

2002 National Oil Bargaining Settlement

Term of Agreement

February 1, 2002 through January 31, 2006. (Applicable to contracts currently expiring January 31, 2002).

Wages

Effective February 1, 2002, all hourly wage rates will be increased 85 cents per hour.

Effective February 1, 2003, all hourly wage rates will be increased 3.5% rounded to the nearest cent.

Effective February 1, 2004, all hourly wage rates will be increased 3.7% rounded to the nearest cent.

Effective February 1, 2005, all hourly wage rates will be increased 4.0% rounded to the nearest cent.

Medical Plan Contributions

The Company renews and extends its current commitments that the Company's contributions toward premiums for the Medical Plan and approved alternate company sponsored medical plans for active employees will be based on an employer contribution rate of 80% of the premium and an employee contribution rate of 20% of the premium.

Shift Bonus

Effective February 1, 2002, the shift bonus now specified in the current contract to be \$0.50 per hour for hours worked between 3:00pm and 11:00pm, and \$1.00 per hour for hours worked between 11:00pm and 7:00am will be increased to \$0.75 per hour and \$1.50 per hour, respectively. Other agreements between the parties, if any, that deal with the subject of shift bonus will be revised accordingly.

Occupational Death Benefit

Effective February 1, 2002 the existing occupational death benefit of \$250,000 that is paid for work-related accidental death which occurs as a direct result of an accident while at work will be increased to \$500,000.

No Retrogression

The Company agrees to renew the letter agreement on layoff notice, plant closure, rate retention, national health insurance, and health and safety where such letter agreements exist.

Letter Agreement – Job Security

The Company and Union agree for the duration of the Agreement with PACE, no employee represented by the Union will be subject to involuntary layoff, except for decreases in the level of operation caused by a sale of operating units, complete or partial plant closure, a merger or joint venture resulting in a change of managerial control, or an act of God.

Successorship

The parties agree that in the event the Company enters into an agreement to sell (specific plant) covered by the Collective Bargaining Agreement in its entirety to a third party or enters into a joint venture or merger agreement covering (specific facility) in its entirety, the Company will include in any sale, merger or joint venture agreement the requirement that the successor company shall recognize the Union as the exclusive representative of the bargaining unit and shall adopt the Collective Bargaining Agreement and all existing Memoranda of Agreement. Such Collective Bargaining Agreement shall remain in full force and effect for its duration, except for mutually agreed to changes, and continued employment with the successor company shall not require any form of a severance payment from the Company.

Except that such successor company shall not be required to continue the existing employee benefits, but shall be entitled to establish a package of benefits for employees covered by the Collective Bargaining Agreement that are reasonably comparable in the aggregate. If requested by the Union, the company shall negotiate with the Union in good faith regarding those benefits. Should an agreement not be reached, the successor company may proceed with implementation of the proposed Benefits Plans and the Union will not have the right to strike.

However, if the parties are unable to reach an agreement on Benefits Plans, the successor company will have the option to waive the foregoing "reasonably comparable Benefits Plans in the aggregate" commitment and provide the Union with the option to strike the successor employer on Benefits Plans only by giving the successor company 45 days notice within 15 days after the Union has been informed by the successor company that is waiving the commitment for "reasonably comparable Benefits Plans in the aggregate."

Successor Letter of Understanding (Clarification Language)

The Successor Letter of Understanding at facilities where it is now applicable and as agreed to by the parties in October/November 1997 will continue in effect for the term of this contract effective February 1, 2002. This Successorship Letter of Understanding is clarified as follows:

This Successor Letter of Understanding would be applicable to the sale of a refinery where the seller retained (1) terminal operations such as tank farms or loading racks and wharf facilities, (2) lubricants base oil manufacturing or packaging and blending operations, (3) co-generation plants, (4) waste-water treatment facilities, (5) coke handling facilities, or other stand-alone assets of a similar nature and scope. However, this understanding does not create a separate successorship obligation with respect to facilities retained or sold separately to another entity, or the sale of such auxiliary facilities where there is no sale of a refinery.