



National Oil Bargaining 2008-09

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From the Vice President's Desk

Climate Legislation Will Not Negatively Impact Oil Industry Jobs

I've received a lot of phone calls and emails from many of you concerned about the impact the cap-and-trade legislation will have on your jobs. The USW is deeply involved with this process to make certain the interests of all of our members as well as the well-being of the environment are represented.

Included in this issue is a fact sheet on climate change legislation. This will be the first of several fact sheets on climate change that you will see in *The Oil Worker* during the next few months. Additionally we plan on publishing an issue of *USW@Work* dedicated entirely to the climate legislation.

It's not a question of if climate change legislation will be completed by Congress. It's a question of when. The real issue is what will the climate bill look like? Our work is to see to it that our jobs are protected and that we have a clean environment for our children and future generations. We have a better chance of doing that if Congress takes the lead because then we can influence the process to ensure that secure and good jobs are created.

Contrary to what the American Petroleum Institute (API) and other oil industry groups, their public relations spin consultants and oil industry trade publications are saying, a well-designed climate change bill with a cap-and-trade program could create 2 million jobs while reducing global warming. Interestingly enough, the API did an analysis of the House climate change bill and reported that U.S. oil refining would increase through 2030 and oil imports would decrease. This would happen because the House bill provided incentives for domestic oil production.

Maintains Competitiveness

The union supports efforts by the indus-

try to maintain competitiveness. To that end, we were pleased that the House bill allotted the oil companies 2.25 percent of all the allowances for free to prevent the cost of cap-and-trade from hurting them. That equals about 100 million allowances each year, free of charge. This provision will result in savings to the industry worth billions of dollars.

There's a lot of concern, and rightly so, about other countries not adhering to greenhouse gas reductions. What good does it do if we adhere to these standards and our manufacturing goes overseas to countries that do not? Our union made sure the House addressed this issue by insisting on a border measure that would require importers from countries without strong climate laws to pay the U.S. a cost for the carbon embedded in their products.

The Senate is now acting on a climate bill and we need to ensure that it protects the environment and maintains good American jobs in the oil industry at the same time. Tell your senators to pass an energy bill that protects our jobs and let them know that oil must be an important part of this country's energy portfolio. The USW will work to ensure that the eventual climate bill signed into law includes provisions to protect good jobs in the oil industry.

Health & Safety Standards

As you recall, we pulled out of the talks over fatigue and process safety metrics (the way to measure health and safety program effects) with the industry and the American Petroleum Institute because they were not willing to create health and safety recommendations that would truly protect workers. The industry continued the process without us and has developed guidelines for fatigue and process safety indicators that meet their needs, not the needs of

workers. This is just a continuation of the status quo because the industry's guidelines really do nothing to address the issues that our members face almost every day when they clock into the refineries. We don't agree with these guidelines because they don't meet the substance of the report from the Chemical Safety Board (CSB) and the recommendations given to the USW and API to work together to create these guidelines. We're asking the CSB to respond to the industry that their company pointed guidelines are unacceptable because they don't meet the board's original recommendations in spirit or content.

I personally want to thank all of the oil councils who have signed on to our letter to the CSB asking them to condemn these guidelines as not meeting the requirements as set forth in their recommendations that resulted from the 2005 explosion in Texas City and subsequent report from the CSB.

Hydrofluoric Acid Campaign

We started our educational community forums about the dangers of hydrogen fluoride (HF) and alternatives to it with a forum in Corpus Christi on Nov. 11. The event was well-attended by residents who live in the fence line communities near the Citgo, Valero and Flint Hills refineries. We'll be having more public forums on HF in other areas next year.

All three refineries in Corpus Christi use HF in their alkylation process. This is an extremely dangerous chemical to workers and the community that is corrosive and can burn the skin, tissue and eyes. It readily penetrates the skin, allowing it to destroy soft tissues and decalcify bones.

If released to the environment, the chemical forms a lethal acid vapor plume. The plume can extend for miles downwind

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Valero Permanently Shuts Delaware City Refinery

Valero announced Nov. 20 that it is going to permanently shut down its 210,000 barrels-per-day Delaware City, Del., refinery. Over 400 Local 4-898 USW members will lose their jobs.

The company said in its press release that it was shuttering the refinery because of “financial losses caused by very poor economic conditions, significant capital spending requirements and high operating costs.”

Proposed cap and trade legislation was not a factor in the facility’s closing. International Vice President Gary Beevers said management decisions also played a role in the shutdown.

Valero gave Local 4-898 officers the 60-day WARN notice, and bargaining will begin soon to negotiate a severance package.

The Philadelphia Inquirer reported that 35 state troopers were at the plant to keep order after the workers were told of the closure. One employee said the company told them the shutdown was to begin immediately. USW-represented employees are working until the closure date, safely shutting the plant down. The workers’ contract does not end until Feb. 1, 2012. Therefore, if the refinery is sold after the shutdown date, the new owner would have to recognize the union and accept the contract. The workers would have their jobs back.

USW Statement

The USW issued the following statement on Nov. 20:

“We’re disappointed about the closure of the Delaware City refinery. Not only does it hurt the employees of the refinery and their families, but it impacts the community as well. With the closure of

Sunoco’s Eagle Point refinery operations, it looks like this is becoming a systemic problem in the independent refining sector.

“We will continue to monitor the economic situation. We’re also disappointed that Valero is importing refined products from overseas while shutting down refineries in the U.S. Hopefully, we will see a possible buyer in the market who will run the Delaware City refinery.

“Today begins the 60-day notice period and during this time we will be negotiating the effects of this plant closure on the membership.”

State Impacted Hard

Dow Jones reported the shutdown will cause an estimated \$882 million economic hit to the state economy. This figure includes direct losses of \$569.9 million from operating the plant and employee salaries and the indirect impact of \$214.3 million to local businesses and suppliers. Rippling effects represent almost another \$100 million of losses.

Out of the state’s three counties, Valero was the largest employer in the southern portion of New Castle County. Delaware Economic Development Secretary Alan Levin said Valero “was really it, so it’s a big hit for that portion of the county and more importantly for the state when you only have 870,000 people. A closure of this magnitude—550 workers—is a big hit.”

Delaware City has had a lot of operational problems and millions of dollars were spent on repairs and upgrades. Levin said Valero considered upgrading the facility so that it could process light, sweet crude but abandoned the idea because it would cost at least \$250 million to convert the refinery.

Independent Refiners Hard Hit

The economic downturn and corresponding poor demand for oil products has hit independent refiners hard because they do not have upstream operations to provide revenue. Those like Valero that process heavy, sour crude used to be able to buy it at a wide discount to premium light, sweet oil. That difference has evaporated and these refiners are taking a hit.

With burgeoning supplies of gasoline and distillates and oil prices rallying higher, these refiners have experienced a “double whammy” on their refining economics. There is an oversupply of refined products because nearly 1.9 million barrels of new capacity was added this year. All of these factors have negatively affected refining profit margins.

For Valero this situation has meant a third quarter net loss of \$489 million compared to a profit of \$1.2 billion a year ago. A company spokesman said the Delaware City refinery has, so far in 2009, lost more than \$1 million per day.

The company has responded to the negative financial climate by reducing costs and hinting that it would like to sell the Delaware City, Aruba and Paulsboro, N.J., refineries. At the end of October, Valero CEO Bill Klesse denied his company was talking to India’s Reliance Industries to sell the three assets, however, he did not deny press reports that his firm was talking with China’s PetroChina about the Aruba refinery.

Different Story 3 Weeks Ago

Three weeks before the closure announcement, Klesse told *Oil Daily*, when asked if the refinery would permanently close, the company would see what was going on with their crack spreads and see how that was developing over the next several months. Valero also was saying it would shut the plant down for two months for scheduled maintenance of the catalytic cracker.

Poor refining margins have also prompted the company to delay expansion of a crude unit and coker at its St. Charles, La., refinery until 2012. It also has delayed a \$225 million expansion of a fluid catalytic cracker at its Memphis refinery and a \$1.7 billion addition of a hydrocracker and a crude unit expansion at its Port Arthur, Texas, plant.

The company also has reduced the operating rate on the coker at St. Charles.

Health & Safety Campaign Update

The theme for our health and safety campaign is “Safe Refineries, Healthy Communities.”

We will be sending flyers to your locals to hand out to your members using your

Communications and Action Teams, Rapid Response Network or stewards. It is important that every member receive a copy of these handbills. The first handbill, “It’s Only a Matter of Time,” was distributed Nov. 23.

ConocoPhillips Local in Ponca City Fights for Basic Rights

After eight months of negotiations, Local 13-857 and ConocoPhillips management at the Ponca City, Okla., refinery remain apart on several issues as the local fights to maintain basic rights it gained over the years.

The rest of ConocoPhillips's contracts with the USW were settled earlier this winter. In a letter to his plant manager, Local 11-470 President Wade Johnson from the Billings, Mont., refinery said his local "wonders why issues that were taken off other bargaining unit tables remain stumbling blocks at the Ponca City table."

This has prompted Local 13-857 to feel targeted. "Many people ask us, 'Why Ponca City?' We do not have an answer for that," said the local in a handbill.

The contract has been on a rolling 24-hour extension since March 31. The local

has had to request the assistance of a federal mediator. The next round of negotiations is scheduled for Dec. 2-4.

Members have been expressing their dissatisfaction through the local's informational picketing.

"It's a way to bring the brothers and sisters together, to show the union is being proactive about the problems in negotiations and to bring awareness to the community that we've gone eight months without a new agreement," said Linda Lyons, Local 13-857 president.

She said ConocoPhillips has taken off the table back pay and the \$2,500 signing bonus from the National Oil Bargaining settlement.

Contract Issues

Jason Smith, chair of the ConocoPhillips group, said the company has demanded that operators be placed on

standby on their days off to come in when another worker is sick or on vacation. He said they are expected to be by the phone from 4:30 a.m. to 6:30 a.m. and 4:30 p.m. to 6:30 p.m. for seven of the 14 days they are off and to be no more than an hour away from the plant.

Operators would be subject to discipline if they did not respond to the call and they would not receive any pay for being on standby. The operators at the facility work 12-hour days for 14 out of 28 days and have to work weekends and holidays.

"We believe it is unreasonable to take away the operators' ability to be with their families," Smith said. "These people already work shift work and holidays. It's a burden on their family. The company has the obligation to safely staff the refinery and they want to get rid

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before it is dispersed and diluted, putting thousands at risk outside and inside of the fence around the refinery. In Corpus Christi a large plume could extend for about 17 miles from the plant and pose disastrous health effects for thousands of people, according to the refineries' own data from their Risk Management Plans as of September 2009.

Workers at refineries that use HF and residents from the community around these plants must know about these dangers. During the forum we are also educating concerned workers and community members about alternatives to HF so they can advocate for them with the refiners, US Environmental Protection Agency (EPA) Administrator Lisa Jackson, their senators, representatives, state and local officials, and Local Emergency Planning Committee.

Sulfuric acid is one safer alternative to HF but it is still toxic. It has to be regenerated on site after use and larger quantities of it have to be stored for use. These factors increase the potential of a release and magnify the potential results from an attack during the transport and storage of the chemical.

Better Alternative

A better alternative is to use a solid-acid catalyst, which eliminates existing safety and environmental concerns. ABB/Albemarle Catalysts, Neste Oil and ABB Lummus have developed an alkylclean

technology that has been demonstrated at a prototype plant in Finland. At our Corpus Christi forum we featured Dr. James Nelhson, a process development manager at Exelus, Inc., which has a solid-acid catalyst product called ExSact.

According to Exelus, ExSact has a lower capital cost and lower overall operating costs compared to sulfuric acid systems. In tests, ExSact produces the same quality of alkylate as hydrogen fluoride. The company says the cost to revamp an HF alkylation unit is about 50 percent of the cost of a new ExSact plant.

It's true that the solid-acid technology has not yet been commercially proven. Yet it takes just one refinery to successfully try it for the rest to follow.

As you'll see in the article in this issue about the House passing chemical security legislation, industry groups balk at being told to use an inherently safer technology. They say decisions on chemical substitutions or changes in processes should be made by "qualified professionals whose job it is to ensure safety at our facilities."

Those "qualified professionals" know about the solid-acid catalyst technology. They don't recommend it because it means the oil companies would have to fork out some dough. It takes about \$4 million for a refinery to do a pilot project with ExSact. Retrofitting an 8,500 barrels-per-day alkylation unit to use the solid-acid catalyst would cost about \$16 million.

Any of the majors could afford this. With the billions ExxonMobil has made, this cost is nothing.

If the oil companies balk at the cost of trying a solid-acid catalyst, they should compare it to the cost of a large HF release killing and injuring thousands. A Bhopal-like release in Corpus Christi or any other community ain't cheap. This industry should take a closer look at how they maintain these alkylation units and the unreasonable maintenance and turnaround schedules that they have progressed to.

Data Demands

We have sent an information request to each of our represented companies asking for material that will enable us to reasonably evaluate their compliance with their health and safety obligations under our current contract. The same request has been made of companies with whom we will be bargaining.

We are still working through the confidentiality agreements necessary before this health and safety information is given to us. We have reached agreement with BP on a confidentiality agreement. We will be issuing instructions on how to proceed in confidentiality agreements with the rest of the industry shortly.

Gary Beavers
International Vice President
Chair, National Oil Bargaining Program

CLIMATE BILL MUST SECURE AND CREATE JOBS

Soon, either Congress or the Environmental Protection Agency will take action to address global warming. It is far better for workers if Congress takes the lead, because a climate change bill provides a huge opportunity to secure and create good jobs.

If done correctly, climate legislation can help the U.S. develop a diverse energy portfolio that creates thousands of new jobs and maintains the ones we already have. That is why our union has been working hard to make sure that any climate bill is – first and foremost – a good jobs bill.

WHAT IS CAP-AND-TRADE?

The climate bill that passed the House of Representatives over the summer and the proposal now being considered in the Senate address global warming by setting up a “cap-and-trade” program. In a cap-and-trade program, the government sets a maximum amount of carbon that may be emitted in a year by the entire economy. That total pie is then divided into one-ton pieces and distributed throughout the economy. Each major emitter must hold enough permits – called “allowances” – to cover its amount of carbon emissions. An allowance is the right for the holder to emit one ton of carbon under the cap, and they can be bought, sold, banked or traded.

WHAT DOES THIS MEAN FOR JOBS?

Despite what some industry groups claim, a well-designed climate change bill including a good cap-and-trade program could create nearly 2 million jobs while reducing global warming. 1 The bill that passed the House of Representatives with our union’s support recognized that a wide variety of energy sources – including oil – will be part of our nation’s energy future. USW believes the Senate bill needs to include similar provisions, and is working every day to make sure the Senators know it. Unfortunately, industry trade groups – the same outfits that oppose labor law reform and wage hikes – have other ideas. 2, 3

FACT: *House Climate Bill a Good Deal for Oil.* The American Petroleum Institute – the same ones who are now spending big money to dupe us into thinking climate change legislation will crush domestic oil production and “kill” our jobs – did an analysis of the House bill. That industry analysis found that under that bill, U.S. oil refining would INCREASE through 2030, and oil imports would decrease. 4 That’s because the bill provided incentives for domestic oil production.

FACT: *Little Change at the Pump.* The federal Energy Information Agency estimates that the net effect of the House bill on gasoline prices at the pump is 18 cents. 5 The EPA’s estimate is even less. 6

FACT: *Steelworkers Secure Oil Industry Jobs.* The Steelworkers support efforts by the oil industry to maintain the industry’s competitiveness. In the House bill, oil companies will be given 2.25 percent of all the allowances for free to prevent the cost of cap-and-trade from adversely impacting the industry. That’s roughly 100 million allowances a year, free of charge, worth billions of dollars.

FACT: *Steelworkers Secure Fair Trade Rules.* Steelworkers also made sure the House bill addressed long-term international competitiveness. Starting in 2020, a border measure would require importers from countries without strong climate laws to pay the U.S. a cost for the carbon embedded in their products.

FACT: *Steelworkers Secure Employment in Energy-Intensive Manufacturing.* Energy-intensive manufacturing is a unique case with unique needs. A climate bill must create incentives that produce efficiency gains here at home, not reduce U.S. emissions by off shoring them to other countries. This effect is called “carbon leakage,” but if it happens, more than just carbon moves offshore – jobs go with it. To prevent this, and to give industry a chance to make a responsible transition to cleaner processes, the House bill provides free allowances to USW-represented, energy-intensive industries like steel, paper, glass and cement. Like the allowances given to oil, these are meant to cover the additional costs of a cap-and-trade system and make sure the companies can make a smooth transition, maintaining production and jobs along the way.

Other key provisions:

- Renewable Electricity Standard (RES), requiring utilities to generate 20 percent of their electricity through clean energy sources by 2020 – a strong RES could create more than 850,000 manufacturing jobs;
- Efficiency Standards for buildings, appliances and water use; and
- Clean Energy Investments, including \$60 billion for “clean coal” technology and \$20 billion advanced-technology vehicles.

Overall, climate legislation would:

- Create Jobs and Revitalize Communities. The House bill would create 1.9 million jobs including many in manufacturing. 7 And each new manufacturing job generates more jobs in other industries.
- Benefit Consumers. Renewable energy and energy efficiency standards would save the average American household \$6 per month on electricity bills. 8
- Reduce Global Warming. The House bill would cut global warming pollution 17 percent by 2020, 42 percent by 2030 and 83 percent by 2050. The Senate bill sets the 2020 goal at a 20 percent reduction.

SECURING AND MAINTAINING AMERICAN MANUFACTURING

There is no doubt that American manufacturing workers are among the highest-skilled in the world, and that U.S. manufacturers produce goods with some of the lowest greenhouse gas emissions. It is absolutely critical to once again put U.S. manufacturing on a path to become the leading producer of clean energy component parts and technologies. As clean energy technologies like wind, solar and electric vehicles are developed, we have to ensure that America’s manufacturing workers are not just installing the equipment, but making the parts that go into them as well. Our union is working with key manufacturing champions in Congress to include provisions that will incent US based manufacturers to build plants and factories here at home to help us strengthen and develop our manufacturing infrastructure to ensure that domestic manufacturing and manufacturing workers are in the front of the clean energy economy and that the industries we currently represent will supply that manufacturing chain for all of these clean energy technologies. If one of the keys to our nation’s economic recovery is in green technology then we cannot have a real recovery if we aren’t building and installing that equipment here as well as exporting U.S. made parts and components.

TAKE ACTION TO PRESERVE AND CREATE AMERICAN JOBS

Global warming is real, and action to address it is inevitable. The Steelworkers are working hard every day to ensure that our jobs are foremost in everyone’s mind as we figure out how to fix it. The House bill was a good start, providing critical transition assistance to oil and other energy-intensive industries. Now is the Senate’s time to act, and it is critical that it not squander the opportunity to save the environment and save American jobs at the same time. The time for a 21st Century energy portfolio is now, and it must include a wide variety of sources. Oil has been and will continue to be a critical piece of that puzzle, and the Steelworkers will ensure that any climate bill that passes includes provisions to ensure that good jobs in the oil industry are maintained.

TELL YOUR SENATOR TO PASS AN ENERGY BILL THAT PROTECTS OUR JOBS!

For more information, contact your District Office or send questions to cleanenergyjobs@usw.org.

(Endnotes)

1 Clean Energy and Climate Policies Lead to Economic Growth in the United States, David Roland-Holst and Friedrich Kahrl, University of California, Berkeley, Department of Agriculture and Resource Economics, 2009.

2 Minimum Wage Hike to Hurt More Than Help, by Marc Freedman, Labor Law Policy Director, U.S. Chamber of Commerce, Atlanta Journal Constitution, July 17, 2007.

3 Chamber Determined to Defeat Union Bill, by Steve Raabe, Denver Post, March 21, 2009.

4 Waxman-Markey Refining Sector Impact Assessment, Prepared for the American Petroleum Institute by EnSys Energy, August 21, 2009.

5 Energy Market and Economic Impacts of H.R. 2454, the American Clean Energy and Security Act of 2009, Energy Information Agency, August 2009.

6 EPA Analysis of the American Clean Energy and Security Act of 2009 H.R. 2454 in the 111th Congress, U.S. Environmental Protection Agency, Office of Atmospheric Programs, June 23, 2009.

7 Roland-Holst and Kahrl, University of California, Berkeley.

8 The American Clean Energy Security Act (ACES) Creates More American Jobs and Saves Americans Money, Natural Resources Defense Council, <http://switchboard.nrdc.org/blogs/paltman/media/ACES%20white%20paper1.pdf>.

Sunoco Responds with Cost Reductions to Downturn in Refining

Sunoco is cutting costs, slashing its dividend in half and idling the non-union Eagle Point refinery to cope with low demand for fuel and a poor financial outlook.

In a Nov. 9 email to employees, Sunoco said it is seeing enduring changes in the global marketplace that require a strong response. It announced that effective June 30, 2010 pension benefits will be frozen for most employees and post-retirement medical benefits will be phased out.

Beginning July 1, 2010, access to retiree medical benefits will no longer be available for employees with less than 10 years of service or who are under age 50 on June 30, 2010.

Jim Savage, Local 10-1 president, said pensions will not be frozen for hourly workers in National Oil Bargaining (NOB) locals (Philadelphia, Marcus Hook and Toledo), the Neal chemical plant and the non-union Eagle Point refinery.

Sunoco said it is transitioning from a defined benefit to a defined contribution plan that will give it more predictable retirement plan costs, less future financial liability and put it in a better position to grow and compete. Defined contribution plans transfer financial risk from the company to the employee.

Savage said he expects the defined benefit pension plan to be an issue in NOB local negotiations in 2012. He also said union attorneys are reviewing whether canceling retiree health care is legal under the NOB agreement.

Shuttered Refinery

Sunoco said it is shuttering the Eagle Point refinery in Westville, N.J., until market conditions improve. This is the first major refinery shutdown in the U.S. during the economic downturn. The company transferred production to the Philadelphia and Marcus Hook refineries to improve utilization rates and reduce break-even costs to more competitive levels.

The lack of demand for diesel fuel and gasoline and high supplies of those items because of refinery expansions overseas is taking a toll on refiners like Sunoco that do not pump their own crude oil. The company has cut in half its quarterly dividend from 30¢ per share to 15¢ to conserve cash and maintain a strong liquidity position. This will take effect in the first quarter of 2010.

Last August the company announced it had lost \$77 million in its refining operations during the second quarter. The company posted a third-quarter loss of \$312

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.

million because of continued weak demand for the refining and chemicals segments.

House Passes Chemical Security Bill

The House of Representatives passed the "Chemical Facility Anti-Terrorism Act of 2009" by a vote of 230-193. The legislation was led by Representatives Thompson (D-MS), Jackson-Lee (D-TX), Waxman (D-CA), Markey (D-MA), Oberstar (D-MN) and Johnson (D-TX).

It is the first time either house of Congress has approved permanent and comprehensive chemical security legislation. Refineries and other industrial facilities would be required to explore measures that would minimize security risks.

The USW strongly supported the bill, provided extensive information to the Congressional committees which considered it, and lobbied for the bill's passage.

The legislation would require the Department of Homeland Security (DHS) to compile a list of high risk plants and mandate that those plants use safer technology or less-volatile chemicals if it is

economically and technologically feasible to do so and if the conversion would actually reduce the risks. The legislation specifically prohibits requiring a facility to convert if doing so would force the facility to move to another location to avoid the requirement. An appeals process would be set up for plant operators who believe they have been treated unfairly.

DHS would also have the authority to monitor production and storage of chemicals. The bill requires security training for those workers whose responsibilities are related to security and limits lawsuits that residents can file on security issues. States would be allowed to implement rules tougher than the federal standards. The other parts of the security bill cover water treatment facilities and wastewater plants.

Oil industry leaders are opposed to the measure saying that it would impose a financial burden on refiners, leading to

reduced investment in domestic refineries and increased imports of refined products. They also say it would make installations more vulnerable to attack and could affect chemicals such as sulfuric acid or hydrogen fluoride that are used to produce high-octane fuels.

As noted elsewhere in this newsletter, solid acid catalysts are a safer alternative to sulfuric acid or hydrogen fluoride, and the cost of putting up a unit is half that of an HF unit. Industry groups oppose the government telling them what to do and say "qualified professionals" should make the decisions on chemical substitutions or changes in processes and not the government. Yet, the industry knows about the solid acid catalysts and stubbornly refuses to even try a pilot project for a few million dollars.

The bill now moves to the Senate for consideration.

CITGO Local Gets Safety Concerns Addressed Before Alkylation Unit Restart

Local 13-1647 members working on the damaged alkylation unit at CITGO's Corpus Christi, Texas, refinery were concerned about their safety. They felt the company was moving too quickly to get the alkylation unit back up safely after a July 19 explosion and fire in the unit.

In the back of their minds, they thought of their union brother, Gabriel Alvarado, who was seriously injured in the fire. The last thing they wanted was a repeat performance, especially since hydrogen fluoride had been released in the July incident.

Local 13-1647 was eventually successful in getting CITGO to take the necessary precautions and restart the alkylation unit after the safety concerns were addressed. The local's strategy for success in ensuring there is a safe workplace is something all oil locals can learn from.

Cleaning Out the System

The alkylation unit produces high-octane blending components for gasoline. After the fire, the unit had to be de-inventoried and neutralized, said Local 13-1647 President John Warner.

He said whenever a unit is shut down everything is neutralized. The cleaning and neutralization process produces scale residue that has to be removed from the system. This residue was in the piping, instrumentation loops, vessels and exchangers of the alkylation unit.

Scale settled on the bottom of exchangers and low point drains which could have plugged up during the dry out of the unit. The dry out is done by introducing nitrogen throughout the system which dries the water out and removes oxygen from the alkalization unit. During startup activities any trapped water under the scale could have led to another incident, Warner said.

"CITGO did not anticipate going and pulling the exchangers and inspecting the trays in towers and bottoms of vessels. That's the reason scale was left in the system," he said.

He said the company is supposed to hydro blast exchangers, inspect them and make sure the exchanger bundle and its shell are clean before sliding the exchanger bundle into place and bolting it up.

CITGO management anticipated a start-up and dry out date of Oct. 10 and a charge-in date of Oct. 18-19 for the damaged unit. Warner said the government had

locked out the unit from July 19 through mid-September while they were performing their investigations. After the unit was released by the government, he said the company then went into a "hurry up mode" and started work.

The USW-represented personnel for the alkylation unit informed Warner of their fears of starting the unit without clearing it of scale and sludge, and their concern over the accelerated pace of the repair work.

OSHA, EPA Contacted

Concerned about CITGO's plans for restarting the unit, Warner contacted the International for help. A letter dated Sept. 25 was sent to OSHA and the EPA requesting a full review of the company's plans.

"I wanted OSHA and EPA to go in and make sure the processes and procedures were in place to have a safe start-up of the unit," he said. "I didn't want the chance of any more of my people being maimed."

The letters stated that workers were concerned that manufactured pipe clamps, control valves, check valves and deteriorated process lines could be missed during the accelerated repair phase. They said CITGO wanted to start up the unit without all the instrumentation being functional.

"The Local and the International Union are very concerned about the safety of the workers and are concerned for the citizens of Corpus Christi outside the gates of CITGO. If this accelerated pace and disregard of regulations continues we fear another

worst case scenario," the letters said.

Safety Concerns Addressed

At the end of the letters to OSHA and the EPA, Warner requested a full review by the agencies of CITGO's plans for de-inventory and reconstruction of the alkylation unit, including the company's plan for startup. He also wanted the agencies to review the completed management of change documents, the procedures developed and the training to accomplish the various tasks needing to be done.

Warner met with representatives from OSHA, EPA and the Texas Commission on Environmental Quality. He also wrote a letter to Congressman Solomon Ortiz, who represents Corpus Christi, asking for his assistance. The International assisted the local in getting media attention for the situation.

As a direct result of the letter, OSHA filed additional health and safety concerns with the company, Warner said. He said the company was also inspecting more of the equipment in the alkylation unit. Questions about the safety of the unit got resolved. The alkylation unit restarted Oct. 29, two weeks later than the company originally planned. The later start date gave CITGO plenty of time to address safety concerns.

CITGO workers can also feel better about Gabriel Alvarado's condition.

Warner said, "Gabe is out of intensive care in physical therapy and making remarkable progress praise God."

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. 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.

Process Safety Incidents—Sept. 10 thru Sept. 30, 2009

All information is taken from the Department of Energy website. For the complete list of up-to-date refinery events go to www.oilbargaining.org

Sulfur Recovery Unit, FCC-Related Flaring at Alon's 67,000 barrels per day (b/d) Big Spring, Texas, Refinery, Sept. 10.

Sunoco Reports Higher-than-Expected Hydrogen Cyanide Emissions at 178,000 b/d Marcus Hook, Pa., Refinery and 335,000 b/d Philadelphia, Pa., Refinery, Sept. 10.

Leak Triggers Flaring at 289,000 b/d Valero, Port Arthur, Texas, Refinery Sept. 10

Sulfur Recovery Unit Flaring at Flint Hills 288,126 b/d Corpus Christi, Texas, Refinery Sept. 10

Flaring Reported at Valero's 199,500 b/d Texas City, Texas, Refinery Sept. 12

ExxonMobil Reports Breakdown at its 155,000 b/d Torrance, Calif., Refinery Sept. 14

Tank Fire at Exxon Mobil's 238,000 b/d Joliet, Ill., Refinery Sept. 14

A fire broke out in a coker tank, but the incident did not impact production at Exxon Mobil's 238,000 b/d Joliet, Ill., refinery, a spokeswoman said by Sept. 15.

Unit Error Triggers Flaring at Tesoro's 100,000 b/d Wilmington, Calif., Refinery Sept. 14—Tesoro Restarts Hydrocracker by Sept. 15

An unspecified unit unexpectedly "depressured," triggering flaring at Tesoro's 100,000 b/d Wilmington, Calif., refinery, the company said in a filing with state regulators. Tesoro said it restarted a hydrocracker after a short mechanical shutdown by Sept. 15. It was not clear if the incidents were related. Sources did not indicate whether the snags had any impact to production.

Coker Malfunction at Exxon Mobil's 348,500 b/d Beaumont, Texas, Refinery Sept. 14

Exxon Mobil discovered a crack in a coker unit at its 348,500 b/d Beaumont, Texas, refinery on Sept. 14, the company said in a filing with state regulators. A source did not indicate whether the incident had any impact to production.

Exxon Mobil Resuming Normal Operations after FCC Malfunction at

238,600 b/d Joliet, Ill., Refinery Sept. 14-17
Exxon Mobil began resuming normal operations by Sept. 17, a few days after operators took offline a gasoline-producing fluid catalytic cracker (FCC) for repairs, a spokesman said. The company "experienced an issue with the FCC" as it performed planned work on a diesel hydrotreater, according to the spokesman. "All customer needs are being met," he said.

Process Upset, Flaring at ConocoPhillips 146,000 b/d Borger, Texas, Refinery Sept. 17
"Unit 45" sustained a "process upset," triggering flaring at ConocoPhillips' 146,000 b/d Borger, Texas, refinery on Sept. 17, the company said in a filing with state regulators. The filing did not further describe the affected unit, or mention any impact to production.

Valero Reports Fire in Alkylation Unit at its 95,000 b/d Three Rivers, Texas, Refinery Sept. 21

According to a company spokesman, the fire was extinguished and there were no injuries. There was no impact to production since the unit was shut on September 9 for planned maintenance.

Flaring Reported at Chevron's 330,000 b/d Pascagoula, Miss., Refinery Sept. 19

Valero Reports FCC-Related Malfunction over Weekend at 289,000 b/d Port Arthur, Texas, Refinery— No Affect to Production, Company Says

Process Upset, Flaring at ConocoPhillips 139,000 b/d Wilmington, Calif., Refinery Sept. 23

A process upset affected an unspecified unit at ConocoPhillips' 139,000 b/d Wilmington, California refinery on Sept. 23, according to a filing with state regulators. The incident triggered flaring. It was not clear if the disruption had any impact to production.

Delek Restarts FCC at 58,000 b/d Tyler, Texas, Refinery Sept. 21

Delek restarted a gasoline-producing fluid catalytic cracking unit (FCC) after a temporary malfunction at its 58,000 b/d Tyler, Texas, refinery, the company said in a filing with state regulators. The incident caused flaring.

Valero Shuts Hydrocracker at 146,000 b/d Corpus Christi, Texas, Refinery Sept. 24
Valero shut a hydrocracker to repair a leak at

the east plant of its 146,000 b/d Corpus Christi, Texas, refinery on Sept. 24, a spokesman said. The company expected the outage to be brief and have little, if any, affect to production, according to the spokesman.

Fire Slows Operations at Tesoro's 100,000 b/d Wilmington, Calif., Refinery Sept. 25

A gasoline-producing coker unit caught fire, slowing units at Tesoro's 100,000 b/d Wilmington, Calif., refinery on Sept. 25, a company spokeswoman said. Responders extinguished the blaze, and the company was working to shut down the affected units, she said. Workers shut down the coker's fuel supply, a fire department spokesperson said. The full extent of the impact was not immediately known, but Los Angeles-area wholesale gasoline prices jumped 11 percent on the news, a source reported.

Fire Shuts Unit at Chevron's 245,271 b/d Richmond, Calif., Refinery Sept. 24

A brief fire forced shut a gasoil hydrotreater at Chevron's 245,271 b/d Richmond, Calif., refinery on Sept. 24, the company said on Sept. 25. Chevron said it was repairing the affected unit, but did not provide a timetable for restoration.

Alkylation Unit Shut at Shell's 340,000 b/d Deer Park, Texas, Refinery Sept. 27

The unit was shut to repair a suspected leak in the cooling water tower. The unit is expected to restart on Oct. 2.

Flaring at ConocoPhillips 76,000 b/d Rodeo, Calif., Refinery Sept. 29

Alon Sees no Production Impact after Short "Process Interruption" at 70,000 b/d Big Spring, Texas, Refinery Sept. 27

Hydrocracker Shutdown at Citgo's 320,000 b/d Lake Charles, La., Refinery Sept. 29

A hydrocracker shut for emergency reasons at Citgo's 320,000 b/d Lake Charles, La., refinery on Sept. 29, a state police source said. The incident triggered flaring, according to the source.

Turbine Shutdown at Total's 232,000 b/d Port Arthur, Texas, Refinery Sept. 30

A "cogeneration turbine tripped offline" for unknown reasons at Total's 232,000 b/d Port Arthur, Texas refinery on September 30, the company said in a filing with state regulators. Operators restarted the unit by the end of the day, according to the filing.

ConocoPhillips Local in Ponca City Fights for Basic Rights

(continued from page 3)

of that responsibility by putting the burden on the backs of operators.”

Smith said the company wants to eliminate maintenance bidding rights for operators and lock them into shift work with no ability to get out.

He said during contract talks the company dropped its proposal for a fatigue standard.

95% Rejection

ConocoPhillips passed out a last, best and final offer to the membership, bypassing the committee. The committee

decided to let the members vote on it.

With over a 90 percent turnout, the membership rejected the offer 95 percent.

The research and development center at Ponca City is slowly shutting down, Smith said. As projects come to a close there is a layoff. When a job opens at the Bartlesville, Okla., research center, Local 13-857 members have to bid on it, even though they did the same job in Ponca City. ConocoPhillips will let the members bid on open jobs at the refinery once a contract is agreed to, Smith said.

Other locals in the ConocoPhillips council are supporting the Ponca City

local in its contract fight. Local 10-234 members from the company's Trainer, Pa., local and their executive board have sent letters to ConocoPhillips Chairman and CEO Jim Mulva. Johnson said in his letter to his plant manager that “if this group does not receive word that the talks in Ponca City are showing positive signs by the close of the upcoming round of talks, the USW-represented workers at this facility will return to a more fundamental relationship with management and withdraw from all cooperative efforts not required by our Labor Agreement.”

Former OCAW District 1 Director Bill McGoveran Passes

Bill McGoveran, 66, passed away Aug. 8 after a long struggle to overcome complications of back surgery, diabetes and heart disease.

He was director of OCAW District 1 and helped merge the union with his father's old union, the Paper Workers, to create PACE in 1999. He then became vice president of PACE Region 11 and retired in 2000 because of health problems.

Bill was a true union man. He began his labor career as a steward with the Retail Clerks union when he was in high school, and was fired for trying to organize the Mt. View Foods store in Antioch, Calif.

In 1962 Bill went to work for Tidewater Associated Oil Co. which was bought out by Phillips Petroleum

Co. In 1976 Tosco Corporation bought the firm.

Bill worked at the companies until 1978. During that time he was active in Local 1-5. He was a unit steward; member and chair of the maintenance training committee; member, vice chair and chair of the negotiating and grievance committees; local vice president; District 1 council delegate; and Tosco unit chair.

He served as a full-time representative for Local 1-5 for one year before coming on the OCAW staff as an international representative from 1979 to 1995.

Bill was involved in labor outside of his home union. He had been vice president of the LA County Federation of Labor, a trustee for the OCAW District 1

Health, Education and Welfare Trust Fund, on the board of directors for Labor Community Services, and member of the UCLA Labor Advisory Board and UC Centers on Occupation and Environmental Health Advisory Board.

When he was not working, he enjoyed time with his family and friends, fishing, boating, hunting, camping and movies.

Bill is survived by his wife, Yvonne (“Joy”); his daughter and husband, Teresa and Dwayne Reed; son, Richard McGoveran; three grandchildren; two brothers; sister; six nephews; two nieces; 14 great-nephews; five great-nieces; and many cousins and close friends. He was dearly loved by his immediate family, extended family, close friends and union family.

Distribute the *Oil Worker* to All Members!

The *Oil Worker* is your newsletter. We need every member in your facility to get a copy. So when you receive the *Oil Worker*, make copies for your members and use your Communications and Action Team, steward network or

Rapid Response network to distribute them. If you email it to your members, please email it only to their home email address. This newsletter must not go through the company email system.

