

March 13, 2011

Sisters and Brothers,

The past few months have been busy. I personally appreciate the assistance, guidance and insight Brother Scott Johnston has provided while I transitioned into the Bargaining Unit Chair position. I also thank the members of your Workers Committee for filling in for me when I was not available during late January and early February while I was out of the plant. We have several issues which are important to each of us and I will discuss a few common themes here.

USW Dues – Shell has refused to adopt the USW dues structure as required per our Collective Bargaining Agreement. Grievances are being filed to force Shell to comply. Our labor agreement gives the USW the ability to adjust the employees' dues obligations and does not reserve the company the right to refuse to cooperate. In the interim, the International has given Shell a modified calculation for them to implement until they decide, or are forced to, comply with our CBA. The modified deduction will be 2.5 hours/mo + \$8.65 (3 cents/hr for the Strike & Defense fund and 2 cents/hr for Organizing based on a 173 hour work week). This should be very close to what our normal dues obligation should be. When/if Shell will comply remains to be seen since they have not been cooperative thus far. Please keep an eye on your pay stubs to ensure accuracy.

As all of you know, when we were PACE, the Local voted to merge with USWA and the vote passed in favor of a merger. Pursuant the majority "YES" vote, a merger agreement between PACE and USWA was reached in 2005. Part of this agreement was for us to come into compliance with the USW International constitution and therefore, the USW dues structure. We were allowed to make this transition over several years, incrementally adjusting our dues payments so the impact would be minimal to the members.

Oil bargaining – Our CBA expires in spring 2012 and we are already preparing for that. In September 2010 the International elected our Nation Oil Bargaining Policy committee (NOBP). Brother Don Houtchens from Local 12-590 in Ferndale was re-elected to the NOBP committee once again. This is our International Bargaining Committee who will work in unison with Brother Gary Beevers to procure a national package for all sites to ratify as part of our Pattern Bargaining. The International is currently doing research and developing a strategy for this next round of bargaining. You may have also seen the job posting which was in Shell Open Resourcing. They have hired a Contingency Planner solely to prepare Shell for Oil Bargaining with USW.

The International and the oil companies are preparing for contract talks more than a year in advance. Each of you should be preparing as well. As a suggestion, the best way to prepare is to have 3-6 months of income in the bank. If you can save \$150 now, that same \$150 just might keep your gas or electricity flowing for another month should contract talks not go our way. All of us are getting our ICP this month. Put it in the bank. We have several shutdowns this year. Put that money in the bank. All of us have some debt we would like to pay off. But that extra money you will be spending to paying down your debts right now will not be available for you later should you need it. None of us are currently living each month with these thousands of extra dollars we will be earning in the near future. This is in a

sense, "found money", and not generally critical to our immediate financial needs. Yes, it would be good to get rid of our personal debts but any money you spend now will not be there later if you need it. Now may not be the right time to incur a \$600/month vehicle payment, new deck, new house, etc. Please prepare yourselves.

80 point pension – Shell had previously told us they were going to take away the 80 point pension option for new hires. The International and all of our Nationwide Council fought back. We sent Shell an information request for all documentation which supports their desire to do this and we received less than a few generic responses in return. We demanded to bargain this issue at several of our sites. Then in January of this year, Shell notified PSR as follows;

"The company had previously notified the Union of our intent to discontinue the 80 point pension option for new hires hired into Shell on or after October 1, 2010.

At this time, we have decided not to pursue this change. If we decide to pursue this in the future, we will notify you of such."

I don't think we have heard the last of this issue.

Regence – There has been a lot of drama recently regarding the contract renewal negotiations between Regence and Peace Health/St Joseph medical group in Whatcom County. The medical committee met with Regence Thursday, March 10th to review our performance for last year and to discuss the Peace Health contract talks. I was notified by Regence the next day, Friday, March 11th that the two parties have agreed to a contract lasting through 2013. Regence did not discuss specifics of the agreement but, if any of the previous discussions are any indication, we could anticipate Regence asking for an increase when our medical insurance contract is negotiated.

Arbitrations – Brother Ramiro Fuentes is back to work and is currently working through his training needs to get back to where he was before he was wrongfully terminated. Shell is still fighting us on his financial settlement. Brother Jim Woodward, our International Representative, has been in contact with Shell's hired attorney to try to come to a resolution. So far without success. As of March 11th, we still have not agreed to Shell's settlement offer.

On Feb 20th, 2011, we received the ruling for the life-saving-rule termination of Brother Erwin Rommel and the Arbiter ruled in our favor, upholding our grievance and ruling the termination to be wrongful. I've been in contact with both Erwin and Shell to help move this process along. Hopefully we'll be able to discuss more details of Brother Rommel's return to work very soon.

Also, on March 3rd, 2011 we had our arbitration regarding long term temporary vacancies to the console. This is concerning vacancies of longer than 45 days and how those vacancies are filled basis our contract language. Two of our operating areas were following the contract and one operating area wasn't. At one point Human Resources had agreed with us regarding the application of the language in our CBA as it applies to long term temporary vacancies to the console. Then somehow, Shell reversed

their position and we filed grievances which ended up in this arbitration. Arbitration is always a 50/50 proposition. I remain hopeful our grievances will be upheld.

As I mentioned earlier, we have several shutdowns and start-ups this year. The Benzene unit is currently in the process of commissioning and start-up. Please look after each other and help ensure each of our Brothers and Sisters return home safely. Being safe is always better than being regretful.

Fraternally

