

*ARTICLES of AGREEMENT*

BETWEEN

TESORO REFINING AND MARKETING COMPANY  
ANACORTES REFINERY

*AND*

UNITED STEEL WORKERS INTERNATIONAL UNION,  
AND LOCAL 12-591

FEBRUARY 1, 2009

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# ARTICLES OF AGREEMENT

## PREAMBLE

Between Tesoro Refining and Marketing Company (hereinafter called "Company") and the United Steel Workers International Union, and its Local 12-591 (hereinafter called "Union") covering the employees at the Anacortes Refinery for which the Union was certified as the exclusive bargaining representative by the National Labor Relations Board in Cases 19-RC-3069 and No. 9-RC-5923.

## ARTICLE 1

### PERIOD OF AGREEMENT AND REOPENING

#### Period of Agreement

- 1 This Agreement shall be effective as of February 1, 2009, and shall remain in effect until 11:59 P.M., January 31, 2012, and thereafter from year to year.

#### Reopening

- 2 Should either party hereto desire to change, amend, or cancel this Agreement, written notice thereof shall be given by such party to the other at least sixty (60) days, but not more than seventy-five (75) days, prior to January 31, 2012, or prior to any anniversary date thereafter. If notice to change or amend is given, a conference shall be held to consider the proposed changes or amendments. In the event no agreement is reached by the anniversary date immediately following the date the above notice is given, either party may, after said anniversary date on at least sixty (60) days' written notice to the other, terminate this Agreement.

#### Reopening – Wages, Hours, Classifications

- 3 Either party hereto, however, shall have the right after February 1, 2009, by giving written notice to the other to request a change or changes in the length of the workweek and/or in the classification and/or in the general subject of wages. If such notice is given, a conference shall be held to consider the proposed changes. In the event an agreement is not reached within sixty (60) days from the date notice is received, this Agreement shall be of no further force or effect.

## ARTICLE 2

### CONTRACT WORK

#### Contractors' Wage Rates

Whenever a contractor or subcontractor performs work on the Company's premises which has ordinarily been performed by employees covered by this Agreement, the Company will include a provision in the applicable contract requiring the contractor to pay not less than the rates of pay provided for in this Agreement for the same character of work and (2) one and one-half (1-1/2) times the employee's regular rate of pay for hours worked in excess of forty (40) hours per week.

Rates of pay for (a) any classification other than Mechanic No. 1 or equivalent, (b) new construction work and, (c) turnarounds shall be as established by the contractor or subcontractor without reference to this article.

#### Schedules and Lists

The Company shall require such contractors to file schedules of rates of pay with the Company which will be open for inspection by the Workers' Committee.

The Company will mail monthly a list of such contractors to the Union.

#### Contractor Who Has Labor Agreement

If there is a bona fide agreement between the contractor or subcontractor and his/her employees reached through collective bargaining, the provisions of this article shall not apply.

## ARTICLE 3

### MAINTENANCE OF MEMBERSHIP

#### Membership Requirements and Withdrawal Provisions

All employees covered by this Agreement who, on or after the thirtieth day following (1) the beginning of employment or (2) the date of acceptance of this Agreement, whichever is later, are or become members of the Union in good standing shall, as a condition of employment, remain members of the Union in good standing. Union members in the employ of the Company may

withdraw from Union membership if they so desire by notifying the Union in writing during either of these thirty (30) day periods mentioned above.

#### Good Standing Defined

A member shall be considered in good standing as long as he/she conforms to the Union's uniformly established requirements with reference to the payment of monthly dues and initiation fees.

#### Union Membership - Determination of Good Standing

If any dispute arises as to whether an employee is or is not a member of the Union in good standing, the dispute shall be submitted to an arbitrator for decision which shall be final and binding upon all parties concerned. The arbitrator shall be appointed by the Company and Union who shall share the expense of arbitration equally.

#### Checkoff Authorization

The Company will deduct from the wages and turn over to the proper officers of the Union, Union dues and initiation fees of such members of the Union as individually and voluntarily certify in writing that they authorize such deduction in the following form:

"Date \_\_\_\_\_

I hereby authorize you to deduct from my wages monthly the current amount of my membership dues and initiation fees in the USW Local 12-591, as reported to you by its Financial Secretary and remit said sum to Local 12-591. This assignment is voluntary and I understand that I may revoke it at any time in writing.

Signed \_\_\_\_\_"

#### Employee Rights – Self-Organization

Employees shall have the right to self-organization, to form, join or assist labor organization, to bargain collectively through representatives of their own choosing, and to engage in concerted activities, for the purpose of collective bargaining or other mutual aid or protection, and shall also have the right to refrain from any and all such activities.

#### No Discrimination or Intimidation

There shall be no discrimination of any kind against any member of the Union by any supervisor, superintendent or any other supervisor in the employ of the Company. The Union agrees that neither it nor any of its officers or members will intimidate or coerce employees into membership in the Union.

## ARTICLE 4

### WAGE RATES AND CLASSIFICATION CHANGES

#### Wage Rates

The Company shall pay its employees, bi-weekly, not less than the applicable wage rates set out in the attached Schedule "A" for the particular work performed.

#### Work in Higher Classification

If an employee is assigned to work independently in a higher paid classification, he/she shall receive a minimum of four (4) hours pay in such higher classification. An employee who works in the higher paid classification more than four (4) hours during any workday shall receive a minimum of eight (8) hours pay in that classification.

#### Maintenance of Rates

The Company shall not reduce the hourly rate of pay below that now being paid to any employee regularly assigned except in the case of demotions hereafter occurring.

#### Temporary Shutdowns

Employees temporarily shifted, because of a temporary shutdown for mechanical repairs or maintenance work in the process unit or units in which they are regularly employed, to a classification paying a smaller wage shall not have their wages reduced during such shutdown. This will not apply to vacation relief employees.

#### Relief Employees

Regular relief employees will be paid for the actual hours worked in each classification.

#### Proper Classification

If an employee feels he/she is not properly classified or the responsibilities of his/her job have increased, the matter shall be handled in accordance with the provisions of Article 19 (Grievance Procedure).

## ARTICLE 5

### HOURS OF WORK

#### Workday and Workweek

A Regular workday shall consist of eight (8) consecutive hours exclusive of meal period. The regular workweek shall be five (5) eight-hour days in one (1) week. The established workweek shall start at 11:31 P.M. Saturday and end at 11:30 P.M. the following Saturday. Normal starting time for day employees shall be 8:00 A.M.

#### Reporting Pay

When an employee is required to report to work on his/her regular schedule but is not given work or is required to work less than four (4) hours, the employee shall be paid four (4) hours at his/her regular rate.

#### Shift Work

Whenever operations are continuous, each employee engaged in such work shall remain on duty until relieved. When operations are not continuous, but two shifts run consecutively, each employee on the first shift shall remain on the job until relieved.

The Company shall be free to establish on a shift basis any work at any time where it considers the volume or character of the work requires it.

#### Meal Period

Employees working daylight hours in an activity not necessarily continuous in nature shall have a meal period during the fifth hour from starting time, except in cases of emergencies, in which case they shall be given a meal period on Company time and allowed to continue work until their normally scheduled quitting time.

When operations are continuous, there must be no cessation of activities but time shall be allowed during which workers will be permitted to eat their lunch or intermediate meal.

Regular day shift employees assigned to the afternoon or graveyard shift will be allowed a period of one-half (1/2) hour on Company time in which to eat a meal.

## ARTICLE 6

### ROTATION OF SCHEDULES OF HOURS AND DAYS

#### Rotation of Shifts

All shift employees to whom this Agreement applies are to rotate shifts at least once each month. The period of rotation shall apply to all the operations of that department in the particular operating unit concerned. Changes shall be made only at reasonable intervals.

#### Rotation of Days Of

In the assignment of work schedules, the Company shall, insofar as reasonably possible, arrange the scheduling of days off so that an employee will, over a period of time, have the benefit of their days off during the weekends. Days off shall be consecutive. No employee shall be required to lose time because of schedule changes.

#### Exchanging Shifts

Employees shall have the privilege of exchanging shifts by individual arrangement provided (1) their supervisor's or foreman's consent is obtained, (2) they agree to waive any overtime, premium payments or other costs required solely by the Articles of Agreement, and (3) the exchange can be accomplished without additional cost or penalty to the Company.

## ARTICLE 7

### OVERTIME

#### Excess Hours

All work performed by an employee in excess of eight (8) hours in any twenty-four (24) hour period shall be paid for at one and one-half (1-1/2) times the applicable rate. All work performed by an employee in excess of forty (40) hours within a workweek shall be paid at the rate of one and one-half (1-1/2) times the applicable rate.

There shall be no pyramiding of premium pay.

#### Special Calls

In the event an employee is called for duty outside his/her regular working hours, the employee shall receive pay for actual time worked at one and one-half (1-1/2) times the applicable rate with a minimum of five (5) hours straight time pay. The minimum pay provision shall not apply

when such work continues on into the employee's regular working hours. In the event no such work shall be required of an employee so called out, he/she shall receive pay for five (5) hours computed at his/her regular rate.

#### Day Off

An employee required to work on his/her day off shall receive one and one-half (1-1/2) times the applicable rate with a minimum of five (5) hours straight time pay if he/she works four (4) hours or less, or a minimum of eight (8) hours straight time pay if he/she works more than four (4) hours.

#### Computing Hours

For the purpose of computing overtime hours under this Article, an employee working any part of the first thirty (30) minutes of any overtime hour shall be considered as having worked one-half (1/2) hour and an employee working more than thirty (30) minutes of any overtime hour shall be considered as having worked one (1) hour.

#### Notice of Schedule Change

Employees will be given notice of schedule changes (normal or odd schedules) forty (40) hours in advance of their new starting time. In the event the Company does not give such notice, payment for the time worked on the first day of the new schedule will be paid at one and one-half (1-1/2) times the applicable rate. If a schedule change occurs on a holiday and forty (40) hours notice has not been given, the first scheduled workday following the holiday shall be paid at the premium rate.

### ARTICLE 8

#### NIGHT SHIFT BONUS

##### Employees Eligible

An employee whose scheduled hours begin before 6:00 A.M. or end after 6:00 P.M. shall receive a night shift bonus of seventy-five cents (75¢) per hour for all hours worked (including overtime hours) between 3:30 P.M. and 11:30 P.M. and one dollar and fifty cents (\$1.50) per hour for all hours worked (including overtime hours) between 11:30 P.M. and 7:30 A.M.

##### Employees Not Eligible

An employee whose scheduled hours begin and end between 6:00 A.M. and 6:00 P.M. will not receive a night shift bonus for any hours worked (including overtime hours) except that the employee shall receive the applicable night shift bonus if he/she relieves an employee entitled to night shift bonus.

## Application to Overtime Hours

An employee entitled to a night shift bonus and working at an overtime rate shall have his/her overtime pay calculated on the total of his/her base rate plus any applicable night shift bonus that may be due.

## Application to Benefits

Night shift bonus will be included in computing pay for disability leave, funeral leave, vacation and jury service but will be excluded in computing any other payment for time not worked.

## ARTICLE 9

### HOLIDAYS

#### Holidays Recognized

The following holidays shall be recognized

New Year's Day  
Washington's Birthday  
Good Friday  
Memorial Day  
Independence Day  
Labor Day  
Veteran's Day  
Thanksgiving Day  
Christmas Day

An additional holiday as follows: In any year when Christmas falls on a day other than Tuesday or Thursday, the Friday following Thanksgiving Thursday shall be observed as a holiday. When Christmas falls on a Thursday, the Friday following Christmas Day shall be observed as a holiday. When Christmas falls on a Tuesday, the Monday preceding Christmas Day shall be observed.

#### Holiday Pay

An employee shall be paid one and one-half (1-1/2) times the applicable straight time rate of pay for the first eight (8) hours worked on any recognized holiday and in addition a day's pay at the applicable straight time rate. The employee will be paid two and one-half (2-1/2) times the regular straight time rate for all hours worked beyond eight (8).

## Holiday Call-Outs

If an employee is called out to perform any work on any recognized holiday, he/she shall receive a minimum of thirteen (13) hours applicable straight time pay.

## Holidays Off With Pay

An employee shall be entitled to a day's pay at his/her straight time rate for any of the above holidays on which he/she is not required to work provided he/she works on his/her scheduled workday immediately prior to or following the holiday.

## Holiday on Saturday or Sunday

In case any recognized holiday falls on a Saturday or Sunday, the holiday shall be observed as follows:

Day Workers – If a recognized holiday falls on a Saturday, the Friday immediately preceding such holiday shall be recognized as the holiday for holiday pay purposes. If a recognized holiday falls on a Sunday, the Monday immediately following such holiday shall be recognized as the holiday for holiday pay purposes.

Shift Workers – On the calendar day on which the holiday falls. For the purpose of this provision only, an employee shall continue throughout the two-day holiday period (Friday-Saturday or Sunday-Monday, as the case may be) in the same category (day worker or shift worker) which he/she occupied on the last day worked prior to the two-day holiday period regardless of an actual transfer from one category to the other in the interim.

## ARTICLE 10

### VACATIONS

#### Earned Vacation

Each employee shall be entitled to an annual vacation as follows:

After 1 year of service	2 weeks
After 5 years of service	3 weeks
After 10 years of service	4 weeks
After 20 years of service	5 weeks
After 30 years of service	6 weeks

All vacations shall be taken annually, except that employees may elect to defer up to their annual

vacation eligibility to the following calendar year, in accordance with Company policy and subject to Company approval.

#### Holiday During Vacation

When a regularly designated holiday occurs while an employee is on vacation, the employee shall receive an extra day of paid vacation, or at the Company's option, a day's pay in lieu thereof at the holiday rate of pay.

#### Scheduling

Each employee shall be required to complete one (1) year of service before taking his/her initial vacation. Subsequent vacations may be scheduled and taken at any time during the calendar year. The time for each such vacation shall be designated by the Company. Employees will be invited to express their preference as to when they shall take their vacations. In the assignment of vacation times, the Company will, as far as practicable, comply with these requests giving preference on the basis of Plant Seniority. Vacation schedules will be posted at least seven (7) days prior to the time vacations are scheduled to start. Successive annual vacations for any employee should be scheduled at least four (4) months apart.

#### Vacation Pay

Vacation pay shall be computed on the basis of an employee's straight-time hourly rate (excluding overtime) plus applicable night shift bonus, if any, based upon an employee's forward work schedule determined as of his/her last day worked prior to vacation.

#### Determination of Eligibility

Vacation eligibility dates shall be adjusted for periods out of service as hereinafter provided. Vacation eligibility of any employee laid off through no fault of his/her own and re-employed within one hundred eighty (180) days shall be determined as follows:

If such layoff occurs before the employee is eligible for his/her first vacation, he/she shall be given credit for previous service in determining his/her eligibility for vacation.

If such layoff occurs after completion of his/her first year of service, the employee shall be deemed to have earned his/her next full vacation only after completion of one (1) full year of service after rehire.

Employees absent due to illness or injury will be given credit toward vacation eligibility for a maximum of six (6) months continuous absence. Employees absent for any other purpose will be given credit for a maximum of thirty (30) days continuous absence. In no event shall these credits operate to increase the employee's accumulated service at the time of his/her reinstatement beyond the twelve (12) months required for vacation eligibility. In the event the leave of absence exceeds the above limitations, the employee's vacation eligibility date shall be

adjusted by the period in excess of the limitation. Employees who are terminated while on a leave of absence shall be paid in full for all vacation earned up to the date absence commenced.

### Payments in Lieu of Earned Vacation

Should any employee with one (1) year or more of service be terminated or resign, he/she shall be paid for all vacation period earned but not enjoyed and fractions of a year will be prorated. No employee shall be deemed to have earned any portion of a three weeks' vacation prior to completion of five (5) years' service, or any portion of a four (4) weeks' vacation prior to completion of ten (10) years' service, or any portion of five (5) weeks' vacation prior to completion of twenty (20) years' service, or any portion of six (6) weeks' vacation prior to completion of thirty (30) years' service.

## ARTICLE 11

### LEAVES OF ABSENCE

#### Personal Leave

Upon written application to his/her supervisor, an employee with one (1) or more years of continuous service may be granted a leave of absence without pay for personal reasons or emergencies that may be deemed justifiable by the Company. An employee on such leave shall accrue seniority under the Articles of Agreement only during the first sixty (60) days of such leave.

#### Death in Immediate Family

In the event of death of an employee's spouse, children, grandchildren, grandparents, grandparents-in-law, parents, parents-in-law, brothers, sisters, brothers-in-law, or sisters-in-law, the employee shall be given the necessary time off not to exceed three days without loss of straight-time pay to attend the funeral and/or make necessary funeral arrangements. The provisions of this paragraph apply to any other relative of an employee who is a permanent member of the employee's household.

#### Jury Service

In the event an employee is called for examination for jury service or for jury service as a witness by court subpoena, except in a case in which the employee is a party in the action, he employee will be reimbursed by the Company for his/her normal straight-time pay for the scheduled working time he/she is required to be absent.

#### Union Business

If any employee desires a leave of absence in order to engage in any business pertaining exclusively to the business of the Union, said leave will be granted by plant management and shall not affect such employee's seniority insofar as the provisions of these Articles are concerned. Accumulated leave under this provision shall not exceed two (2) employees (maximum of one (1) from a department) at any one time, nor shall it total more than twelve (12) months' leave in any calendar year. This limitation shall not apply to employees who are attending conventions, wage conferences, or Labor Board hearings at the request of the Union. No single leave shall extend beyond one (1) year, but it may be renewed with the consent of the Company.

## ARTICLE 12

### MAINTENANCE OF CREWS

On any work normally requiring a definite number of employees, the Company will assign an employee to fill the position of any employee absent through any cause: If the work is to be carried on continuously without interruption or if there is to be no reduction in volume of work.

The foregoing does not apply where the reduction in crew is occasioned by a rearrangement of work or change in equipment.

## ARTICLE 13

### CLASSIFIED EMPLOYMENT

All work peculiar to any craft or classified employment (job) shall be done by an employee regularly assigned to that craft or classification (job) whenever practical. However, any employee covered by any classification shall perform any duties to which he/she may be assigned.

## ARTICLE 14

### SERVICE LETTERS AND REPORTS OF UNSATISFACTORY WORK

In the event that any unfavorable report is recorded against the record of any employee, two (2) copies of such report shall be submitted to the employee at the time of recording. No written report on unsatisfactory work shall be charged against the record of any employee unless such report has been made within thirty (30) days of the Company's knowledge of the occurrence, which is the subject of the report. Provided that no additional report has been issued during the intervening period, each report will be removed at the end of two (2) years (except at the end of four (4) years for a letter confirming disciplinary suspension) and the employee will be advised of its removal.

Upon termination (whether discharge, layoff or resignation) an employee to whom the Agreement applies may obtain from the Company, upon request, a service letter indicating the

positions he/she has held and the period worked in each position. The Company shall not include any comment concerning the character or quality of the work performed.

## ARTICLE 15

### HEALTH AND SAFETY

#### Health and Safety Committee

The purpose of the Plant Health and Safety Committee is to assist in promoting safe and healthful working conditions and procedures and to encourage all employees to follow established health and safety procedures. A Plant Health and Safety Committee will be established and be composed of four (4) employees (one (1) from each department) appointed by the Company. In addition, there will be established in each department a health and safety subcommittee composed of three (3) hourly employees appointed by the Union and a maximum of three (3) staff employees appointed by the Company. Each hourly employee Plant Health and Safety Committee member shall be one of the members of his/her Department Health and Safety Subcommittee. Members of the Plan Health and Safety Committee may be appointed for more than one term. Each term to be for one (1) year. Members of the Department Health and Safety Subcommittee shall be appointed at six (6) month intervals. The Plant Health and Safety Committee shall meet monthly to discuss health and safety matters, may tour an area of the Refinery designated in accordance with a schedule developed by the Committee at the first meeting of each calendar year, and to make recommendations to the Company. Where a recommendation made to the Company is not accepted, an explanation will be made to the Plant Health and Safety Committee. Decisions by the Company with respect to health and safety recommendations shall not be subject to the grievance and arbitration procedures of the Articles of Agreement.

Employees covered by this Agreement on the Committee shall not lose normal pay for time spent in Committee meetings.

Written minutes digesting the discussions, the recommendations of the Plant Committee, comments regarding revisions or additions to the previous minutes and a summary of actions resulting from prior recommendations, shall be provided by the Company to each Plant Committee member.

#### Negotiations and Arbitration

Separate and apart from the foregoing, during the term of the Articles of Agreement the Company is willing to negotiate upon request by the Union and through their designated negotiating representatives on proposals made by the Union with respect to open and mandatory subjects for bargaining on health and safety. Such negotiations may include proposals for specific surveys of measurements of exposure to toxic chemicals or physical agents, studies regarding the effects on employees of such agents by qualified industrial consultants who may be either outside consultants or Company personnel, as well as related physical examinations and medical tests. Any agreement reached hereunder shall be reduced to writing, specifically identified as an agreement hereunder, and signed by the parties. Any meetings or discussions

held under Section A of this Article 15 shall not be construed to waive the Union's right to negotiate under this Section B. Any subject matter upon which negotiations are conducted as contemplated herein, but no agreement is reached, shall not be subject to the grievance and arbitration procedures of the Articles of Agreement. Disputes over the application and interpretation of any agreement reached pursuant to the negotiations provided herein shall be subject to the grievance and arbitration procedures of the Articles of Agreement.

#### Tests and Surveys

Physical examinations, medical tests and surveys undertaken pursuant to any negotiations conducted under Section B will be performed at Company expense by qualified physicians or consultants, who may be either outside physicians or consultants or Company personnel.

Results of those surveys conducted pursuant to negotiations under Section B will relate the findings to recognized Occupational Safety and Health Act standards.

#### General

The Company will furnish annually to the Union available statistical data on the illness, injury and death experience of employees in the bargaining unit.

Twice during a three-year agreement the Company will provide, at its expense, training for up to five (5) days for each of the four (4) hourly Plant Health and Safety Committee members. Such training will be conducted by qualified individuals, institutions, or organizations recognized in the field.

Suggestions in the interest of safety and healthful working conditions are solicited by the Company and should be made in writing (signed or unsigned) to the appropriate Department Health and Safety Subcommittee. A box will be provided in Shop No. 1 where these suggestions may be deposited.

Every employee is expected to satisfy him/herself that safe working conditions prevail before performing any services; if the employee is not so satisfied he/she should develop the matter immediately with his/her supervisor. Infractions of safety rules may be called to the attention of the Local Management of the Company by any employee or by the Workers' Committee.

One employee covered by this Agreement who accompanies a government inspector during an inspection of the plant under the Occupational Safety and Health Act shall not lose normal straight-time pay for the time spent on such inspections.

One hourly member of the Plant Health and Safety Committee may accompany Company personnel during the on-site investigation of a lost-time occupational injury to an employee covered by this Agreement. The Plant Committee member who participates in such an investigation shall not lose normal straight-time pay for the time spent on such investigation.

## ARTICLE 16

### CLOTHING DAMAGE

Where employees in the course of their regular employment are engaged in spray painting or exposed to fire, acid, caustics or other chemicals injurious to person and/or clothing, the Company will furnish protective wearing apparel (including goggles in appropriate cases) to those working on the job, or will compensate such employees for damage to clothing caused through failure to provide such protection.

Any operating employee whose normal work requirements will expose him/her to inclement weather shall be furnished rain apparel upon request. The Company will furnish rain apparel to all other employees when they are required to perform work in inclement weather.

## ARTICLE 17

### BULLETIN BOARD

The Company will provide a bulletin board at a convenient location where it may be seen by employees entering and leaving their place of employment. This board may be used exclusively by the Union for notices indicating the times and places of meetings or items of a similar nature, such notices to be first approved by Plant Management.

The Union will submit to the Company the name of the person authorized by them to post notices. In the event such individual is a non-employee, he/she shall be permitted to enter Company property during daylight working hours and be accompanied by a person designated by the Company representative locally in charge.

## ARTICLE 18

### PERMISSION TO ENTER UPON COMPANY PROPERTY

Upon proper application by the Union, stating the purpose, number of representatives and estimated time, accredited representatives of the Union shall be granted the privilege of entering upon the properties of the Company, Monday through Friday, 8:00 A.M. to 4:30 P.M. for the purpose of (1) assisting in the settlement of any pending grievance that shall have been referred to them hereinafter provided and (2) assisting in arranging for the settlement of any labor dispute in which the Company, any of the employees upon such property, and the Union are all concerned, and which is of a character that is not subject to settlement through the grievance procedure provided for in Article 19. The Union representative shall be accompanied by the Refinery Manager or someone designated by the Refinery Manager.

## ARTICLE 19

### GRIEVANCES

#### Workers' Committee

A Workers' Committee shall be selected by the Union. Such Committee shall not exceed five (5) members. The members of such Committee shall be employees of the Company to whom this Agreement applies and shall be actively employed.

#### Stewards

In order to aid in the proper disposition of grievances, stewards may be selected by the Union. Stewards shall be selected from among the active employees. Upon securing the approval of the Superintendent or Supervisor, stewards will be permitted to leave their work during working hours for reasonable periods, subject to the following:

The duties of stewards shall be limited to the handling of grievances within the geographical boundaries of the operating group from which they are selected and in which they are selected to serve.

The steward shall be limited in the handling of grievances to the procedural step Employee-Supervisor set forth hereafter, but may be used in subsequent procedural steps for the purpose of relating the finding of his/her investigation with respect to the grievance being processed.

No steward shall leave a job while his/her presence is necessary for the safe conduct and efficiency of the operation in which he/she is engaged.

The Union will furnish to the Company a current list of its stewards.

#### Grievances

Any individual employee or group of employees shall have the right at any time to present grievances to the Company. The Workers' Committee shall be considered as a group of employees and shall have the right to file a grievance except one involving the discharge of an employee. It is anticipated that before such a grievance is filed, the subject of the grievance will be discussed with Local Management in an attempt to resolve the dispute without the necessity of filing such a grievance. The general subject of wages, hours, and working conditions, so far as covered by this Agreement, shall not be considered a grievance within the meaning hereof except so far as the applicability thereof to a particular case may make it a matter of direct individual concern to the employee or employees asserting the same.

Grievance relating to the application and interpretation of this Agreement shall be handled as follows:

## Employee-Supervisor

The employee shall first seek direct adjustment with his/her supervisor. In submitting a grievance to his/her supervisor, the employee may be accompanied by the steward assigned to the department in which the employee is employed. If an employee has a grievance and his/her departmental steward is not on shift, the employee may nominate an alternate steward in his/her own department or may call the regular steward who is off shift to come into the plant to assist. In such case, the job or work is not to be delayed while waiting for the steward.

The supervisor shall give his/her decision on the grievance to the employee within seven (7) calendar days, excluding Saturdays, Sundays, and holidays, from the date the grievance is submitted to him/her. If the grievance is submitted in writing, the supervisor's decision shall be in writing.

## Workers' Committee-Local Management

If the grievance is not settled by the supervisor to the employee's satisfaction, the Workers' Committee may within fifteen (15) days from the date the employee received the supervisor's reply, make written request for a meeting with the Local Management for a discussion of the grievance. The time and place for the meeting will be designated by the Local Management, and Local Management shall give a written decision to the employee and to the Committee on the grievance within the fourteen (14) day period following the meeting.

## Arbitration

If the grievance is not settled as a result of the foregoing, then the Union may within thirty (30) days after receipt of Local Management's written decision in the last step of this procedure, request arbitration thereof. The Refinery Manager may act as or may delegate one (1) arbitrator. The President of Local 12-591 may act as or may designate one (1) arbitrator. The two (2) arbitrators so selected shall meet within fourteen (14) days from the date of Company's receipt of the Union request for arbitration and attempt to settle the grievance. Failing to reach agreement, either of these two arbitrators, may, within thirty (30) days after receipt of request for arbitration request the other to join in requesting the American Arbitration Association to submit a list or lists of arbitrators from their panel, one of whom shall be chosen by the parties as the third person. Expense of arbitration shall be shared equally.

## General

Any grievance may be brought up for discussion at any time. However, it is agreed that no adjustment shall be made on any grievance unless the grievance has been so presented to the Local Management within thirty (30) days after its occurrence.

No employee who has acquired seniority rights shall be given a disciplinary suspension or be terminated except for just cause. No grievance arising from the disciplinary suspension or termination of an employee shall be given consideration unless presented in writing to the Local

Management within fourteen (14) days after the effective date of the disciplinary suspension or termination. Any adjustment made on a grievance arising from these causes shall date from the effective date of such disciplinary suspension or termination. In the case of disciplinary action taken by the Company, it is agreed that the question of whether or not the incident occurred, which is the basis for the disciplinary action taken, is properly a subject for the grievance procedure. However, the degree of penalty invoked by the Company is not to be considered a proper subject for the grievance procedure, except in case of discharge.

All grievances shall be governed by the terms of and in the manner of settlement by the Articles of Agreement in effect at the time the subject matter of the grievance occurred.

## ARTICLE 20

### DISABILITY LEAVE

Employees covered hereby shall be entitled to disability leave benefits in accordance with the provisions of the "Tesoro Short-Term Disability Plan" effective August 1, 1998 except that no change shall be made without prior discussion with the Union.

## ARTICLE 21

### ASSIGNMENT ON RETURN FROM DISABILITY LEAVE

#### Disability Leave

Upon return from disability leave, an employee shall be assigned to work in his/her regular classification, or to the classification in which he/she would then be working, except for such absence, provided he/she is capable of performing such work.

In case an employee becomes incapable of performing his/her work through accident or sickness, the Company will, if in its judgment proper work is available, provide such work as the employee is capable of performing. If such an employee returns from disability leave to work in a lower rated job because of physical inability to handle his/her regular job prior to the time he/she has exhausted the schedule of full pay benefits under the "Tesoro Short-Term Disability Plan" and the rate for the work, which is provided in accordance with the above, is less than the disability full pay rate which he/she was receiving immediately prior to returning to work, he/she shall be continued at that disability pay rate until such time as the period of such full pay benefits under the Tesoro Short-Term Disability Plan would have been exhausted, or (2) he/she returns to his/her regular rate, or (3) he/she leaves the payroll for any cause, whichever occurs first.

When such employee is capable of returning to his/her former duties, he/she shall be placed in the classification in which he/she would then be working, except for such absence. Promotions, demotions, and layoffs of such employee shall be governed by the provisions of Article 22 (Promotions, Demotions, Layoffs, Re-Employment, General). Continuity of service for purposes of this Agreement shall not be affected by any temporary absence of the nature contemplated in this Article.

## ARTICLE 22

### PROMOTIONS, DEMOTIONS, LAYOFFS, RE-EMPLOYMENT, GENERAL

#### Definitions

For purposes of this Article, the following definitions shall apply:

Company Seniority is the total accumulated time an employee has in service with Tesoro, except for employees who were employed by Shell prior to August 1, 1998 shall have their prior service with Shell as part of their accumulated service.

Plant Seniority is the total accumulated time an employee has at the Anacortes Refinery (except that those employees transferred to the Anacortes Refinery prior to January 30, 1956, shall have Plant Seniority equal to their Company Seniority).

Departmental Seniority is the total accumulated time an employee has been permanently assigned to any classification above the red line in a particular department. An employee permanently assigned to a department on January 30, 1956, shall have a Departmental Seniority date equal to his/her Plant Seniority date.

Craft Unit Seniority is the total accumulated time an employee has been permanently assigned to a specific craft within the Maintenance Department as a Mechanic Trainee and/or a Mechanic No. 1. Any Mechanic No. 1 or Mechanic Trainee will accumulate Craft Unit Seniority within his/her specific craft and will simultaneously accumulate Departmental Seniority within the Maintenance Department.

All Mechanic Helpers will be considered as being in a common Maintenance pool.

A Department is identified as Operating Zone A, Operating Zone B, Operating Zone C, Maintenance, or Stores as shown on Schedule "A" attached hereto, and by this reference made a part hereof.

A permanent job is any job that, (1) is not a replacement for an employee who is absent from his/her permanent job, or (2) a job whose duration is or is estimated to be sixty (60) days or more.

#### Promotions and Filling of Vacancies

All permanent vacancies in the first wage bracket above the red line on Schedule A will be posted on the clock alley bulletin board and any eligible employee may file an application. In making promotions into the Mechanic Trainee No. 2 classification, in the event there are no bidders from employees having retained Craft Unit Seniority in the specific craft or from the Mechanic Helper classification, employees in operating departments will then be considered as

eligible bidders. The Company, if it decides to fill the vacancy in this manner, shall select the applicant that in its judgment is best suited with regard to ability, efficiency and aptitude.

In making selection for the first job above the red line, the Company will select the applicant with the greatest Departmental Seniority who has the qualifications for the job. If there are no applicants who have retained Departmental Seniority, Plant Seniority shall be the deciding factor.

In making permanent promotions above the red line within a Department or Craft Unit, the Company will select the employee with the greatest Departmental or Craft Unit Seniority who has the qualifications for the job. If Departmental or Craft Unit Seniority is not the factor to be considered, Plant Seniority shall be the factor.

In making permanent promotions in each Operating Department or Craft Unit, advancement will be on a wage bracket by wage bracket basis.

An employee permanently assigned to an Operating Department, who later is awarded a posted job bid in a different Operating Department, shall enter the Operating Department beginning one wage lower than the one at which he/she was classified, with the following exceptions: 1) an Operator No.1 Special, Working Operator No.1 Special, or Operations Lead shall enter the Operating Department at the Operator No. 1 (After 2 Years) rate; 2) an Operator No. 1 Special, Working Operator No. 1 Special, or Operations Lead awarded a posted bid in Zone C shall enter at the Operator No. 1 (After 2 Years) rate for a duration of two (2) years; 3) all other employees awarded a posted bid in Zone C shall enter Zone C beginning one wage lower than the one at which he/she was classified for a duration of two (2) years. An Operator No 1 (Start) bidding to another Operating department will not have his/her progression time affected.

#### Demotions

In making demotions due to curtailment or lack of work within each Department or Craft Unit, Departmental Seniority or Craft Unit Seniority, respectively, shall control. If Craft Unit Seniority is equal, Departmental Seniority shall control; if Departmental Seniority is equal, Plant Seniority shall control. However, and employee being demoted from the lowest classification in any Operating Department, Stockperson, or from the Mechanic Helper pool will, if he/she has more Plant Seniority, have the right to displace the Operator in the lowest classification in any Operating Department, Stockperson, or Mechanic Helper with the least Plant Seniority; if a curtailment or lack of work results in multiple reductions, those employees with the least Plant Seniority will be demoted and their positions will be filled taking into account retained Departmental Seniority.

#### Layoffs

In making layoffs due to curtailment or lack of work, the employee below the red line on Schedule "A" having the least Company Seniority will be laid off first.

#### Re-employment

When the Company is adding to its workforce, it will offer employment to the former Anacortes Refinery employee retaining the greatest Company Seniority who has been laid off due to curtailment or lack of work.

### Notice to Former Employees

Notice of an opportunity for re-employment will be directed to an employee's last known address, and if the employee does not accept the employment offered within seventy-two (72) hours, he/she shall lose all right to such re-employment. However, upon written request by the employee, he/she shall be considered for the next vacancy.

### General

#### Job Qualifications

The Company shall be free to (1) establish the standard qualifications required for each job and (2) determine whether an employee has those qualifications. The Workers' Committee will be advised of changes made in the standard qualifications. In the event that the senior employee is not chosen for a permanent promotion he/she will be notified in writing of the reasons for being bypassed.

The Company shall not be required to employ any person on or for any work or continue any employee on a job for which he/she is not fully qualified. Any employee found unsuitable for the work to which he/she is assigned shall be demoted to a job for which he/she is qualified or shall be laid off if there is no available job for which he/she is qualified held by an employee with less seniority.

#### Commencement and Retention of Seniority

Seniority rights shall be from the date of hire except that an employee shall not have any seniority rights in case of termination until he/she has worked one hundred thirty (130) workdays. Scheduled workdays lost due to occupational disabilities shall be counted as days worked for the purpose of this paragraph only.

An employee laid off through no fault of his/her own will retain prior seniority (1) if he/she is rehired within one hundred eighty (180) days after termination, or (2) if he/she had five (5) years or more Company Seniority at the time of termination and is rehired within one (1) year. In determining the employee's total seniority, the time he/she is off the payroll shall not be included. Any employee not rehired within the time applicable to him/her shall lose all seniority rights. If subsequently rehired, his/her seniority shall be from date of rehire.

All employees selected from one job poster shall accrue Departmental Seniority from the day they are awarded the job by the Company.

An employee shall retain his/her accumulated Departmental or Craft Unit Seniority in a Department or Craft Unit if permanently transferred out of the Department or Craft Unit.

An employee shall be given credit for seniority purposes under this Agreement for all time spent in any supervisory position in the Department under this Agreement in which he/she was previously employed. If he/she is permanently assigned, he/she shall accrue seniority for a maximum period of two (2) years from the date of such assignment. In the event he/she is placed in a supervisory position in another Department he/she shall continue to accrue seniority up to one (1) year while in that Department. Departmental Seniority will accrue and be retained in the last Department or Craft in which he/she was previously employed under this Agreement. An employee transferred temporarily into any classification not covered by this Agreement shall accrue seniority in his/her Department under this Agreement for a period not to exceed nine (9) continuous months.

#### New Departments

The Company may at any time establish new Departments or regroup and Departments now appearing on the chart marked Schedule "A". If such changes in any way affect the status of the employees concerned for the purposes of this Article, such status shall become a matter of determination between the Refinery Management of Company and the Workers' Committee and shall become a part of this Agreement when approved by the Company and Union.

#### Seniority Lists

The Company will furnish to Local 12-591, semi- annually, a seniority list of employees covered by this Agreement.

### ARTICLE 23

#### OVERTIME MEALS

Any employee who is required to work more than two consecutive excess hours either before or after but continuous with his/her regular shift shall be supplied with a meal at Company expense, and afforded an opportunity to eat same on Company's time. If requested by the employee, additional meals will be provided at intervals of each four (4) additional excess hours worked. An employee working a double shift will be permitted to take overtime meals on the shift of his/her choice. Where hot meals cannot be provided, the employee will be allowed at his/her option four dollars (\$4.00) or a cold meal.

### ARTICLE 24

#### MISCELLANEOUS

#### Cleaning Tools

Employees shall be allowed to clean their tools on Company's time at the end of the workday.

### Bo 'sun Chair Allowance

Employees, other than Riggers, performing work from a bo'sun chair, Cat Cracker lines swinging platform or two-person caged platform hanging from a crane boom shall receive an additional one dollar (\$1.00) per day for each day or part thereof of such work.

### Sand Blasting

Mechanic Helpers, or other employees in an equal or lower paid classification, working in the interior with Painters engaged in interior sand blasting of Cat Cracker lines shall receive an additional eighty cents (80¢) per day for each day or part thereof. Such employees will also be allowed reasonable time to shower on Company time.

## ARTICLE 25

### NO CESSATION OF WORK

During the term of this Agreement there shall be no cessation of work through strikes or lockouts.

## ARTICLE 26

### MAINTENANCE OF EXISTING CONITIONS

No condition presently enjoyed by the employees affected by this Agreement shall be curtailed as a result of signing of this Agreement except as herein provided expressly or by necessary implication.

## ARTICLE 27

### PRIOR AND COLLATERAL AGREEMENTS

This Agreement shall constitute the entire Agreement between Union and Company relating to the employees to whom this Agreement applies and no other stipulation or understanding shall limit or qualify its terms; provided, however, this Agreement shall be subject to modification by mutual written agreement of the parties hereto. This Agreement shall, as of the commencement date hereof, cancel and supersede all prior agreement between Union and Company relating to the employees to whom this Agreement applies, except as herein otherwise provided.

## ARTICLE 28

### COMPANY'S COMPLIANCE WITH LAW

Notwithstanding anything contained in this Agreement, the Company shall at all times be free to comply with any and all laws, regulations and rulings pertaining to the matters covered hereby, and such compliance by the Company shall be deemed performance and not violation hereof.

## ARTICLE 29

### EQUAL EMPLOYMENT OPPORTUNITY

The parties to this Agreement agree that its provisions shall be applied to provide equal opportunity for all employees without discrimination because of race, color, religion, ex, national origin, or age; and to promote equal employment opportunity.

## ARTICLE 30

### VALIDITY

If any court shall hold any part of this Agreement invalid, such decision shall not invalidate any other part of this Agreement.

## ARTICLE 31

### NOTICES

Any notices provided herein may be given by depositing the same in the United States mail in a sealed envelope certified or registered and postage prepaid, addressed to the Union at P.O Box 483, Anacortes Washington 98221, or to Company at P.O. Box 700, Anacortes, Washington 98221.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on this 13<sup>th</sup> day of February 2009.

Tesoro Refining and Marketing Company

/s/ John McDarment  
Manager Human Resources  
Anacortes Refinery

United Steel Workers International Union, Local 12-591

/s/ Tom Lind  
International Representative

/s/ Walter Cleve  
/s/ Steve Garey  
/s/ Mike Wayne  
/s/ Brian Craft  
/s/ Noreen Schmidt

## SCHEDULE "A"

OPERATING			MAINTENANCE	STORES	HOURLY RATE EFFECTIVE		
ZONE A	ZONE B	ZONE C	FIELD		2/1/2009	2/1/2010	2/1/2011
Operator No. 1 Special Working	Operator No. 1 Special Working	Operator No. 1 Special Working	I&E Mechanic No. 1 Special		■	■	■
Operations Lead	Operations Lead	Operations Lead	Maintenance Lead		■	■	■
			Heavy Crane* Operator		■	■	■
Operator No. 1 Special	Operator No. 1 Special	Operator No. 1 Special			■	■	■
Operator No. 1 (After 3 Years)	Operator No. 1 (After 3 Years)	Operator No. 1 (After 3 Years)	Mechanic** No. 1	Stockperson No. 1	■	■	■
			Mechanic Trainee No. 1	Stockperson Trainee No. 1	■	■	■
Operator No. 1 (After 2 Years)	Operator No. 1 (After 2 Years)	Operator No. 1 (After 2 Years)			■	■	■
			Mechanic Trainee No. 2	Stockperson Trainee No. 2	■	■	■
			Mechanic Helper	Stockperson Start	■	■	■
Operator No. 1 (After 1 Year)	Operator No. 1 (After 1 Year)	Operator No. 1 (After 1 Year)			■	■	■
Operator No. 1 (Start)	Operator No. 1 (Start)	Operator No. 1 (Start)			■	■	■
GENERAL OPERATOR					■	■	■

\*Rate to be paid in accordance with Articles of Agreement only when employees are assigned to perform in this classification

\*\*When the operation of heavy equipment is assigned to any employee he/she shall receive Mechanic No. 1 wage rate.