

Hollon Oil Company

Employee Handbook

Issue Date: 1998

Current Revision Date: 2016

Hollon Oil Company

Employee Handbook

Table of Contents

No. Policy	Effective Date:	Revision Date:	Page
INTRODUCTION			
020 Employee Welcome Message	8/1/98	10/31/07	
040 Introductory Statement	8/1/98	10/31/07	
EMPLOYMENT			
101 Nature of Employment	8/1/98	10/31/07	1
102 Employee Relations	8/1/98	10/31/07	1
103 Equal Employment Opportunity	8/1/98	10/31/07	2
104 Business Ethics and Conduct	8/1/98	10/31/07	2
107 Immigration Law Compliance	8/1/98	10/31/07	3
108 Conflicts of Interest	8/1/98	10/31/07	3
110 Outside Employment	8/1/98	10/31/07	4
112 Non-Disclosure	8/1/98	10/31/07	5
EMPLOYMENT STATUS & RECORDS			
201 Employment Categories	8/1/98	10/31/07	6
202 Access to Personnel Files	8/1/98	10/31/07	7
203 Employment Reference Checks	8/1/98	10/31/07	7
204 Personnel Data Changes	8/1/98	10/31/07	7
205 Introductory Period	8/1/98	10/31/07	8
208 Employment Applications	8/1/98	10/31/07	8
EMPLOYEE BENEFIT PROGRAMS			
301 Employee Benefits	8/1/98	10/31/07	9
303 Vacation Benefits	8/1/98	10/31/07	9
305 Holidays	8/1/98	10/31/07	11
306 Workers' Compensation Insurance	8/1/98	10/31/07	12
307 Sick Leave Benefits	8/1/98	10/31/07	12
309 Bereavement Leave	8/1/98	10/31/07	13
311 Jury Duty	8/1/98	10/31/07	13
317 Life Insurance	8/1/98	10/31/07	14
319 Long-Term Disability	8/1/98	10/31/07	14
320 401(k) Savings Plan	8/1/98	10/31/07	15
TIMEKEEPING/PAYROLL			
401 Timekeeping	8/1/98	10/31/07	17

Hollon Oil Company

Employee Handbook

403	Paydays	8/1/98	10/31/07	17
405	Employment Termination	8/1/98	10/31/07	18
408	Pay Advances	8/1/98	10/31/07	18
409	Administrative Pay Corrections	8/1/98	10/31/07	18
410	Pay Deductions and Setoffs	8/1/98	10/31/07	19

WORK CONDITIONS & HOURS

501	Safety	8/1/98	10/31/07	20
502	Work Schedules	8/1/98	10/31/07	20
504	Use of Phone and Mail Systems	8/1/98	10/31/07	21
505	Smoking	8/1/98	10/31/07	21
506	Meal Periods	8/1/98	10/31/07	21
507	Overtime	8/1/98	10/31/07	22
508	Use of Equipment and Vehicles	8/1/98	10/31/07	22
510	Emergency Closings	8/1/98	10/31/07	23
514	Visitors in the Workplace	8/1/98	10/31/07	23
516	Computer and E-mail Usage	8/1/98	10/31/07	23
518	Workplace Monitoring	8/1/98	10/31/07	27
522	Workplace Violence Prevention	8/1/98	10/31/07	27

LEAVES OF ABSENCE

601	Medical Leave	8/1/98	10/31/07	29
-----	---------------	--------	----------	----

EMPLOYEE CONDUCT & DISCIPLINARY ACTION

701	Employee Conduct and Work Rules	8/1/98	10/31/07	31
702	Drug and Alcohol Use	8/1/98	10/31/07	32
703	Sexual and Other Unlawful Harassment	8/1/98	10/31/07	33
704	Attendance and Punctuality	8/1/98	10/31/07	35
705	Personal Appearance	8/1/98	10/31/07	35
706	Return of Property	8/1/98	10/31/07	35
708	Resignation	8/1/98	10/31/07	36
710	Security Inspections	8/1/98	10/31/07	36
714	Drug Testing	8/1/98	10/31/07	37
718	Problem Resolution	8/1/98	10/31/07	37

MISCELLANEOUS

806	Suggestion Program	8/1/98	10/31/07	39
-----	--------------------	--------	----------	----

USER DEFINED

995	Wage Deduction Authorization	8/1/98	10/31/07	40
997	Driver Policy & Consent Form	8/1/98	10/31/07	42

Hollon Oil Company

Employee Handbook

998 Drug and/or Alcohol Testing Consent Form
999 Employee Acknowledgement Form

8/1/98
8/1/98

10/31/07
10/31/07

43
44

Hollon Oil Company

Employee Handbook

Welcome new employee!

I welcome you to Hollon Oil Company and wish you every success here.

I believe that each employee contributes directly to Hollon Oil Company's growth and success, and hope you will take pride in being a member of our team.

This handbook was developed to describe some of the expectations of our employees and to outline the policies, programs, and benefits available to eligible employees. Employees should familiarize themselves with the contents of the employee handbook as soon as possible, for it will answer many questions about employment with Hollon Oil Company.

I hope that your experience here will be challenging, enjoyable, and rewarding. Again, welcome!

Sincerely,

Bill Hollon
President

Hollon Oil Company

Employee Handbook

INTRODUCTORY STATEMENT

This handbook is designed to acquaint you with Hollon Oil Company and provide you with information about working conditions, employee benefits, and some of the policies affecting your employment. You should read, understand, and comply with all provisions of the handbook. It describes many of your responsibilities as an employee and outlines the programs developed by Hollon Oil Company to benefit employees. One of our objectives is to provide a work environment that is conducive to both personal and professional growth.

No employee handbook can anticipate every circumstance or question about policy. The need may arise and Hollon Oil Company reserves the right to revise, supplement, or rescind any policies or portion of the handbook from time to time as it deems appropriate, in its sole and absolute discretion. The only exception to any changes is our employment-at-will policy permitting you or Hollon Oil Company to end our relationship for any reason at any time. Employees will be notified of such changes to the handbook as they occur.

Hollon Oil Company

Employee Handbook

101 Nature of Employment

Effective Date: 8/1/98

Revision Date: 10/31/07

Employment with Hollon Oil Company is voluntarily entered into, and the employee is free to resign at will at any time, with or without cause. Similarly, Hollon Oil Company may terminate the employment relationship at will at any time, with or without notice or cause, so long as there is no violation of applicable federal or state law.

Policies set forth in this handbook are not intended to create a contract, nor are they to be construed to constitute contractual obligations of any kind or a contract of employment between Hollon Oil Company and any of its employees. The provisions of the handbook have been developed at the discretion of management and, except for its policy of employment-at-will, may be amended or cancelled at any time, at Hollon Oil Company's sole discretion.

These provisions supersede all existing policies and practices and may not be amended or added to without the express written approval of the executive officers of Hollon Oil Company.

102 Employee Relations

Effective Date: 8/1/98

Revision Date: 10/31/07

Hollon Oil Company believes that the work conditions, wages, and benefits it offers to its employees are competitive with those offered by other employers in this area and in this industry. If employees have concerns about work conditions or compensation, they are strongly encouraged to voice these concerns directly to their supervisors.

Our experience has shown that when employees deal openly and directly with supervisors, the work environment can be excellent, communications can be clear, and attitudes can be positive. We believe that Hollon Oil Company amply demonstrates its commitment to employees by responding effectively to employee concerns.

Hollon Oil Company

Employee Handbook

103 Equal Employment Opportunity

Effective Date: 8/1/98

Revision Date: 10/31/07

In order to provide equal employment and advancement opportunities to all individuals, employment decisions at Hollon Oil Company will be based on merit, qualifications, and abilities. Hollon Oil Company does not discriminate in employment opportunities or practices on the basis of race, color, religion, sex, national origin, age, disability, or any other characteristic protected by law.

Hollon Oil Company will make reasonable accommodations for qualified individuals with known disabilities unless doing so would result in an undue hardship. This policy governs all aspects of employment, including selection, job assignment, compensation, discipline, termination, and access to benefits and training.

Any employees with questions or concerns about any type of discrimination in the workplace are encouraged to bring these issues to the attention of their immediate supervisor or the Personnel Manager. Employees can raise concerns and make reports without fear of reprisal. Anyone found to be engaging in any type of unlawful discrimination will be subject to disciplinary action, up to and including termination of employment.

104 Business Ethics and Conduct

Effective Date: 8/1/98

Revision Date: 10/31/07

The successful business operation and reputation of Hollon Oil Company is built upon the principles of fair dealing and ethical conduct of our employees. Our reputation for integrity and excellence requires careful observance of the spirit and letter of all applicable laws and regulations, as well as a scrupulous regard for the highest standards of conduct and personal integrity.

The continued success of Hollon Oil Company is dependent upon our customers' trust and we are dedicated to preserving that trust. Employees owe a duty to Hollon Oil Company and its customers to act in a way that will merit the continued trust and confidence of the public.

Hollon Oil Company will comply with all applicable laws and regulations and expects its employees to conduct business in accordance with the letter, spirit, and intent of all relevant laws and to refrain from any illegal, dishonest, or unethical conduct.

In general, the use of good judgment, based on high ethical principles, will guide you with respect to lines of acceptable conduct. If a situation arises where it is difficult to determine the proper course of

Hollon Oil Company

Employee Handbook

action, the matter should be discussed openly with your immediate supervisor and, if necessary, with the Personnel Manager for advice and consultation.

Compliance with this policy of business ethics and conduct is the responsibility of every Hollon Oil Company employee. Disregarding or failing to comply with this standard of business ethics and conduct could lead to disciplinary action, up to and including possible termination of employment.

107 Immigration Law Compliance

Effective Date: 8/1/98

Revision Date: 10/31/07

Hollon Oil Company is committed to employing only United States citizens and aliens who are authorized to work in the United States and does not unlawfully discriminate on the basis of citizenship or national origin.

In compliance with the Immigration Reform and Control Act of 1986, each new employee, as a condition of employment, must complete the Employment Eligibility Verification Form I-9 and present documentation establishing identity and employment eligibility. Former employees who are rehired must also complete the form if they have not completed an I-9 with Hollon Oil Company within the past three years, or if their previous I-9 is no longer retained or valid.

Employees with questions or seeking more information on immigration law issues are encouraged to contact the Personnel Manager. Employees may raise questions or complaints about immigration law compliance without fear of reprisal.

108 Conflicts of Interest

Effective Date: 8/1/98

Revision Date: 10/31/07

Employees have an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. This policy establishes only the framework within which Hollon Oil Company wishes the business to operate. The purpose of these guidelines is to provide general direction so that employees can seek further clarification on issues related to the subject of acceptable standards of operation. Contact the Personnel Manager for more information or questions about conflicts of interest.

Transactions with outside firms must be conducted within a framework established and controlled by the executive level of Hollon Oil Company. Business dealings with outside firms should not result in unusual gains for those firms. Unusual gain refers to bribes, product bonuses, special fringe benefits, unusual price breaks, and other windfalls designed to ultimately benefit either the employer, the employee, or both. Promotional plans that could be interpreted to involve unusual gain require specific

Hollon Oil Company

Employee Handbook

executive-level approval.

An actual or potential conflict of interest occurs when an employee is in a position to influence a decision that may result in a personal gain for that employee or for a relative as a result of Hollon Oil Company's business dealings. For the purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with the employee is similar to that of persons who are related by blood or marriage.

No "presumption of guilt" is created by the mere existence of a relationship with outside firms. However, if employees have any influence on transactions involving purchases, contracts, or leases, it is imperative that they disclose to an officer of Hollon Oil Company as soon as possible the existence of any actual or potential conflict of interest so that safeguards can be established to protect all parties.

Personal gain may result not only in cases where an employee or relative has a significant ownership in a firm with which Hollon Oil Company does business, but also when an employee or relative receives any kickback, bribe, substantial gift, or special consideration as a result of any transaction or business dealings involving Hollon Oil Company.

110 Outside Employment

Effective Date: 8/1/98

Revision Date: 10/31/07

Employees may hold outside jobs as long as they meet the performance standards of their job with Hollon Oil Company. All employees will be judged by the same performance standards and will be subject to Hollon Oil Company's scheduling demands, regardless of any existing outside work requirements.

If Hollon Oil Company determines that an employee's outside work interferes with performance or the ability to meet the requirements of Hollon Oil Company as they are modified from time to time, the employee may be asked to terminate the outside employment if he or she wishes to remain with Hollon Oil Company.

Outside employment that constitutes a conflict of interest is prohibited. Employees may not receive any income or material gain from individuals outside Hollon Oil Company for materials produced or services rendered while performing their jobs.

Hollon Oil Company

Employee Handbook

112 Non-Disclosure

Effective Date: 8/1/98

Revision Date: 10/31/07

The protection of confidential business information and trade secrets is vital to the interests and the success of Hollon Oil Company. Such confidential information includes, but is not limited to, the following examples:

- * product price information
- * compensation data
- * customer lists
- * customer preferences
- * marketing strategies

Employees who are exposed to confidential information may be required to sign a non-disclosure agreement as a condition of employment. Employees who improperly use or disclose trade secrets or confidential business information will be subject to disciplinary action, up to and including termination of employment, even if they do not actually benefit from the disclosed information.

Hollon Oil Company

Employee Handbook

201 Employment Categories

Effective Date: 8/1/98

Revision Date: 10/31/07

It is the intent of Hollon Oil Company to clarify the definitions of employment classifications so that employees understand their employment status and benefit eligibility. These classifications do not guarantee employment for any specified period of time. Accordingly, the right to terminate the employment relationship at will at any time is retained by both the employee and Hollon Oil Company.

Each employee is designated as either NONEXEMPT or EXEMPT from federal and state wage and hour laws. NONEXEMPT employees are entitled to overtime pay under the specific provisions of federal and state laws. EXEMPT employees are excluded from specific provisions of federal and state wage and hour laws. An employee's EXEMPT or NONEXEMPT classification may be changed only upon notification by Hollon Oil Company management.

In addition to the above categories, each employee will belong to one other employment category:

REGULAR FULL-TIME employees are those who are not in a temporary or introductory status and who are regularly scheduled to work Hollon Oil Company's full-time schedule. Generally, they are eligible for Hollon Oil Company's benefits, subject to the terms, conditions, and limitations of each benefit program.

PART-TIME employees are those who are not assigned to a temporary or introductory status and who are regularly scheduled to work on average less than 24 hours per week. While they do receive all legally mandated benefits (such as Social Security and workers' compensation insurance), they are ineligible for all of Hollon Oil Company's other benefit programs.

INTRODUCTORY employees are those whose performance is being evaluated to determine whether further employment in a specific position or with Hollon Oil Company is appropriate. Employees who satisfactorily complete the introductory period will be notified of their new employment classification.

TEMPORARY employees are those who are hired as interim replacements, to temporarily supplement the work force, or to assist in the completion of a specific project. Employment assignments in this category are of a limited duration. Employment beyond any initially stated period does not in any way imply a change in employment status. Temporary employees retain that status unless and until notified of a change. While temporary employees receive all legally mandated benefits (such as workers' compensation insurance and Social Security), they are ineligible for all of Hollon Oil Company's other benefit programs.

Hollon Oil Company

Employee Handbook

202 Access to Personnel Files

Effective Date: 8/1/98

Revision Date: 10/31/07

Hollon Oil Company maintains a personnel file on each employee. The personnel file includes such information as the employee's job application, resume, records of training, documentation of performance appraisals and salary increases, and other employment records.

Personnel files are the property of Hollon Oil Company, and access to the information they contain is restricted. Generally, only supervisors and management personnel of Hollon Oil Company who have a legitimate reason to review information in a file are allowed to do so.

Employees who wish to review their own file should contact the Personnel Manager. With reasonable advance notice, employees may review their own personnel files in Hollon Oil Company's offices and in the presence of an individual appointed by Hollon Oil Company to maintain the files.

203 Employment Reference Checks

Effective Date: 8/1/98

Revision Date: 10/31/07

To ensure that individuals who join Hollon Oil Company are well qualified and have a strong potential to be productive and successful, it is the policy of Hollon Oil Company to check the employment references of all applicants.

204 Personnel Data Changes

Effective Date: 8/1/98

Revision Date: 10/31/07

It is the responsibility of each employee to promptly notify Hollon Oil Company of any changes in personnel data. Personal mailing addresses, telephone numbers, number and names of dependents, individuals to be contacted in the event of an emergency, educational accomplishments, and other such status reports should be accurate and current at all times. If any personnel data has changed, notify the Personnel Manager.

Hollon Oil Company

Employee Handbook

205 Introductory Period

Effective Date: 8/1/98

Revision Date: 10/31/07

The introductory period is intended to give new employees the opportunity to demonstrate their ability to achieve a satisfactory level of performance and to determine whether the new position meets their expectations. Hollon Oil Company uses this period to evaluate employee capabilities, work habits, and overall performance. Either the employee or Hollon Oil Company may end the employment relationship at will at any time during or after the introductory period, with or without cause or advance notice.

All new and rehired employees work on an introductory basis for the first 90 calendar days after their date of hire.

Upon satisfactory completion of the initial introductory period, employees enter the "regular" employment classification.

During the initial introductory period, new employees are eligible for those benefits that are required by law, such as workers' compensation insurance and Social Security. After becoming regular employees, they may also be eligible for other Hollon Oil Company-provided benefits, subject to the terms and conditions of each benefits program. Employees should read the information for each specific benefits program for the details on eligibility requirements.

208 Employment Applications

Effective Date: 8/1/98

Revision Date: 10/31/07

Hollon Oil Company relies upon the accuracy of information contained in the employment application, as well as the accuracy of other data presented throughout the hiring process and employment. Any misrepresentations, falsifications, or material omissions in any of this information or data may result in the exclusion of the individual from further consideration for employment or, if the person has been hired, termination of employment.

Hollon Oil Company

Employee Handbook

301 Employee Benefits

Effective Date: 8/1/98

Revision Date: 10/31/07

Benefits eligibility is dependent upon a variety of factors, including employee classification. A number of the programs (such as Social Security, workers' compensation, state disability, and unemployment insurance) cover all employees in the manner prescribed by law. Your supervisor can identify the programs for which you are eligible. Details of many of these programs can be found elsewhere in the employee handbook.

The following benefit programs may be available to eligible employees:

- Vacation Benefits
- Holidays
- Life Insurance
- Disability Insurance
- 401K Retirement Savings Plan
- Medical Leave
- Bereavement Leave
- Employee Discounts

Some benefit programs may require contributions from the employee, but most are fully paid by Hollon Oil Company.

303 Vacation Benefits

Effective Date: 8/1/98

Revision Date: 10/31/07

Hollon Oil Company makes available vacation time off with pay to all eligible employees to provide opportunities for rest, relaxation, and personal pursuits.

After one year of employment, employees in the following employment classification(s) are eligible for vacation time off as described in this policy:

- * Regular full-time employees

The amount of paid vacation time available each year:

Hollon Oil Company

Employee Handbook

* After 1 year of eligible service - 5 vacation days (40 hours) each year.

* After 2 years of eligible service - 10 vacation days (80 hours) each year.

* After 5 years of eligible service - 15 vacation days (120 hours) each year.

Once employees enter an eligible employment classification, and complete one year of eligible service, vacation time off is available according to the schedule. Vacation time is available on an annual basis after each year of employment and is not accrued throughout the year.

Paid vacation time can be used in minimum increments of one-half day (4 hours).

To take vacation time, employees are to request advance approval in writing from their supervisors as early as possible. Requests will be reviewed based on a number of factors, including business needs and staffing requirements. All vacation requests are subject to the approval of Management. Once written approval is received, employees should indicate their vacation dates on the company's posted vacation calendar.

Vacation time off is paid at the employee's base pay rate at the time of vacation. It does not include overtime or any special forms of compensation such as incentives, commissions, bonuses, or shift differentials.

As stated above, employees are encouraged to use available paid vacation time for rest, relaxation, and personal pursuits. Vacation pay in lieu of vacation time off is not an option unless unusual staffing requirements prevent employee from taking requested vacation time off within the benefit year and/or it is approved by Management.

All vacation pay will be included in the employee's regular scheduled paycheck after vacation time off has been taken. No vacation checks will be issued in advance of the vacation time off. If this is a concern, employees should schedule their vacation time according to the pay period. This policy is the same for all employees (both hourly and salary).

In the event that available vacation is not used by the end of the benefit year, employees may carry unused time forward to the next benefit year. If the total amount of unused vacation time reaches a "cap" equal to two times the annual vacation amount, further vacation accrual will stop. When the employee uses paid vacation time and brings the available amount below the cap, vacation accrual will begin again.

Hollon Oil Company

Employee Handbook

305 Holidays

Effective Date: 8/1/98

Revision Date: 10/31/07

Hollon Oil Company will typically grant holiday time off to all "eligible" (completed 90 calendar days of service) Full-Time employees on the 8 holidays listed below when they fall on normal working days:

- * New Year's Day (January 1)
- * Good Friday (Friday before Easter)
- * Memorial Day (last Monday in May)
- * Independence Day (July 4)
- * Labor Day (first Monday in September)
- * Thanksgiving (fourth Thursday in November)
- * Christmas Eve (December 24)
- * Christmas (December 25)

Holiday pay will be calculated based on the number of hours the employee would otherwise normally have worked on that day (up to 8 hours) times the employee's straight-time pay rate (as of the date of the holiday).

Management will decide annually which days to observe certain holidays and will distribute an Annual Holiday Schedule. A recognized holiday that falls on a Saturday will typically be observed on the preceding Friday. A recognized holiday that falls on a Sunday will typically be observed on the following Monday.

If a recognized holiday falls during an eligible employee's paid absence (e.g., vacation, sick leave), the employee may take the holiday in lieu of a vacation/sick day (both holiday and vacation or sick pay will not be paid for the same day).

If any hourly employee (Eligible or In-Eligible, Full-Time or Part-Time) must work on a holiday, they will be paid for the hours they worked and will receive holiday pay for the number of hours they worked (up to 8 hours).

Paid time off for holidays will not be counted as hours worked for the purposes of determining overtime.

Hollon Oil Company

Employee Handbook

306 Workers' Compensation Insurance

Effective Date: 8/1/98

Revision Date: 10/31/07

Hollon Oil Company provides a comprehensive workers' compensation insurance program at no cost to employees. This program covers any injury or illness sustained in the course of employment that requires medical, surgical, or hospital treatment. Subject to applicable legal requirements, workers' compensation insurance provides benefits after a short waiting period or, if the employee is hospitalized, immediately.

Employees who sustain work-related injuries or illnesses should inform their supervisor immediately. No matter how minor an on-the-job injury may appear, it is important that it be reported immediately. This will enable an eligible employee to qualify for coverage as quickly as possible.

Neither Hollon Oil Company nor the insurance carrier will be liable for the payment of workers' compensation benefits for injuries that occur during an employee's voluntary participation in any off-duty recreational, social, or athletic activity sponsored by Hollon Oil Company.

307 Sick Leave Benefits

Effective Date: 8/1/98

Revision Date: 10/31/07

Hollon Oil Company makes available paid sick leave benefits to all eligible employees for periods of temporary absence due to illnesses or injuries.

After one year of employment, employees in the following employment classification(s) are eligible for paid sick leave benefits as described in this policy:

- * Regular full-time employees

After each year of employment, eligible employees will accrue sick leave benefits of 6 days per year. Paid sick leave benefits are accrued on an annual basis after each year of employment and are not accrued throughout the year.

Paid sick leave can be used in minimum increments of one-half day (4 hours).

Eligible employees may use sick leave benefits for an absence due to their own illness or injury or that of a family member who resides in the employee's household.

Employees who are unable to report to work due to illness or injury should notify their direct supervisor

Hollon Oil Company

Employee Handbook

before the scheduled start of their workday if possible. The direct supervisor must also be contacted on each additional day of absence. If an employee is absent for three or more consecutive days due to illness or injury, a physician's statement must be provided verifying the disability and its beginning and expected ending dates. Such verification may be requested for other sick leave absences as well and may be required as a condition to receiving sick leave benefits. Before returning to work from a sick leave absence of 3 calendar days or more, an employee must provide a physician's verification that he or she may safely return to work.

Sick leave benefits will be calculated based on the employee's base pay rate at the time of absence and will not include any special forms of compensation, such as incentives, commissions, bonuses, or shift differentials.

Unused sick leave benefits will be allowed to accumulate until the employee has accrued a total of 30 days (240 hours) worth of sick leave benefits. If the employee's benefits reach this maximum, further accrual of sick leave benefits will be suspended until the employee has reduced the balance below the limit.

Sick leave benefits are intended solely to provide income protection in the event of illness or injury, and may not be used for any other absence. Unused sick leave benefits will not be paid to employees while they are employed or upon termination of employment.

309 Bereavement Leave

Effective Date: 8/1/98

Revision Date: 10/31/07

Full time employees will be granted time off with pay in the event of death in their immediate family. The number of days shall be at the discretion of management depending on distances to be travel to the funeral and other extenuating circumstances.

311 Jury Duty

Effective Date: 8/1/98

Revision Date: 10/31/07

Hollon Oil Company encourages employees to fulfill their civic responsibilities by serving jury duty when required. Employees get unpaid jury duty leave for the length of absence. If desired, employees may use any available paid time off (for example, sick days or vacation days).

Hollon Oil Company

Employee Handbook

Employees must show the jury duty summons to their supervisor as soon as possible so that the supervisor may make arrangements to accommodate their absence. Of course, employees are expected to report for work whenever the court schedule permits.

317 Life Insurance

Effective Date: 8/1/98

Revision Date: 10/31/07

Life insurance offers you and your family important financial protection. Hollon Oil Company provides a basic life insurance plan for eligible employees.

Accidental Death and Dismemberment (AD&D) insurance provides protection in cases of serious injury or death resulting from an accident. AD&D insurance coverage is provided as part of the basic life insurance plan.

Employees in the following employment classifications are eligible to participate in the life insurance plan:

- * Regular full-time employees

Eligible employees may participate in the life insurance plan subject to all terms and conditions of the agreement between Hollon Oil Company and the insurance carrier.

Details of the basic life insurance plan including benefit amounts are described in the Summary Plan Description provided to eligible employees. Contact the Personnel Manager for more information about life insurance benefits.

319 Long-Term Disability

Effective Date: 8/1/98

Revision Date: 10/31/07

Hollon Oil Company provides a long-term disability (LTD) benefits plan to help eligible employees cope with an illness or injury that results in a long-term absence from employment. LTD is designed to ensure

Hollon Oil Company

Employee Handbook

a continuing income for employees who are disabled and unable to work.

Employees in the following employment classifications are eligible to participate in the LTD plan:

- * Regular full-time employees

Eligible employees may participate in the LTD plan subject to all terms and conditions of the agreement between Hollon Oil Company and the insurance carrier. Eligible employees may begin LTD coverage only after completing 90 calendar days of service.

LTD benefits are offset with amounts received under Social Security or workers' compensation for the same time period.

Details of the LTD benefits plan including benefit amounts, and limitations and restrictions are described in the Summary Plan Description provided to eligible employees. Contact the Personnel Manager for more information about LTD benefits.

320 401(k) Savings Plan

Effective Date: 8/1/98

Revision Date: 10/31/07

Hollon Oil Company has established a 401(k) savings plan to provide employees the potential for future financial security for retirement.

To be eligible to join the 401(k) savings plan, you must complete 12 months of service and be 21 years of age or older. You may join the plan only during open enrollment periods. Eligible employees may participate in the 401(k) plan subject to all terms and conditions of the plan.

The 401(k) savings plan allows you to elect how much salary you want to contribute and direct the investment of your plan account, so you can tailor your own retirement package to meet your individual needs. ~~Hollon Oil Company also contributes an additional matching amount to each employee's 401(k) contribution.~~

Because your contribution to a 401(k) plan is automatically deducted from your pay before federal and state tax withholdings are calculated, you save tax dollars now by having your current taxable amount reduced. While the amounts deducted generally will be taxed when they are finally distributed, favorable tax rules typically apply to 401(k) distributions.

Hollon Oil Company

Employee Handbook

Complete details of the 401(k) savings plan are described in the Summary Plan Description provided to eligible employees. Contact the Personnel Manager for more information about the 401(k) plan.

Hollon Oil Company

Employee Handbook

401 Timekeeping

Effective Date: 8/1/98

Revision Date: 10/31/07

Accurately recording time worked is the responsibility of every nonexempt employee. Federal and state laws require Hollon Oil Company to keep an accurate record of time worked in order to calculate employee pay and benefits. Time worked is all the time actually spent on the job performing assigned duties.

Nonexempt employees should accurately record the time they begin and end their work, as well as the beginning and ending time of each meal period. They should also record the beginning and ending time of any split shift or departure from work for personal reasons. Overtime work must always be approved before it is performed.

Altering, falsifying, tampering with time records, or recording time on another employee's time record may result in disciplinary action, up to and including termination of employment.

Nonexempt employees should report to work no more than 10 minutes prior to their scheduled starting time nor stay more than 10 minutes after their scheduled stop time without expressed, prior authorization from their supervisor.

If corrections or modifications are made to the time record, both the employee and the supervisor must verify the accuracy of the changes by initialing the time record.

403 Paydays

Effective Date: 8/1/98

Revision Date: 10/31/07

All employees are paid biweekly every other Friday. Each paycheck will include earnings for all work performed through the end of the previous payroll period.

In the event that a regularly scheduled payday falls on a day off such as a weekend or holiday, employees will receive pay on the last day of work before the regularly scheduled payday.

Hollon Oil Company

Employee Handbook

405 Employment Termination

Effective Date: 8/1/98

Revision Date: 10/31/07

Termination of employment is an inevitable part of personnel activity within any organization, and many of the reasons for termination are routine. Below are examples of some of the most common circumstances under which employment is terminated:

- * Resignation - voluntary employment termination initiated by an employee.
- * Discharge - involuntary employment termination initiated by the organization.
- * Layoff - involuntary employment termination initiated by the organization for

nondisciplinary reasons:

Hollon Oil Company will generally schedule exit interviews at the time of employment termination. The exit interview will afford an opportunity to discuss such issues as employee benefits, conversion privileges, repayment of outstanding debts to Hollon Oil Company, or return of Hollon Oil Company-owned property. Suggestions, complaints, and questions can also be voiced.

Since employment with Hollon Oil Company is based on mutual consent, both the employee and Hollon Oil Company have the right to terminate employment at will, with or without cause, at any time.

408 Pay Advances

Effective Date: 8/1/98

Revision Date: 10/31/07

Hollon Oil Company does not provide pay advances on earned or unearned wages to employees.

409 Administrative Pay Corrections

Effective Date: 8/1/98

Revision Date: 10/31/07

Hollon Oil Company takes all reasonable steps to ensure that employees receive the correct amount of pay in each paycheck and that employees are paid promptly on the scheduled payday.

In the unlikely event that there is an error in the amount of pay, the employee should promptly bring the discrepancy to the attention of the Payroll Manager so that corrections can be made as quickly as possible.

Hollon Oil Company

Employee Handbook

410 Pay Deductions and Setoffs

Effective Date: 8/1/98

Revision Date: 10/31/07

The law requires that Hollon Oil Company make certain deductions from every employee's compensation. Among these are applicable federal, state, and local income taxes. Hollon Oil Company also must deduct Social Security taxes on each employee's earnings up to a specified limit that is called the Social Security "wage base." Hollon Oil Company matches the amount of Social Security taxes paid by each employee.

Pay setoffs are pay deductions taken by Hollon Oil Company, usually to help pay off a debt or obligation to Hollon Oil Company or others.

If you have questions concerning why deductions were made from your pay check or how they were calculated, your supervisor can assist in having your questions answered.

Hollon Oil Company

Employee Handbook

501 Safety

Effective Date: 8/1/98

Revision Date: 10/31/07

To assist in providing a safe and healthful work environment for employees, customers, and visitors; Hollon Oil Company has established a workplace safety program. Its success depends on the alertness and personal commitment of all.

Hollon Oil Company also provides information to employees about workplace safety and health issues through regular internal communication channels such as supervisor-employee meetings, bulletin board postings, memos, or other written communications.

Employees and supervisors receive periodic workplace safety training. The training covers potential safety and health hazards and safe work practices and procedures to eliminate or minimize hazards.

Some of the best safety improvement ideas come from employees. Those with ideas, concerns, or suggestions for improved safety in the workplace are encouraged to raise them with their supervisor. Reports and concerns about workplace safety issues may be made anonymously if the employee wishes. All reports can be made without fear of reprisal.

Each employee is expected to obey safety rules and to exercise caution in all work activities. Employees must immediately report any unsafe condition to the appropriate supervisor. Employees who violate safety standards, who cause hazardous or dangerous situations, or who fail to report or, where appropriate, remedy such situations, may be subject to disciplinary action, up to and including termination of employment.

In the case of accidents that result in injury, regardless of how insignificant the injury may appear, employees should immediately notify their supervisor. Such reports are necessary to comply with laws and initiate insurance and workers' compensation benefits procedures.

502 Work Schedules

Effective Date: 8/1/98

Revision Date: 10/31/07

Work schedules for employees vary throughout our organization. Supervisors will advise employees of their individual work schedules. Staffing needs and operational demands may necessitate variations in starting and ending times, as well as variations in the total hours that may be scheduled each day and week.

Hollon Oil Company

Employee Handbook

504 Use of Phone and Mail Systems

Effective Date: 8/1/98

Revision Date: 10/31/07

Personal use of the telephone for long-distance and toll-calls is not permitted. This includes receiving incoming personal calls on our toll-free 1-800 line. Employees should practice discretion when making local personal calls and may be required to reimburse Hollon Oil Company for any charges resulting from their personal use of the telephone.

The use of Hollon Oil Company-paid postage for personal correspondence is not permitted.

To ensure effective telephone communications, employees should always use the approved greeting and speak in a courteous and professional manner. Please confirm information received from the caller, and hang up only after the caller has done so.

505 Smoking

Effective Date: 8/1/98

Revision Date: 10/31/07

In keeping with Hollon Oil Company's intent to provide a safe and healthful work environment, smoking is prohibited throughout the workplace.

This policy applies equally to all employees, customers, and visitors.

506 Meal Periods

Effective Date: 8/1/98

Revision Date: 10/31/07

All full-time employees are to be provided with one meal period each workday. Supervisors are to schedule meal periods to accommodate operating requirements. Employees are to be relieved of all active responsibilities and restrictions during meal periods and will not be compensated for that time.

Hollon Oil Company

Employee Handbook

507 Overtime

Effective Date: 8/1/98

Revision Date: 10/31/07

When operating requirements or other needs cannot be met during regular working hours, employees may be scheduled to work overtime hours. When possible, advance notification of these mandatory assignments will be provided. All overtime work must receive the supervisor's prior authorization. Overtime assignments will be distributed as equitably as practical to all employees qualified to perform the required work.

Overtime compensation is paid to all nonexempt employees in accordance with federal and state wage and hour restrictions. Overtime pay is based on actual hours worked. Time off on sick leave, vacation leave, or any leave of absence will not be considered hours worked for purposes of performing overtime calculations.

Employees who work overtime without receiving prior authorization from the supervisor may be subject to disciplinary action, up to and including possible termination of employment.

508 Use of Equipment and Vehicles

Effective Date: 8/1/98

Revision Date: 10/31/07

Equipment and vehicles essential in accomplishing job duties are expensive and may be difficult to replace. When using property, employees are expected to exercise care, perform required maintenance, and follow all operating instructions, safety standards, and guidelines.

Please notify the supervisor if any equipment, machines, tools, or vehicles appear to be damaged, defective, or in need of repair. Prompt reporting of damages, defects, and the need for repairs could prevent deterioration of equipment and possible injury to employees or others. The supervisor can answer any questions about an employee's responsibility for maintenance and care of equipment or vehicles used on the job.

The improper, careless, negligent, destructive, or unsafe use or operation of equipment or vehicles, as well as excessive or avoidable traffic and parking violations, can result in disciplinary action, up to and including termination of employment.

Hollon Oil Company

Employee Handbook

510 Emergency Closings

Effective Date: 8/1/98

Revision Date: 10/31/07

At times, emergencies such as severe weather, fires, power failures, or earthquakes, can disrupt company operations. In extreme cases, these circumstances may require the closing of a work facility.

When operations are officially closed due to emergency conditions, the time off from scheduled work will be unpaid. However, with supervisory approval, employees may use available paid leave time, such as unused vacation benefits.

514 Visitors in the Workplace

Effective Date: 8/1/98

Revision Date: 10/31/07

To provide for the safety and security of employees and the facilities at Hollon Oil Company, only authorized visitors are allowed in the workplace. Restricting unauthorized visitors helps maintain safety standards, protects against theft, ensures security of equipment, protects confidential information, safeguards employee welfare, and avoids potential distractions and disturbances.

All visitors should enter Hollon Oil Company at the main entrance. Authorized visitors will receive directions or be escorted to their destination. Employees are responsible for the conduct and safety of their visitors.

If an unauthorized individual is observed on Hollon Oil Company's premises, employees should immediately notify their supervisor or, if necessary, direct the individual to the main entrance.

516 Computer and E-mail Usage

Effective Date: 8/1/98

Revision Date: 10/31/07

The use of Hollon Oil Company's (the Company) automation systems, including computers, fax machines, and all forms of Internet/Intranet access, is for company business and for authorized purposes only. Brief and occasional personal use of the electronic mail system or the Internet is acceptable as long as it is not excessive or inappropriate, occurs during personal time (lunch or other breaks), and does not

Hollon Oil Company

Employee Handbook

result in expense to the Company.

Use is defined as "excessive" if it interferes with normal job functions, responsiveness, or the ability to perform daily job activities. Electronic communication should not be used to solicit or sell products or services that are unrelated to the Company's business; distract, intimidate, or harass coworkers or third parties; or disrupt the workplace.

Use of Company computers, networks, and Internet access is a privilege granted by management and may be revoked at any time for inappropriate conduct carried out on such systems, including, but not limited to:

- Sending chain letters or participating in any way in the creation or transmission of unsolicited commercial e-mail ("spam") that is unrelated to legitimate Company purposes;
- Engaging in private or personal business activities, including excessive use of instant messaging and chat rooms (see below);
- Misrepresenting oneself or the Company;
- Violating the laws and regulations of the United States or any other nation or any state, city, province, or other local jurisdiction in any way;
- Engaging in unlawful or malicious activities;
- Deliberately propagating any virus, worm, Trojan horse, trap-door program code, or other code or file designed to disrupt, disable, impair, or otherwise harm either the Company's networks or systems or those of any other individual or entity;
- Using abusive, profane, threatening, racist, sexist, or otherwise objectionable language in either public or private messages;
- Sending, receiving, or accessing pornographic materials;
- Becoming involved in partisan politics;
- Causing congestion, disruption, disablement, alteration, or impairment of Company networks or systems;
- Maintaining, organizing, or participating in non-work-related Web logs ("blogs"), Web journals, "chat rooms", or private/personal/instant messaging;
- Failing to log off any secure, controlled-access computer or other form of electronic data system to which you are assigned, if you leave such computer or system unattended;
- Using recreational games; and/or

Hollon Oil Company

Employee Handbook

- Defeating or attempting to defeat security restrictions on company systems and applications.

Using Company automation systems to access, create, view, transmit, or receive racist, sexist, threatening, or otherwise objectionable or illegal material is strictly prohibited. "Material" is defined as any visual, textual, or auditory entity. Such material violates the Company anti-harassment policies and is subject to disciplinary action. The Company's electronic mail system, Internet access, and computer systems must not be used to violate the laws and regulations of the United States or any other nation or any state, city, province, or other local jurisdiction in any way. Use of company resources for illegal activity can lead to disciplinary action, up to and including dismissal and criminal prosecution. The Company will comply with reasonable requests from law enforcement and regulatory agencies for logs, diaries, archives, or files on individual Internet activities, e-mail use, and/or computer use.

Unless specifically granted in this policy, any non-business use of the Company's automation systems is expressly forbidden.

If you violate these policies, you could be subject to disciplinary action, up to and including dismissal.

Ownership and Access of Electronic Mail, Internet Access, and Computer Files

The Company owns the rights to all data and files in any computer, network, or other information system used in the Company. The Company also reserves the right to monitor electronic mail messages (including personal/private/instant messaging systems) and their content, as well as any and all use of the Internet and of computer equipment used to create, view, or access e-mail and Internet content. Employees must be aware that the electronic mail messages sent and received using Company equipment are not private and are subject to viewing, downloading, inspection, release, and archiving by Company officials at all times. The Company has the right to inspect any and all files stored in private areas of the network or on individual computers or storage media in order to assure compliance with policy and state and federal laws. No employee may access another employee's computer, computer files, or electronic mail messages without prior authorization from either the employee or an appropriate Company official.

The Company has licensed the use of certain commercial software application programs for business purposes. Third parties retain the ownership and distribution rights to such software. No employee may create, use, or distribute copies of such software that are not in compliance with the license agreements for the software. Violation of this policy can lead to disciplinary action, up to and including dismissal.

Confidentiality of Electronic Mail

As noted above, electronic mail is subject at all times to monitoring, and the release of specific information is subject to applicable state and federal laws and Company rules, policies, and procedures on confidentiality. Existing rules, policies, and procedures governing the sharing of confidential information also apply to the sharing of information via commercial software. Since there is the possibility that any message could be shared with or without your permission or knowledge, the best rule to follow in the use of electronic mail for non-work-related information is to decide if you would post the

Hollon Oil Company

Employee Handbook

information on the office bulletin board with your signature.

It is a violation of Company policy for any employee, including system administrators and supervisors, to access electronic mail and computer systems files to satisfy curiosity about the affairs of others. Employees found to have engaged in such activities will be subject to disciplinary action.

Electronic Mail Tampering

Electronic mail messages received should not be altered without the sender's permission; nor should electronic mail be altered and forwarded to another user and/or unauthorized attachments be placed on another's electronic mail message.

Policy Statement for Internet/Intranet Browser(s)

The Internet is to be used to further the Company's mission, to provide effective service of the highest quality to the Company's customers and staff, and to support other direct job-related purposes. Supervisors should work with employees to determine the appropriateness of using the Internet for professional activities and career development. The various modes of Internet/Intranet access are Company resources and are provided as business tools to employees who may use them for research, professional development, and work-related communications. Limited personal use of Internet resources is a special exception to the general prohibition against the personal use of computer equipment and software.

Employees are individually liable for any and all damages incurred as a result of violating company security policy, copyright, and licensing agreements.

All Company policies and procedures apply to employees' conduct on the Internet, especially, but not exclusively, relating to: intellectual property, confidentiality, company information dissemination, standards of conduct, misuse of company resources, anti-harassment, and information and data security.

Personal Electronic Equipment

The Company prohibits the use or possession in the workplace of any type of camera phone, cell phone camera, digital camera, video camera, or other form of image-recording device without the express permission of the Company and of each person whose image is recorded. Employees with such devices should leave them at home unless expressly permitted by the Company to do otherwise. This provision does not apply to designated Company personnel who must use such devices in connection with their positions of employment.

Employees should not bring personal computers to the workplace or connect them to Company electronic systems unless expressly permitted to do so by the Company. Any employee bringing a personal computing device or image recording device onto Company premises thereby gives permission to the Company to inspect the personal computer or image recording device at any time with personnel of the Company's choosing and to analyze any files, other data, or data storage media that may be within

Hollon Oil Company

Employee Handbook

or connectable to the personal computer or image recording device in question. Employees who do not wish such inspections to be done on their personal computers or imaging devices should not bring such items to work at all.

Violation of this policy, or failure to permit an inspection of any device covered by this policy, shall result in disciplinary action, up to and possibly including immediate termination of employment. In addition, the employee may face both civil and criminal liability from the Company or from individuals whose rights are harmed by the violation.

518 Workplace Monitoring

Effective Date: 8/1/98

Revision Date: 10/31/07

Workplace monitoring may be conducted by Hollon Oil Company to ensure quality control, employee safety, security, and customer satisfaction.

Because Hollon Oil Company is sensitive to the legitimate privacy rights of employees, every effort will be made to guarantee that workplace monitoring is done in an ethical and respectful manner.

522 Workplace Violence Prevention

Effective Date: 8/1/98

Revision Date: 10/31/07

Hollon Oil Company is committed to preventing workplace violence and to maintaining a safe work environment. Given the increasing violence in society in general, Hollon Oil Company has adopted the following guidelines to deal with intimidation, harassment, or other threats of (or actual) violence that may occur during business hours or on its premises.

All employees, including supervisors and temporary employees, should be treated with courtesy and respect at all times. Employees are expected to refrain from fighting, "horseplay," or other conduct that may be dangerous to others. Firearms, weapons, and other dangerous or hazardous devices or substances are prohibited from the premises of Hollon Oil Company without proper authorization.

Conduct that threatens, intimidates, or coerces another employee, a customer, or a member of the public at any time, including off-duty periods, will not be tolerated. This prohibition includes all acts of harassment, including harassment that is based on an individual's sex, race, age, or any characteristic protected by federal, state, or local law.

All threats of (or actual) violence, both direct and indirect, should be reported as soon as possible to your immediate supervisor or any other member of management. This includes threats by employees, as well

Hollon Oil Company

Employee Handbook

as threats by customers, vendors, solicitors, or other members of the public. When reporting a threat of violence, you should be as specific and detailed as possible.

All suspicious individuals or activities should also be reported as soon as possible to a supervisor. Do not place yourself in peril. If you see or hear a commotion or disturbance near your work station, do not try to intercede or see what is happening.

Hollon Oil Company will promptly and thoroughly investigate all reports of threats of (or actual) violence and of suspicious individuals or activities. The identity of the individual making a report will be protected as much as is practical. In order to maintain workplace safety and the integrity of its investigation, Hollon Oil Company may suspend employees, either with or without pay, pending investigation.

Anyone determined to be responsible for threats of (or actual) violence or other conduct that is in violation of these guidelines will be subject to prompt disciplinary action up to and including termination of employment.

Hollon Oil Company encourages employees to bring their disputes or differences with other employees to the attention of their supervisors or the Personnel Manager before the situation escalates into potential violence. Hollon Oil Company is eager to assist in the resolution of employee disputes, and will not discipline employees for raising such concerns.

Hollon Oil Company

Employee Handbook

701 Employee Conduct and Work Rules

Effective Date: 8/1/98

Revision Date: 10/31/07

To ensure orderly operations and provide the best possible work environment, Hollon Oil Company expects employees to follow rules of conduct that will protect the interests and safety of all employees and the organization.

It is not possible to list all the forms of behavior that are considered unacceptable in the workplace. The following are examples of infractions of rules of conduct that may result in disciplinary action, up to and including termination of employment:

- * Theft or inappropriate removal or possession of property
- * Falsification of timekeeping records
- * Working under the influence of alcohol or illegal drugs
- * Possession, distribution, sale, transfer, or use of alcohol or illegal drugs in the workplace, while on duty, or while operating employer-owned vehicles or equipment
- * Fighting or threatening violence in the workplace
- * Boisterous or disruptive activity in the workplace
- * Negligence or improper conduct leading to damage of employer-owned or customer-owned property
- * Insubordination or other disrespectful conduct
- * Violation of safety or health rules
- * Smoking in prohibited areas
- * Sexual or other unlawful or unwelcome harassment
- * Possession of dangerous or unauthorized materials, such as explosives or firearms, in the workplace
- * Excessive absenteeism or any absence without notice
- * Unauthorized absence from work station during the workday
- * Unauthorized use of telephones, mail system, or other employer-owned equipment
- * Unauthorized disclosure of business "secrets" or confidential information
- * Violation of personnel policies
- * Unsatisfactory performance or conduct

Employment with Hollon Oil Company is at the mutual consent of Hollon Oil Company and the employee, and either party may terminate that relationship at any time, with or without cause, and with or without advance notice.

Hollon Oil Company

Employee Handbook

702 Drug and Alcohol Use

Effective Date: 8/1/98

Revision Date: 10/31/07

DRUG-FREE WORKPLACE AND SUBSTANCE ABUSE

Hollon Oil Company is committed to providing a safe, healthy, and efficient working environment for all employees. To help achieve this goal, employees are prohibited from:

- * possessing, distributing, selling, manufacturing, or being under the influence of any illegal drug;
- * consuming alcoholic beverages while on company premises, in company vehicles, or while on company business or time, or bringing alcohol onto company premises or being under the influence of alcohol while on company premises or on duty;
- * being under the influence of a product commonly associated with abuse as an inhalant (i.e. spray paint, white out, etc.); and
- * abusing prescription drugs or possessing prescription drugs that have not been prescribed for the employee by a physician.

An employee who violates this policy is subject to corrective action up to, and including, termination of employment. Use of some drugs is detectable for several days. Detection of any amount of such drugs or the presence of alcohol will be considered being "under the influence." Refusal to submit to a drug and/or alcohol screen is grounds for immediate termination.

Employees using prescription drugs according to a physician's instructions or using over-the-counter drugs for medicinal purposes should, in the event such drugs would impair their physical, mental, emotional, or other faculties, notify the Personnel Manager.

The organization's substance abuse policy includes several components to support its efforts to remain drug-free, including:

- * drug testing for accidents involving injury and/or property damage;
- * drug testing when a supervisor or manager suspects that an employee is "under the influence" during working hours; and

Hollon Oil Company

Employee Handbook

* drug testing on a random basis.

All information relating to drug and/or alcohol screens is to be kept strictly confidential. The information will be kept in each employee's medical file, which will be maintained separately from the employee's personnel file. These medical files will be kept locked and secured, and access will be limited to certain individuals in the organization. Under no circumstances should the results of a drug and/or alcohol screen be discussed with individuals that do not have a work-related need to know.

If employees are involved in an accident or cause damage to property or require medical attention away from the premises, they will be screened to determine whether they test positive for drugs and/or alcohol.

If a supervisor suspects that an individual is at work and under the influence of alcohol and/or drugs, the supervisor should notify the Personnel Manager and/or an officer in the organization to seek authorization to have the employee tested. The supervisor will be granted permission to test the employee if sufficient objective symptoms exist to indicate the employee may be under the influence. If a supervisor believes an employee is impaired, the employee will not be allowed to drive himself/herself to the testing facility.

703 Sexual and Other Unlawful Harassment

Effective Date: 8/1/98

Revision Date: 10/31/07

Hollon Oil Company is committed to providing a work environment that is free of discrimination and unlawful harassment. Actions, words, jokes, or comments based on an individual's sex, race, ethnicity, age, religion, or any other legally protected characteristic will not be tolerated. As an example, sexual harassment (both overt and subtle) is a form of employee misconduct that is demeaning to another person, undermines the integrity of the employment relationship, and is strictly prohibited.

Sexual Harassment

Sexual harassment is a violation of law, and is a violation of the policies of Hollon Oil Company. No employee of Hollon Oil Company shall use his/her position of authority to force or attempt to force sexual favors from another person. In this regard, all employees should explicitly avoid any situation or action which would be or could be construed as sexual harassment by other individuals.

It is the policy of Hollon Oil Company to insure a work environment free of sexual harassment. In accordance with that philosophy, unwelcome sexual advances; requests for sexual favors; sexual demands; or other verbal, physical, or visual conduct of a sexual nature will constitute sexual harassment when:

Hollon Oil Company

Employee Handbook

- submission to the conduct is either an explicit or implicit term or condition of employment;
- submission to or rejection of the conduct is used as a basis for an employment decision affecting the person rejecting or submitting to the conduct;
- the conduct has the purpose or effect of unreasonably interfering with an affected person's work performance, or creating an intimidating, hostile, or offensive work environment;
- in third-party situations, one individual is offended by the sexual interaction, conduct, or communications between others.

Hollon Oil Company bases its determinations relative to employment, training, compensation, and promotions on job-related qualifications in compliance with Equal Employment Opportunity laws and regulations, which prohibit discrimination based on sex. Federal and state laws make sexual harassment unlawful. Just as we do not tolerate violations of other laws in our workplace, we do not tolerate violations of the laws prohibiting sexual harassment.

Hollon Oil Company believes that all employees are entitled to a workplace free of harassment, and expects that all employees will treat each other and our customers with courtesy, dignity, and respect. We take our obligation to maintain a workplace free of harassment very seriously. Sexual harassment is a form of misconduct which constitutes a serious offense and subjects offenders to disciplinary action, up to and including discharge.

Employees who experience or witness sexual harassment in the workplace must report it immediately to their immediate Supervisor. If the employee feels uncomfortable about approaching his/her immediate supervisor with the report, the employee must report the harassment to any other Supervisor or member of the Hollon Oil Company's management. All allegations of sexual harassment will be investigated. To the extent possible, the employee's confidentiality and that of any witness and the alleged harasser will be protected against unnecessary disclosure.

Hollon Oil Company will permit no employment-based retaliation against anyone who brings a complaint of sexual harassment or who speaks as a witness in the investigation of a complaint of sexual harassment.

Other Unlawful Harassment

Hollon Oil Company will not tolerate any form of unlawful harassment. Employees who experience or witness any form of unlawful harassment in the workplace must report it immediately to their immediate Supervisor. If the employee feels uncomfortable about approaching his/her immediate supervisor with

Hollon Oil Company

Employee Handbook

the report, the employee must report the harassment to any other Supervisor or member of the Hollon Oil Company's management.

704 Attendance and Punctuality

Effective Date: 8/1/98

Revision Date: 10/31/07

To maintain a safe and productive work environment, Hollon Oil Company expects employees to be reliable and to be punctual in reporting for scheduled work. Absenteeism and tardiness place a burden on other employees and on Hollon Oil Company. In the rare instances when employees cannot avoid being late to work or are unable to work as scheduled, they should notify their supervisor as soon as possible in advance of the anticipated tardiness or absence.

Poor attendance and excessive tardiness are disruptive. Either may lead to disciplinary action, up to and including termination of employment.

705 Personal Appearance

Effective Date: 8/1/98

Revision Date: 10/31/07

Dress, grooming, and personal cleanliness standards contribute to the morale of all employees and affect the business image Hollon Oil Company presents to customers and visitors.

During business hours, employees are expected to present a clean and neat appearance and to dress according to the requirements of their positions.

Consult your supervisor or department head if you have questions as to what constitutes appropriate attire.

706 Return of Property

Effective Date: 8/1/98

Revision Date: 10/31/07

Employees are responsible for all Hollon Oil Company property, materials, or written information issued to them or in their possession or control. All Hollon Oil Company property must be returned by employees on or before their last day of work. Where permitted by applicable laws, Hollon Oil Company may withhold from the employee's check or final paycheck the cost of any items that are not returned when required. Hollon Oil Company may also take all action deemed appropriate to recover or protect its property.

Hollon Oil Company

Employee Handbook

708 Resignation

Effective Date: 8/1/98

Revision Date: 10/31/07

Resignation is a voluntary act initiated by the employee to terminate employment with Hollon Oil Company. Although advance notice is not required, Hollon Oil Company requests at least 2 weeks written notice of resignation.

Prior to an employee's departure, an exit interview will typically be scheduled to discuss the reasons for resignation and the effect of the resignation on benefits.

If an employee does not provide advance notice as requested, the employee will be considered ineligible for rehire.

Absence from work for three (3) consecutive days without notifying your immediate supervisor or the Personnel Manager will be considered a voluntary resignation.

710 Security Inspections

Effective Date: 8/1/98

Revision Date: 10/31/07

Hollon Oil Company wishes to maintain a work environment that is free of illegal drugs, alcohol, firearms, explosives, or other improper materials. To this end, Hollon Oil Company prohibits the possession, transfer, sale, or use of such materials on its premises. Hollon Oil Company requires the cooperation of all employees in administering this policy.

Desks, lockers, and other storage devices may be provided for the convenience of employees but remain the sole property of Hollon Oil Company. Accordingly, they, as well as any articles found within them, can be inspected by any agent or representative of Hollon Oil Company at any time, either with or without prior notice.

Hollon Oil Company

Employee Handbook

714 Drug Testing

Effective Date: 8/1/98

Revision Date: 10/31/07

Hollon Oil Company is committed to providing a safe, efficient, and productive work environment for all employees. Using or being under the influence of drugs or alcohol on the job may pose serious safety and health risks. To help ensure a safe and healthful working environment, job applicants and employees may be asked to provide body substance samples (such as urine and/or blood) to determine the illicit or illegal use of drugs and alcohol. Refusal to submit to drug testing may result in disciplinary action, up to and including termination of employment.

Copies of the drug testing policy will be provided to all employees. Questions concerning this policy or its administration should be directed to the Personnel Manager.

718 Problem Resolution

Effective Date: 8/1/98

Revision Date: 10/31/07

Hollon Oil Company is committed to providing the best possible working conditions for its employees. Part of this commitment is encouraging an open and frank atmosphere in which any problem, complaint, suggestion, or question receives a timely response from Hollon Oil Company supervisors and management.

Hollon Oil Company strives to ensure fair and honest treatment of all employees. Supervisors, managers, and employees are expected to treat each other with mutual respect. Employees are encouraged to offer positive and constructive criticism.

If employees disagree with established rules of conduct, policies, or practices, they can express their concern through the problem resolution procedure. No employee will be penalized, formally or informally, for voicing a complaint with Hollon Oil Company in a reasonable, business-like manner, or for using the problem resolution procedure.

If a situation occurs when employees believe that a condition of employment or a decision affecting them is unjust or inequitable, they are encouraged to make use of the following steps. The employee may discontinue the procedure at any step.

1. Employee presents problem to immediate supervisor after incident occurs. If supervisor is unavailable

Hollon Oil Company

Employee Handbook

or employee believes it would be inappropriate to contact that person, employee may present problem to Personnel Manager or any other member of management.

2. Supervisor responds to problem during discussion or after consulting with appropriate management, when necessary. Supervisor documents discussion.

3. Employee presents problem to Personnel Manager if problem is unresolved.

4. Personnel Manager counsels and advises employee, assists in putting problem in writing, visits with employee's manager(s), if necessary, and directs employee to President for review of problem.

5. Employee presents problem to President in writing.

6. President reviews and considers problem. President informs employee of decision and forwards copy of written response to Personnel Manager for employee's file. The President has full authority to make any adjustment deemed appropriate to resolve the problem.

Not every problem can be resolved to everyone's total satisfaction, but only through understanding and discussion of mutual problems can employees and management develop confidence in each other. This confidence is important to the operation of an efficient and harmonious work environment, and helps to ensure everyone's job security.

Hollon Oil Company

Employee Handbook

806 Suggestion Program

Effective Date: 8/1/98

Revision Date: 10/31/07

As employees of Hollon Oil Company, you have the opportunity to contribute to our future success and growth by submitting suggestions for practical work-improvement or cost-savings ideas.

All employees are eligible to participate in the suggestion program.

A suggestion is an idea that will benefit Hollon Oil Company by solving a problem, reducing costs, improving operations or procedures, enhancing customer service, eliminating waste or spoilage, or making Hollon Oil Company a better or safer place to work. Statements of problems without accompanying solutions, or recommendations concerning co-workers and management are not appropriate suggestions.

All suggestions should contain a description of the problem or condition to be improved, a detailed explanation of the solution or improvement, and the reasons why it should be implemented. If you have questions or need advice about your idea, contact your supervisor for help.

Suggestions may be submitted to Management at any time. As soon as possible, you will be notified of the adoption or rejection of your suggestion. Special recognition will be given to employees who submit a suggestion that is implemented.

Hollon Oil Company

Employee Handbook

995 Wage Deduction Authorization

Effective Date: 8/1/98

Revision Date: 10/31/07

WAGE DEDUCTION AUTHORIZATION AGREEMENT

I understand and agree that my employer, Hollon Oil Company (the Company), may deduct money from my pay from time to time for reasons that fall into the following categories:

1. my share of the premiums for the Company's group medical/dental plan;
2. any contributions I may make into a retirement or pension plan sponsored, controlled, or managed by the Company;
3. installment payments on loans or wage advances given to me by the Company, and if there is a balance remaining when I leave the Company, the balance of such loans or advances;
4. installment payments on loans based upon store credit that I use for my own personal purchases, including the value of merchandise or services that I purchase or have purchased for personal, non-business reasons using my employee charge account, an account assigned to another employee, or a general company account, regardless of whether such purchase was authorized, and if there is a balance remaining when I leave the Company, the balance of such store credit or charges;
5. if I receive an overpayment of wages for any reason, repayment to the Company of such overpayments (the deduction for such a repayment will equal the entire amount of the overpayment, unless the Company and I agree in writing to a series of smaller deductions in specified amounts);
6. the cost to the Company of personal long-distance calls I may make on Company phones or on Company accounts, of personal faxes sent by me using Company equipment or Company accounts, or of non-work related access to the Internet or other computer networks by me using Company equipment or Company accounts;
7. the cost of repairing or replacing any Company supplies, materials, equipment, money, or other property that I may damage (other than normal wear and tear), lose, fail to return, or take without appropriate authorization from the Company during my employment (except in the case of misappropriation of money by me, I understand that no such deduction will take my pay below minimum wage, or, if I am a salaried exempt employee, reduce my salary below its predetermined amount)*;

Hollon Oil Company

Employee Handbook

8. the cost of Company uniforms and of cleaning the uniforms**;
9. the reasonable cost or fair value, whichever is less, of meals, lodging, and other facilities furnished to me by the Company in connection with my employment***;
10. administrative fees in connection with court-ordered garnishments or legally-required wage attachments of my pay, limited in extent to the amount or amounts allowed under applicable laws;
11. if I take paid vacation or sick leave in advance of the date I would normally be entitled to it and I separate from the Company before accruing time to cover such advance leave, the value of such leave taken in advance that is not so covered;
12. the value of any time off for absences to which paid leave is not applied (non-exempt salaried employees will have all such unpaid leave deducted from their salary, while exempt salaried employees will experience salary reductions only in units of a full day at a time, unless partial-day deductions are specifically allowed under federal law); and
13. if my employer pays any insurance premiums or retirement system contributions ("payments") on my behalf that I would normally make under the applicable Company benefit plan, the amount of such payments made by the Company, such payments being an advance of future wages payable to me.
14. (any other items appropriate for the company's situation)

I agree that the Company may deduct money from my pay under the above circumstances, or if any of the above situations occur. I further understand that the Company has stated its intention to abide by all applicable federal and Texas wage and hour laws and that if I believe that any such law has not been followed, I have the right to file a wage claim with appropriate Texas and federal agencies.

Signature of Employee Date

Employee's Name - Printed

Company Representative Date

Hollon Oil Company

Employee Handbook

997 Driver Policy & Consent Form

Effective Date: 8/1/98

Revision Date: 10/31/07

DRIVER POLICY

Employees assigned to driving duties ("drivers") must at all times meet the following criteria:

- drivers must have a current, valid driver's license for the state in which the employee performs his or her driving duties; and
- drivers must maintain a clean driving record, i.e., must remain insurable under our company's liability insurance policy.

Any employee driving a Company vehicle or driving on Company business must observe all safety, traffic, and criminal laws of this state. No driver may consume alcohol or illegal drugs while driving a Company vehicle, while on Company business, while in a Company vehicle, or prior to the employee's shift if such consumption would result in a detectable amount of alcohol or illegal drugs being present in the employee's system while on duty. In addition, no driver may consume or use any substance, regardless of legality or prescription status, if by so doing, the driver's ability to safely operate a motor vehicle and carry out other work-related duties would be impaired or diminished. No driver may pick up or transport non-employees while in a Company vehicle or on Company business, unless there is a work-related need to do so. Any illegal, dangerous, or other conduct while driving that would tend to place the lives or property of others at risk is prohibited.

Anything a driver does in connection with the operation of motor vehicles can affect that driver's fitness for duty or insurability as a driver. Regardless of fault, circumstance, on- or off-duty status, time, or place, any driver who receives a traffic citation from or is arrested by a law enforcement officer, or who is involved in any kind of accident while driving, must inform an appropriate supervisor about the incident immediately or as soon as possible thereafter. Any penalty, fine, imprisonment, fee, or other adverse action imposed by a court in connection with such an incident must be reported immediately to an appropriate supervisor. In both of the above situations, the matter will be reported to the Company's insurance carrier so that a prompt decision on continued coverage of the employee can be made. The driver involved in an accident or cited by a law enforcement official for violating a motor vehicle law must turn over any documentation relating to such incident as soon as possible to the employer, and must cooperate fully with the employer in verifying the information with other parties involved and with law enforcement authorities. While parking tickets will not affect a driver's insurability, any parking ticket issued on a vehicle that is being used for company business should be reported to an appropriate supervisor at the earliest possible opportunity.

Any employee who violates any part of this policy, or who becomes uninsurable as a driver, will be subject to reassignment and/or disciplinary action, up to and possibly including termination from

Hollon Oil Company

Employee Handbook

employment. All employees with driving duties must sign the following agreement:

I have read and understand the Company's Driver Policy, and I agree, in the event that I am ever found to be uninsurable, or that I lack a clear driving record or a valid and current driver's license, that if necessary, I will accept whatever alternative assignment the Company may give me and that I understand that a reduction in pay, change in hours, change in duties, and/or change in work location may result from the reassignment. I further understand that the Company does not and cannot guarantee that any particular reassignment will be available in the event of a problem with my driver's license, driving record, or insurability as a driver, and that if no reassignment is possible, termination of my employment may occur.

/signed/

Employee

998 Drug and/or Alcohol Testing Consent Form

Effective Date: 8/1/98

Revision Date: 10/31/07

EMPLOYEE AGREEMENT AND CONSENT TO DRUG AND/OR ALCOHOL TESTING

I hereby agree, upon a request made under the drug/alcohol testing policy of Hollon Oil Company (the Company), to submit to a drug or alcohol test and to furnish a sample of my urine, breath, and/or blood for analysis. I understand and agree that if I at any time refuse to submit to a drug or alcohol test under company policy, or if I otherwise fail to cooperate with the testing procedures, I will be subject to immediate termination. I further authorize and give full permission to have the Company and/or its company physician send the specimen or specimens so collected to a laboratory for a screening test for the presence of any prohibited substances under the policy, and for the laboratory or other testing facility to release any and all documentation relating to such test to the Company and/or to any governmental entity involved in a legal proceeding or investigation connected with the test. Finally, I authorize the Company to disclose any documentation relating to such test to any governmental entity involved in a legal proceeding or investigation connected with the test.

I will hold harmless the Company, its company physician, and any testing laboratory the Company might

Hollon Oil Company

Employee Handbook

use, meaning that I will not sue or hold responsible such parties for any alleged harm to me that might result from such testing, including loss of employment or any other kind of adverse job action that might arise as a result of the drug or alcohol test, even if a Company or laboratory representative makes an error in the administration or analysis of the test or the reporting of the results. I will further hold harmless the Company, its company physician, and any testing laboratory the Company might use for any alleged harm to me that might result from the release or use of information or documentation relating to the drug or alcohol test, as long as the release or use of the information is within the scope of this policy and the procedures as explained in the paragraph above.

This policy and authorization have been explained to me in a language I understand, and I have been told that if I have any questions about the test or the policy, they will be answered.

I UNDERSTAND THAT THE COMPANY WILL REQUIRE A DRUG SCREEN TEST UNDER THIS POLICY WHENEVER I AM INVOLVED IN AN ON-THE-JOB ACCIDENT OR INJURY UNDER CIRCUMSTANCES THAT SUGGEST POSSIBLE INVOLVEMENT OR INFLUENCE OF DRUGS OR ALCOHOL IN THE ACCIDENT OR INJURY EVENT.

Signature of Employee Date

Employee's Name - Printed

Company Representative Date

999 Employee Acknowledgement Form

Effective Date: 8/1/98
Revision Date: 10/31/07

EMPLOYEE ACKNOWLEDGEMENT FORM

The employee handbook describes important information about Hollon Oil Company, and I understand that I should consult the Personnel Manager regarding any questions not answered in the handbook. I have entered into my employment relationship with Hollon Oil Company voluntarily and acknowledge that there is no specified length of employment. Accordingly, either I or Hollon Oil Company can terminate the relationship at will, with or without cause, at any time, so long as there is no violation of applicable federal or state law.

Hollon Oil Company

Employee Handbook

Since the information, policies, and benefits described here are necessarily subject to change, I acknowledge that revisions to the handbook may occur, except to Hollon Oil Company's policy of employment-at-will. All such changes will be communicated through official notices, and I understand that revised information may supersede, modify, or eliminate existing policies. Only the executive officers of Hollon Oil Company have the ability to adopt any revisions to the policies in this handbook.

Furthermore, I acknowledge that this handbook is neither a contract of employment nor a legal document. I have received the handbook, and I understand that it is my responsibility to read and comply with the policies contained in this handbook and any revisions made to it.

EMPLOYEE'S NAME (printed): _____

EMPLOYEE'S SIGNATURE: _____

DATE: _____