for each full year of service; however, no employee who has once received such a leave shall be given credit again for any years previously allowed for under this paragraph. If an employee overstays such leave, or if he/she accepts employment elsewhere during such leave without the consent of the Company, his/her employment with the Company shall be deemed to have terminated. The Company shall notify the Union Steward of any large leave of absence granted.

Time off with permission without pay for less than five (5) scheduled days will be considered as such but when time off with permission without pay for one scheduled week or more is granted, it will be considered a leave of absence without pay. No pay for holidays in this period will be made.

7.10 It is the obligation of every employee to report to work as scheduled. When an employee cannot show up, the department must be advised as soon as possible; otherwise, the employee will not be paid for the absence time.

7.11 Employees are reminded that they are not to attend to personal business during working hours unless permission has been obtained in advance. This includes unauthorized visits to the employee's home. Violators will be subject to disciplinary action.

ARTICLE VIII Employee Benefits

8.1 Participation in the Company plans listed below, either as now in existence or as changed in the future, shall be available to the employees covered by this Agreement in accordance with the provisions of such plans, and the Union agrees to accept such present or substituted plans on behalf of the employees covered by this Agreement.

- Educational Assistance
- Pension Plan
- Short-Term Leave (STL)
- Long-Term Disability (LTD)
- Life Insurance
- Savings Plan
- Employee Assistance Program (EAP)
- Medical Plans
- Dental Plan
- Retiree Medical Plan

In reference to the above mentioned plans for any modification or substituted plan that the Company implements for all of its employees will be automatically extended to employees covered by this Agreement after informing with the Union.

Should the Company for any reason find it necessary to change any benefit covered in this Agreement, the Company will notify the Union of such changes. Neither this paragraph nor any claim or

dispute relating to the plans shall be subject to grievance or arbitration.

8.2 Regular employees who are laid off due to lack of work shall be entitled to a separation allowance of one (1) week's pay for each year of service with the Company. No employee who has once received such an allowance shall be given credit again for any years previously compensated for under this paragraph.

Employees recalled within one (1) year after layoff who received a separation allowance will make arrangements with the Company to repay such allowance in reasonable weekly amounts by payroll deductions.

8.3 An employee shall be eligible for any employee benefit after separation or while on layoff or leave of absence in accordance with the terms of the subject benefit plans.

ARTICLE IX
Grievances - Arbitration

9.1 A grievance is hereby defined as an alleged violation of the terms of this Agreement. Should any grievance arise between the Company and the union or its members as to the interpretation, application, operation or violation of any provisions of this Agreement, both parties shall endeavor to settle same in the simplest and most direct manner.

The grievance shall be filed with the Company in writing stating the facts, section violated and name of the grievant within thirty (30) calendar days from the date the aggrieved employee and/or the union holds a First Step grievance meeting with the Company.

If the Company does not meet with the Union to process a grievance or respond to a grievance within the prescribed time limits developed below, the grievance will be processed to the next higher step. If the Union or employee fails to file a grievance or request grievance appeal or fails to meet with the Company in the prescribed time limits defined in the steps, the grievance shall be considered dropped.

The procedure shall be as follow unless any step except the Fourth Step is waived or combined by mutual consent:

First: Between the aggrieved employee or the Union representative and the employee's supervisor. If the Union is dissatisfied with the immediate supervisor's decision, which

shall be rendered within five (5) calendar days, then the grievance in writing may be taken to the immediate supervisor's department head and the appropriate Human Resources representative.

Second: Between the Grievance Committee of the Local Union not to exceed three (3) members and the Business Manager or Chief Steward and the Company's Committee which may include Human Resources representative(s). To be held within forty-five (45) calendar days of receiving written notification of First Step appeal. The Company will render a decision within five (5) calendar days. If the Union is dissatisfied with that decision, the matter may be referred to the next step within fifteen (15) calendar days following the Company's decision.

Third: Between the Grievance Committee of the Local Union not to exceed five (5) members and Business Manager, and the Company's Committee, including Human Resource representative's and a Vice President of the Company or his/her authorized management representative.* An International Representative of the IBEW may also be present. To be held within forty-five (45) calendar days of receiving written notification of Second Step appeal. The Company shall render a decision within seven (7) calendar Days.

* The authorized management representative must not have been a member of the Company Committee during a prior step meeting.

Fourth: If the dispute of difference is not settled in the Third Step above, either party may request that the matter be referred to arbitration, if this request is made within ten (10) calendar days in writing after the reply was given in the Third Step. The Arbitration Board shall consist of equal members of representatives for the union and the Company but not to exceed five (5) each and an odd member to be selected through the American Arbitration Association and in accordance with the rules of the Association. Both parties shall be bound by the selection of the odd member made in accordance with the foregoing. The Association shall be directed to submit a list of at least twenty (20) names. Each party shall bear the expenses of its own arbitrators, and the expense of the arbitration and of the odd member shall be borne equally by both parties. The Arbitration Board shall, without delay, hear the evidence and render its majority decision, which shall be final and binding upon both parties for the duration of this Agreement. The majority shall submit a written opinion.

It is understood and agreed that any Board of Arbitration established in accordance with the terms of this Agreement shall have power to resolve only the questions submitted to it, and then only in accordance with the terms of this Agreement. In no event shall any such Board be empowered to alter, revise, or abolish any term of this Agreement, nor shall it have power to insert into the Agreement, or impose upon the parties hereto any new rule, regulation or stipulation not already contained herein, except insofar as such as specifically required by operation of any Federal or State law.

9.2 Members of the grievance committee shall be allowed time off without loss of pay up to the point of arbitration to discuss grievances with the Company.

Mutual problems shall first be presented to the appropriate Strategic Business partner or the Human Resources Director, or designate. If it is mutually agreed to hold further discussion of such problems in committee, the Union Committee not to exceed three (3) members and the Business Manager, shall be allowed time off without loss of pay for such discussion.

The Union will bring up matters as either a mutual problem or a grievance, but not as both.

9.3 Should an employee be laid off or discharged, he/she shall be entitled to a hearing, starting with the Third Step above and the case shall be disposed of promptly. The Arbitrator's decision shall be final and binding.

9.4 The Company may submit complaints to the Executive Board of the Union, and if not settled, these may be submitted to the grievance procedure starting with the Third Step above.

ARTICLE X Period of Agreement

10.1 This Agreement, subject to the approval of the International President of the Brotherhood and the President of the The Premcor Refining Group, Inc., the terms of which are separable and shall not be limited nor qualified unless by mutual written consent, shall become effective as of November 7, 2006, and shall continue in effect until February 1, 2011, and from year to year thereafter, unless either of the parties hereto shall, not less than sixty (60) days prior to the current expiration date, notify the other party of its desire to amend or terminate the Agreement. However, changes in this Agreement may be made at any time by mutual consent. Four(4) members of the Union, who are Company employees,

shall be granted time off without loss of pay to participate in Contract Negotiations between the Company and Local 1238, in addition to the Business Manager and the International Representative. Upon mutual agreement, additional member may be added when the issues regarding negotiations require additional expertise. One (1) full time member of the Union, who is a Company employee, shall be granted time off without pay to support the Union Negotiation Committee, if requested.

A refusal by the Company or the Union to exhaust the remedies provided by this Agreement to arbitrate shall at the option of the other party annul this Agreement.

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IN WITNESS WHEREOF, we have executed this Agreement and have hereunto set our hand and seal effective October 1, 2006.

FOR THE UNION:

|

John I. Boulden
Business Manager

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Stephen M. Newberry
President

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Patricia T. Newberry
Recording Secretary

FOR THE PREMCOR REFINING GROUP, INC.

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Andrew F. Kenner
VP & General Manager, Delaware City

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Gary R. Byrd
Director, Human Resources, Manufacturing Operations

|

John M. Launchi
Director, Human Resources, Delaware City

|

Chris R. Curia
Executive Director, Human Resources

SHORT-TERM LEAVE BENEFITS (STL)

The benefit amount is based on salary, length of service, and use of STL benefits. The employee receives STL benefits in amounts of 100% or 65% of the employee's base pay up to 26 weeks per calendar year (for all absences combined.)

The following illustration shows the effect that length of service has on the benefit. The balances will be applied on January 1st of each year or if an anniversary (listed below) occurs during the year, it will be applied the first of the month following the anniversary.

Completed Length of Service	Weeks Paid at 100%	Weeks Paid at 65%	Total STL Weeks
Up to 3 months	0	26	26
3-12 months	2	24	26
1-2 years	4	22	26
2-5 years	10	16	26
5-7 years	16	10	26
7-10 years	22	4	26
>10 years	26	0	26

Every January 1st, to the extent that full pay has been used, balances will be restored per the above schedule. (An employee must have worked one full pay period in the new calendar year for the balances to be resolved.)

Instances in which an employee's STL may be available for use, based on the following criteria, at the supervisor's discretion, are:

- Personal illness or injury, including doctor visits.
- Care of serious illness or injury of a member of the employee's immediate family* (10 working days maximum per year.)

*Immediate family for STL includes spouse, children, parents, parents-in-law.

LONG-TERM DISABILITY BENEFITS (LTD)

If an employee is disabled, he or she may be eligible for monthly benefits from the Long-Term Disability Plan after satisfying the Plan's waiting (elimination) period. The LTD Plan is designed to continue a percent of base pay each month.

If an employee receives any legislated benefits, such as State Disability, Social Security, Worker's Compensation, or receives benefits through the Work Injury Plan (WIP), these benefit amounts are deducted from STL or LTD benefits received.

EXHIBIT "A"

Job Classification	02/01/06	02/01/07	02/01/08	02/01/09	02/01/10 3.25%
OPERATIONS DEPARTMENT					
Control Room Oper.A	\$35.00	\$36.14	\$37.22	\$38.34	\$39.59
Relief Oper.	\$33.22	\$34.30	\$35.33	\$36.39	\$37.57
Plant Equip. Oper.	\$31.54	\$32.57	\$33.55	\$34.56	\$35.68
Plant Equip. Oper. (4 th - 1 yr.)	\$29.94	\$30.91	\$31.84	\$32.80	\$33.87
Plant Equip. Oper. (3 rd - 1 yr.)	\$28.42	\$29.34	\$30.22	\$31.13	\$32.14
Plant Equip. Oper. (2 nd - 1 yr.)	\$26.98	\$27.86	\$28.70	\$29.56	\$30.52
Plant Equip. Oper. (1 st - 1 yr)	\$25.62	\$26.45	\$27.24	\$28.06	\$28.97
(b) Assist Plant Equip Oper. (6 mos.)	\$24.29	\$25.08	\$25.83	\$26.60	\$27.46
Auxiliary Oper.	\$31.22	\$32.23	\$33.20	\$34.20	\$35.31
MAINTENANCE DEPARTMENT					
Power Plant Sr. Mech	\$32.07	\$33.11	\$34.10	\$35.12	\$36.26
Power Plant Sr. Mech SCD	\$32.36	\$33.41	\$34.41	\$35.44	\$36.59
Power Plant Mech. Welder	\$32.07	\$33.11	\$34.10	\$35.12	\$36.26
Power Plant Mech. Well SCD	\$32.36	\$33.41	\$34.41	\$35.44	\$36.59
Power Plant Mech. Machinist	\$32.07	\$33.11	\$34.10	\$35.12	\$36.26
Power Plant Mech. Mach. SCD	\$32.36	\$33.41	\$34.41	\$35.44	\$36.59
Mech. 1/C	\$29.79	\$30.76	\$31.68	\$32.63	\$33.69
Mech. 1/C SCD	\$30.17	\$31.15	\$32.08	\$33.04	\$34.11
Mech. 2/C	\$28.04	\$28.95	\$29.82	\$30.71	\$31.71
Mech. 2/C SCD	\$28.42	\$29.34	\$30.22	\$31.13	\$32.14
Mech. 2/C (4 th - 1 yr.)	\$26.39	\$27.25	\$28.07	\$28.91	\$29.85
Mech. 2/C SCD (4 th - 1 yr.)	\$26.79	\$27.66	\$28.49	\$29.34	\$30.29
Mech. 2/C 3 rd - 1 yr.)	\$24.84	\$25.65	\$26.42	\$27.21	\$28.09
Mech. 2/C SCD (3 rd - 1 yr.)	\$25.25	\$26.07	\$26.85	\$27.66	\$28.56
Mech. 2/C (2 nd - 1 yr.)	\$23.37	\$24.13	\$24.85	\$25.60	\$26.43
Mech. 2/C SCD (2 nd - 1 yr.)	\$23.83	\$24.60	\$25.34	\$26.10	\$26.95
Mech. 2/C (1 st - 1 yr.)	\$21.99	\$22.70	\$23.38	\$24.08	\$24.86
Mech. 2/C A (1 st - 1 yr.)	\$22.42	\$23.15	\$23.84	\$24.56	\$25.36
(b) Mech. Helper (6 mos.)	\$20.71	\$21.38	\$22.02	\$22.68	\$23.42
(b) Mech. Helper SCD (6 mos.)	\$21.11	\$21.80	\$22.45	\$23.12	\$23.87
Sr. Power Plant Tch. SCD	\$36.29	\$37.47	\$38.50	\$39.75	\$41.04
Plant Controls Technician 1/C	\$34.27	\$35.38	\$36.44	\$37.53	\$38.75
Plant Controls Technician 1/C SCD	\$34.68	\$35.81	\$36.88	\$37.99	\$39.22
Plant Controls Technician 2/C	\$31.50	\$32.52	\$33.50	\$34.51	\$35.63
Plant Controls Technician 2/C SCD	\$31.96	\$33.00	\$33.99	\$35.01	\$36.15
Plant Controls Technician 2/C (4 th - 1 yr.)	\$28.98	\$29.92	\$30.82	\$31.74	\$32.77
Plant Controls Technician 2/C SCD (4 th - 1 yr.)	\$29.41	\$30.37	\$31.28	\$32.22	\$33.27
Plant Controls Technician 2/C (3 rd - 1 yr.)	\$26.59	\$27.45	\$28.27	\$29.12	\$30.07
Plant Controls Technician 2/C SCD (3 rd - 1 yr.)	\$27.08	\$27.96	\$28.80	\$29.66	\$30.62
Plant Controls Technician 2/C (2 nd - 1 yr.)	\$24.49	\$25.29	\$26.05	\$26.83	\$27.70
Plant Controls Technician 2/C SCD (2 nd - 1 yr.)	\$24.92	\$25.73	\$26.50	\$27.30	\$28.19
Plant Controls Technician 2/C (1 st - 1 yr.)	\$22.53	\$23.26	\$23.96	\$24.68	\$25.48
Plant Controls Technician 2/C SCD (1 st - 1 yr.)	\$22.95	\$23.70	\$24.41	\$25.14	\$25.96
(b) Plant Controls Technician Helper (6 mos.)	\$20.71	\$21.38	\$22.02	\$22.68	\$23.42
(b) Plant Controls Technician Helper SCD (6 mos.)	\$21.11	\$21.80	\$22.45	\$23.12	\$23.87

EXHIBIT "A"

Job Classification	02/01/06	02/01/07	2/01/08	02/01/09	02/01/10
YARD DEPARTMENT					
Sr. Fuel Equip Oper.	\$32.49	\$33.55	\$34.56	\$35.60	\$36.72
Fuel Equip. Oper. SCD	\$27.99	\$28.90	\$29.77	\$30.66	\$31.66
Tractor Operator	\$26.82	\$27.69	\$28.52	\$29.38	\$30.33
Coke Handling Oper.	\$24.22	\$25.01	\$25.76	\$26.53	\$27.39
Yard person	\$18.28	\$18.87	\$19.44	\$20.02	\$20.67
Yard person (2 yrs.)	\$17.34	\$17.90	\$18.44	\$18.99	\$19.61
(b) Yard person (6 mos.)	\$16.40	\$16.93	\$17.44	\$17.96	\$18.54

Job Classification	02/01/06	02/01/07	2/01/08	02/01/09	02-01-10
STORES DEPARTMENT					
Stock person	\$24.18	\$24.95	\$25.70	\$26.47	\$27.33
Stock person (2 yrs.)	\$20.79	\$21.47	\$22.11	\$22.47	\$23.20
(b) Stock person (6 mos.)	\$19.43	\$20.06	\$20.66	\$21.28	\$21.97

Job Classification	02/01/06	02/01/07	2/01/08	02/01/09	02-01-10
OFFICE SPECIALIST					
Thereafter	\$24.83	\$25.64	\$26.41	\$27.20	\$28.08
0-6	\$23.85	\$24.63	\$25.37	\$26.15	\$27.00

Appendix to Contract

11/07/06

**AN AGREEMENT BETWEEN THE PREMCOR REFINING GROUP, INC.
AND
LOCAL 1238 OF THE I.B.E.W.**

RE: FOUR (4) TEN (10) HOUR WORKDAYS (4-10'S)

Effective October 1, 2006, The Premcor Refining Group, Inc. and I.B.E.W. Local 1238 agreed to the basic work week to begin four (4) ten (10) hour workday schedule, upon mutual agreement of contractual and procedural provisions. The following Agreement outlines the contractual and procedural provisions of this Agreement. If you have any questions, please contact the Employee Relations Department of your respective Union representative.

PURPOSE: To provide management and employees with increased flexibility in accomplishing job assignments in a competitive, operationally efficient, and cost-effective manner. Other advantages (direct or indirect) may include: assistance toward our Clean Air Act compliance program, addressing family-work life issues, increased employee satisfaction and performance, etc.

SCOPE: Employees who are represented by L-1238

CONTRACTUAL & PROCEDURAL PROVISIONS:

This Agreement applies to four (4) ten (10) hour {4-10's} workday schedules. The 4-10's will be limited to Monday through Friday applications. They will be permitted and utilized in areas as determined by the Company. It will be offered to schedule and non-shift employees on a voluntary basis only.

This Agreement sets forth those provisions of the Labor Agreement which shall be modified to address the 4-10's schedules. The following only applies to employees working 4-10's.

Any conditions not specifically referred to in this Agreement will be handled in accordance with the applicable section of the Labor Agreement.

Article 3.1 - The basic work week shall consist of four (4) regularly scheduled basic workdays of ten (10) hours each totaling forty (40) hours within payroll week. The four (4) workdays may be scheduled Monday through Friday.

Voluntary 4-10's schedules will be offered in a Monday-Thursday, Tuesday-Friday schedule.

An employee's 4-10's schedule shall consist of the same start and stop time for the duration of the work week.

A NON-SHIFT EMPLOYEE shall be eligible to participate in a voluntary 4-10's schedule within the hours of 0600 - 1900.

A SCHEDULED EMPLOYEE shall be eligible to participate in a voluntary 4-10's schedule within the hours of 0600 - 1900. However, in specific departments with existing schedules of a regular or continually recurring nature outside the 0600 - 1900 hours, scheduled employees may be offered a voluntary 4-10's schedule to be completed no later than 2400 hours.

Article 3.2 - time and one-half shall be paid for hours worked beyond the regularly scheduled ten (10) hours per day and for hours worked on any day of rest, except Sunday.

Note: The Company recognizes that one primary attraction 4-10's offer the employee(s) is to have an additional day off within the basic work week. Therefore, it is not the intent of the Company to schedule overtime on this day off. However, both the Company and Union, recognize that there may be times when scheduling overtime on this day may occur, but the Company will make every effort to keep them at a minimum.

Article 3.3 - Rest period: An employee who works 10 or more hours shall be entitled to an 8 hour rest period prior to working another 10 hour shift.

An Employee who is called out and works one (1) or more hours in the first seven (7) hours of the ten (10) hour period immediately preceding their regularly scheduled 10 hour shift's starting time shall be allowed a rest period at the beginning of their regularly scheduled work day equal to the hours worked in the ten(10) hour period. Should time continue through the starting time of his scheduled day, the scheduled rest period shall be scheduled for the latter part of his scheduled day.

Article 3.5 - Double time shall be paid for all hours worked on Sunday and only Sunday will be considered the second day of rest in any payroll week for pay purposes.

Article 3.13 - Holidays will continue to be recognized as addressed in the Labor Agreement. The Company may elect the following options:

- change the schedule to five (5) eight (8) hour days with one (1) day off as the recognized holiday, and schedule overtime as needed.

OR

- continue a 4-10's schedule with an additional eight (8) hours of holiday pay. For example:

Monday	Tuesday	Wednesday	Thursday	Friday
Holiday (8 Hrs. Straight-Time Holiday Pay)	10 Hrs.	10 Hrs.	10 Hrs.	10 Hrs.
		OR		
10 Hrs.	10 Hrs.	10 Hrs.	10 Hrs.	Holiday (8 Hrs. Straight-Time Holiday Pay)

On Independence Day (4th of July) week, if the 4th falls a Tuesday, Wednesday, or Thursday, then that week's schedule will revert to five (5) eight (8) hour work days (5-8's). If the 4th falls on a Friday, Saturday, Sunday, or Monday, the previous options apply.

If two (2) or more Company-recognized holidays occur in a week, then that week's schedule will revert to five (5) eight (8) hour work days (5-8's) vs. 4-10's.

Article 4.14 - A regular employee who is a member of the National Guard or Military Reserves will be assigned to five (5) eight (8) hour days for administrative purposes during any military leave of absence as described in Article 4.14.

Article 5.4 - Absence of an employee due to working 4-10's shall not be counted in the event someone has a temporary assignment to be upgraded to fill that position under the seven hundred (700) hour provision.

Article 5.14 - Meal entitlements will be furnished after the expiration of twelve (12) consecutive hours of work, excluding any unpaid mid-day meal period that is not worked, on regularly scheduled ten (10) hour days. If work continues after twelve (12) consecutive hours, the employee shall be entitled to a meal allowance and an opportunity to eat meal without loss of time. Thereafter, the five (5) hour rule applies. This modification only applies to the regularly scheduled 4-10's basic work week.

Article 7.1 - Vacations, as defined in terms of days and/or weeks, shall be converted to separate annual vacation allowances in hours. Where vacation hours are applied to any of these contractual modifications, the annual allowance shall be reduced by the number of hours taken in any category. For example, if an employee takes a day's vacation while on 4-10's, the employee will be charged with ten (10) hours vacation reducing his remaining vacation by that amount. For administration purposes, vacations scheduled as full weeks will be 5-8's.

If recognized that under this application that an employee may have an odd number of hours (i.e., less than 8 hours) remaining after utilizing his vacation. If this situation arises, an employee shall be offered the following:

If on 5-8's:

- if less than four (4) hours remaining, complement those hours with sufficient hours of 'permission no-pay' to total four (4) hours and therefore be eligible for a half-day off.
- if greater than four (4) hours but less than eight (8) hours remaining, complement those hours with sufficient hours of 'permission no-pay' to total eight (8) hours and therefore be eligible for an eight (8) hour day off.

If on 4-10's:

- if less than five (5) hours remaining, complement those hours with sufficient hours of 'permission no-pay' to total five (5) hours and therefore be eligible for a half-day off.

- if greater than five (5) hours but less than ten (10) hours remaining, complement those hours with sufficient hours of 'permission no-pay' to total ten (10) hours and therefore be eligible for a ten (10) hour day off.

An employee may choose to take only one (1) half-day vacation in this manner under the provisions as written above.

Due to the effects of converting vacation to hours, the Company and Union recognize that vacation may not always be in full days (8's or 10's) and that any remaining balance of vacation due (not to exceed the employee's eligible vacation benefit) will be permitted to be taken (e.g., 2 hours,...).

Article 7.3 - Employees will be eligible for four (4) single day vacations, if on 4-10's. If their schedule varies between 4-10's and 5-8's, the employees may be eligible for five (5) single day vacations, not to exceed forty (40) vacation hours.

Article 7.7 - Employees will be eligible for up to three (3) days for a death in the "immediate family." If the employee must travel more than 500 miles one way from his or her place of work for the death, funeral, burial or memorial service, then five (5) days may be approved. Beginning with date of death, and ending with day of funeral.

Immediate family includes spouse, children, siblings, parents, step-parents, step-children, grandparents, grandchildren, son-in-law, daughter-in-law, legal guardians, parents-in-law, brother-in-law, sister-in-law, and grandparents-in-law.

Article 7.10 - If an employee is required to serve on jury duty the employee's schedule will be changed to five (5) eight (8) hour workdays. If an employee is subpoenaed as a witness, the Company may elect to change his schedule to five (5) eight (8) hour workdays OR grant the employee ten (10) hours of 'absent with permission - with pay'.

Article 7.11 - A regular employee requesting a leave of absence will be assigned to five (5) eight (8) hour days for administrative purposes during any approved leave.

Sick Leave Policy - Where time off is due to illness or accident, as described in the labor Agreement, the lost time shall be tracked in hours and apply to the individual's sick leave eligibility. In addition, if an employee has missed one (1) week of work due to illness or accident, the employee's schedule may be changed from 4-10's to 5-8's for any continued consecutive lost time or for consecutive 4-10's schedule. For example, if an employee is on 4-10's Monday-Thursday and he misses a week of work due to illness, the Company may reschedule him for 5-8's for the following week(s) for tracking his lost time if his illness should continue or for when he returns to work (i.e., he may be rescheduled to return on 5-8's until a fair opportunity exists to reschedule him to 4-10's.

Pregnancy Related Temporary Disability - The employee will be assigned to five (5) eight (8) hour days for administrative purposes during her absence.

Medical Appointments - As is true today, employees are expected to schedule medical appointments (non-emergency) on their own time. This becomes easier for employees to accomplish if they are on 4-10's. If it is necessary to schedule an appointment during normal working hours, this will be handled with current procedures.

Physician's Certificates (PC) - Will be required for all employees who miss three (3) consecutive ten (10) hour days (e.g., Mon.-Thurs., Thurs.- Fri., Mon. - Tues., etc.). In addition, a PC will be required for a consecutive illness of three (3) ten (10) hour days or longer for an employee with an active Second Step Warning or more of disciplinary action for Short Duration Absenteeism or an active Written Warning or more for Excessive Absenteeism. The Company reserves its rights to require a PC in all cases.

HOW WILL 4-10'S BE OFFERED:

4-10's shall be offered to departments/areas (as currently mutually recognized) as determined by the Company. Once a department determines that 4-10's will be offered, (i.e., to the entire number of volunteers in a department, a percentage of the volunteers on a weekly basis, some combination of the two, seasonally, by project) all qualified employees shall sign a form/list stating whether they wish to participate in 4-10 hour schedules. Employees shall be allowed to change their election at any time, in keeping with the provisions of this agreement.

Once the lists of volunteers have been established, the following shall apply:

- A. 4-10's shall be offered giving preference to seniority, by rotation, by the appropriate classification(s).
- B. The distribution of 4-10's within departments/areas (as currently mutually recognized) should be fair and equitable for all interested employees as conditions permit.
 - 1. For routine, daily work, a 4-10's schedule(s) shall be established giving preference to seniority, including all volunteers, by the appropriate classification(s).
 - 2. For work of a specific duration, (i.e., capital projects, special maintenance projects, etc.) it shall be offered voluntarily by seniority, by the appropriate classification(s) for duration of the job. Successive projects shall be offered voluntarily, by seniority, by rotation. Seniority shall be given preference for longer duration projects as conditions permit.
 - 3. Openings in either schedule described above, for a week or more, that the Company determines should be filled (i.e., due to illnesses, vacations, employee opting for capital project job, training, employee opting not to participate, etc.) shall be offered by seniority, by the appropriate classification(s) to employees on the voluntary 4-10's 'list' that are not on 4-10's for the time in question. Openings of less than week duration shall be filled from the overtime roster if necessary.

CHANGE OF SCHEDULES:

- A. If an employee is on 4-10's schedule and they wish to revert to a 5-8's schedule, they are requested to give as much advance notice as possible and will be required to complete the current week's 4-10's schedule before reverting to a 5-8's schedule the following week.
- B. If an employee is currently on a 5-8's schedule and they wish to cancel a future 4-10's schedule they have been assigned, the employee is requested to give as much advance notice as possible, but a minimum at least forty-eight (48) hours so that

a replacement may be scheduled, or the employee may be required to complete the 4-10's schedule.

C. The Company's right to change schedules remains the same.

Paychecks - Paychecks will be distributed bi-weekly.

Discipline - An employee receiving a disciplinary suspension, or electing an Alternative to Safety Discipline - Category II, shall have their Schedule revert to five (5) day - eight (8) hour schedule during the week(s) in which such no-pay occurs.

Mid-Day Meal Period - Except as provided in the Bargaining Agreement, an employee shall be entitled to a mid-day meal period which shall be uniform within his individual schedule.

Implementation - The Company and Union agree to enter into the 4-10 hour voluntary work schedules as described above. Both parties agree that this is entered into in a good faith effort to strive to meet the objectives and expectations of 4-10's as outlined in the "PURPOSE". The Company and union Committees will meet after implementation to work together to resolve any problems or unforeseen issues which may arise in Administration. Changes may be made to these provisions only upon mutual agreement of both the Company and Union Committees.

DATE: July 17, 1989

REVISED: November 7, 2006

Subject: ALTERNATIVE TO SAFETY DISCIPLINE

To: COST CENTER HEADS

At the time the original "Alternative To Safety Discipline" procedure was implemented in September 1988, the Company and both Union Locals agreed to meet during 1989 to review the procedure for continuance and revision. A follow-up meeting was held and the procedure was endorsed as having successfully met all of its original objectives. It was then decided to improve and expand the procedure.

Attached is a revised copy of the Alternative To Safety Discipline Procedure (originally dated 9/1/88). Changes in the policy are effective immediately and are as follows:

Definitions - Qualified Employee

A new item has been added to allow for consideration of a regular full time employee with less than five years of service:

- 1: Must have been a regular full time employee with less than five (5) consecutive years of service and had no incidents from date of becoming a regular full time employee to date of current specific safety violation being considered for an Alternative To Safety Discipline.

Alternative to Discipline - Category II

Item (e) has been revised to clarify Category II Alternatives for employees as follows:

- e. (1) one day off without pay for employee with five (5) or more consecutive years of service.

(2) two days off without pay for regular full time employee with less than five (5) consecutive years of service.

As in the past, the responsible supervisor should report any incident immediately to the Safety Department for review and determination of preventability. Any incident determined by the Line Management/Safety review to be preventable must then be reviewed with Employee Relations within ten (10) working days to determine if the employee is eligible for an Alternative To Safety Discipline.

Please have this communicated to all employees through your team meetings.

If you have any questions or we can be of any assistance to you, please feel free to call myself or any member of Employee Relations.

Subject Alternative To Safety Discipline

Purpose

To offer a qualified employee involved in a specific safety violation an opportunity to elect an alternative to discipline.

Definitions

Qualified employee

1. Must have been a regular full time employee with less than five (5) consecutive years of service and had no incidents* from date of becoming a regular full time employee to date of current specified safety violation being considered for an Alternative To Safety Discipline.
OR
2. Must have been employed for a minimum of five (5) consecutive years and had no incidents* during the immediate past five (5) consecutive years.
OR
3. Must have achieved a record of having worked the immediate past ten (10) consecutive years with one (1) previous incident* having occurred any time during those ten (10) years.

***Incidents**

1. Previous safety discipline still active in the employees' personnel file.
OR
2. Previous alternative to discipline elected by employee still active in the employees' personnel file.

Specific safety violations**

1. Category I
 - a. No personal injury to anyone and no property damage for violations involving: hard hats, bump caps, safety glasses, seat belts, wheel chocks or unsecured vehicles licensed for driving on highway.
OR
 - b. No personal injury to anyone and minor preventable fleet accident involving vehicle licensed for driving on highway.

2. Category II

No personal injury to anyone and no property damage for violations involving: blocking and tagging, confined space, cradle to cradle, ground to ground, lock to lock, improper rubber, improper shoring, failure to follow/issue proper safety instruction/procedure or policy.

**** Category Ia. and Category II do no address vehicle damage.**

Alternative to discipline

An elected alternative is not considered discipline and is retained in the safety/accident portion of the employees' personnel file for ten (10) years before removal.

1. Category I

- a. Signed recognition of and commitment to safety. Signed by employee and supervisor.
- b. Appropriate video selected by supervision for review by employee on own time.
- c. Report back to team meeting by employee of safety violation and video review.

2. Category II

- a. Signed recognition of and commitment to safety. Signed by employee and supervisor.
- b. Appropriate video selected by supervision for review by employee on own time.
- c. Report back to team meeting by employee of safety violation and video review.
- d. Appearance before BASSC by employee accompanied by supervisor.
- e. (1) one day off without pay for employee with five (5) or more consecutive years of service.

(2) two days off without pay for regular full time employee with less than five (5) consecutive years of service.

9/1/88
Revised 6/1/89
Revised 11/7/06

ALTERNATIVE TO SAFETY DISCIPLINE

Valero Energy is fully committed to providing a safe work environment for all employees and eliminating the pain and suffering associated with accidents through an aggressive accident prevention/safety program. The basic ingredient of this program is participation which can only result from a clear definition and understanding of individual responsibility and basic safety rules.

It is not enough to provide the proper equipment, procedures, and training necessary to create a safe work environment. The personal commitment of every employee is necessary to ensure that proper rules and practices are followed. Safety is the responsibility of every employee of the Company.

On _____, you were involved in a safety related occurrence that qualified for consideration of an alternative to discipline. Since your past safety record qualifies you for an alternative, I am glad that you made the alternative election. If I can be of help to you in any way, please let me know.

Supervisor

Date

In recognition of the principles stated above, I am committing to a personal plan of action in accordance with the principle that employees are expected to perform their jobs in accordance with prescribed rules and regulations. I subscribe to the principle that my employment with Premcor Refining Group, Inc. is directly dependent upon my ability to perform my work in a safe and efficient manner.

Employee Date

Please check appropriate category
Category I _____
Category II _____

Department/District

- XC: Human Resources Department
- Safety Department
- Shop Steward
- Union Business Manager/President

9/1/88
Revised 6/1/89
Revised 10/1/06

SUBSTANCE ABUSE POLICY

Introduction

Valero Energy Corporation, its subsidiaries and affiliates (“Valero”) is committed to maintaining a healthful, safe, environmentally sound, and efficient work place for its employees and others having business with the Corporation. Our concern for the health and safety of our employees and the protection of the Corporation assets and the public, warrants implementation of measures to ensure our work environment remains free from the adverse effects of drug and alcohol use in the workplace.

Substance abuse has a documented adverse effect on workplace safety, as well as on an individual’s judgment. Studies have shown that the effects of substance abuse may persist long after the user believes them to have dissipated.

With these objectives in mind, Valero has established policies that address the use, possession and sale of drugs, alcohol, and controlled materials and substances.

Policy Overview

The possession, consumption, manufacture, distribution, exchange, delivery, dispensing, sale, attempted sale or acquisition, or current use of illegal drugs is prohibited at all times, in any amount, and in any manner. Employees shall not use, abuse or have a reportable level of illegal drugs or their metabolites or alcohol in their systems while on duty. Employees are prohibited from consuming and/or being under the influence of alcohol while working.

Scope

Applicants for employment and all Valero employees who work in or provide direct services to Valero, including full-time, part-time, and temporary employees, are subject to this policy. Contractors and visitors also are expected to follow Valero’s policy on drug and alcohol use and abuse. Applicants and Valero employees will be provided with notice or a copy of this policy. Employees who also are subject to federal Department of Transportation rules and regulations governing substance abuse (Pipeline and Hazardous Materials Safety Administration, Federal Motor Carrier Safety Administration, and U.S. Coast Guard) must comply with this policy *and* with those rules.

Policy Violations

Individuals in violation of this policy will be subject to discipline, up to and including discharge, even for a first offense. Unless specifically prohibited by state law, the consequence of testing positive for illegal drugs is discharge and termination of the employment relationship. Job applicants in violation of this policy will not be hired.

Illegal Drugs

The possession, consumption, manufacture, distribution, exchange, delivery, dispensing, sale, attempted sale or acquisition, or current use of illegal drugs is prohibited at all times, in any amount, and in any manner. This prohibition includes prescription drugs possessed or used in a manner inconsistent with the prescription and the abuse of over-the-counter medications. The possession or use of drug-related paraphernalia while at work is also prohibited.

Employees and applicants who test positive for illegal drugs or their metabolites are considered to be in violation of this policy.

Alcohol

Valero prohibits the use, unauthorized possession, or being under the influence of alcohol while working, while operating a Valero-provided vehicle, or when present on Valero premises. Moreover, the use or abuse of alcohol off the job that impairs, to any extent, performance on the job, may subject the employee to disciplinary action.

A test showing the presence of .02 percent or more alcohol in an individual's system is considered proof that the individual has violated this policy. Individuals whose tests register between .02 and .039 percent alcohol will be subject to discipline. Tests showing .04 or more (and second offenses, if an employee has previously tested positive for alcohol at between .02 and .039) will result in the employee's discharge. Alcohol tests will be conducted only immediately before, during, or at the end of an employee's scheduled workday.

On occasion, Valero may choose to serve alcoholic beverages at Company-sponsored or work-related events (with senior management approval given in advance). Employees may consume alcohol at such events, but those who choose to consume alcohol are expected to refrain from becoming intoxicated or impaired.

Prescription Drugs and Over-the-Counter Medications

The use of over-the-counter medications and the legal use of prescription drugs as ordered by a licensed physician are not prohibited by this policy. An employee who brings prescription drugs to work must carry that drug in the original container, which identifies the drug, the dosage, the prescription date and the prescribing physician. Restrictions on the use of such prescription drugs or over-the-counter medications must be observed by employees.

When a doctor, pharmacist or other health care professional prescribes a drug for an employee, he/she is required to ask whether the drug could affect the employee's ability to perform his or her duties safely and efficiently.

Any employee who is taking over-the-counter medications or prescription drugs must inform his or her direct supervisor prior to commencing work if: (i) the employee obtains or has knowledge from a doctor or other health care professional indicating that the prescription drug or over-the-counter medication may impair his or her ability to safely perform assigned duties, impair physical/mental abilities or create a direct threat of harm to the employee, co-workers or visitors; or (ii) the employee has knowledge from warning labels or other sources that the prescription drug or over-the-counter medication may impair his or her ability to safely perform assigned duties, impair physical/mental abilities, or otherwise create a direct threat of harm to the employee, co-workers, or visitors. All employees who fail to report as required by this policy will be subject to appropriate disciplinary action.

Generally speaking, an employee need not identify the medication being used or the treatment for which it is being taken unless specifically asked to do so by a Valero Human Resources representative. Any information Valero may obtain regarding an employee's health or medication will be treated as confidential, and shared within the Corporation only on a need-to-know basis.

Explanation of Terms in this Policy

- 1 **Adulterated Specimen:** A specimen that contains a substance that is not expected to be present in human urine, or contains a substance expected to be present but is at a concentration so high that it is not consistent with human urine.
- 2 **Alcoholic Beverage :** Any beverage, mixture or preparation containing ethyl alcohol (ethanol).
- 3 **Drug:** "Drug" means any substance, the possession or use of which is regulated by federal, state, or local law, and includes prescription and over-the-counter medications, psychoactive substances, controlled substances, inhalants, "synthetic" or "designer" drugs, and "look-alike" drugs. Valero may test for the following drugs or classes of drugs: opiates (including heroin, codeine, and morphine, and methadone, a synthetic opiate), cannabinoids (marijuana, hemp, Hashish), amphetamines (including methamphetamine, Ritalin, and Methadrine), barbiturates (including Seconal, Nembutal, Phenobarbital), cocaine (including crack), benzodiazepines (Xanax, Valium, Prozac), phencyclidine (angel dust), LSD, MDMA (Ecstasy), Methaqualone, and Propoxyphene.
- 4 **Hair Test:** Screening for the current illegal use of drugs in a hair specimen provided by an applicant or employee. Testing will be performed by a certified laboratory chosen by Valero.
- 5 **Illegal Drug:** Any drug, controlled substance, inhalant or perception altering substance, the possession and/or use of which is restricted, controlled and/or prohibited by state or federal law when used or possessed contrary to applicable law or regulation. This definition includes prescription drugs, which are possessed or used other than as prescribed.
- 6 **Impaired/Under the Influence:** "Under the influence" means that condition wherein any of the body's sensory, cognitive or motor functions or capabilities are altered, impaired, diminished, or affected due to alcohol or drugs. Being unable to perform work in a safe or productive manner; or being in a physical or mental condition which creates a direct threat to the safety and health of the individual, co-workers, or others; or having a "reportable level" of alcoholic beverage or drugs in the body as determined by a laboratory test.

- 7 Medical Review Officer (MRO): A Medical Review officer is a licensed physician with an expertise in toxicology, who analyzes and reviews all presumptive positive test results before they are reported to Valero. The MRO will contact individuals whose specimens have been confirmed positive, substituted, or adulterated by the laboratory, to determine whether there is any legitimate medical explanation for the result.
- 8 Metabolite: The molecule which is created by an individual's body metabolizing, or "breaking down" a substance. Drug tests look for evidence of drug use by looking for the drug itself, or the metabolite which is created as the individual's body processes the substance.
- 9 Positive Test Result: "Positive test result" means having a reportable level of a drug, drug metabolite, or alcohol in the body as determined by a hair, urinalysis, saliva, and/or breath analysis test.
- 10 Possession: "Possession" means to have on one's person, in one's personal effects, in one's vehicle, or under one's control.
- 11 Reasonable Suspicion: Reason to believe this policy has been violated based on specific facts and reasonable inferences drawn from those facts. Such facts and inferences may be based upon, among other things, observations while at work, including but not limited to direct observation of drug or alcohol use or the physical symptoms or manifestations of having consumed drugs or alcohol; abnormal conduct or erratic behavior, including an unexplained deterioration in work performance; a report of drug use provided by a reliable and credible source.
- 12 Serious Accident or Incident: Any accident which leads to an injury requiring off-site medical attention, or which causes significant property damage, estimated at the time of the accident to exceed \$1,000, or an incident which places the health and well-being of others at risk, such that off-site medical attention, or significant property damage could have resulted.
- 13 Substituted Specimen: A specimen with specific gravity and creatinine values that are so diminished that they are not consistent with human urine.
- 14 Urinalysis Test: Screening for the current illegal use of drugs and/or alcohol in a urine specimen provided by an applicant or employee. Testing will be performed by a certified laboratory chosen by Valero.
- 15 Use: "Use" means consuming, ingesting, drinking, injecting, inhaling, smoking, or otherwise using any drug or alcohol.
- 16 Valero Property: All property of Valero, whether owned or leased, including parking areas, buildings and grounds, Valero vehicles, personal vehicles used for Valero business.

Drug and Alcohol Testing

Valero will require employees and job applicants to submit to drug and/or alcohol tests as set forth below, subject to applicable collective bargaining agreements and applicable federal, state, and local laws.

- a) Pre-Employment – Individuals will be offered employment conditioned on taking and passing a drug test before commencing work. Employment offers will be withdrawn whenever an applicant receives a verified positive test result or refuses to participate in the testing process.
- b) Reasonable Suspicion – When Valero management has reason to believe that an employee has violated this policy, the employee may be asked to submit to a reasonable suspicion drug and/or alcohol test. Requests for tests based upon reasonable suspicion will be based upon reasonably contemporaneous observations of the individual's behavior or performance, or other indication that this policy may have been violated. A manager who believes that reasonable suspicion for a test exists will consult with another manager or Human Resources representative, if available, before requesting the test.
- c) Post-Accident/Post Incident – Any employee who is involved in a serious accident or incident while on duty (whether or not on Valero premises), and in which the employee's acts or failure to act may have contributed to the accident, may be asked to submit to a post-accident/incident drug and/or alcohol test as part of the Corporation's investigation of the accident or incident. All such tests will be conducted as soon as possible after Valero learns of the accident or incident, but after any necessary emergency first aid has been administered.
- d) Unannounced Random Testing – All employees, including all management employees, are subject to unannounced random drug testing, consistent with applicable laws. Employees will be selected for testing at random – using a neutral, objective selection procedure – from the pool of individuals subject to such testing. Employees will be notified at the time of their hire or at the time they become subject to such tests if they will be subject to unannounced random drug tests.
- e) Customer or Client-Required – Employees may be asked to submit to drug and/or alcohol tests in accordance with customer or client drug-and alcohol-testing requirements. Individuals subject to such requirements will be notified at the time of hire, or at the time they become subject to such requirements.
- f) Site/Location Unannounced Testing All employees who work at any company site or location may be tested on an unannounced basis if management deems operations to be of a critical safety sensitive nature and/or in circumstances where specific, objective and articulable facts and reasonable inferences indicate prohibited substance use may have occurred that can not be attributed to a particular individual employee. All records and procedures may be audited on an unannounced basis if management deems necessary.

Consequences of a Positive Test

Unless specifically prohibited by state law, an employee whose alcohol or drug test is positive, regardless of the reason for the test, is considered to be in violation of Valero policy and will be terminated from employment.

Refusing a Test

An individual's refusal to submit to drug and/or alcohol testing will be considered insubordination and will result in termination. Attempts to tamper with, evade (such as the intentional removal of hair from one's body), substitute, adulterate, dilute or otherwise falsify a test sample are considered refusals to submit to a test, as is a failure to appear at the testing location promptly after being asked to submit to a test. Job applicants who refuse a test will have their conditional offers of employment withdrawn.

Procedures for Drug & Alcohol Testing

Consent – No alcohol test may be administered, sample collected, or drug test conducted on any sample without the written consent of the person being tested. However, a person's refusal to submit to a proper test will be viewed as insubordination and will subject the person to termination. Valero will pay the costs of all drug and/or alcohol tests it requires of employees and applicants.

Collection and Chain-of-Custody – Persons being tested will be asked to provide a test sample by the collection site person. Samples may include urine, hair, breath, saliva, or other sample capable of revealing the presence of drugs or their metabolites. Procedures for the collection of urine specimens will allow for reasonable individual privacy, unless there is a reason to believe the individual may alter or substitute the specimen to be provided. Urine specimens will be tested for temperature, and may be subject to other validation procedures as appropriate. The collection site person and the person being tested will maintain chain-of-custody procedures for specimens at all times. With respect to drug tests, a sufficient quantity of the sample will be collected and preserved so that a re-test may be performed on the specimen, as may be permitted or required under state law.

Testing Methods – All drug test samples will be screened using an immunoassay technique and all presumptive positive drug tests will be confirmed using gas chromatography/mass spectrometry (GC/MS). All drug tests will be confirmed by a certified laboratory. Breath and/or saliva tests also may be used to detect the presence of alcohol. An alcohol test will be considered positive if it shows the presence of .02 percent or more alcohol in a person's system. Tests will seek only information about the presence of drugs and alcohol in an individual's specimen, and will not test for any medical condition.

Notification and Safety Net – Any individual who tests positive for drugs will be so notified by an independent Medical Review Officer ("MRO"), and given an opportunity to provide any legitimate reasons he or she may have that would explain the positive drug test (such as, for example, evidence that the individual holds a prescription for the substance detected). If the individual provides an explanation acceptable to the MRO that the positive drug-test result is due to factors other than the consumption of illicit drugs, the MRO will order the positive test result to be disregarded and will report the test as negative to Valero. Otherwise, the MRO will verify the test as positive and report the test result. Individuals may request a copy of their own positive test result from the MRO office or Corporate Human Resources office. In addition, an employee who tests positive for drugs may, within three (3) days of notification by the MRO of the positive result, request that his or her hair or urine

sample undergo a second test, at the individual's expense, at a certified laboratory specifically designated by Valero. If the result is confirmed negative, employees will be reinstated and compensated fully as though there had been no break in employment. Where state and local laws differ, the relevant legal requirements shall control.

Confidentiality

All records relating to positive test results, drug and alcohol dependencies, and medical information revealed to the MRO or to Valero will be kept confidential, and disseminated within the Corporation only on a need-to-know basis. Such records will be kept in secure files separate from personnel files. Test results will not be released outside Valero except to its agents in the testing process without the written consent of the tested individual, except when necessary to defend an administrative proceeding or court claim, or as otherwise required by law.

Drug Convictions

Employees convicted of, pleading guilty or *nolo contendere* (no contest) to or receiving deferred adjudication or probation for criminal offenses involving the possession, consumption, manufacture, distribution, exchange, delivery, dispensation, sale or illegal use of drugs or drug-related paraphernalia, or involving the operation of a motor vehicle while under the influence of drugs or alcohol, must report such convictions, pleas, probation, or deferred adjudication to the Human Resources Department within five (5) days. Employees who fail to report as directed in this policy will be subject to disciplinary action up to and including termination from employment.

Modification of Policy

Valero may amend, modify or terminate this policy at any time. Employees will be notified of such actions. This policy, considered alone or in conjunction with other Valero policies, does not constitute an employment contract or agreement between any employee and Valero.

Employee Assistance and Rehabilitation

Valero encourages employees to seek assistance to correct alcohol or drug abuse/dependency. An individual's decision to seek help voluntarily (before the individual is asked to submit to a drug test or before the individual is discovered to otherwise have violated this policy) will not be used as a basis for disciplinary action, although the individual may be transferred, given work restrictions, or placed on leave, as appropriate. Employees making this choice should notify their Human Resources Department immediately. An employee's decision to seek help will be treated as confidential, and communicated only to those Valero employees and agents with a need-to-know. Please be aware, however, that a decision to seek treatment can neither absolve nor protect employees from the consequences of failing to meet performance expectations or for engaging in subsequent policy violations.

Valero offers an Employee Assistance Program (EAP), which provides assistance and referrals to rehabilitation for employees who seek assistance for alcohol or drug abuse. Employees with substance abuse problems are encouraged to use the EAP before safety or performance problems occur. If you have a question about employee assistance resources, please contact Human Resources or your supervisor.

An employee who is undergoing counseling and rehabilitation may utilize available vacation, sick leave, leave without pay, or, if eligible, family and medical leave while undergoing treatment. Employee health insurance may cover the costs of such services.

The employee may return to work only after successful completion of a rehabilitation program and approval from the Human Resources Department. Individuals who are ready to return to work will be asked to sign an Agreement for Continued Employment, and take, and pass, a return-to-work drug and/or alcohol test. In addition, the employee will be asked to submit to follow-up testing for a period following the return to work. Employees who are permitted to continue working with Valero during the course of treatment for drug and/or alcohol abuse will also be required to submit to periodic and/or follow-up testing for the current illegal use of drugs and/or alcohol, in addition to the testing requirements outlined in this policy.

Questions

Employees who have any questions regarding this policy are encouraged to speak with the Human Resources Department.

Employees work within skill levels and capabilities

In order to fully utilize employees who are members of I.B.E.W. Local 1238, employees shall be permitted to perform duties outside of their respective classifications. Employees will perform duties of classifications common to the power plant, where their knowledge and skills are sufficient that the work can be performed safely. When employees are required to perform duties of a higher paid classification the employee shall be paid the higher rate per existing Bargaining Agreement. However, if the duration of this upgrade is one (1) hour or less the higher rate of pay will be waived. When an employee considers any job to be unsafe, or beyond their skill and ability, mutual resolutions shall be reached before proceeding with the job.

For a period of 24 months, the above provision will be evaluated in a pilot program. Representatives from the energy Supply Business unit Negotiation Committee, both Company and Union, will meet on a periodic basis to determine the effectiveness of this provision. In addition, immediate correction and resolution of issues may be accomplished through mutual discussion and agreement between the plant Chief Steward and the appropriate plant functional manager. An evaluation will be made at the conclusion of this pilot program, and will include mutual agreement for either modification, adjustment, cancellation or continuance of this provision on a permanent basis.

Operators Performing Maintenance

In order to fully utilize employees in the Operations Departments, who are members of I.B.E.W. Local 1238, operators shall be permitted to perform duties common to the power plant outside their classifications, where their skills are sufficient that the work can be performed safely. It is not the intent for operators to perform duties of journeyman classifications however, if employees are required to perform duties of higher classification, the employee shall be paid the higher rate per existing Bargaining Agreement. When an employee considers any job to be unsafe, or beyond their skill and ability, mutual resolution shall be reached before proceeding with the job.

Create a new Plant Controls Technician job classification that performs both Electric Mechanic and Instrument Technician work:

Effective November 1, 1997, the current Electric Mechanic and Instrument Technician job classifications will be eliminated, and incumbents will be combined into a new classification, Plant Controls Technician. The rate of pay will be equal to the Instrument Technician classification as outlined in the existing agreement. Incumbents will slot-in to the new classification at an equivalent level. All new hiring for these skills will be into the Plant Controls Technician classification.

All incumbents shall retain their seniority and be combined into a single seniority list within their respective locations under current established excessing rules. All incumbents who are currently non-scheduled employees shall remain as non-scheduled employees, in accordance with current contract language.

All incumbents will be required to take additional appropriate training to perform the duties of the new classification. To maintain the Plant Controls Technician rate, incumbent Electric Mechanics will be required to complete training and appropriate testing within 18 months after implementation, for the following courses:

- 1) Basic Controls (ISA FG05-10), I-120
- 2) Fisher Control Valves, I-130
- 3) Bailey PCU, I-340
- 4) Boiler Controls, I-330

Incumbent Electric Mechanics who fail to take the training/testing or to achieve the current passing grade on the test for any of the four above courses, will be required to retest within 30 days. Those who fail (or do not take) a retest will be "red starred" at the Plant Control Technician 2/C classification, with the rate of pay as listed in the contract. Employees in this classification will have the ability to perform current I/C Electric Mechanic duties, and 2/C Plant Controls Technician duties. After the initial four courses are satisfactorily completed, Incumbent Electric Mechanics will be scheduled for further training but will not be required to pass tests to retain the Plant Controls technician I/C rate.

TA to Supervisor

When the company temporarily assigns a Bargaining Unit employee to a position of foreman or supervisor, they will have the ability to perform the duties of their current classification to include the use of tools during the period of their assignment. This work shall be performed during normally scheduled shifts and shall not apply during overtime situation.

If, because of a temporary supervisory assignment, any employee suffers a loss of overtime work which he/she would have performed in his/her regular classification and if such loss results in a decrease in his/her take-home pay, the employee will be given an amount equal to the difference between his/her actual pay in the supervisory assignment and that which he/she would have received in his/her regular classification.

Contractors

In planning maintenance and project work, the Company agrees to meet with a designated union representative to discuss work to be performed by employees and the work to be contracted.

Shift and Schedule Changes

The company and union agree that seniority shall be a governing consideration in the assignment of temporary shift and schedule changes, when volunteers are not available. When making changes to a regular shift assignment, volunteers and seniority shall be considered, but the governing priority shall be the company's ability to operate and manage the plant.

Wash-Up Time

When employees find it necessary to clean-up during their regular work hours, they will be afforded the opportunity to do so, when practical, with the following understanding. A specific "wash-up time" will not be designated at the end of any work period. Clean-up during work hours will take place when necessary, and will be limited to the amount of time actually needed to wash-up, e.g., hands and face.

When necessary, extended clean-up, e.g. showers, may be permitted during work hours. Operating duties must be covered for shift workers before employees may leave their work area to clean-up.

The above does not change existing wash-up time agreements for employees in the maintenance department.

AN AGREEMENT BETWEEN PREMCOR REFINING GROUP, INC.

AND

LOCAL 1238 OF THE I.B.E.W.

12-Hour Shift Schedule Policies

AGREED:

For the Company

Date

For the Union

Date

Introduction

This agreement describes the terms under which the Operations Department bargaining unit employees would work and be compensated in a 12-hour shift assignment. It is based on the 12-hour (3-3, 2-2, 4-3, 3-2, 2-4) schedule which reduces the number of scheduled work days.

Implementation of the 12-hour shift will be managed in a way that limits added expense incurred by the company when switching from the current schedule.

Contractual and Procedural Changes

The following only applies to employees working a 12-hour shift schedule. Employees assigned to an 8-hour, 5-day basic work week will be compensated per the Labor Agreement.

Any conditions not specifically referred to in this Agreement will be handled in accordance with the applicable section of the Labor Agreement.

Pay Provisions

The payroll week will begin at 00:01 Sunday and run through 24:00 the following Saturday. This schedule will result in two 48 hour pay weeks, two 36 hour pay weeks in a 4 week rotation.

When due to needs of service, a person is compensated for less than 320 hours of base rate pay during an 8-week period, he shall be offered opportunity "make-up" the shorted hours sometime during the same or next 8 week period.

The following hours will count toward the 320 hours of base rate pay:

1. All pay hours associated with the employee scheduled work.
2. 8 Holiday hours and the actual hours worked on a holiday.
3. Others hours as mentioned under Lost Time.

For the purpose of calculating hours compensated, 8-week periods will be pre-determined by the 1999 calendar and will not overlap. Make-up hours may be rescheduled by the employee if they are offered as compensation for lost hours due to rescheduling. Once an employee has accepted the

rescheduled hours, those hours cannot be refused at a later time except by mutual agreement. Hours refused will not be reoffered. Henceforth, this shall be know as the 320-hour provision.

The Basic Work Week

In recognition of the need to change "The Basic Work Week" as stated in Article 3.1 of the Labor Agreement to a 12-hour basic work day, the following shall apply:

Straight time shall be paid for the regularly scheduled 12-hour work day with overtime at the appropriate rate for all hours worked beyond 12.

The first 40 regularly-scheduled hours worked in the scheduled payroll week shall be considered the basic work week and paid at straight time.

1. Any hours worked beyond 40 shall be paid at the appropriate overtime rate.
2. Any hours worked beyond 36 in the short week shall be paid at the appropriate overtime rate. A person can be rescheduled, with 48 hours' notice, to an extra day in the short week to provide the employee with compensating time in accordance with the 320-hour provision. The 40 hour ruling would then apply.

Pay Rates

One and one half times the base rate will be paid on all consecutive hours worked over 12 but less than 16.

Double time of the base rate will be paid on all overtime worked on an "off scheduled" Sunday as well as those hours worked on a person's last scheduled day off in a pay week that has no "off scheduled" Sunday. Double time pay will commence at 7:00 AM through 7:00 AM and will run concurrently with the scheduled work day which runs from 7:00 AM to 7:00 PM and 7:00 PM to 7:00 AM.

Double time will also be paid on all hours worked beyond 16 consecutive hours. Double time and a half will be paid on all non-scheduled hours worked on a holiday.

Except as provided by this agreement, all overtime shall be paid as stated in the Labor Agreement.

When an employee works more than 4 ½ hours in a higher grade bargaining unit classification within his scheduled

basic workday, they will receive the higher rate for all hours worked within that scheduled basic workday.

Holiday Pay

All eligible employees will receive 8 hours of pay at their normal base rate for each of the Company's 10 paid holidays. Those employees working within the holiday hours beginning at 7:00 AM on the holiday through 7:00 AM of the following day will be paid an additional one and one-half times the base rate for all hours worked. All hours worked beyond 12 hours but within the holiday hours will be paid at two and one-half times the base rate. When scheduled to work a holiday, actual hours worked and 8 holiday hours will count towards the 320 hour provision. The premium portion of the pay hours will not count towards the 320 hour provision.

Jury Duty

Once determined that an employee is required to report for jury duty, he will be placed on 8-4 Monday through Friday for the period he is required to serve. When presence at court is not required, an employee is expected to report for work as they would on a normal 8-4 schedule. They are also expected to report if the court releases them prior to 12:00 noon. Any 12-hour employee scheduled to serve on jury for a period of one day will be granted 12 hours off and will be paid 8 hours at the base rate for those "off-scheduled hours".

Single days of jury duty will require a minimum of 12 hours of rest prior to returning to shift. When necessary, relief will be utilized on the back shift to assure that the person on a single day of jury duty has a minimum of 8 hours rest prior to jury duty. When pay is lost due to jury duty, the 320-hour provision will allow for make-up hours to be offered.

Military Leave

Employees requiring leave time for National Guard and Reserve summer training will be granted up to 80 consecutive hours per calendar year. Those hours will be paid at the base rate and when practical, will be scheduled 8-4 Monday through Friday.

Vacation Time

Vacations on a 12-hour schedule will be based on a 40-hour standard work week and will be computed as hours and shifts off as shown by the following example.

2 weeks = 80 hr. vacation 6-twelve hour shifts + 8 hr. vac.

4 weeks + 3 days = 84 hr. vacation = 15-twelve hr. shifts + 4 hr. vacation

Each employee will be entitled to (80) hours of vacation time which may be taken as single days. The last 40 hours of time for single day vacation must be scheduled so overtime pay is not required, to fill the position in employee absence. Typically, vacation hours may be broken into increments of 4, 8, or 12 hours. Due to the effects of converting vacation to hours, the Company and Union recognize that vacation may not always be in full days and that any remaining balance of vacation due (not to exceed the employee's eligible vacation benefit) will be permitted to be taken or carried over.

The following criteria will be used to allow for fair and equitable vacation compensation to assure that everyone is able to obtain vacation when available in accordance with seniority.

Vacation weeks on short weeks will be compensated for the actual number of hours taken unless 40 hours pay is requested.

Pay lost due to long pay weeks may be handled as follows:

1. Forfeited at the employee's request, permission no pay.
2. Compensation by using hours accrued from single days of vacation.
3. The employee may request to start his vacation late or end it early.

Hours lost at the employee's request will not be compensated for under the 320-hour provision.

Partial days of vacation can be handled in one of the following ways:

1. Partial days may be added to other hours accrued through vacation in days.
2. Half days of vacation (4 hours) may be taken dependent on the needs of service.
3. Increments of less than 4 hours remaining at the end of a calendar year may be taken as a partial shift dependent on the needs of service.

Total paid vacation time in a calendar year must be equal to the vacation due: if not, excess vacation time may be banked or carried over in accordance with Article 7.5 of the Labor Agreement.

Eight hours of base pay will still be paid for perfect attendance if a person selects that option.

New Year's Day and Good Friday Holiday

An employee wishing to elect time off in place of holiday pay will be granted 8 hours off for each if he/she worked any schedule hours during the New Year's Day and/or Good Friday holiday period. This off time must be taken in 8 hour increments.

Scheduled hours worked during the New Year's Day and Good Friday holidays will be paid at 1 ½ times the base rate regardless of whether they received holiday pay or compensating time. Compensating time will not be granted if an employee elects to receive holiday pay for scheduled hours worked on the above holidays.

Sick Leave Allowance

The total sick leave time allowance policy will be changed from weeks to hours to maintain consistency with the other 12-hour policies and maintain benefit parity with 8-hour employees.

Time off due to illness or accidents will be granted in scheduled days. For example, one 12 hour day would be considered a short duration incident: two days or more would be considered excessive absenteeism. Less than two (2) consecutive days missed due to illness will be considered a short duration absence.

Excessive absenteeism will be counted in hours.

When an employee is out on sick leave the schedule the employee is working determines the number of hours charged and paid for sick leave. In all cases the number of hours charged and pay for time missed shall be equal. Pay lost due to sick leave will be provided for under the 320-hour provision. An employee on extended sick leave will be placed on a 40 our work week for the duration of the illness.

A physician's certificate may be required in all cases and must be furnished when sick leave payments have been paid for a consecutive period of three (3) shifts or longer. In

addition, a physician's certificate will be required and must be furnished when sick leave payments have been paid for a consecutive period of two (2) shifts or longer to an employee with an Active Second Step Warning or more of disciplinary action for Short Duration Absenteeism or an active Written Warning or more for Excessive Absenteeism. When not working the twelve (12) hour schedule, a physician's certificate will be required as per the Labor Agreement.

Meal Moneys

Meal money will be paid when an employee works 12 hours past his scheduled shift, and every 5 hours thereafter. Meal money for call out will be handled as written in the Union Agreement Section 5.14.

Doctor's Visits

There should be no reason to schedule doctor appointments during scheduled working hours because of the sufficient number of days off available on a 1-hour schedule. If it is necessary to schedule an appointment during normal working hours this will be handled on an individual basis in accordance with current procedures.

Shift Differential

Shift differential will be paid as per the contract agreement Article 3.11.

Shift Change Resulting in a 24-Hour Work Period

When due to scheduling, an employee must change shift, and that change will cause him to work back-to-back shifts, the employee shall be relieved after 16 hours allowing him/her an 8 hour paid rest period.

Rest Period

An employee who works 12 or more hours will be granted 8 hours rest prior to working another 12-hour shift.

When an employee is called out and works 1 or more hours in the first 8 hours of the 12-hour period immediately preceding his regularly-scheduled 12-hour shift's starting time, they shall be allowed a rest period at the beginning of his regularly-scheduled work day equal to the hours worked in the 12-hour period. The employee shall suffer no loss of pay for the above rest period. Should time continue through the starting time of his scheduled day, the rest period shall be scheduled for the latter part of his scheduled work day.

OVERTIME COVERAGE

General Guidelines

1. No employee will be required to work more than 16 hours of permitted to work a double shift (24 hours) except in an emergency, i.e. snow emergency or operational emergency, as determined in keeping with past practices.
2. Vacancies created by vacation or illness will be covered when needs of service deem necessary.
3. Overtime hours obtained through regularly scheduled shifts will not be posted on the overtime roster.
4. If it is deemed that a problem exists with availability of personnel to maintain desired shift manpower by using the normal overtime procedure, the use of the Coverage Contingency Plan will be implemented.
5. This procedure will be monitored during the trial period and beyond to see that proper coverage is maintained.

COVERAGE CONTINGENCY PLAN - See Addendum I.

RESOLUTION OF PROBLEMS DURING OR AFTER THE TRIAL PERIOD

It is the intention of the Company and the Union to work together to resolve any unforeseen problems which may arise in administering this 12-hour schedule. To that end, a joint "Plant Shift Committee" comprised of equal numbers of management and bargaining unit employees affected by this schedule shall be established to meet at the request of either part to resolve such problems. The plant bargaining unit Shift Committee members shall be appointed by the Business Manager of Local Union 1238.

Any resolutions must be forwarded to the Local Business Manager and Human Resources for final approval to ensure that any changes are consistent with the provisions of this agreement.

If the Plant Shift committee is unable to resolve any problem(s) the problem(s) will be referred to a committee comprised of the VP/GM Generation, the Human Resources Director, and Local Union Business Manager, or a Union representative of his choice for resolution. The parties agree to meet and discuss any unresolved problem(s) as soon as possible after written notice that such issues exist. The absence of an acceptable solution to either party of any problem(s) shall result in an agreement to change or terminate the shift schedule within a mutually-agreed time frame or at the end of the calendar year.

NO PART OF THE SERVICE
WE RENDER,
NOR ANY JOB WE
PERFORM,
SHALL EVER BECOME SO
IMPORTANT THAT WE
CANNOT
DO IT SAFELY!