UNITED STEELWORKERS
USW
UNITY AND STRENGTH FOR WORKERS
OIL WORKERS

THE OILWORKER

www.oilbargaining.org Issue 26 • August 2015

From the Vice President's Desk

Save Your Life, Save Your Job Thru Collective Action

Brothers and sisters, your involvement is crucial in effectively implementing (1) the fatigue and maintenance training provisions we negotiated and in (2) defeating legislation to lift the crude oil export ban.

By engaging in both activities you will be saving lives and refinery jobs.

Real Work Begins

The oil industry's position in bargaining was that they could do what they want, when they want. Absent legislation mandating how many hours a person can work in a refinery—which won't happen with the Republican majority in Congress because they are determined to eliminate worker safety regulations—we negotiated an enforceable process to address training for daily maintenance jobs and worker fatigue.

The end of the Unfair Labor Practice (ULP) strike did not mean our fight to resolve the daily maintenance issue and eliminate worker fatigue was over.

It takes local union participation to address these issues and ensure there is a program in place to train members to do the daily maintenance work instead of contractors as well as to eliminate excessive work hours.

By now, all of the locals should have started discussions with their companies over the fatigue issue; some may have begun the maintenance talks. I thought it was important to show our members what their locals must do so they can display the solidarity needed to obtain good resolutions to these important issues.

Good Information Needed

Per the 2015 fatigue letter that we negotiated in the National Oil Bargaining agreement, locals have within 60 days of their contract ratification to meet with their staff representative and company to discuss the unit(s) staffing/workload balance.

My office sent a memo with an attached information request to every local union president and financial officer on July 27. Hopefully by now every local has sent this request to their management contact. We cannot address fatigue in a meaningful way if we do not receive the necessary information.

The company has to give your local its staffing assessment. My office needs to get a copy of that assessment, but so far we have received few of them. Those sent to us do not contain the information needed and are in an unusable format.

Unit-by-Unit Tracking

Remember during the ULP strike when we said too many of us were forced to work excessive hours because managers were issuing exceptions to the fatigue provisions in the American Petroleum Institute's Recommended Practice API 755? They did this in order to have employees cover for other workers who were on long-term temporary assignments, out sick or on vacation.

To address this situation with the company, we need to have the workload balance study conducted on a unit by unit or department basis—not an assessment on the entire refinery. We need to know such items as the hours spent outside of the unit performing special projects; absenteeism within the unit; and vacation eligibility for the unit workers.

Our goal is to manage fatigue, not work the maximum allowable hours or have minimal staffing levels. It is management's job to make the staffing decisions, and hopefully these discussions will lead managers to hiring more people. I know many of you would like to spend more time with your loved ones and be involved in your children's school activities.

Strict Deadline

Each local union only has 180 days from its contract ratification vote to discuss with management the opportunities for maintenance recruitment, training and development, and determination of maintenance craft needs.

As with the fatigue issue, each local will need to submit an information request to their company before engaging in discussions. My office also sent the locals the template for the information request and the letter to go with it to the company contact. Please send me (gbeevers@usw.org)

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copies of what you give to the company, and also copy my assistant, Julie Lidstone, at jlidstone@usw.org.

Your company will give the local a proposed Confidentiality Agreement for the fatigue and maintenance discussions. Then the local will forward it to the USW Legal Department for its review and submission of any proposed changes.

When these discussions are done, your company will develop and share the projected maintenance hiring plans and timelines for implementing them with your local union.

The 180-day time limit is an absolute deadline. If your USW local union does not finish the meetings, discussions and work out a hiring plan with the company by that time, it loses its opportunity to address maintenance training and staffing at its facility.

We now have our opportunity to finally stop the oil companies from replacing our bargaining unit workers handling day-to-day routine maintenance with contractors when they quit or retire. It has gotten to a crisis point: If we do nothing, those bargaining unit positions will go away and contractors will be doing our daily maintenance work. Fewer members means less power at the bargaining table.

If you have any questions or your local needs assistance, please contact me at gbeevers@usw.org.

Don't Lift Crude Oil Export Ban

Politicians in Washington, DC (mostly Republicans, some Democrats), the oil majors (ExxonMobil, Shell, BP, Chevron and ConocoPhillips) that have production and exploration divisions besides refineries, the American Petroleum Institute, and various pundits want to lift the 1975 crude oil export ban.

Not only do they want to export crude oil obtained from the shale oil boom and underwater drilling, they want to export refinery employees' jobs while placing our national security at risk. Other industries dependent on this cheap oil—like the chemical sector—will be negatively impacted as well.

Some may say: "The oil companies have too much money invested in their U.S. refineries to have it refined overseas." Really? It didn't take much to shut down Sunoco's refineries outside of Philadelphia, Valero to shut down its Delaware City refinery or Tesoro to prepare its Hawaii refinery for closure.

Remember how hard a fight we all had to wage to keep those refineries operating? Do you really want to go through that process over and over again?

The independent refiners that don't have exploration and production operations will be hurt by the removal of this ban as well. The CRUDE Coalition (Consumers & Refiners United for Domestic Energy) also is with us on this issue.

You can find more information about why lifting the crude oil ban is harmful by going to: https://twitter.com/uscrude

Check out our USW oil website, www.usw.org and the USW Oil Workers Facebook page for more information on how lifting the ban will negatively affect jobs, national security, consumers and the environment.

Action Needed Now!

USW Rapid Response issued an Action Call because a Senate committee voted to ship our crude overseas. Every oil local and oil worker must participate in this action!

In this *Oil Worker* we reprinted the letter for each member to individually sign. Then the local makes copies of these letters to deliver them to local Senate and House offices as soon as possible.

Get the correct Senators and Representatives for your area by going to www.senate.gov and www.house.gov (enter zip code on house.gov to determine Representatives).

If you have not already done so, please sign the USW petition opposing the lifting of this ban by going to this link: http://www.usw.org/members/forms/crude-oil-export-ban

Remember, the job you save may be your own!

Gary Beevers
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Chair, National Oil Bargaining Program
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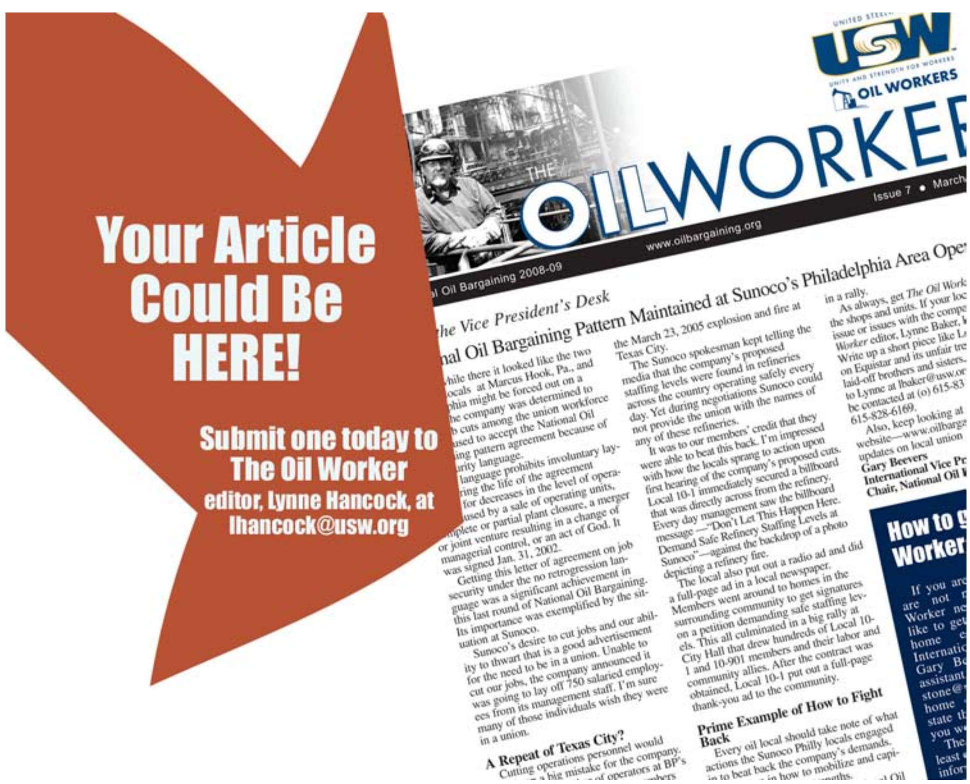

How U.S. Crude Oil Export Ban Helps America

USW International President Leo W. Gerard was outnumbered by witnesses testifying before the U.S. Senate Energy Committee on July 30 in favor of lifting the U.S. crude oil export ban. Despite the witnesses' overwhelming support for Senate Bill 1312, the committee narrowly passed it.

"I can guarantee that over 99 percent of our membership has a stake in the crude oil export ban," Gerard stated. "Congress cannot overlook the negative impact lifting the crude oil ban will have on fuel prices, economic security, and jobs."

The Senate is expected to take up the bill after Labor Day when it returns from its summer recess. Some oil executives on the production side—like the CEOs of Continental Resources and Pioneer Resources—predict the ban will be lifted in September, especially since House Speaker Boehner is in favor of it.

Oil economics and supply and demand dictate that lifting the export ban is likely to kill U.S. refinery and manufacturing jobs, hurt local communities, slow economic activity because of increasing gas prices, place our national security at risk, and harm the environment.

Ban Causes Cheaper U.S. Crude

The high price of oil—over $100/barrel prior to the fall of 2014—motivated many producers to start drilling. Their problem was getting the oil to the West, East and Gulf coast refining centers because of a lack of pipelines. Existing pipelines were used to capacity. Railroad transportation proved to be cheaper than trucking the supplies.

These logistical problems caused producers to give a discount on their shale oil to U.S. refiners. The surplus in shale oil caused the U.S. benchmark for crude oil—West Texas Intermediate (WTI)—to be priced cheaper than Brent—the world price for crude oil.

Only U.S. refiners have access to America's oil supplies because of the 1975 U.S. crude oil export ban. In 1973-74 Saudi Arabia withheld crude oil from the U.S. in retaliation for its decision to re-supply the Israeli military in the 1973 Arab-Israeli War. A shortage of gasoline resulted, oil prices tripled, and drivers were forced to wait in long lines to gas up their cars. The embargo also strained the U.S. economy, which had grown increasingly dependent on foreign oil. This situation motivated Congress to pass the export ban.

The U.S. is still not energy self-sufficient despite the increased production from oil shale drilling. Forty-four percent of crude processed in U.S. refineries is imported.

U.S. Refineries Can Process Shale Oil

Supporters of lifting the ban claim that most U.S. refineries are unable to process the light, sweet crude oil derived from fracking, and that it is taking longer for U.S. refiners to convert their operations.

This is incorrect because many oil companies upgraded their refining capacity and re-configured their operations to process the light, sweet crude oil. Millions of dollars have been spent on these projects, resulting in thousands of building trades jobs, economic benefits to the surrounding communities, and increased tax revenue.

In fact, a report from the nonpartisan Congressional Research Service found some overseas refineries are not designed to handle the lighter crude oils from the U.S.

How U.S. Refiners Benefit

The export ban and access to huge supplies of cheaper U.S. shale oil and natural gas lower the operating costs for U.S. refiners and give them an advantage over their foreign competitors. They sell their oil products—such as gasoline, jet fuel and heating oil—at higher world prices and are earning record profits. Usually, the oil upstream (production and exploration) earns the lion's share of profits, but that has been switched around with the advent of the U.S. shale oil boom.

The surplus of cheap crude because of the export ban also gives an economic incentive for U.S. refiners to operate their refineries at high utilization rates and to export oil products at a lower cost than supplies from other world refiners.

Trade Surplus

The export ban causes the U.S. trade balance to move in a positive direction because the U.S. is exporting more oil products and U.S. refiners do not have to import as much foreign crude oil or oil products. This makes the U.S. less dependent on hostile sources of energy.

Consumers Benefit

According to economists and the U.S. Department of Energy, U.S. gasoline prices are based on the international, or Brent, crude oil price. The increase in U.S. crude production, oil product exports, and reduced crude and oil product imports help create a surplus of crude oil in the world.

This results in U.S. consumers enjoying the lowest price gasoline in years. The dramatic decline in prices gives U.S. consumers a benefit of $209 billion per year, according to one study. This translates to $1,064 per driver and $2,182 per family.

Lower gasoline prices cause people to have money they can spend elsewhere. Of course, U.S. gasoline prices are affected by hurricanes and other weather; refinery turnarounds; and fires, explosions and equipment breakdowns that cause portions of or whole refineries to shut down.

Saudi Production Expansion

Adding to the surplus is expansion in production from the Organization of Petroleum Exporting Countries (OPEC), led by Saudi Arabia. U.S. crude production is cutting into the Saudi's market share because U.S. refiners are importing less crude. This lowers revenue for Saudi Arabia and the other OPEC nations, which affects internal budgets.

The production expansion increases crude supply and lowers world prices to make it economically undesirable for U.S. producers to drill more wells.

Ironically, U.S. producers found ways to drill more cheaply and effectively so they can turn a profit despite the falling crude prices. Even though the number of oil rigs has decreased, U.S. oil production remains near a 40-year high.

Mobilize NOW to Save Refinery Jobs

If you were born in 1968 or earlier you probably remember the long lines at the gas stations in 1973-74 when the Arab oil embargo led to fears of an oil shortage. OPEC (Organization of the Petroleum Exporting Countries) refused to sell oil to the U.S. in retaliation for America's support of Israel in the 1973 Arab-Israeli War.

The embargo emphasized how the U.S. economy had become dependent on foreign oil, and it motivated Congress, in 1975, to pass legislation banning the export of U.S. crude oil.

While it is legal, in certain instances, to export U.S. crude, the ban has stayed intact for 40 years. Despite increased production from oil shale drilling, the U.S. is still not energy self-sufficient. Forty-four percent of the crude processed in U.S. refineries is imported.

Now, Republicans, and some Democrats from oil-producing states, are pushing to lift the ban completely. Joining them are the integrated oil companies that have upstream (production and exploration) and downstream (refining and marketing) operations, the American Petroleum Institute, some newspaper editorial boards and various pundits.

Senate Energy Committee Chair Lisa Murkowski, a Republican senator from Alaska, has been trying to lift the ban for years, and claims it is outdated because America's shale oil drilling boom has thrust the U.S. into one of the world's top oil producers along with Russia and Saudi Arabia.

Murkowski, Heidi Heitkamp (D-N.D.), and Sens. Hoeven (R-N.D.), Barrasso (R-Wyo.), McCain (R-Ariz.), Corker (R-Tenn.), Alexander (R-Tenn.), Risch (R-Idaho), Flake (R-Ariz.), Capito (R-W.Va.), Inhofe (R-Okla.), Rubio (R-Fla.) and Landford (R-Okla.) introduced Senate Bill 1312 to lift the crude oil export ban.

Rep. Joe Barton (R-TX-6) introduced H.R. Bill 702. Republican House Speaker John Boehner announced his support for repealing the law.

Act Now!

Proponents of lifting the ban are making some headway. The U.S. Senate Energy Committee on July 30 passed the Senate bill to remove the ban, but it passed narrowly. Many Congressional Democrats fear it would lead to higher gas prices, and their support is crucial for President Obama to lift the ban.

Senate Bill 1312 to lift the ban will hit the Senate floor after the August recess. If the Senate does not pass the bill, it dies.

Refinery workers MUST mobilize now to defeat SB 1312 while Congress is recessed till after Labor Day. Use the letter Rapid Response emailed or make copies of the letter below. Then get as many letters signed as possible, make copies of the letters, and deliver them to Senate and House offices in the area ASAP. For your local Senate office go to www.senate.gov and for the House, go to www.house.gov (enter your zip code on house.gov to determine the name of your Representative).

Be sure to report your local's activity to your District Rapid Response Coordinator.

Please mobilize like you all did for National Oil Bargaining. Your jobs are at stake!

SAMPLE LETTER

Dear Senators and Representative:

As an oil refinery worker, I strongly urge you to oppose any legislation that lifts the long-standing ban on crude oil exports such as S. 1312 and H.R. 702. These bills will put our refinery jobs and our nation's energy security at risk.

Refinery jobs are good-paying, middle class jobs which support over $1.8 million in value added to the economy per employee. That means jobs that support families and sustain local economies and communities. Lifting the crude oil ban would provide an incentive for companies to move refining off-shore, causing the loss of valuable U.S. refinery jobs and having a devastating ripple effect throughout the economy.

Advances in oil extraction have dramatically decreased the United States' reliance on foreign crude and added refinery jobs across the country. Legislation such as S. 1312 and H.R. 702 will undermine our refinery jobs and put America at risk of being beholden to the oil cartel, Organization of Petroleum Exporting Countries (OPEC).

The U.S. should be self-sufficient and refine as much of its domestic crude as possible. As a recent study by the Energy Information Agency (EIA) predicts, America will import more foreign crude if the oil export ban is lifted. Domestic crude prices likely would rise to global levels, and with too-high crude prices, domestic refineries, and the good jobs they provide, would be at risk. The higher environmental standards our industry operates under also lead to a cleaner global environment. U.S. export controls help maintain significant job, economic, environmental and national security benefits for the country.
Please stand for American refinery workers and their jobs and oppose S. 1312, H.R. 702 and any other bill that lifts the long-standing ban on crude oil exports.

Sincerely,

____________________________ Signature
____________________________ Name
____________________________ Address
____________________________ City, State & Zip

Why Lifting Export Ban is Harmful

Supporters of lifting the export ban claim that the increase of U.S. exports into the world market will cause more drilling, employ more workers, and lower gasoline prices for consumers.

This does not tell the whole story and conveniently leaves out the impact on U.S. refineries and their workers.

Adding more oil to a surplus world crude market lowers the crude price, making it less economical for U.S. producers to drill for shale oil.

Advocates of lifting the export ban forget about the impact of supply and demand.

Lower Demand

World crude supply is staying high because oil demand is not increasing at a high rate. Economic activity is slowing in China, which is the second largest importer of crude, behind the U.S. Recently, the country devalued its currency, the yuan, to boost its exports, increase economic growth, and keep its over one billion people employed so they do not engage in social unrest.

If China's economy improves and its purchase of crude to build up its oil reserves continues, demand may rise.

Low gasoline prices are prompting U.S. citizens to drive more, but their fuel-efficient cars are lowering gasoline and crude oil demand.

If worldwide crude demand increases, Saudi Arabia has huge oil reserves it can tap to keep crude supply high and prices low.

Higher Gas Prices

Allowing U.S. crude to be exported would cause its price to rise and be in parity with world prices, which have been higher than U.S. crude prices. World crude prices can shoot up suddenly because of terrorism, unrest, weather, war and other unforeseen events.

The OPEC cartel controls crude oil prices indirectly through its regulation of production volumes. Dumping more U.S. crude into the world market will increase supply, lower crude prices, and cause OPEC to continue production to drive down prices and push more producers out of the market.

U.S. gasoline prices, according to one study, would rise \$0.084 to \$0.145 per gallon from today's price level.

Currently, U.S. consumers have the lowest base price of any nation because they get their gasoline from U.S. refineries, which have lower crude prices, because of the export ban, and low natural gas prices that lower operating costs.

Lost Jobs

Lifting the ban would force U.S. refiners to compete against foreign refiners for crude, and this would raise world crude prices and operating costs for U.S. refiners. Foreign refiners—which did not have access to U.S. crude under the ban—would be paying less than they did previously for crude oil.

"Free trade" ideologues support lifting the ban, but they do not take into account that a level playing field does not exist in the world economy. Foreign refiners have lower labor costs and they do not have to adhere to the same high environmental standards and regulations as U.S. refiners.

Some countries, like China, flout trade laws and give illegal subsidies to their industries. Their industries also illegally dump products into the U.S. market in order to steal market share. Meanwhile, these countries place high tariffs on U.S. imports.

All of this gives an unfair trade advantage to foreign refiners and it makes it difficult for U.S. refineries to compete against them.

The end result is lower refinery utilization; possible refinery closures; job loss for refinery workers, the services that supply the refineries and the businesses in the community that workers patronize; lower tax revenue; higher government expenses to help the unemployed find jobs; and increased imports of crude and refined products.

Trade Gains Reversed

Allowing domestic crude exports would have a negative impact on the U.S. trade balance and reverse the trade gains the U.S. is making with oil product exports.

The U.S. is not energy self-sufficient, and there are no forecasts that predict it will produce enough domestic crude to totally eliminate foreign crude imports. The U.S. currently imports 7.2 million barrels a day, and that is more imported crude than when Congress enacted the 1975 export ban. Forty-four percent of the crude processed in U.S. refineries is imported.

U.S. Secretary of Energy Moniz testified at a House Energy & Power Subcommittee meeting earlier this year and said that for every barrel of oil the U.S. would export, another barrel would have to be imported to replace it.

National security implications arise when the U.S. increases its reliance on less secure and hostile countries for its crude oil and oil products like gasoline. It also makes it easier for these countries, like Saudi Arabia and Iran, to hold the U.S. hostage for its foreign policy decisions, just like in 1973-74 during the Saudi oil embargo.

Jobs for Upstream Workers

Due to low crude oil prices, thousands of oil exploration and production workers lost their jobs as their employers shut down rigs. Oil refineries and chemical plants are hoping to hire laid off oil and gas engineers and are offering attractive pay and benefit packages to attract them.

U.S. refineries are booming due to the export ban, and petrochemical plants are expanding to capitalize on a surge of cheap natural gas unleashed by the U.S. shale boom. These industries may offer job prospects to non-engineers as well.

There has been some concern that if crude oil prices descend even farther it could slow the U.S. petrochemical renaissance and cause some of the planned expansions and new projects to be placed on hold. Between 2010 and 2023, chemical companies have committed more than \$100 billion in new expansion projects in the

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Why Lifting Export Ban is Harmful

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U.S., according to the American Chemistry Council.

A recent IHS consulting group chemical report said that ethane, which comes from natural gas liquids and U.S. shale production, would become scarcer. Ethane is used to make ethylene, which is the main building block for plastics.

However, the U.S. shale-led momentum has not slowed down. Production reached its highest level in July since 1920 at 9.52 million barrels per day, according to a recent American Petroleum Institute report.

"If you've already drilled a well, you're not going to stop pumping because of the drop in prices," API Chief Economist John Felmy said to *The Sydney Morning Herald*.

The Bottom Line

If China had the oil and gas resources like the U.S. and a crude oil export ban in place, would it lift the ban and put its refinery and chemical workers at risk of losing their jobs?

Not likely. Yet, American politicians of both parties are rushing to lift the U.S. crude export ban and follow the lead of "free trade" ideologues.

"Confronted with a dire situation, a world power last week took strong action to secure its domestic jobs and manufacturing. That was China. Not the United States," USW International President Leo W. Gerard wrote in his latest blog about China's devaluation of its currency.

"When will the United States take the necessary action to protect its industry, including manufacturing essential to national defense, as well as the good, family-supporting jobs of millions of manufacturing workers?"

U.S. Crude Oil Export Ban Allows for Exceptions

Recently, the U.S. Commerce Department allowed Mexican oil company Petroleos Mexicanos, known also as Pemex, to swap as much as 100,000 barrels of U.S. crude oil per day for Mexican refining.

The oil swapped cannot be re-exported to other countries.

Last year the Commerce Department allowed two U.S. companies, Pioneer Natural Resources and Enterprise Products Partners, to ship an ultra-light form of oil called condensate from the U.S. market.

The 1975 crude oil export ban—put in place to secure U.S. oil for America—allows for special consideration for Mexico and Canada. The law also allows extractors to export if they get a license from the Commerce Department's Bureau of Industry and Security. The bureau will grant a license if it determines exports are consistent with the national interest.

Oil produced on the North Slope of Alaska can be exported. The *Alaska Dispatch News* reported that last year, faced with prices edging Alaska oil out of the domestic market, crude left the port of Valdez headed to Asia for the first time in a decade.

President Barack Obama has the power to expand the shipment of U.S. crude oil, such as allowing exports to Mexico without the need for exchanges, or including shipments in upcoming regional trade deals.

The ban does not impact the export of U.S. refined oil products.

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.

Check Out Oil Facebook, Web Pages

For the latest news in the oil industry, check out the USW oil Facebook page at www.facebook.com/OilBargaining. Be sure to click "Like" if you enjoy this page. New content is posted several times a week and sometimes daily.

Also, check out the USW's oil sector web page at www.usw.org/union/mission/industries/oil.