



**Gary Beevers**  
International Vice President

DATE: January 28, 2009  
TO: National Oil Bargaining Groups  
Staff Representatives Servicing NOB Locals  
FROM: Gary Beevers, International Vice President  
COPY: USW International Executive Board  
NOBP Policy Committee

## **NOBP General Message 6**

### **Greetings:**

**The following offer has been received from Shell Oil Company and its affiliates at all locations.**

### **SETTLEMENT OFFER**

\_\_\_\_\_ Refinery

"The following offer is contingent upon mutually satisfactory resolution of all unresolved issues in these negotiations.

### **TERM OF AGREEMENT**

February 1, 2009 through January 31, 2012.

### **WAGES**

Effective February 1, 2009, all hourly wage rates will be increased 75 cents per hour.

Effective February 1, 2010, all hourly wage rates will be increased 2.5% rounded to the nearest cent.

Effective February 1, 2011, all hourly wage rates will be increased 2.5% rounded to the nearest cent.

## **RATIFICATION BONUS**

All represented, full time, active employees in the USW represented bargaining unit on the payroll as of the date of ratification of the agreement, will receive a one time, lump sum payment of \$500. The payment of this bonus is contingent upon ratification occurring within seven (7) calendar days from the date of this offer.

The ratification bonus which will be paid as soon as practical following notification to the Company of union ratification of this entire agreement, is non-benefits bearing, meaning that it will not be included in the definition of earnings in calculating any Shell employee benefit under any Shell benefit plan, policy, or payroll practice.

The ratification bonus will not be included in wages for purposes of calculating vacation pay, holiday pay, sickness and disability pay, occupational illness and injury pay, overtime pay, workers' compensation payments, or any other types of premium or special payment.

The ratification bonus will be subject to all deductions required by law, such as applicable withholding for federal, state and local taxes.

## **HEALTH & SAFETY AND PROCESS SAFETY**

The parties agree to execute the attached Letter Agreement regarding Health & Safety and Process Safety (Attachment 1). This Letter Agreement will apply only to USW represented refineries and chemical plants.

## **HEALTH CARE EXPENSE ACCOUNT**

The parties agree to execute the attached Letter Agreement regarding an Out-of-Pocket Health Care Expense Account (Attachment 2). This Letter Agreement will expire at the end of the term of the new agreement and will not be part of the historical "No Retrogression" language during future rounds of national oil bargaining. In the event National Health Insurance becomes law, or other federal or regulatory changes occur that impact the Company's willingness to continue this program, the Company reserves the right to terminate this Letter Agreement after providing the Union with sixty (60) days written notice.

Cash Payment in lieu of Health Care Expense Account Funding for 2009

The Company agrees to provide a \$250 cash payment in lieu of account funding in the first year (2009) of the contract. This non-benefits bearing payment will be made at the same time as the ratification bonus outlined above."

### **Letter Agreement**

(Applicable only to USW represented Refineries and Chemical Plants)

### **Re: Health & Safety and Process Safety**

This Agreement confirms the understandings reached between the United Steel Workers International Union (USW) (hereinafter referred to as "the Union") and Shell Oil Products US (SOPUS) Manufacturing Site (hereinafter referred to as "the Company", and both hereinafter referred to as "the Parties"), regarding Process Safety language and supplemental sections to the existing Health and Safety language.

## **General Provisions**

In order to promote occupational safety and health the Parties agree to jointly work through the existing health and safety processes at the facility, including process safety, by identifying hazards and necessary controls, reporting and addressing unsafe actions, and unsafe conditions.

Every employee has a role to play in creating a safe working environment. In this Agreement, the Union, through its various representatives, committees, and officers, has been accorded certain participatory rights relating to represented employee health and safety; however, it is not the intention of the Parties that these provisions or the Unions exercise of its rights thereunder shall in any way diminish the Company's final authority for occupational health and safety performance, or hazard identification, at its manufacturing facilities.

## **Process Safety Representative**

The Company and the Union will cooperate in achieving the objective of no harm to people by continuing to work to prevent health and safety incidents, which includes process safety. The Parties agree, therefore, to meet within sixty (60) days of a request by either the local union or management to discuss the following:

The establishment of a USW represented Process Safety Representative role or incorporate process safety into an existing health and safety related role. Some of the duties and responsibilities may include, for example, but may not be limited to the duties outlined in Attachment A).

## **Mechanical Integrity**

The Company will have a procedure(s) in place for identifying and managing atmospheric vent stacks and blow down drums.

## **Pre-start up Safety Reviews and Shut Down Procedures**

The Company will have a procedure(s) in place for conducting pre-startup safety reviews (PSSRs), which will include consideration of the functionality of critical process instrumentation and alarms prior to the start-up, for units covered under the OSHA PSM Standard.

The Company will have a shutdown procedure(s) for units covered under the OSHA PSM Standard.

## **Fatigue Prevention**

The Parties acknowledge the work currently underway between the American Petroleum Institute (API) and the Union and other interested Parties to develop a consensus standard on fatigue prevention. At such time a consensus standard is issued by the API, the Parties agree to meet to discuss, within sixty (60) days, application and implementation of the new standard.

On an annual basis, the local union and management agree to meet to share current staffing plans. The purpose of this annual review is to share information on such items as the number of open schedules caused by special and temporary assignments, high level hiring plans, and overtime statistics (departmental, site, etc.).

## **Dispute Resolution**

Any disputes or questions arising in connection with the application of this Letter of Agreement shall not be subject to the grievance or arbitration procedure outlined in the Articles of Agreement.

Agreed to and accepted this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

## **ATTACHMENT A**

- Interface with governmental agencies during site visits and respond to questions regarding health, safety and process safety that may arise as part of normal regulatory inspections.
- Interface with Company auditors during Health and Safety or Process Safety audits.
- Encourage represented employees to provide input on health and safety, which includes process safety activities and maintain records of employee questions, inputs and actions taken.
- Encourage represented employees to provide input on equipment conditions that relate to mechanical integrity of process equipment.
- Support selection of represented employee participation in OSHA Process Safety Management Standard (OSHA PSM Standard) Process Hazard Analysis (PHA) and PHA revalidations pursuant to applicable Company procedure(s), including participating in revalidation meetings for process units.
- Support operator review of operating procedures, which includes shutdown procedures, to verify that operating procedures reflect current operating practice as required by OSHA PSM Standards and pursuant to applicable Company procedure(s).
- Support Management of Change (MOC) meetings and review completed MOC's to help verify the site MOC procedure is being followed.
- Support with review of completed OSHA PSM Standard PSSRs to help verify the site PSSR procedure is being followed.
- Support reviews of completed documentation of Portable Building Facility Siting to verify the site Portable Building Facility Siting procedure is being followed.
- Assist in tracking health and safety and process safety recommendations to resolution.
- Assist in the coordinating and conducting of process safety training for new union represented employees and refresher process safety training for other union represented employees as determined by the Health and Safety Committee. In addition, present information related to health and safety and process safety at safety meetings.

**Attachment 2**

**Letter Agreement**

**Re: Out-of-Pocket Health Care Expense Account**

In an effort to encourage and reward employees for taking steps to assess, improve and maintain their health, the Company will provide active employees (including all approved leave of absences), enrolled in a Company medical plan, the opportunity to earn \$250. The Company will determine if the credits are applied to either a Flexible Spending Account (FSA) or Health Reimbursement Account (HRA) during the second (2010) and third year (2011) of the contract. The credits can be used for eligible out of pocket or otherwise unreimbursed, qualified health care expenses (for employee, spouse, or dependents) as defined in the medical plan Summary Plan Description (SPD). Credits are earned contingent upon the successful completion of certain health and wellness activities as determined by the Company.

The Company will credit an employee's FSA or HRA account as soon as administratively practical upon verification of the successful completion of the required health and wellness activities.

The Company will determine the design and administrative procedures of this account in accordance with applicable government regulations.

In the event National Health Insurance becomes law, or other federal or regulatory changes occur that impact the Company's willingness to continue this program, the Company reserves the right to terminate this Agreement after providing the Union with sixty (60) days written notice. The cancellation of this agreement shall terminate and resolve any dispute arising from this agreement.

This Letter Agreement will terminate on January 31, 2012.

Agreed to this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

\_\_\_\_\_  
Company Representative

\_\_\_\_\_  
Union Representative

**This offer has been reviewed by the members of the National Oil Bargaining Policy Committee (NOBPC) and will be rejected at the appropriate time. As you receive these offers, forward them to me immediately.**

**The policy committee is concerned that the lack of more substantive response from the industry will necessitate strike action at one or more locations when the collective bargaining agreements expire. An agreement will not be reached by contract expiration absent this industry addressing the concerns of its workers.**

**At this time no location is authorized to extend the Collective Bargaining Agreement without specific authorization from me.**

**We intend to provide additional guidance and instruction during the day tomorrow.**

**All locations are encouraged to continue to emphasize our concerns. It is the USW's position that the continued failure of the industry to deal with the issues presented by the National Oil Bargaining (NOB) proposals poses a real threat of strike action.**