

# THE OILWORKER

National Oil Bargaining 2008-09

[www.oilbargaining.org](http://www.oilbargaining.org)

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*From the Vice President's Desk*

## We Must Mobilize to be Successful in Oil Negotiations

First of all, I want to wish all of you and your families a very happy, healthy and safe New Year. We're about ready to embark on one of the most significant rounds of National Oil Bargaining in our careers.

While we are pleased that Shell and Motiva made an initial offer at the Martinez, Calif., Port Arthur, Texas, Deer Park, Texas, and Convent, La., refineries, we think the offer is woefully inadequate and fails to address the memberships' key concerns. The companies proposed a three-year contract with wage increases of 2% the first and second years and 1.5% the third year. This type of proposal is to be expected for an initial offer. Needless to say, we have much more work to do to gain a fair pattern settlement.

### **Lucrative Oil Industry**

Of course, we all realize the terrible

economic news that is afflicting our nation and we recognize these important negotiations will occur in the midst of this crisis. To be sure, the oil companies will hide behind the bad economic times we're having and claim they cannot afford to pay for our demands. But we all know that they have made record profits over the past few years and they continue to operate in an incredibly lucrative industry. We know that our demands for safe workplaces and fair compensation are reasonable and just.

But if we are going to be able to win a fair and equitable contract this round of bargaining, it is absolutely essential that local union members at every facility across the industry step up and take action. The slogan for our mobilization campaign is "This is Our Time" and I truly believe that this is

our time to win a fair and equitable contract.

We have planned several mobilization activities and by now you should have seen the "oil drop" stickers and a handbill illustrating the outrageous comparisons between our wages and those of oil executives. These activities are designed to get you and your co-workers more informed and involved in National Oil Bargaining negotiations.

I am extremely grateful for the opportunities I have had to serve our union and its members. As we near these negotiations, your support is something I don't take for granted. Again, I want wish you and your family a safe and happy New Year.

**Gary Beevers**

**International Vice President**

**Chair, National Oil Bargaining Program**

## Oil Workers Participate in Industry-Wide Mobilization

As we approach the first full round of bargaining in almost a decade, USW members across the oil industry have been mobilizing like never before to educate younger members, show support for our union's bargaining positions, and reach out to community supporters and allies.

Early in December, locals across the industry participated in the first of several mobilization actions: a petition in support of our bargaining position. Local unions used their Communication and Action Teams (CAT), Rapid Response networks, and stewards structures to circulate these petitions and gather signatures. Participation was very strong across the industry and we have thousands of signatures from oil industry locals across the country.

Later in December local unions distributed a handbill comparing oil industry executive wages to refinery worker salaries. The same week oil workers across the country had an opportunity to show their solidarity by wearing a sticker with our theme for this round of bargaining: This is Our Time.

### **100% Participation Needed**

This month we'll be ratcheting up with more stickers and handbills. It is absolutely essential that we have 100% participation at every location. If your local hasn't been receiving these handbills or stickers, please contact me at [lbaker@usw.org](mailto:lbaker@usw.org) so we can make sure you get the materials you need.

Additionally, we will be holding National Days of Action in solidarity with

our union's bargaining position in this round of contract negotiations. On January 13, 14 or 15 we're asking local unions across the industry to plan some sort of action at the local level to show their solidarity. Already we've heard from some locals that are planning on holding plant gate rallies. Others have told us that they're planning breakfast cookouts. It's up to each local union to determine what type of action makes sense at your facility and which of the three days is best for an activity, but it is essential that every location does something.

The level of mobilization that we've seen across the industry thus far has been amazing. With just a little over a month until contract expiration, it is important that we keep building the momentum.

# Locals Take Many Approaches to Increase Worker Involvement

Whether it is handing out *The Oil Worker*, having breakfast rallies, or educating the membership, locals are mobilizing their members to get the best contract possible.

“Our Communication and Action Team (CAT) will be a critical part of bargaining for us,” said John Gros, chairman of the Chevron chemical unit at Local 13-447.

He said the CAT team is planning informational pickets and engaging the community. There is handbilling at the gates before work, and the local is starting its own newsletter and distributing *The Oil Worker* to the membership.

With the membership spread out across the country, Glenn Trimmer’s local in Alaska is setting up an electronic communication network and buying a computer for the CAT team. The Local 4959 members work for BP Exploration in the western operation of Prudhoe Bay. Since there are many new workers at the site who do not know how conditions were before the organizing drive held 15 years ago, one of the members on the organizing team conducts a history lesson once a month for the new hires.

## Education is Key

Since many new people hired on at the refineries since the last full-blown National Oil Bargaining (NOB) negotiations in 2002, locals have been educating them about the NOB process, the bargaining issues involved and the labor movement in general.

At the ConocoPhillips refinery in Ferndale, Wash., Local 12-590 is bringing in its retirees to explain what happens during National Oil Bargaining, said Rachelle Honeycutt, ConocoPhillips unit chair and president of the ConocoPhillips Nationwide Council. The local has held labor film nights with beer and pizza provided. Honeycutt has passed out 30 labor books to members on how to build a better union.

Other locals are engaged in educating their members as well.

“In our facility, 35 percent of the members out of 735 members at the refinery have never gone through National Oil Bargaining,” said Local 675 member Pat Patterson, who is a unit chair for the BP Carson refinery.

He said the local has created a communication piece on how NOB works, reassures new hires by telling them the oil workers’ strike history so they know

strikes do not happen often, and gives a presentation on the union to new employees after they complete the fundamentals of refining course.

“Our experienced committee persons are educating our membership one-on-one,” Patterson said.

## Communicating through print, web

Locals are also using newsletters to educate the membership. Local 12-590 has started a one-page newsletter and launched its website, [www.local12-590.com](http://www.local12-590.com). Within the ConocoPhillips council, newsletters are shared between the locals and with other unions at the sites. Sites without a newsletter cut and paste material from other newsletters to form their own publications.

“People want to know what’s going on from other facilities,” Honeycutt said.

Local 10-234 at the ConocoPhillips Trainer, Pa., refinery publishes a monthly newsletter that contains bargaining information, health and safety news, features, and items of interest about labor, the local and the international union.

As a result of having CAT training, each oil unit in Local 675 is producing a newsletter. The local is also soliciting members from each unit to contribute to the local’s website, [www.usw675.org](http://www.usw675.org). Patterson said the local is putting a lot of

emphasis on the website because the younger generation is tied to electronic communication.

## Breakfast Rallies

One popular way to get members involved in bargaining is to have breakfast rallies. Local 12-590 held several rallies last fall to prepare their members for bargaining. Local 675 cooks eggs and breakfast burritos and offers coffee and juice at their breakfast rally which is used to distribute handbills. The local also plans to have t-shirts for all the oil groups and solidarity days when members are asked to wear a USW item.

## Interacting with Community

Realizing that the community’s support may be needed to get a fair contract, Local 10-1 is distributing a community petition that it plans to give Sunoco so the company knows the union is interacting with the community, said Local 10-1 President Jim Savage. He said the petition will be given to local politicians if or when the time comes that it is needed to show them the local is interacting with their constituents.

Let *The Oil Worker* know what your local is doing to engage the membership. Send your stories to Lynne Baker at [lbaker@usw.org](mailto:lbaker@usw.org).

## No Matter How You Count It, Oil Exec Pay is Out of Control

On December 16, local unions across the industry distributed a handbill comparing executive compensation to refinery worker salaries. When that hit the floor some USW members were so astonished by the staggering figures, they asked us how we came up with our numbers.

The figures on executive pay come straight from the proxy statements filed by five major oil companies.

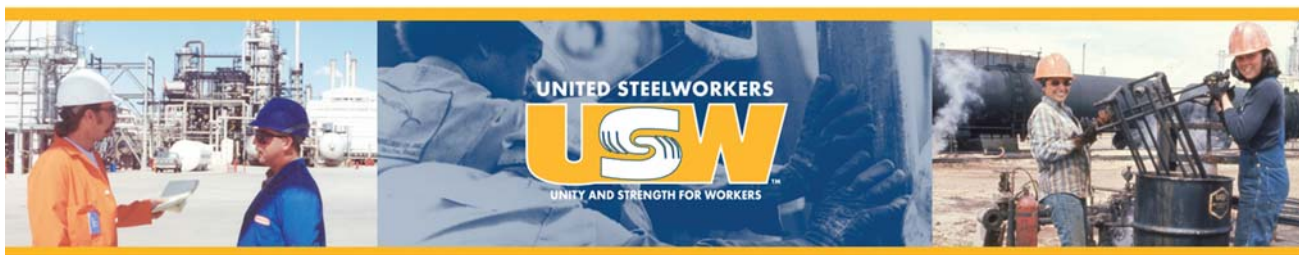
Oil Executive Pay in 2007		
Rex Tillerson	ExxonMobil	\$16,726,742.00
James Mulva	Conoco Phillips	\$50,549,026.00
David O'Reilly	Chevron	\$31,543,185.00
Bruce Smith	Tesoro	\$21,741,443.00
William Klesse	Valero	\$15,033,652.00
Average Oil Executive Pay		\$27,118,810.00

Meanwhile, the Bureau of Labor Statistics reports that the average oil refinery worker (both union and nonunion) made \$54,280 last year. According to our records, USW members in the oil industry make an average of \$62,500.

That means the oil industry executives make 496 times as much as the average refinery worker and 434 times as much as the average USW member in the oil industry!

No matter how you count it,  
it is clear that oil executive pay is out of control.

# Embracing Our Past, Engaging Our Future



## Operators Face Continuous Exposure to Chemicals

By Kim Nibarger, USW Health, Safety & Environment Dept.

There are a number of issues that affect the health and safety of refinery operators. The continuous exposure to chemicals, many known to be harmful and some even that are known to cause cancer, is one. There are exposure limits that have been deemed acceptable for workers and these have not been reviewed since their initial inception.

Workplaces have changed since then and so has some of our knowledge of these chemicals.

These chemicals were tested on an average exposure time limit of eight hours in a 40-hour workweek. Many workers are now working a 12-hour day, with many putting in as many as 72 to 84 hours a week.

Workers believe that a healthy workplace can only have an exposure of zero. Workers have problems defining just how high their actual exposure rates are and how harmful they will be to them. Many of the problems associated with these chemicals do not show up for years

after the exposure.

### Minimum Standard not Met

The OSHA Process Safety Management (PSM) Standard only defines the minimum that the company must meet. It can go above and beyond the requirements of the PSM standard. But we are seeing, as evidenced from the results of OSHA's national emphasis inspection results, companies not even meeting the minimum requirements.

The issues that were identified as contributing to the Texas City tragedy are now being identified as common issues throughout the refining sector. The plant infrastructure is getting old and replacement and monitoring of equipment for wear is not taking place as it should. Mechanical integrity was cited 68 times in the inspections. Operating procedures (cited 60 times) and Process Hazard Analysis (cited 57 times) were the next most cited violations.

A failure to properly maintain your facility by not addressing any one of these issues is asking for disaster.

We have documented over 40 fires and explosions in refineries as of November 18 of this year. Some involved injuries, some people died. Most of them could have been worse.

During this round of negotiations, we have an opportunity to make our facilities much safer places to work. Nobody



knows how to do our work better than we do. Nobody knows better how to make our workplaces safer than we do.

USW oil refinery workers are the most knowledgeable and experienced people in the business. We need to make sure that we are empowered and involved in everyday workplace health and safety matters. We need full-time union safety reps in the workplace. The 2009 contract is the time to accomplish this goal. Our lives may depend on it.

**Be sure to make  
copies and distribute  
*The Oil Worker* to each  
member.  
It creates solidarity  
among the oil  
bargaining locals.**



# Members Share What Bargaining Issues are Important to Them

*The Oil Worker* interviewed four members to ask them what issues in this round of bargaining concern them and what they think negotiations will be like this time.

Health and safety and being off date in the contract's expiration were two issues Local 13-447 member John Gros cited. He is chair of the Chevron chemical unit at the company's plant in Belle Chasse, La.

"Health and safety is first and foremost what I'd like to accomplish," he said. "I'd like to get a Triangle of Prevention program in my unit. The most important thing is that we go home to our families."

Getting the unit's contract to coincide with the National Oil Bargaining pattern will be a major issue, Gros said. The unit's contract is 60 days off the pattern.

He expects negotiations to be like David and Goliath. "These companies are so wealthy and they see themselves as impenetrable. I think they'll hold up a shield and dare us to take a shot at them."

## Retiree Health Care

In the last round of contract talks in 2002, BP Exploration proposed eliminating retiree health care, but agreed to a compromise proposal from the BP council that would create a fund for retired employees' health care. "The company indicated that it's not done with the issue yet," said Glenn Trimmer of Local 4959.

He said retiree medical care and pensions are two of the most important issues. Changes made in the retiree medical plan have caused workers not to retire, he said, because the cost for the retiree plan is more than the active employee plan.

"I'd like not to have to work until I'm 70," he said.

Trimmer said that while BP has indicated it will not run its refineries if there is a strike, it intends to run the North Slope if there is a labor disruption.

"We're not in negotiations to give up anything," he said. "We're there to take."

## Pensions, Job Security

Retiree medical care and pensions also top Local 12-590 ConocoPhillips Unit Chair Rachelle Honeycutt's list.

She said that since she works in a highly hazardous occupation she has 3.4 times the risk for illnesses like bladder cancer and non-Hodgkin's lymphoma. "These illnesses don't show up until you're older, and I'm worried I've contracted these diseases," she said. "I want medical insurance to ensure I'm taken care of when I'm older."

Honeycutt said bargaining has not gotten harder, but it is different now. "The company's gotten sharper, so we have to be sharper. We have to make sure we are aware of their tactics."

Pat Patterson, Local 675 unit chair for the BP Carson, Calif., refinery, said job security was an important issue for him. "I have a strong passion to ensure we have a framework in place to secure the future for the new people at the refinery," he said.

## News Items from around the oil industry

### Flying J files for Chapter 11 Bankruptcy Protection

Flying J filed for Chapter 11 bankruptcy protection on Dec. 22. The company has two refineries: one in Bakersfield, Calif., and another in Salt Lake City; both are USW-represented facilities.

The Bakersfield Big West refinery does not have oil production assets it can turn to for crude oil. It depends upon Shell to sell the crude it needs. Shell has stopped the flow of oil until Flying J pays it millions of dollars owed. The company is having trouble persuading oil suppliers that it has the money to pay for new shipments. It offered to pay for crude oil eight days in advance but Shell refused, according to a Local 219 memo. The memo said Shell and ExxonMobil want 30 days prepayment for crude oil supply.

Local union officials suspect that Shell is withholding oil in order to shut down the refinery like it attempted to do in

2004 until the California attorney general persuaded the company to sell it to Flying J in January 2005. At that time, union officials joined with consumer advocates in exerting pressure on Shell to sell.

### Investigation Sought

Consumer Watchdog has contacted Senator Barbara Boxer and the state attorney general and treasurer to investigate Shell's current behavior. They allege that Shell is trying to reduce the supply of gasoline in order to drive up the price. Boxer responded by sending a letter to the California attorney general, requesting an investigation into whether Shell "is deliberately manipulating the supply of crude oil to the refinery to force a shutdown."

Shell said it supplies 20% of the refinery's crude and that it wants the refinery to stay open because it buys gasoline from the refinery to supply its branded service stations in the Bakersfield area.

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## Check out Oil Bargaining Website

If you go to [www.oilbargaining.org](http://www.oilbargaining.org), you will find past issues of *The Oil Worker*, photos, articles on oil bargaining that ran in *USW@Work*, press releases, the 2002 national oil bargaining settlement and a history of oil bargaining from 1965 to 2005. A slide show is being developed on the National Oil Bargaining conference that was held last September in Pittsburgh.

# News Items from around the oil industry (continued from page 4)

The Local 219 memo, written by union committee chairman Kevin Cable, said that the hydrocracker will start up Jan. 15 and that the refinery has enough feed to run for about 10 days.

## LyondellBasell files for Chapter 11 Bankruptcy Protection

A high debt load, poor demand for its products and volatility in raw material costs last year have caused LyondellBasell, the world's third-largest petrochemical company, to file for bankruptcy. The credit crunch has made it difficult to renegotiate debt, and the slowdown in the economy in such sectors as auto, housing and electronics has dampened demand.

Included in the bankruptcy is the firm's Pasadena, Texas, refinery that employs some 250 to 300 USW-represented workers. LyondellBasell cannot void the union contract and must bargain with the USW. If it wants to void the contract, it has to file with the bankruptcy court and prove it negotiated in good faith and justify why this action is necessary. There is a process the company has to go through if it wants to void retiree health insurance.

### Possible Creditor Problems

While the refinery is not the source of LyondellBasell's problems, it could face difficulties from creditors less willing to provide credit, reported *Dow Jones Newswires*. Refiners depend on credit lines to get the crude oil they need to keep their refineries running. Industry watchers say they expect the plant to keep operating because creditors would rather have a facility that is functioning fully, and they do not see other refineries with LyondellBasell's size and capacity (270,000 barrels-a-day) filing for bankruptcy.

A number of small refiners, those with plants less than one-sixth the size of LyondellBasell's refinery, may see liquidity problems and potential bankruptcies in 2009, according to a Credit Suisse analyst's report.

## New Safety Video from Chemical Safety Board

CSB Chairman John Bresland urges companies to ensure they have effective

winterization programs to prevent major chemical and refinery process accidents that could result in deaths or substantial property damage. The safety message can be viewed on the CSB's safety message channel, [www.youtube.com/safety-messages](http://www.youtube.com/safety-messages), and can be also read on [safety-messages.blogspot.com](http://safety-messages.blogspot.com). Viewers who cannot access YouTube can download the video files for all safety messages and safety videos from a page within the CSB video room:

([http://www.csb.gov/index.cfm?folder=video\\_archive&page=trouble](http://www.csb.gov/index.cfm?folder=video_archive&page=trouble)).

Winterization is important. At a refinery near Dumas, Texas, in February 2007, a water-containing pipe froze and cracked, releasing high-pressure liquid propane; the resulting fire burned three workers and caused more than \$50 million in property damage. This accident involved dead legs, or sections of piping that do not have any flow of liquid. The safety message notes that dead legs are particularly susceptible to freezing hazards and should be surveyed and then removed, isolated, or properly winterized.

"Companies should establish formal, written winterization programs, and they should apply appropriate management of change techniques when piping or equipment is taken out of service," Bresland said.

## Oil Demand Drops in 2008

Global demand for oil in 2008 was at 85.57 million b/d, down 270,000 b/d year-on-year, reported *Oil Daily*. This was the first fall in a generation, according to *Oil Market Intelligence*. Fourth-quarter world demand fell by 2%, a 1.8 million b/d contraction, because of the global economic slowdown. Overall consumption dropped despite demand grow-

ing by 3.5% from non-OECD (Organization for Economic Co-operation and Development) nations led by China, India and Mideast Gulf countries.

In 2008, US demand fell by 1.1 million b/d, or 5.5%, to average 19.5 million b/d as a result of the poor economy and the effect of high retail prices in the first half of the year. The loss of 693,000 US jobs in December fuels fears that the demand for oil will continue to fall.

Analysts at Deutsche Bank predict that global oil demand will decrease about 1 million b/d in 2009 and say that with 2 million b/d in additional refining capacity coming on board, there will be further pressure on oil prices to drop.

## Factors that could stimulate oil demand:

*Oil Daily* reported that China has cut prices of transport fuel to help consumers and has enacted a stimulus package to build its infrastructure. Mexico is cutting energy prices for its citizens, increasing unemployment benefits, providing assistance to export industries and spending 1% of its gross domestic product on infrastructure projects.

## Indian Strike Ends after Three Days

More than 50,000 employees of 14 state-run Indian oil companies went on strike Jan. 7 in pursuit of higher wages, reported *Oil Daily*. Four Indian Oil Corp (IOC) refineries were affected. The Oil Sector Officers' Association ended the strike when the oil minister warned that "workers have been told there are only two options—either join work or face arrest and face action under disciplinary rule including losing jobs."

## What's Going on in your Local?

If you would like to submit an article to *The Oil Worker*, e-mail it to the editor, Lynne Baker, at [lbaker@usw.org](mailto:lbaker@usw.org). Articles should be around 500 words or less.

The editor reserves the right to edit contributions for length and clarity.