



National Oil Bargaining 2008-09

www.oilbargaining.org

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From the Vice President's Desk

National Oil Bargaining Pattern Maintained at Sunoco's Philadelphia Area Operations

For awhile there it looked like the two Sunoco locals at Marcus Hook, Pa., and Philadelphia might be forced out on a strike. The company was determined to make job cuts among the union workforce and refused to accept the National Oil Bargaining pattern agreement because of job security language.

This language prohibits involuntary layoffs during the life of the agreement except for decreases in the level of operation caused by a sale of operating units, complete or partial plant closure, a merger or joint venture resulting in a change of managerial control, or an act of God. It was signed Jan. 31, 2002.

Getting this letter of agreement on job security under the no retrogression language was a significant achievement in this last round of National Oil Bargaining. Its importance was exemplified by the situation at Sunoco.

Sunoco's desire to cut jobs and our ability to thwart that is a good advertisement for the need to be in a union. Unable to cut our jobs, the company announced it was going to lay off 750 salaried employees from its management staff. I'm sure many of those individuals wish they were in a union.

A Repeat of Texas City?

Cutting operations personnel would have been a big mistake for the company. Reducing the number of operators at BP's Texas City refinery led to our members working too much overtime and too many days on end without a break. The human body is not a machine and inevitably these long hours and days without time off cause workers to be fatigued and susceptible to making mistakes. Such mistakes can be deadly if an explosion, fire or release happens as a result. Worker fatigue was listed as one of the contributing factors to

the March 23, 2005 explosion and fire at Texas City.

The Sunoco spokesman kept telling the media that the company's proposed staffing levels were found in refineries across the country operating safely every day. Yet during negotiations Sunoco could not provide the union with the names of any of these refineries.

It was to our members' credit that they were able to beat this back. I'm impressed with how the locals sprang to action upon first hearing of the company's proposed cuts. Local 10-1 immediately secured a billboard that was directly across from the refinery. Every day management saw the billboard message—"Don't Let This Happen Here. Demand Safe Refinery Staffing Levels at Sunoco"—against the backdrop of a photo depicting a refinery fire.

The local also put out a radio ad and did a full-page ad in a local newspaper. Members went around to homes in the surrounding community to get signatures on a petition demanding safe staffing levels. This all culminated in a big rally at City Hall that drew hundreds of Local 10-1 and 10-901 members and their labor and community allies. After the contract was obtained, Local 10-1 put out a full-page thank-you ad to the community.

Prime Example of How to Fight Back

Every oil local should take note of what actions the Sunoco Philly locals engaged in to beat back the company's demands. It's a lesson in how to mobilize and capitalize on the union's strengths.

We still have locals in the National Oil Bargaining Program that are off-date and have to get a contract, so we're not out of the woods yet. A list of those locations is in this newsletter. Be sure to support these locals if your local is asked to participate

in a rally.

As always, get *The Oil Worker* out into the shops and units. If your local has an issue or issues with the company, let our *Oil Worker* editor, Lynne Baker, know about it. Write up a short piece like Local 13-243 did on Equistar and its unfair treatment of our laid-off brothers and sisters. Email material to Lynne at lbaker@usw.org. She also can be contacted at (o) 615-831-6782 and (cell) 615-828-6169.

Also, keep looking at the oil bargaining website—www.oilbargaining.org—for updates on local union negotiations.

Gary Beevers
International Vice President
Chair, National Oil Bargaining Program

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.

Equistar Treats Laid-off Union Workers Differently

As President of United Steel Workers Local 13-243, it is my privilege and duty to represent my Union Brothers and Sisters at Equistar who were affected by the Company's unfortunate financial situation.

Therefore, speaking on behalf of the 60 laid-off employees, I would like to take the opportunity to clarify a few misconceptions.

It has been implied by Equistar management that the Union contract has no provisions for severance pay in the event of layoffs. I would like to emphasize that this is entirely false. In 1998, an agreement between the Company and Union was reached regarding severance pay which specifically states the Union would be entitled to any and all benefits given to salaried employees.

As it stands today, all laid-off salaried employees were allotted severance pay in addition to assistance with developing résumés and helping with job placement, but the represented employees were not. The decision to segregate the Union from these due benefits is unfair, unethical and an example of true discrimination.

The Union believes that the 1998 agreement language still carries its full enforcement power. However, the USW is not looking for handouts, but for justice and fair treatment for all employees.

Those laid-off employees have sacrificed a lot of their time away from their families and friends to assist Equistar during difficult times (i.e. Hurricane Ike, unit upsets, etc.). They have worked alongside the salaried

employees as team members and as brothers in an effort to save a company that they believed in, took pride in and have invested many years of their lives in. The thought of these individuals wondering if they will be able to provide for their families because Equistar is prone to corporate greed and mismanagement makes me angry.

People should be treated fairly, equally and with respect. It is not only the right thing to do, but it is also our constitutional rights. Until Equistar provides equal treatment to all employees, the USW will continue to stand up and fight for the rights of the people and their families and will not tolerate anything less.

Mark Hidalgo
President USW Local 13-243

Remaining Oil Bargaining Expiration Dates

Local #	Company	Type	City	State	Expires
13-0857	ConocoPhillips	Refinery/Clerical/R&D	Ponca City	Oklahoma	03/31/09
13-0012	ExxonMobil	Refinery	Baton Rouge	Louisiana	03/31/09
13-0001	Marathon Oil	Refinery	Texas City	Texas	03/31/09
931	ChevronTexaco	Refinery	Salt Lake City	Utah	04/14/09
624	Husky Energy	Refinery (Lima Refining Co.)	Lima	Ohio	04/15/09
12-0578	Big West Oil Co. (Flying J)	Refinery	Salt Lake City	Utah	04/16/09
487	Valero	Refinery	Sunray	Texas	04/23/09
12-0591	Shell	Refinery	Anacortes	WA	04/30/09
9-00265	Shell Chemical	gas,oil,diesel,jet fuel	Saraland	Alabama	04/30/09
10-0901	Sunoco	Gas delivery drivers	Aston	PA	05/25/09
558	Nat'l Cooperative Refinery Assoc. (NCRA)	Oil Pipeline	Council Bluffs McPherson	Iowa Kansas	06/30/09
11-0574	Frontier Oil	Refinery	Cheyenne	Wyoming	07/01/09
13-0555	ConocoPhillips	Refinery/Clerical	Westlake	Louisiana	07/15/09
13-0447	ConocoPhillips (Alliance Ref.)	Refinery	Belle Chase	Louisiana	09/01/09
10-0234	Cumberland Farms	Woodbury Terminal	Thorofare	NJ	01/31/10
10-0234	Gulf Oil	Petroleum Products	Thorofare	NJ	01/31/10
13-2001	ExxonMobil	Refinery/chemical co.	Baytown	Texas	04/15/10
13-2001	ExxonMobil	Clerical	Baytown	Texas	03/15/11

Philly Locals Beat Sunoco's Demands for Layoffs

Local 10-1 in South Philadelphia and Local 10-901 in Marcus Hook, Pa., successfully protected members' jobs while obtaining contracts that met the National Oil Bargaining pattern agreement.

Negotiations were intense the last week leading up to the March 1 expiration date and for awhile it looked like there might be a strike. But before the agreements expired, it was determined that enough progress had been made to warrant a 24-hour rolling extension.

Points of Contention

The sticking points for the Philadelphia refinery were Sunoco's desire to cut operator staffing levels on the refinery's processing units by 25 percent, impose pay cuts on 140 operators, and combine some operations positions. The staff reductions equated to the elimination of 100 of the nearly 700 union positions, according to Local 10-1 President Jim Savage.

The local saw this action as a risk for the refinery.

"It's strictly a health-and-safety issue for the safety of our workers and the surrounding community," Savage said to the *Philadelphia Inquirer*.

Tim Kolodi, president of Local 10-901, said the company wanted to cut about 90 out of about 450 union positions at the Marcus Hook refinery.

In addition to job cuts, other major issues for Local 10-901 were pay cuts for the transfer and shipping department operators and the company's desire to change pension, sick time and medical benefits without negotiating with the local.

Locals Spring to Action

After Savage learned from management at the first negotiating session of the proposed cuts, he went on the offense.

First, the local secured a billboard across from the refinery and with a photo of a refinery fire in the background, put up the message: "Don't Let This Happen Here. Demand Safe Refinery Staffing Levels at Sunoco."

Next, the local purchased radio time to broadcast the message of how Sunoco

was putting the community at risk with its job cuts proposal. This was followed by a full page ad in a free weekly publication.

Three days before the contracts were set to expire, both locals and their community and union allies demonstrated at City Hall and marched to Sunoco's corporate offices. They gave Sunoco representatives a petition signed by 2,000 people who lived near the refineries and believed the cuts would create an unsafe situation.

Issues Settled

The Marcus Hook contract settled first, and members ratified it March 12. Several days later an agreement was reached at the Philadelphia refinery. Local 10-1 members ratified it March 13.

Both contracts followed the national pattern: a three-year agreement, 3 percent wage increases each year, a \$2,500 lump sum payment, continuation of health care coverage and the 80-20 split, and inclusion of the successorship and job security letters of agreement in the no retrogression language.

Sunoco agreed there would be no involuntary layoffs at both facilities and dropped its request for pay cuts. Both contracts continued having the gains made in earlier agreements.

At the Philadelphia refinery both sides compromised on combining some operations positions.

"We were negotiating in the worst possible economic environment," Savage said of the talks. "Our members were not thrilled with the contract, although it passed by an overwhelming margin. It's better than the alternate (a strike)."

Local 10-901 succeeded in retaining its right to bargain over the pension, sick time and medical benefits. Instead of using contractors, the company agreed to allow the maintenance employees to move between the Marcus Hook and Philadelphia refineries when there is a need for their services during a shutdown. They will get more money for the travel time between the two facilities.

"This was probably one of the toughest negotiations I've been in during my 26 years with Sunoco," Kolodi said. "It was a fair settlement for both labor and the company. Now it's time to move on."

Salaried Positions Axed

Immediately after both union contracts were settled, Sunoco announced the elimination of 750 salaried positions in the Marcus Hook and Philadelphia area. Savage said a lot of those people are now wishing they were in a union.

Even though Sunoco reported \$776 million net income last year, the company says it needs to reduce its costs in order to be more competitive during the downturn in the refinery business. The reductions represent 20 percent of the salaried work force and are part of the first phase of Sunoco's Business Improvement Initiative.

USW-represented workers in certain areas are being offered the option of resigning and receiving severance.

Sunoco says it plans to reduce costs by more than \$300 million by the end of the year through the job cuts and savings in energy costs and the use of materials, equipment and contractor services.

Further Cost Review

The second phase of the initiative is to evaluate the chemical and coke operations at the Eagle Point, N.J., and East Toledo, Ohio., refineries. A company spokesman said it is possible there could be job cuts at those two locations. USW-represented employees are immune to the cuts because of the job security language in the contract that prohibits layoffs.

Savage said the layoffs are "unconscionable." "It's a profitable company that's throwing 750 families on the street in this economy, and I can't wrap my head around that. You're not talking about a company teetering on the edge of bankruptcy and has to make cuts to survive....These people contributed to the success of the company" in recent years, he said.

Small Fire Reported at Carson Refinery

A small fire occurred on the conveyor belt in the coke barn at BP's Carson, Calif., refinery Feb. 23, reported *Oil & Gas Journal*. No injuries were reported. A company spokesman said there was not any damage to the coker and that the refinery continued to produce coke. The

cause of the fire is unknown and is being investigated. The Carson refinery has a capacity of 275,000 b/d and produces gasoline, diesel, jet fuel and petroleum coke. It supplies about 25 percent of the Los Angeles gasoline market.

Vapor Released at Sunoco Philly Refinery

Bloomberg News reported that 10 contractors were exposed to a vapor release from the alkylation unit at Sunoco's Philadelphia refinery. They were taken to local hospitals and treated for exposure to hydrofluoric acid. The company

reported a leak in one of the steam lines in the alkylation unit. It is not known what caused the release. Sunoco plans to investigate the incident and provide a report to the Philadelphia Dept. of Public Health.

Valero Shuts Down Plant for Repairs

Oil Daily reported March 16 that Valero Energy closed its Delaware City, Del., refinery to work on repairs to a coking unit. A company spokesman said most of the main process units are shut down. Valero

first announced the shutdown the week of March 9, and said the unit repairs are expected to take about 30 days.

A coker increases the amount of refinable material in a barrel of crude oil.

L.A. Refinery to Cut Output

Tesoro began planned maintenance March 20 at its 100,000 b/d Los Angeles refinery, reported *Oil Daily*. Refinery production will be reduced between two and three weeks. A company spokesman

declined to say how much output would be reduced as the refinery does overhauls on a coking unit and a reformer. A reformer produces higher octane gasoline blending components.

BP Reaches Settlement of Clean Air Act Violations

Oil & Gas Journal, along with several media outlets, reported that the US Dept. of Justice and the US Environmental Protection Agency announced on Feb. 20 a proposed settlement with BP Products North America Inc. to address the company's noncompliance with a 2001 consent decree and Clean Air Act (CAA) violations at its Texas City refinery.

The company agreed to spend more than \$161 million on pollution controls, and enhanced maintenance and monitoring. It also will pay a \$12 million civil penalty and spend \$6 million to reduce air pollution from diesel vehicle emissions in Texas City and the surrounding area.

BP violated CAA regulations that require strict controls on benzene and benzene-containing wastes that are generated during petroleum refining. It also violated CAA requirements limiting emissions of stratospheric ozone-depleting hydrochlorofluorocarbons (HCFCs) from leaking cooling

appliances. The EPA uncovered the violations during inspections of the Texas City refinery after the March 2005 explosion and fire.

Besides requiring BP to upgrade its control equipment and processes, the settlement also has the company conducting in-depth audits to ensure compliance and minimization of the amount of benzene-containing wastes generated at the refinery. It also will retrofit industrial and commercial cooling appliances to use non-ozone-depleting refrigerants, and improve its oversight and management of asbestos-containing wastes.

A BP spokesman said the company has invested over \$100 million on benzene emissions controls for Texas City refinery wastewater streams since 1993.

Since the 2005 explosion and fire, BP has worked with our union to improve health and safety at the facility. It increased its health, safety and environment staff,



Material Needed for Website

We welcome material submitted by the oil locals for the oil bargaining website—www.oilbargaining.org. Besides covering oil and petrochemical negotiations, this site can contain news about the issues oil workers are dealing with at their plants and in their work lives and the activities of local unions.

Give us a short write-up on what your local achieved through local bargaining. We would be interested in any photos or videos of past or present mobilization activities to showcase the activism of our members.

Send material for the website to Lynne Baker at lbaker@usw.org; phone: (o) 615-831-6782; (cell) 615-828-6169. Be sure to include the name of the author (for written material), photographer and person who shot the video. For photos and videos please include a write-up describing the event.

expanded safety and operations training, and spent more than \$1 billion to rebuild key gasoline production units, update control systems and implement other recommendations.

Bribery Charges Levied at Shell

Oil Daily reports that the US government is investigating Royal Dutch Shell for potential breaches of overseas bribery rules.

The trade publication quotes a statement in the company's 2008 annual report: "Shell is currently under investigation by the United States Securities and Exchange Commission and the United States Department of Justice for violations of the US Foreign Corrupt Practices Act."

Judge Approves BP's Settlement of Guilty Charges

US District Court Judge Lee Rosenthal approved BP's agreement to pay \$50 million after the company's US unit plead guilty to criminal charges stemming from the March 23, 2005 explosion and fire at the Texas City refinery that killed 15 workers and injured 180.

Even though this was the largest US

criminal environmental fine ever, the families of the victims said the penalty was too lenient, reported *Oil Daily*. They emphasized that regulators found that BP sacrificed safety at the plant to cut costs.

The US unit will be on probation for three years, and has to comply with worker safety, process safety and envi-

ronmental standards set down in agreements with the US government. If it fails to follow those agreements, it could be subject to further prosecution for other environmental violations the US government may have had evidence of at the time the agreement was reached in 2007.

Frontier Oil Settles Air Pollution Charges

EPA and the Dept. of Justice said Frontier Oil Corp. agreed to pay a \$1.23 million fine and spend \$127 million on pollution control upgrades at its Cheyenne, Wyo., and El Dorado, Kan., refineries.

Oil & Gas Journal reported that each refinery will upgrade leak detection and repair practices to reduce

harmful emissions from pumps and valves, implement programs to minimize the number and severity of flaring events and put into action new strategies to ensure compliance with the federal Clean Air Act's benzene waste requirements.

Frontier agreed to install dome covers on refinery storage tanks at its two

plants to reduce volatile organic compound emissions. It also agreed to correct deficiencies in the refineries' risk management program, which were identified in a 2006 EPA inspection, including overdue inspections and test of storage vessels containing toxic and flammable substances.

ConocoPhillips Focuses on Debt Reduction

ConocoPhillips says it will not be engaging in any merger and acquisition activity anytime soon. The company has a larger amount of debt and is the most leveraged of the integrated oil majors, reported *Oil Daily*.

Conoco's debt increased by almost \$7 billion in 2008 to \$27.1 billion, lifting the company's debt-to-capital ratio to 33%. Debt-to-capital ratios for the other majors range from ExxonMobil's 7.3% to Royal Dutch Shell's 23.1%.

Oil prices need to rise for the company

to pay down its debt. If prices remain at \$40 per barrel of oil and \$4 per thousand feet of natural gas for the rest of the year, Conoco's cash flow would total \$12.5 billion. That is enough to cover the firm's capital spending budget, but would fall short of the \$2.8 billion needed to finance dividend payments. The company has not offered specifics on whether spending cuts or additional debt would be used to cover the dividend payments should this scenario occur.

Motiva Joins Others in Postponing Capital Projects

As the worsening economy causes market conditions for refiners to deteriorate, Motiva Enterprises joins others in postponing refinery expansions and upgrades, reported *Oil Daily*. The company—which is a joint venture between Royal Dutch Shell and Saudi Aramco—is delaying a \$7 billion expansion of its Port Arthur refinery to early 2012.

Motiva had planned to increase the plant's capacity by 325,000 barrels per day to 600,000 b/d by late 2010. This would make it the largest US refinery.

Refinery margins were squeezed by

high oil prices through last summer, but when these prices fell, the deteriorating economy caused demand for refined products such as gasoline, diesel and jet fuel to nosedive.

In response, refiners have delayed capital projects in order to reduce costs. Last month, Marathon Oil postponed a heavy oil upgrading project at its Detroit refinery until mid-2012. Valero has put on hold a coker expansion project at its Port Arthur refinery. ConocoPhillips also is scaling back its capital investments.

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 be 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.

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

