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OIL WORKERS

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From the Vice President's Desk

Make Your Plant Safer by Reporting Process Safety Incidents

If we want our facilities to be safer for ourselves, future oil workers and our communities we need to have a true account of all the process safety incidents that happen at our plants. Armed with this information, we can work through the regulatory agencies and Congress to get stronger health and safety standards.

We need you to report all process safety incidents and you don't have to determine if they are relevant or not. If a relief valve is used, tell us because that means something has gone wrong in the system for the valve to be activated. If you have to flare, tell us. We won't attach your name to any incident, including flaring. Flaring indicates that there is something amiss in the system.

This information will be grouped together in a database without anyone's name attributable to any one incident. You will remain anonymous.

We need each local to designate one person to receive this process safety information from the membership and send it on a weekly basis to Brother Kim Nibarger of the USW Health, Safety and Environment department.

Contact Brother Kim Nibarger by emailing him, knibarger@usw.org, or by calling him at (o) 412-562-2587, (cell) 412-418-6240.

If you don't know who the designated person is in your local or if you don't know if your site is reporting events, ask your local union officers. If no one is reporting these process safety incidents, volunteer to do the tracking and email or mail in the tracking form to Brother Nibarger. The tracking form is available under "Oil Bargaining Downloads" and under "Oil Bargaining Campaign News" on the oil bargaining website, www.oilbargaining.org.

Here are some examples of incidents we need reported: pump trips that lead to unit upsets or flaring; leaks in pipes, vessels and tanks whether they are product or utility leaks; safety system activations, including the process relief valve on a process unit or tank, whatever the cause; rotating equipment failures; leaks/spills; fires; and explosions.

If you have any questions about tracking this information, please contact Brother Nibarger (knibarger@usw.org, 412-562-2587, 412-418-6240).

Process Safety Incidents

Starting this week, we will be listing process safety incidents on the oil bargaining website—www.oilbargaining.org—that we obtain from the Department of Energy website. This list won't be comprehensive. It only includes events that the media reports or that the oil companies report to the government. Hundreds of process safety incidents go unreported. You might recall that we tried to get the American Petroleum Institute and oil companies to do more reporting of events than they do now. They simply refused to do this.

So we're going to let you and the public get a better idea of how frequent these process safety incidents are by publishing a listing on the oil bargaining website. We won't include the events you report so that we can further safeguard your anonymity.

The following list of process safety incidents runs from Aug. 6, 2009 through Sept. 9, 2009. During almost one month's time, there were four fires, four leaks, seven flaring events and numerous incidents that happened for a variety of reasons, including those where no reason was given. This list will appear on the oil bargaining website and will contain a fuller description of the incidents:

Flue Gas Cooler Leak Slows Crude Unit, Shuts FCC, Valero, Memphis, Tenn., Aug. 6

Valero Reports Butane Release, Delaware City, Del. refinery, Aug. 13

Hydrotreater Shut at Citgo, Corpus Christi, TX, refinery, Aug. 15 (a level transmitter failure)

Flaring, BP, Carson, Calif., refinery, Aug. 17

ConocoPhillips Reports Upset, Borger, TX, refinery, Aug. 16

Process Upset Causes Flaring, Total, Port Arthur, TX, refinery, Aug. 17

Shell to Shut SCOT Blower on High Vibrations, Deer Park, TX, refinery, Aug. 17

Steam Loss Triggered Power Outage, Tesoro, Mandan, ND, refinery, Aug. 18

Citgo Cuts FCC Feed After Sudden Dip in Regen Temperature, Corpus Christi, TX, refinery, Aug. 18

Sulfur Recovery Unit Trips, BP, Texas City, TX, refinery, Aug. 18

BP Reports Benzene Leak, Flaring, Texas City, TX, refinery, Aug. 19

Total Partially Restarts Unit, Shuts Another, Port Arthur, TX, refinery, Aug. 22

Sulfur Recovery Unit Snag, BP, Texas City, TX, refinery, Aug. 22

Sulfur Recovery Unit Malfunctions, Alon, Big Spring, TX, refinery, Aug. 20

Hydrocracker Shuts at ExxonMobil, Beaumont, TX, refinery, Aug. 25

Equipment Malfunction, Flaring, ExxonMobil, Torrance, Calif., refinery, Aug. 25

Cooling Water Issue Triggers Flaring, Valero, Delaware City, Del., refinery, Aug. 25

Flange Fire Forces Shut 22,000 b/d Reformer, Frontier Oil, El Dorado, Kan., refinery, Aug. 27

Marathon Closes Alkylation Unit due to Leak, Texas City, TX, refinery, Aug. 27

Fire Reported, Tesoro, Mandan, ND, refinery, Aug. 29

BP to Shut Ultraformer, Texas City, TX, refinery, Sept. 1-10

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USW Calls for Industry-Wide Phase-out of Hydrogen Fluoride Alkylation Units

Our union is calling for the nationwide phase-out of hydrogen fluoride (HF) alkylation units because HF is a deadly chemical and there are new and safer technologies available.

"It's a matter of health and safety to us. It's a matter of money to the industry," USW Vice President Gary Beevers said. "We think they should change to a safer alternative."

Hydrogen fluoride is an acid used as a catalyst in the alkylation unit to make high-octane petroleum. It is deadly in large amounts.

Contact with moisture turns HF into hydrofluoric acid, an extremely corrosive liquid and contact poison that burns skin, tissue and eyes. It rapidly penetrates tissues and can cause systemic toxicity, damaging the heart and lungs and causing death.

The chemical forms a vapor cloud when released into the air. Under the right conditions, a plume of acid vapors could extend for miles downwind, putting thousands of people at risk.

One-third of refineries use hydrogen fluoride. Another one-third use sulfuric acid as a catalyst, which also can burn skin, tissue and lungs but is somewhat less toxic. The chemical has much less potential to form a deadly vapor plume extending outside the refinery and into the community. The remaining refineries have processes other than alkylation.

An even safer alternative is solid-state catalysts, but they are currently in the pilot plant stage and have not been used commercially yet for alkylation units in the United States.

Our union will be discussing HF alternatives with the industry and if necessary we will work through the regulatory agencies and Congress to resolve the issue.

"We intend to pursue every avenue until we have safer units that don't endanger our refinery workers or the communities surrounding these facilities," Beevers said.

Our union also plans to work with local community environmental groups to end the use of hydrogen fluoride. A mid-September meeting is planned in Corpus Christi between Local 13-1647, the international, the Sierra Club and Citizens for Environmental Justice.

HF was released July 19 during a fire at Citgo's east refinery in Corpus Christi. The company estimated that nearly 4,000 pounds of HF had been released. According to Citizens for Environmental Justice, Texas Commission on Environmental Quality records show this quantity was the largest HF release in 20 years. The group said the company did not tell citizens the dangerous nature of the fire or that potentially deadly gas had escaped. The group also said there were citizens who experienced adverse health effects.

Dr. Neil Carman, chemist and Clean Air Program director for the Sierra Club, said that Citgo has failed to report fugitive releases of HF to the EPA for the last 21 years, except for serious fires and accidents.

Carman's comment points to our union's contention that refineries must report all releases to the public. This desire for transparency is one of the main areas of disagreement our union has with the American Petroleum Institute.

Corroded Pipe Cause of May Blast at Sunoco Marcus Hook Refinery

The cause of the May 17, 2009 explosion and fire at Sunoco's ethylene complex at the Marcus Hook refinery can be traced back to a corroded pipe, said Sunoco in a Sept. 8 statement.

An investigation by the Delaware State Fire Marshall and Sunoco revealed that moisture trapped between the 10-inch pipe and a loose steel sleeve on which the pipe rested caused external corrosion on the bottom of the 40-year-old steel pipe. The corrosion, which occurred over many years, was limited to the space between the sleeve and the pipe. A leak developed in the pipe and ethylene feed gas escaped. High heat from a nearby processing unit ignited the ethylene gas, which exploded and resulted in a blaze lasting nearly 24 hours.

Sunoco spokesman Thomas Golembeski said the pipe, which was 18 feet above the ground, was inspected every five years, most recently last March when no safety problems were found.

A lack of demand for ethylene, ethylene oxide and cyclohexane has prompted the company to not rebuild the damaged ethylene unit. Closure of the unit will result in 40 to 50 layoffs, said the company. Our union has filed a grievance regarding the layoffs.

Company Response

Sunoco said it has shared the lessons learned across all of the company's refineries and chemical plants; examined the piping systems at all its facilities; begun a process to make its standard inspection practices more rigorous; and begun examining high-risk systems at its facilities to ensure similar structures with similar conditions do not exist. The company plans to have a third party examine revised mechanical integrity and inspection practices to identify other areas for improvement.

The company said no further problems in the piping systems have been found at the Marcus Hook, Philadelphia and Westville, N.J., refineries. A few problem spots have been identified in "low-risk systems" at the Toledo, Ohio, refinery, Golembeski said.

Since the fire, Sunoco said it has participated in a local emergency planning committee devoted to improving communication and cooperation among agencies responding to events straddling the Pennsylvania-Delaware border; sponsored an information packet for the county that will contain key information for use in emergencies, such as evacuation procedures and routes; and published a special edition of its community newsletter, which included facts about what happened the night of the fire, as well as emergency response information provided by local officials and agencies.

The company plans to share the results of its investigation with the rest of the oil industry through trade associations, including the National Petrochemical and Refiners Association, American Petroleum Institute and the American Chemistry Council.

Valero Delaware City Layoff Targets 70 Union Workers

Valero told Local 4-898 on Sept. 9 that 70 union positions would be part of the layoffs affecting 250 jobs at the company's Delaware City, Del., refinery due to the closure of the petroleum coke processor (coker) and chemical complex (coker shu). A gasifier unit also is being closed and the IBEW represents those workers.

Local 4-898 President Ken Gomeringer said the union is disputing the number of union job layoffs because some of those positions are unrelated to the operations of the two units and are being eliminated because of economic reasons.

Under the job security language in the National Oil Bargaining (NOB) pattern agreement, only those affected by the partial plant closure can be laid off. Gomeringer said that 39 operators and possibly one to two maintenance workers would be affected by the unit closures.

However, Valero also wants to cut five warehouse positions and 23 maintenance positions. Gomeringer said the company wants to contract out the boilermaker and pipefitter jobs and plans to still use contractors for routine maintenance. He is arguing that these warehouse and maintenance cuts are being made for economic purposes and not because of the plant closure. Economic layoffs are not allowed under the NOB agreement.

Gomeringer said the union requested that Valero offer an early retirement package so that layoffs could be avoided. He estimated 40 union workers would probably take the offer. The company is reviewing that proposal, he said.

Impact of Process Safety Failures

These cuts are happening as Valero is considering cutbacks or full refinery closures nationwide because of weak demand for petroleum products. The unit closures also point to the impact process safety failures have on keeping jobs and the environment intact.

Steam system damage in February damaged the coker, which is a processing unit that converts residual oil into coke. Valero spokesman Bill Day told *The News Journal* that the gasifier has never operated reliably or at its planned 2,000-ton per day rate. It converts byproducts from the coker into a natural gas-like fuel for a 180 megawatt power plant.

The News Journal reported that Delaware's Department of Natural Resources and Environmental Control is investigating the February incident and subsequent pollution episodes. The agency already has levied millions in fines for earlier problems caused by electrical system failures, maintenance troubles and cooling water disruptions.

Valero said the gasifier will shut down by the end of September and be mothballed "indefinitely." The coker will end production in early to mid-October and will remain suspended until market conditions improve.

The refinery, which was built to handle thick, high-sulfur crude oil, will run lighter crude oil when the coker is shuttered. Discount margins between light and heavy crude oil have narrowed in recent months, reducing the advantage for Delaware City.

Valero Chairman, President and CEO Bill Klesse said to *The News Journal* that "shutting down the coker and the gasifier complex will reduce costs, improve reliability, and allow the refinery to run a lighter crude slate and shift production to higher-margin products."

The Delaware City refinery will continue to process 210,000 barrels per day despite the loss of the coker.

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BP to Shut ARU for Unspecified Reasons, Texas City, TX, refinery, Sept. 2-7

Hydrogen Explosion Triggered Fire, Montana Refinery Co., Great Falls, Mont., Sept. 2

Compressor Shuts, Flaring Triggered, ConocoPhillips, Belle Chasse, La., refinery, Sept. 2

Sunoco Restarts Alkylation Unit, Philadelphia, Penn., refinery, Sept. 2

Tail Gas Unit Malfunctions, Valero, Benicia, Calif., refinery, Sept. 2

Coker Snag Triggers Flaring, ExxonMobil, Beaumont, TX, refinery, Aug. 31-Sept. 1

Gasoline Leak, Tesoro, Martinez, Calif., refinery, Sept. 3

Crack in Coking Unit Causes Flaring, ExxonMobil, Beaumont, TX, refinery, Sept. 4

Small Fire, ExxonMobil, Baton Rouge, La., refinery, Sept. 9

Chances are there were several process safety incidents at your facility that went unreported during this time period and didn't make this list. That's where you can help us by tracking these events. The oil companies don't want the public to know what actually is happening at their facilities. That would make them accountable to the community and to us. So let's not let them get away with this non-reporting of process safety events.

To those locals that have begun tracking incidents, I salute you and thank you. Let's all encourage each other to track these events so that we can have a safer workplace and community.

Gary Beevers
International Vice President
Chair, National Oil Bargaining Program

What's Happening at your Site?

Send us articles about the issues and activities your local is engaged in. Such pieces should be short and to the point. We especially like quotes from the membership. We'll accept articles that are up to 500 words in length. Keep in mind that we reserve the right to edit contributions for length and clarity. Be sure to put your name, local union number and phone number where you can contacted during the day or evening in case we have questions.

If there are any issues you would like to see covered or questions about bargaining that you have, we'd like to hear about them as well. We'll get to those issues as soon as we can.

You can send your articles and contact the editor, Lynne Baker, at lbaker@usw.org; phone: (o) 615-831-6782; (cell) 615-828-6169.

ExxonMobil Takes the Lead for Recent Environmental Reports

Emissions at Chevron Phillips Chemical Co.: The Sierra Club and Environment Texas groups filed a lawsuit in federal court Aug. 19 against Chevron Phillips Chemical Co. and are asking the court to force the reduction of emissions at the company's largest plant, reported the *Houston Chronicle* and *Oil Daily*.

The groups allege that the Cedar Bayou chemical plant in Baytown, Texas, improperly released more than 1 million pounds of toxic pollutants, including benzene and 1,3-butadiene, into the air since 2003.

The lawsuit also alleges that thousands of violations of the federal Clean Air Act happened during malfunctions at the plant in the past five years.

Company spokesman Brian Cain said about 50 percent of the releases from the plant since June 2004 have come from shutdowns due to Hurricanes Rita and Ike and an electrical power outage caused by an outside supplier.

"Since 2001, the Cedar Bayou plant has reduced its total reportable emission events by more than 73 percent and its total annual emissions by 63 percent," Cain told *Oil Daily*.

ExxonMobil Pleads Guilty to Violating Federal Migratory Bird Treaty Act: The U.S. Justice Department announced Aug. 13 that ExxonMobil will pay $400,000 in fines and $200,000 in community service payments for the deaths of 85 protected birds, including waterfowl, hawks and owls, reported *Dow Jones Newswires* and *Oil Daily*. The birds died after landing on oily wastewater ponds and natural gas well reserve pits. The Justice Department said ExxonMobil was cooperative in the investigation and already has spent more than $2.5 million to begin implementing environmental protections over the next three years to prevent future bird deaths.

BP Cuts Deal with Texas Attorney General: As part of a temporary injunction with Texas Attorney General Greg Abbott, BP agreed to investigate causes of unauthorized pollution and improve air monitoring at its Texas City, Texas, refinery. Abbott filed a lawsuit in early June, seeking more than $100 million in fines for pollution between 2005 and 2008, reported *Oil Daily*. In agreeing to the injunction, BP did not admit liability for the alleged violations of pollution rules.

ExxonMobil Loses Environmental Damages Case: The New Jersey state attorney general's office announced Aug. 11 that state Superior Court Judge Ross Anzaldi rejected ExxonMobil's latest attempt to limit its exposure in connection with natural resources it damaged or destroyed during nearly a century of the company's refinery and petrochemical operations in Linden and Bayonne, N.J. Anzaldi denied ExxonMobil's attempt to prevent the state from recovering damages associated with natural resources that the company argued were privately owned and therefore no longer part of the public trust. He ruled that the state has a right, as a public trustee, to seek damages regardless of a lack of property ownership. Last September the court found ExxonMobil had caused a public nuisance by polluting waterways, wetlands and marshes on and near its former refinery sites in Bayonne and Linden.

New York City Lawyers Allege ExxonMobil Contaminated Queens Water: New York City government attorneys presented evidence in a trial that began Aug. 4 that ExxonMobil knew the toxic M.T.B.E. chemical was contaminating Queens groundwater. The company is accused of purposely ignoring evidence, provided by its own scientists, alerting company leaders of the high risk for groundwater contamination. According to federal court documents, of the 68 wells in Queens, 39 show M.T.B.E. groundwater contamination, and a $250 million-dollar water treatment facility needs to be built to resolve five of the contaminated wells so the water would be drinkable. The five wells, which are the city's focus in the environmental violations lawsuit, can produce close to 10 million gallons a day, if the New York City's drinking water system, provided by an upstate reservoir, were to fail. ExxonMobil attorneys claim the wells were contaminated by other industries in the New York area.

USW Applauds EPA Rejecting Portions of Texas Clean-Air Permitting Program

The Environmental Protection Agency (EPA) announced Sept. 8 that it is proposing to disapprove key aspects of the Texas clean-air permitting program that do not meet US Clean Air Act requirements. Our union has publicly applauded the EPA's proposal.

"We wholly support the EPA's decision to ensure that Texas lives up to its responsibilities under the Clean Air Act," said USW Vice President Gary Beevers.

"The Texas Commission on Environmental Quality (TCEQ) has been lax far too long on air quality standards, giving a pass to the oil and chemical industries when they should have been protecting the public's health. Our members and their families live and work in the communities surrounding these refineries and chemical plants. These communities deserve clean air.

"If the oil and chemical industries would follow stronger health and safety guidelines, many emissions would not occur," Beevers added.

The EPA has faulted the transparency of Texas's air-permitting program. The agency plans to reject state rules that allow air polluters to make certain changes at plants without having to schedule public hearings. It also proposes to reject the state's flexible permits, which allow emission limits to be exceeded in certain areas provided that those areas achieve an overall emissions average.

Houston Mayor Bill White and others have pushed for stricter air pollution regulations for refineries and petrochemical plants along the Houston Ship Channel.

The EPA plans to bring together TCEQ, industry representatives and community leaders to identify and adopt changes with the Texas program.

"Texas's air permitting program should be transparent and understandable to the communities we serve, protective of air quality, and establish clear and consistent requirements," said Lawrence Starfield, acting regional administrator. "These notices make clear our view that significant changes are necessary for compliance with the Clean Air Act."

Under the Clean Air Act, state plans have to be approved by the EPA and adhere to standards of public process, transparency and public health protection. One state cannot have undue advantage over another.

The public will have 60 days to submit comments on EPA's proposals after they appear in the Federal Register. The federal agency's rejections will be finalized next year.

"TCEQ needs to, at a minimum, adhere to the Clean Air Act," Beevers said. "We look forward to the EPA ensuring Texas follows these requirements like other states."

Falling Demand for Petroleum Products could cause Industry Restructuring

A year ago, the energy talk was all about expanding capacity and building new refineries to handle the increased demand for oil. Now, there are reports in *Bloomberg News, Reuters*, the *Houston Chronicle* and *Dow Jones Newswires* that U.S. refinery closures may be in the offering during the next couple of years because of rising costs, the poor economy, plummeting demand for oil, poor refiner margins and foreign competition.

According to BP PLC's statistical review of world energy, worldwide oil demand has fallen at its fastest rate since 1982. In an article in the *Oil & Gas Journal* BP CEO Tony Hayward said global oil production will fall because of dwindling demand and improvements in energy efficiency.

The increase in fuel economy standards, use of renewable fuels like ethanol, along with the greater numbers of energy efficient vehicles lead to a reduction in oil consumption.

Although oil demand dropped in the developing world led by China, those countries still consumed more energy than the OECD (Organization for Economic Co-operation and Development) countries.

"This is not a temporary phenomenon but one that I believe will only increase still more over time," Hayward said. "It will continue to affect prices and bring with it new challenges over economic growth, energy security, and climate change."

The International Energy Agency in Paris expects crude oil demand not to recover to 2008 levels before 2011, *Bloomberg News* reported.

Possible Capacity Closures

Within five years, about 25 percent of capacity in North America and 30 percent of Europe's will be idled, the International Energy Agency said.

Jacques Rousseau, an energy analyst for Soleil Securities Corp. in Vienna, Va., told *Bloomberg* that survival for refineries depends upon their competitiveness. Initially, refiners are cutting back production, but the longer they go breaking even or losing money, they will have to consider closures, he said.

"You're going to see some whole refineries taken down…we could see (refinery) runs, as a percent of capacity, drop several percentage points into the low 80s, and correspondingly you're going to see some loss of jobs within the sector, unfortunately," said Jim Ritterbusch, president, Ritterbusch & Associates in Galena, Ill.

Consulting firm studies vary in their predictions on refinery closures. The *Houston Chronicle* cited two forecasts and said others have recently predicted U.S. refinery closures. The first study by Purvin & Getz in Houston predicts that roughly 1.1 million barrels of U.S. refining capacity, about 6 percent, will be forced to close within the next two years amid declining demand for petroleum fuels and surplus capacity at plants. The report projects nearly half of the closures will be on the Gulf Coast.

The other study, done by consulting firm Deloitte in July, predicts that 2 million barrels, more than 10 percent, of U.S. capacity, could be eliminated in the next several years, including Gulf Coast plants.

"There's no question there are some marginal refiners that probably will not survive," ExxonMobil CEO Rex Tillerson told reporters in May.

Reuters said independent refiners are particularly vulnerable because they have to buy their own oil. Ritterbusch said it would be difficult for refiners that are not vertically integrated (have exploration and production and downstream operations) to keep afloat.

No Plans for Closure

Spokesmen for BP, Valero and Chevron told the *Houston Chronicle* that they do not have plans to close American refineries permanently. ExxonMobil, Shell and ConocoPhillips declined to comment to the paper.

Falling profit margins—the difference between what it costs the refiner to buy oil and the price obtained from the products refined from that oil—are causing some refiners to temporarily idle units and shut plants down. Valero shut its Aruba refinery, which we represent, July 16 and said it will assess economic conditions in two to three months and decide whether to restart the plant. The company also had shut down its Delaware City, Del., plant for economic reasons, but started it back up. It has indefinitely idled units at its Corpus Christi refinery.

A lot of new capacity is expected to come on board globally by 2014. Newer refineries are being built in India, China, Brazil, Russia and the Middle East. The International Energy Agency said 54 percent of the new capacity will be in Asia. The *Houston Chronicle* said "new refineries opening around the world could force weaker plants out of the business and send cheaper fuel to the U.S., undercutting domestic refiners." That would have the effect of making the U.S. even more dependent on other countries for its petroleum products and negate the effort to make this country energy independent.

Layoff Protection Language

Oil workers have been largely protected from the layoffs that have happened in the industry so far because of the no-layoff provision in the National Oil Bargaining agreement. Sunoco announced layoffs of 40-50 workers in July when it decided to shut down the ethylene complex at its Marcus Hook, Pa., refinery after a fire damaged it. The company had decided there was insufficient demand for the unit's products. We have grieved that layoff as not being "a partial plant closure." This situation points to the need for us to fight for better safety in our plants so fires like this do not happen.

Refiners are depending on the U.S. economy to recover. Only a small portion of the stimulus money has been doled out so far, so the full economic impact has not been felt yet. Six months from now the entire economic picture could change. The USW has proposed that the federal government fund a 10-year (not the current two-year) program of significant public investment to upgrade and rebuild our nation's infrastructure. Hopefully this proposal will be taken seriously so that more jobs can be created.

News Briefs Around the Industry

Class Action Lawsuit: *Workers Independent News* reports that Valero is being slapped with a class action lawsuit because the company allegedly underpaid employees at the company's convenience stores. According to the lawsuit filed on Aug. 10, three hourly workers allege they were not paid for overtime or on-call time. The suit also says the women were not allowed to take meal or breaks that are required by labor law.

Bonuses Approved for Bankrupt LyondellBasell Executives: A New York bankruptcy judge approved a program Aug. 11—over the objections of the USW—that allows up to $45 million in bonuses for 325 officers and managers deemed critical to the company emerging from Chapter 11. The company has to meet certain financial targets before paying the bonuses, reported the *Houston Chronicle*. The firm said the program is needed to keep top talent in place as the company mounts a turnaround. LyondellBasell shut down its Beaumont, Texas, plant and threw out of work 60 USW-represented employees.

Opec Predicts Global Oil Demand will Grow Modestly: Opec said in its Aug. 11 *Monthly Oil Market Report* that demand for oil will grow modestly in 2010 after falling for two years. OECD (Organization for Economic Co-operation and Development) countries will see their combined demand fall by another 290,000 barrels per day (b/d) next year, but growth will occur in China, India, the Mideast and Latin America. Opec said industrial fuel—mainly diesel and naphtha—will contribute the most growth to world oil demand in 2010. US gasoline demand is expected to grow but "will remain the wild card."

Global Refining Capacity Expected to Stay High Until 2016: With the demand for oil down globally and new refinery capacity expected to come on line, there will be a refining surplus until 2016, according to a report from consulting firm Turner, Mason & Company. The report says demand will not be expected to grow more than refinery additions until 2016, says *Oil Daily.*

The economic downturn the past six months has caused refiners to cancel projects with a combined 2.2 million barrels per day of crude capacity additions. The Turner, Mason database shows 142 refining projects that are expected to proceed, of which 24 are new refineries, adding a total 7.3 million b/d in crude capacity. Another 580,000 b/d of capacity additions has been deferred.

"We're not going to see significant refinery shutdowns despite the overcapacity," said Turner, Mason Senior Vice-President John Auers. "Not in the U.S. Maybe a few simple refineries will close in Europe."

Tesoro to Run Below Capacity: Independent refiner Tesoro said its six refineries may run at 83.3 percent of their combined capacity of 660,000 barrels per day in the third quarter of this year as the company weathers low demand and higher crude oil costs, reported *Reuters*. Total system throughput in the third quarter is expected to be between 550,000 and 590,000 b/d. During the third quarter last year, the company's total throughput was 622,000 b/d. Tesoro reported a second-quarter loss of $45 million while discounts for heavy crude oil were low and demand for motor fuels declined amid the global economic downturn. A number of refineries have reduced their runs.

Signs of Recovery in Oil Market: *Oil Daily* reported that for the first time in 15 months, crude oil showed a supply deficit in July. According to the latest *Oil Market Intelligence* tally, demand exceeded supply by a marginal but psychologically important 300,000 b/d in July. The tightening of the balance is the result of stronger demand for oil rather than reduced supply, providing some support for recent price strength.

South Dakota Refinery One Step Closer to being Built: Hyperion Resources's proposed $10 billion oil refinery for southeastern South Dakota received its air quality permit Aug. 20 from the state Board of Minerals and Environment, reported the *Associated Press*. Opponents of the refinery said they will likely file a court appeal to try to overturn the board's decision.

The project still needs two state water permits and a federal wetlands permit. Hyperion plans to start construction in 2011 and begin operations in 2015. It would be the first new U.S. oil refinery built since 1976.

The refinery would process 400,000 barrels of Canadian tar sands crude oil each day into low-sulfur gasoline, diesel, jet fuel and liquid petroleum gas. The Dallas-based company also plans to build a power plant onsite that would use a byproduct of the refinery process, solid petroleum coke, which would be turned into gas and burned to produce electrical power. The company said this process would remove more pollutants.

How to get The Oil Worker

If you are an oil worker and are not receiving *The Oil Worker* newsletter and would like to get it, please send your home e-mail address to International Vice President Gary Beever's administrative assistant, Julie Lidstone, at jlidstone@usw.org. Besides your home e-mail address, please state the name of the company you work for and your job title.

The Oil Worker comes out at least once per month and features information about oil bargaining, the oil industry, health and safety, oil unions from around the world and health care.

Legislation Introduced to Revamp Plant Closing Law

Federal legislators introduced the "Forewarn Act" in late June to widen and toughen the plant closing law known as the WARN Act, reported the labor news service Press Associates.

Sen. Sherrod Brown, D-Ohio, House Education and Labor Committee Chairman George Miller, D-Calif., Rep. John McHugh, R-N.Y., and others introduced the legislation, which would require that companies with 25 or more employees give workers three months' notice of a mass layoff or shutdown.

Companies would have to notify the state governor and the congressional delegations whose constituents would feel the impact. The proposal would order double back pay for workers for each day the company violates the law and fails to tell them of the shutdown in advance. It would also give the Labor Department more enforcement power against companies that break the law. A recent government report said two-thirds of companies violate the WARN act.

"Workers deserve more than just a pink slip when they lose their job because of our nation's economic difficulties," Miller said. "Current protections for workers being laid off are both confusing and rarely enforced. While an early warning may not save their job, a meaningful early notice will help them prepare to find a new job or upgrade their skills for new employment."