

Articles of Agreement

Between

**Valero Refining Company - Tennessee, L.L.C.
Memphis, Tennessee**

And

**United Steel, Paper and Forestry, Rubber,
Manufacturing, Energy, Allied Industrial
and Service Workers International Union,
on behalf of Local 9-00631-01**

**MAINTENANCE
and
OPERATING EMPLOYEES**

February 1, 2015 to January 31, 2019

DRAFT

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PREAMBLE

Valero Refining Company - Tennessee, LLC, hereinafter referred to as "Company", recognizes the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, on behalf of its Local 9-00631-01, hereinafter referred to as "Union", as the sole and exclusive agency for collective bargaining purposes with respect to wages, hours of work, and other conditions of employment for all maintenance and operating employees, but excluding supervisory employees, chemists, clerical employees, watchmen and guards employed at the Company's Memphis, Tennessee Refinery and Terminal.

ARTICLE I. TERMS OF AGREEMENT

Section 1. All terms of this Agreement shall become effective as of **February 1, 2015** and shall remain in effect until midnight, **January 31, 2019**. This Agreement shall continue in force from year to year thereafter unless either party gives to the other party written notice of its desire to modify, amend, or terminate this Agreement sixty (60) days prior to **January 31, 2019** or the 31st day of January of any subsequent yearly expiration date. If such notice to modify or amend is given, this Agreement shall remain in effect during negotiations except that either party during such negotiations may give sixty (60) days written notice of its desire to terminate this Agreement.

Section 2. If, during the life of this Agreement, there shall be in existence any applicable law, regulation, guidelines, or order issued by any governmental authority that shall be in conflict with any provision of this Agreement, such provision shall be modified and/or waived to conform with such law, regulation, guidelines or order. Any such modification or waiver shall not modify or invalidate any other provision hereof.

ARTICLE II. WORK WEEK AND HOURS OF WORK

Section 1. All work performed by employees covered under the terms of this Agreement shall be done by employees termed "Shift Employees" and "Day Employees". "Shift Employee" means employees who are employed for specific periods in the course of continuous operations regularly carried on during two (2) or more shifts per day. "Day Employees" means all other employees.

The workweek for all employees shall commence at 7:00 a.m. on Monday and end at 7:00 a.m. the following Monday.

Section 2. The regular scheduled workweek for Day Employees shall consist of forty (40) hours equally divided into five (5) days of eight (8) hours each.

The twelve-hour-shift regular workday will consist of twelve (12) consecutive hours of work. Twelve (12) hours of work in any twenty-four (24) hour period will constitute the maximum regular work schedule. The twenty-four (24) hour workday will be defined as 7:00A.M. to 7:00A.M. the following day.

Section 3. The maximum regular weekly work schedule for shift employees will be determined by the twelve (12) hour shift schedule which consists of alternating 36 and 48 hour work weeks.

Section 4. The scheduled daily hours of work, unless changed by mutual agreement of the parties, shall be:

Day Employees 7:30 a.m. to 3:30 p.m.

Shift Employees 6:00 a.m. to 6:00 p.m.
6:00 p.m. to 6:00 a.m.

Operations Shift Schedule - A,B,C,D

Shift-hrs	Mon	Tue	Wed	Thur	Fri	Sat	Sun
A-48	OFF	D	D	OFF	OFF	D	D
B-36	D	OFF	OFF	D	D	OFF	OFF
C-36	N	OFF	OFF	N	N	OFF	OFF
D-48	OFF	N	N	OFF	OFF	N	N

Shift-hrs	Mon	Tue	Wed	Thur	Fri	Sat	Sun
A-36	D	OFF	OFF	D	D	OFF	OFF
B-48	OFF	N	N	OFF	OFF	N	N
C-48	OFF	D	D	OFF	OFF	D	D
D-36	N	OFF	OFF	N	N	OFF	OFF

Shift-hrs	Mon	Tue	Wed	Thur	Fri	Sat	Sun
A-48	OFF	N	N	OFF	OFF	N	N
B-36	N	OFF	OFF	N	N	OFF	OFF
C-36	D	OFF	OFF	D	D	OFF	OFF
D-48	OFF	D	D	OFF	OFF	D	D

Shift-hrs	Mon	Tue	Wed	Thur	Fri	Sat	Sun
A-36	N	OFF	OFF	N	N	OFF	OFF
B-48	OFF	D	D	OFF	OFF	D	D
C-48	OFF	N	N	OFF	OFF	N	N
D-36	D	OFF	OFF	D	D	OFF	OFF

Different schedules may be tried on a trial basis as long as they are agreeable with the Company and the Union.

Employees who normally work one of the four essential slots for each job will follow the established shifts, however, each employee in operations is responsible to know their posted schedule and to find out if they are assigned overtime on their normal days off or if their normal days have been moved to avoid a 24 hour shift.

Vacation Relief not assigned to maintenance per the contract will either be scheduled on a shift for vacation relief, training, etc. (shift can change from week to week) or they will be scheduled on straight days, Monday through Friday, 40 hours

per week with exceptions by mutual agreement between the Union and the Company.

Section 5A (Shift Employees). By 2:00 p.m. each Friday, the Company will post the Operations and Laboratory Department schedules and the voluntary overtime list (VOTL) for the following week. Once posted, these schedules will not be changed except as required to correct errors and omissions; or because of VOTL, or to accommodate unplanned shutdowns; or to return Operations Department employees to operating assignments after a shutdown; or by mutual agreement between the Union and the Company.

Once the schedule is published, the Company reserves the right to cancel scheduled overtime at any time during the scheduled week due to changes in business needs. In the event an employee's overtime is cancelled within 24 hours of their scheduled shift, the employee will receive 4 hours pay at their regular straight time rate.

For the purpose of scheduling, shift employee assignments should typically be determined by filling the top position with the four most senior qualified and available employees in the progression. Subsequent positions in the progression will be scheduled by most senior qualified and available employee until all positions in the progression have been filled. All temporary vacancies in shift employee assignments will be filled by moving up on shift, utilizing qualified and available employees down through the Vacation Relief within the crew to fill the positions. If the vacancy cannot be filled by moving up on shift, then the VOTL or standby list will be used. Scheduled assignments can change as employees leave or enter a progression including, but not limited to special assignments, training, or vacations.

Swaps will not be included on posted schedules and must be arranged by the employee after the schedule has been posted.

- Swaps must be made within the same pay period and cannot create any cost to the Company or result in overtime.
- Swaps must be mutually agreed to by both employees and approved by the Supervisor with proper documentation.
- Individuals must be qualified for the position they are swapping into.
- Swaps do not protect or guarantee time off outside the actual swap day and should not be used to alter the normal work schedule on a continuous or routine basis.

Vacation Relief may be filled by a qualified employee from a lower job even if that employee is not the most senior employee in that job. If the vacancy results in overtime, then the position will be filled by a qualified employee based on lowest overtime per Article III, Section 4B.

A shift employee holding an established shift and who returns from vacation will not be scheduled any overtime during normal off time which falls prior to their first normal day back, unless the individual advises supervision that they are willing to work overtime during those days.

Section 5B (Day Employees). By 2:00 p.m. each Friday, the Company will post the Maintenance and Warehouse Department classification assignments, schedule, and

Volunteer Overtime List (VOTL) for the following week. Once posted, the schedule and classification assignments will not be changed except as required to correct errors and omissions; or due to VOTL; or to accommodate unplanned shutdowns; or to return Maintenance or Warehouse Department employees to normal classification assignments after a shutdown or special assignment; or by mutual agreement between the Company and the Union.

Once the schedule is published, the Company reserves the right to cancel scheduled overtime at any time during the scheduled week due to changes in business needs. In the event an employee's overtime is cancelled within 24 hours of their scheduled shift, the employee will receive 4 hours pay at their regular straight time rate.

For the purpose of scheduling, a day employee assignment should typically be determined by filling the PAR numbers with the most senior qualified and available employees in each Craft. The remaining Helpers will be listed in the Helper pool. Assignments can change as people leave or enter the Craft including, but not limited to, special assignment, training, or vacation.

The Maintenance Department's work day will be from 7:30 a.m. until 3:30 p.m.

- There will be no formal breaks in the morning or the afternoon and no formal clean up time in the afternoon. Tool and job site clean up will be authorized by the Supervisor as necessary.
- Lunch will normally be from 11:30 a.m. until 12 Noon, unless there is ongoing work which requires certain necessary Maintenance employees to continue working through the normal lunch period. Lunch for those employees will be taken before or after the normal time as time and the job allows. No extra pay will be given for those employees who are required to work through their lunch period. Employees may not leave the plant during lunch.
- In the event that Maintenance employees are scheduled to work a ten-hour day there will be a ten-minute break from 3:30 p.m. until 3:40 p.m. and the schedule will be from 7:30 a.m. to 5:30 p.m. If maintenance employees are scheduled for twelve hours, there will be a second break at 5:30 p.m. to 5:40 p.m. and the schedule will be from 7:30 a.m. to 7:30 p.m.

Section 6. All employees required to work more than two (2) hours past their scheduled quitting time will be paid a meal allowance of \$10.00.

Section 7. Supervisors running confined space work requiring rescue coverage should submit their requests for coverage no later than 3:30 p.m. Wednesday for the following week. The rescue team schedule runs from Monday through Sunday.

Section 8. It is understood that from time to time a pay period for an employee working 12 hour shifts may have less than 80 hours. The Company will provide an opportunity to the employee to work 80 hours in a standard 2 week pay period at straight time rates should a short fall occur due to scheduling. In the event that this employee works more than twelve hours per shift, these hours will be reimbursed per Article III, Section 1.

If a shift employee is scheduled two 36-hour weeks in one pay period, that employee will be offered the opportunity to work one extra 12 hour shift during the pay period. The scheduling of the extra 12-hour shift will be by mutual agreement.

ARTICLE III. OVERTIME

Section 1. Hours worked in excess of eight (8) hours per day or in excess of forty (40) hours in any work week shall be compensated for at the rate of one and one-half (1.5) times the regular rate of pay, but overtime shall not be paid on both daily and weekly basis for the same hours worked.

Under the twelve (12) hour schedule, compensation for hours over 40 in a work week or over twelve (12) in a work day will be paid at one and one-half (1.5) times. The shift workers that work on a twelve (12) hour rotating shift schedule will also be paid one and one-half (1.5) their contracted rate of pay for any hours worked outside an employee's scheduled thirty-six (36) hour shift, provided that the employee works the assigned weeks schedule.

Section 2. In the event an employee reports for work as scheduled or is called back for duty outside their regular hours after having properly punched out, the employee shall receive pay for the actual time worked in accordance with Section 1 of this Article and with a minimum guarantee of four (4) hours pay at their regular straight time rate.

Section 3. No employee shall be required to take time off in his/her regularly scheduled workweek for the purpose of offsetting overtime previously worked.

Section 4A. The Company will, so far as practicable, distribute overtime uniformly. For the purpose of this section, actual overtime hours worked will be used to produce the overtime list. A record of overtime shall be kept and posted ~~each pay period~~ **daily** and an electronic copy shall be sent to all employees when published.

Section 4B (Shift Employees). Planned and unplanned overtime for shift employees will be covered first by a voluntary overtime list (VOTL) and second by qualified and available employees with the lowest overtime charged. Employees willing to work overtime for the following week must submit their name in writing or by email to their Superintendent by Noon on Wednesday to be put on the VOTL.

Shift employee overtime will be scheduled first based on the VOTL by lowest overtime. In the event that there are no volunteers to cover the overtime, assignments will be made based on lowest hours of overtime between all qualified and available employees available to work; even if this results in a seven day schedule or an unusual schedule. Two qualified and available employees per position with the lowest number of overtime hours charged will be identified on the weekly schedule and will be utilized to cover unscheduled overtime if there are no qualified and available employees on the VOTL. In the event that there are no qualified and available employees available on the VOTL or the standby list, the Company will contact all available qualified employees by order of lowest overtime charged. Employees assigned overtime will be responsible to work, or responsible for finding a qualified and available replacement. Replacements must be approved by the Supervisor to ensure there are no other scheduling issues and that they are qualified and available for the coverage.

Overtime Scheduling for Shift Employees:

- Employees qualified and available for the work on the VOTL with the lowest charged overtime
- Employees qualified and available for the work with the lowest charged overtime will be assigned the coverage and will be responsible to work, or responsible for finding a qualified and available replacement

Employees on the VOTL or the employees listed on the schedule with the lowest charged overtime must be available to work and are expected to report to work no later than 2 hours after being contacted for unplanned overtime coverage; employees should notify Supervision if they live more than 2 hours from the Refinery and should report as quickly as possible for coverage. Employees will not be paid to be on the voluntary call out list; employees will only be paid for actual work performed. Failure to comply with planned or unplanned overtime coverage, including the VOTL, will be subject to the Attendance and Punctuality Control Program.

Section 5. Emergency Response Team members who are on special assignment, can be scheduled for rescue coverage on overtime hours worked outside of their normal straight day assignment (Monday through Friday work at 8 hours a day) and will be paid based on the classification they would be working if not on special assignment.

Rescue team members who would like to be considered for overtime rescue duty should submit their names to the scheduler no later than 3:30 p.m. Wednesday for scheduling of the following week. The Rescue Team schedule will be published by 2:00 p.m. Friday for the following week.

All available Rescue Team members in good standing will be eligible for rescue coverage overtime. The basis for choosing Rescue Team overtime coverage will be based on availability and lowest overtime charged.

If the normal Rescue Team scheduler is off, then a designee will be communicated. Supervision and team members would then communicate with the designee.

Section 6 (Day Employees). In the event a maintenance job extends past the end of the shift, overtime will be covered first by the employees working that job and second by the maintenance overtime process below.

Planned and unplanned overtime for day shift employees will be covered first by a voluntary overtime list (VOTL) based on qualification, availability and lowest overtime in the Craft and then any qualified and available volunteers, second by

qualified contractors, and third by qualified and available employees with the lowest overtime charged in the required Craft. There will be two employees per classification identified for overtime coverage in all classifications unless there are less than five (5) employees in a given classification, in which case there will be one employee identified for overtime coverage. Employees assigned overtime will be responsible to work, or responsible for finding a qualified and available replacement. Replacements must be approved by the Supervisor to ensure there are no other scheduling issues and that they are qualified and available for the coverage.

Employees willing to work planned (scheduled) overtime for the following week must submit their names in writing or by email to their Supervisor by the end of the day shift on Thursday to be put on the VOTL.

Employees willing to work unplanned (unscheduled) daily overtime will inform their Supervisor by 9:00 a.m. each morning to be put on the VOTL.

Contractors may be used to cover any overtime in the event that there are no qualified maintenance employees available to work the overtime on the VOTL.

Overtime Scheduling for Day Shift Employees

Overtime for Job Continuation Holdover:

1. Those employees working the job
2. Qualified employee from the VOTL with the lowest overtime in the Craft and then any qualified employees on the VOTL
3. Qualified contractors
4. Qualified employee with the lowest overtime in the required Craft

All Other Day Shift Overtime:

1. Qualified and available employee from the VOTL with the lowest overtime in the Craft and then any qualified and available employees on the VOTL
2. Qualified contractors
3. Qualified and available employee with the lowest overtime in the required Craft

Employees on the VOTL or the employees listed for overtime coverage must be available to work and are expected to report to work no later than 2 hours after being contacted for unplanned overtime coverage; Employees should notify Supervision if they live more than 2 hours from the Refinery and should report as quickly as possible for coverage. Employees will not be paid to be on the voluntary call out list; Employees will only be

paid for actual work performed. Failure to comply with planned or unplanned overtime coverage, including the VOTL, will be subject to the Attendance and Punctuality Control Program.

Section 7. Under no circumstances will a maintenance employee be required/allowed to work more than sixteen (16) consecutive hours.

Twelve (12) hour shift employees will not be required to work more than sixteen (16) consecutive hours except in emergencies without the employee's consent and the approval of the department director. Qualified relief is required to leave the work area. No twelve (12) hour shift employee will be permitted to work more than eighteen (18) consecutive hours.

ARTICLE IV. HOLIDAY PAY

Section 1. The following days are holidays:

New Year's Day	Labor Day
Martin Luther King, Jr. Day	Thanksgiving Day
Good Friday	Friday after Thanksgiving
Memorial Day	Christmas Day
Independence Day	Floating Holiday

The date of the Floating Holiday will be determined by mutual agreement between the President of USW Local 900631, and the Refinery Manager of Valero Refining Company—Tennessee, L.L.C. and will be announced in December of each year for the following year.

If any of the above holidays fall on Sunday, the following Monday shall be recognized as the holiday. If any of the above holidays fall on Saturday, the preceding Friday shall be recognized as the holiday; except that any employee normally scheduled to work on one of the above-named holidays that fall on Saturday or Sunday, such named holidays will be his/ her recognized holiday.

Section 2. Each employee on the active payroll of the Company on said holiday shall be given eight (8) hours pay at his/her regular rate as holiday pay; provided that an employee shall not be eligible for such payment if the employee fails to work their last regularly scheduled shift prior to and their first regularly scheduled shift after such holiday, except because of death or serious illness in the immediate family, or other equally compelling personal reasons, or because of a disabling personal injury or proved unavoidable illness.

Section 3. All employees who actually perform work on any of the above named holidays, or the days legally recognized, shall be paid for the hours worked at the rate of one and one-half (1.5) times their regular hourly wage rate, in addition to whatever holiday pay they are entitled to in accordance with Section 2 of this Article.

Section 4. In the computation of overtime, unworked holidays shall be considered as a day worked unless such holiday is the employee's regular day off.

Section 5. Work done on shifts commencing on a designated holiday shall be deemed to be holiday work.

Section 6. Employees assigned to the twelve (12) hour shift schedule who are scheduled off on a holiday, will receive eight (8) hours straight time pay.

Employees assigned to the twelve (12) hour shift schedule who are scheduled to work the holiday, will receive eight (8) hours straight time for the holiday and one and one-half (1.5) times the contracted rate of pay for all hours worked on the holiday.

ARTICLE V. VACATIONS

Section 1.

A. The following vacation schedule is applicable to employees hired on or before January 31, 2012:

Each employee who has been in the service of the Company as listed below as of December 31, shall be entitled to vacation during the following year in accordance with the schedule below:

Less than one year = Eight (8) hours of vacation for each month worked, not to exceed eighty (80) hours. No vacation may be taken until an employee has completed six months of service.

One (1) year but less than ten (10) years – 120 hours

Ten (10) years but less than fifteen (15) years – 160 hours

Fifteen (15) years but less than twenty (20) years – 200 hours

Twenty (20) years or more – 240 hours

B. The following vacation schedule is applicable to all employees hired on or after February 1, 2012:

New hire/employee eligibility:

Month of hire	Current year	Second year
January through June	1 week*	2 weeks
July through December	0 weeks	2 weeks

*to be taken in second half of the year

Years of service completed during

calendar year	Vacation	Hours
1 through 4	2 weeks	80 hours
5 through 9	3 weeks	120 hours
10 through 19	4 weeks	160 hours
20 through 29	5 weeks	200 hours
30 or more	6 weeks	240 hours

Section 2. Employees will receive vacation pay at their regular straight time hourly rate of pay for the number of hours they would otherwise have been scheduled to work.

A shift employee who holds one of the established shifts and who takes vacation on their 48 hour week (in a pay period) will be offered the opportunity to work 4 extra hours during their 36 hour week provided that they are not already scheduled to work 4 hours or more of overtime during the pay period. The scheduling of the 4 extra hours will be by mutual agreement.

Section 3. It will be the policy of the Company to schedule as near as practicable the vacation when the employee desires it, consistent with the safe and orderly operation of the Refinery. Except as provided in Article XI, Section 4, exceptions to the Company's scheduling of employee vacation will be granted by mutual agreement of the Company and the Union.

Section 4. Plant seniority within the department shall govern in assigning vacations when two or more employees request the same or overlapping vacation periods.

Section 5. Vacations must be taken in the calendar year in which they become due and shall not be cumulative, providing that the last week of any continuous vacation must start no later than the last Monday of the calendar year. An employee may not elect to receive vacation pay in lieu of vacation.

Day Employees may take single days off from work as vacation. They may elect to take one or two week(s) as vacation defined as 40 hours per week. These days off may not exceed eighty (80) hours in number (defined as 8 hour days). The remainder of a Day Employee's vacation must be taken in increments of entire weeks (defined as forty (40) hours).

Shift employees may designate one week as a "floater week" that can be separated into single days of vacation. This week must be designated in three (3) increments of twelve (12) hour days plus four hours paid when the third day is taken. The remainder of a Shift Employee's vacation must be taken in entire weeks (defined as either thirty-six (36) or forty-eight (48) hours).

The day and shift employees must notify the Company that they plan to break up their week(s) of vacation into single days before the vacations are scheduled at the start of each year. The day or days the employee plans to use as single vacation days must be requested prior to the posting of the following week's classification assignments and operations schedule and if the work load permits, the days will be approved. Once the Company has approved the requested single days off, these days cannot be changed except by mutual agreement of the parties. All single days must be taken by December 15 of each year unless earlier approved by mutual agreement of the parties.

Section 6. Any employee who retires, quits, is laid off or discharged, or who is granted a leave of absence to enter the military service shall be paid vacation earned in accordance with Section 1 of this article.

In addition, an employee who retires or is laid off through no fault of his own, or goes on LTD, shall receive the pro rata share of vacation accrued during the current calendar year (which would otherwise have been taken in the following year).

Section 7. When a recognized holiday is observed within an employee's vacation period, the employee will be granted an extra eight (8) hours pay at their regular straight time rate.

ARTICLE VI. WAGE RATE AND CLASSIFICATIONS

Section 1. Job classifications and rates of pay thereof are shown in Appendix 1. Any new classifications and the rates of pay thereof will be determined by mutual agreement between the Company and the Union.

Section 2. At various places in this Agreement, certain benefits are paid based on an employee's regular straight time rate of pay. For the purposes of these benefits, the employee's regular straight time rate of pay is defined as the weighted average hourly straight time earnings for the previous two (2) complete pay periods, exclusive of shift differential, or overtime or holiday premiums.

Section 3.

- A. When employees are temporarily assigned to perform work in a lower classification, they will continue to receive the rate of pay of their normal classification. When an employee is temporarily assigned to work in a higher classification, they shall receive the rate of pay for the higher classification for all hours worked in the higher classification.
- B. **Scheduling – Within their regular shift, the Company may schedule Operations employees 1 week a month for purposes of refreshing in any post which they hold a qualification. Operators will retain their Operator rate when refreshing in an Assistant Operator post. Assistant Operator will be paid the Operator rate while working the Operator classification.**

Section 4. So long as the Cat Cracker, Reformer, and at least one Crude Unit remain in operation (temporary shutdowns and turnarounds excepted), the Company will maintain a PAR Maintenance Department of (33) Craft level positions within the **eight (8)** Crafts and Warehouse. As employees within these Craft level positions leave the Company or transfer to other positions, the Company will review business needs and determine where the vacancy needs to be filled within the **eight (8)** Crafts and Warehouse. These PAR numbers include employees on vacation, off sick, or short-term leave of absence, and are not intended to require the promotion of unqualified employees.

Section 5. Work peculiar to a classification shall normally be performed by employees assigned to that classification except as follows:

- A. Maintenance Department employees may be required to perform work outside their classification, which is related to the primary task assigned when such work does not exceed two (2) hours duration.
- B. Cleanup and minor maintenance jobs may be assigned to Operations employees while on shift when the employee so assigned has the time available to perform the work assigned.
- C. When there are insufficient employees in any craft within the Maintenance Department to accomplish the necessary work, other craft employees may be temporarily assigned to that deficient craft. Such temporary assignments will be in the inverse order of the employees craft seniority unless a senior

employee has special skills necessary for the proper execution of the work.

Section 6. Because of a significant change in the job duties for Maintenance Helpers and Laborers, as a result of the 1984 contract revisions, the initial scope of job duties for these classifications shall include (but is not limited to):

Employees in the Maintenance Helper classification will be used to drive trucks, assist craftsmen or each other, deliver chemicals and supplies, help in the warehouse, operate manlifts and forklifts, hook up and operate portable pumps, air compressors, etc.

Laborers will be used for cleanup (including driving cleanup vehicles), dirt and gravel work, ditch digging and back filling, street repairs, concrete breaking, grass mowing, painting, vehicle and portable equipment fueling. In addition, they may be assigned to assist other craftsmen or helpers in the unskilled part of their jobs such as moving pipe, valves, fittings, dock hoses, etc.

Section 7. No employee on the hourly Refinery payroll on February 1, 1990 will be paid less than the Maintenance Helper rate so long as they are qualified and able to perform their duties and remain on the active payroll.

Section 8. Employees who are breaking in on a higher classified job will be paid the rate of the job immediately below that for which they are training. Employees who bid to a lower classification will be paid the rate of the job to which they have bid during their training period.

Section 9. The Pumper #1, Pumper #2 and Environmental Treaters will be paid the Operator rate of pay. Pumper #3 will be paid the Assistant Operator rate of pay. If a Vacation Relief is qualified on the Pumper #3 position and at least one other position (Pumper #1, Pumper #2 or Environmental Treater) they will be paid the Assistant Operator rate of pay at all times. The Pumper #3 and Vacation Relief positions will be paid the Operator Rate of pay if they are qualified as the Pumper #3 and two of the top three positions.

Section 10. LABORATORY UNIT

- A. The Company and the Union agreed to establish the Laboratory as a unit (#1 Shift Testers and #2 Shift Testers) with its own line of progression.
- B. It is understood and agreed that, with appropriate training, Operations and Pumper Department employees will be responsible for pulling all the samples as determined by the Company or required by the Laboratory.
- C. Departmental seniority will remain as defined in the Contract as to this unit.
- D. The #2 Shift Tester will progress from Vacation Relief and Operations Trainee classification.
- E. The #1 Shift Tester will progress from the #2 Shift Tester classification.
- F. The job duties performed by the #1 Shift Testers will include work identified by the company that is within the skills and abilities of the #1 Shift Testers.
- G. Laboratory employees will be scheduled such that there will be a minimum of one #1 Shift Tester and one #2 Shift Tester per shift in the Laboratory. Other laboratory employees may be scheduled on straight days, Monday through Friday, at eight hours per day and will receive special assignment pay per Article VII, Section 2.
- H. The #1 Shift Testers will be paid as set forth in this agreement.
- I. The top progression rate for the Laboratory will be the #1 Shift Tester rate.

- J. A rotation of job duties between the #1 Shift Testers will be established.
- K. Entry level job openings into the Laboratory will be posted for bid per the contract (Article VIII, Section 3); if no bids are received, the Company will have the right to hire from outside of the refinery. Employees receiving a bid to the Laboratory will train and become qualified as a #2 Shift Tester. The #2 Shift Tester classification will be the minimum qualification for the Laboratory.
- L. After award of the bid, the successful bidder will be trained under Laboratory management direction for a specified time period (determined with each individual position or area) and is required to attain a passing grade on a minimal skills examination(s). If a bidder fails after the initial training period, he/she will receive an additional training period of a maximum of two weeks after which time they will be re-examined. Failure to qualify will be handled per the contract (Article VIII, Section 9).

The Company reserves the right to determine qualifications by means of standard tests and demonstration of competency in skills specific to the job involved. Examination criteria will be a combination of written and job performance skills. Written testing will be administered through the Training Department. Upon request, the Union may review testing protocol and results.

- M. Openings in the #1 Shift Tester position will be filled per current contractual guidelines subject to qualifications in the position. After moving into the position, the senior person will be trained under Laboratory management direction for a specified time period (determined with each individual position or area) and is required to attain a passing grade on a minimal skills examination(s). If the senior person fails after the initial training period, he/she will receive an additional training period of two weeks after which time they may be re-examined. Subsequent failure will result in the return to the #2 Shift Tester position. At which time, the next most senior person will move to the #1 Shift Tester position subject to qualification in the position. If all of the current #2 Shift Testers have been given the opportunity to qualify and no #2 Shift Tester can qualify for the #1 Shift Tester position, then the Company may fill the position as stated in Paragraph N below.

The Company reserves the right to determine qualification by means of standard tests and demonstration of competency in skills specific to the job involved. Examination criteria will be a combination of written and job performance skills. Written testing will be administered through the Training Department. Upon request, the Union may review testing protocol and results.

- N. It is hereby understood if there is a need for more skilled employees than are available in the Laboratory for #1 Shift Tester position, such employees will be hired wherever necessary to perform the work for which they are hired, with the understanding that any person so employed will not displace any employee from his/her old job.

Section 11. MAINTENANCE DEPARTMENT

A. Progression

The Maintenance Department will be composed of **eight (8)** crafts, the Warehouse, two Maintenance Helper groups (#1 & #2) and an entry Maintenance Laborer position. All **eight (8)** crafts and the warehouse will maintain the established

contractual PAR numbers.

After February 1, 1996, new hires into the department, whether from the Operations Department or outside the refinery, will be hired with certain craft skills and destination in mind and will come through the Maintenance Laborer classification where they will undergo required entry level training and orientation. They will draw the Maintenance Laborer rate of pay until fulfilling all qualifications for the #2 Maintenance Helper position.

The #2 Maintenance Helper will be essentially a transitional classification in which the employee is expected to demonstrate basic skills to support all crafts while being primarily trained to pass the pertinent qualification requirements of the particular craft in which they have been hired to reach. They will draw the appropriate rate of pay for the #2 Maintenance Helper until passing the required qualifications for a designated craft with which the Company has agreed.

A #2 Maintenance Helper must become fully qualified to work as a craftsman in their respective craft before attaining the rank of #1 Maintenance Helper. Once achieving the #1 Maintenance Helper classification, an employee will be paid at the #1 Maintenance Helper rate except when set up into a craft role, at which time they will be paid the craft rate. #1 Maintenance Helpers will be set up to craft positions as needed due to workload fluctuations and filling in for vacation, training and other absences. These setups will be made based upon the qualification dates of the various #1 Maintenance Helpers for the particular craft in need of the added people. All #1 Maintenance Helpers will be encouraged to qualify in more than one craft. The warehouse and equipment groups will not typically have helpers assigned. Therefore, all promotions into these PAR positions will come through multiskilling of other Craftsmen or Maintenance Helpers with the open positions being filled based upon the oldest qualification date. It should be understood that the #1 and #2 Maintenance Helpers together form a Helper pool. The same work can be performed by each position when in a Helper role.

B. Craftsmen Changing Crafts

From time to time, Craftsmen may desire to change to a different craft. This will be allowed as follows:

- 1) Established Qualification date: When a Craftsman has qualified in more than one craft, they will have established a qualification date in each of the crafts for which they have qualified. When an opening occurs in a PAR craft position, a bid will be posted for an opening in the Maintenance Laborer classification with emphasis on the craft with the opening. If a Craftsman from another craft holds the oldest qualification date in the craft with the opening, they will be allowed to bid on the opening and move into the open craft position by passing through the Maintenance Laborer; #2 Maintenance Helper and #1 Maintenance Helper positions. If the Craftsman has not worked in the new craft within the past one year, it will be necessary for them to undergo refresher training while in the #1 Maintenance Helper position and reestablish qualification (but not qualification date) before taking a permanent position in the craft.
- 2) No Established Qualification date: When a Craftsman has not established a qualification date in a craft he/she wants to move into, they must wait for a

Maintenance Laborer bid in the craft desired and then bid into the Maintenance Laborer classification. All bids into this classification will be based upon proven aptitude or experience in the craft with the open PAR position and Plant Seniority. From the Maintenance Laborer classification, they may progress to the bottom of the #1 Maintenance Helper classification in the craft for which they are already qualified and train for qualification in the desired craft. If the Craftsman fails to pass the qualification requirements for the desired craft, they will move to the top of the qualified #1 Maintenance Helper listing (according to original qualification date) for the craft in which they are qualified and remain in line for possible promotion back into the craft when another PAR position is open.

C. Additional Items

- 1) A skill progression system will be developed in the Maintenance Department to provide for Qualified, Certified Craftsmen who will progress from the Maintenance Helper classifications. However, Management may hire craftsman-skilled individuals, if it deems there are no qualified employees at the time of need. Maintenance Helpers will not be allowed to freeze as Maintenance Helpers, but expected to qualify as Craftsmen determined based upon each Helper's skills, abilities, interests and the need for additional help in a particular craft.
- 2) Future Maintenance bid postings will be for a Maintenance Laborer position and will specify the craft requirements for the position. The qualifications, skills, abilities and aptitudes of each bidder will be the primary consideration in filling a Maintenance Laborer position. Outside candidates may be considered if the necessary ingredients are not present in the bidders. A successful Maintenance Laborer will be expected to qualify through the #2 Maintenance Helper to #1 Maintenance Helper position through a series of qualification tests. New Maintenance employees after 2/1/96 cannot hold a #1 Maintenance Helper classification and rate of pay without qualifying as a Craftsman in a craft designated to be needed by the Company. Every third bid into each of the Warehouse, Carpenter/ Insulator, and Pipefitter maintenance craft lines of progression will be awarded to the senior bidder that carries a minimum qualification of #2 Helper. In this way the Maintenance Helper positions will become an integral part of a system to insure the continued development of qualified, competent and maintenance skilled personnel.
- 3) Except as otherwise specified in the contract PAR numbers, the number of classified Craftsman and #1 Maintenance Helper positions needed at any point in time will be determined by the Company based upon workload, refinery equipment changes, training needs, etc. Since #2 Maintenance Helper and Maintenance Laborer positions are actually transitory positions, as employees qualify into #1 Maintenance Helper and Craftsmen positions, the number of employees in these classifications will necessarily vary over time.
- 4) All new employees will be hired in as Maintenance Laborers or Operations Trainees. Maintenance Laborers and Operations Trainees collectively will form a pool which can be used as needed to supplement the Maintenance Department manpower needs. New employees will receive the entry level rate of pay in the

department for which they were hired until they successfully complete fundamentals training and have passed the #2 Maintenance Helper qualification test. Once the new employee has passed the #2 Maintenance Helper test, they will receive the #2 Maintenance Helper rate of pay but build seniority only in the department for which they were hired. When an Operations Trainee qualifies for an advanced position in Operations, they will receive the Vacation Relief rate of pay, but can still be used in Maintenance when not required in Operations.

Section 12. OPERATIONS DEPARTMENT

- A. The Operations department will be comprised of positions shown in Appendix 2. Additionally, there is a Vacation Relief pool consisting of Operations employees who have qualified to fill an advanced Operations position when a vacancy is available. A new classification, Operations Trainee, will be established as the entry level into the Operations Department (See Promotional Chart). New employees into the Operations Department, whether from the Maintenance Department or from outside the refinery, will be hired with certain aptitudes, skills and destination in mind, and will come through the Operations Trainee classification where they will undergo required entry level training and orientation. These new employees will draw the initial Operations Trainee rate of pay until passing Fundamentals Training and the #2 Maintenance Helper test, at which time the employee will draw the same pay as a #2 Maintenance Helper, although still classified as an Operations Trainee. Operations Trainees may be used to supplement the Maintenance Department manpower as workload and training schedules dictate. When an Operations Trainee qualifies for an advanced position in Operations, they will then receive the appropriate Vacation Relief rate of pay for their line of progression, but can still be used in Maintenance when not required in Operations, as is currently the practice.
- B. All qualified employees are expected to issue permits at the stated base rate of pay for the classification in which they are working.

ARTICLE VII. SPECIAL ASSIGNMENTS

Section 1. Program Writer/Trainer. From time to time, the Company may assign one or more employees, with their consent, to special assignment as a Training Program Writer or Trainer. This assignment will not be permanent but will continue as long as the Company desires and the affected employee consents. When the assignment ends, the employee will return to their appropriate classification with no loss of seniority and will be listed for overtime purposes at their then current overtime total or the current average overtime level for their classification, whichever is greater. The following guidelines will apply to Operations and Maintenance employees while on special assignment as Program Writers or Trainers.

- A. Each Operations shift employee will receive their regular rate of pay for their classification plus 10%. The # 1 Tester and/or Maintenance employees will receive this additional compensation while on special assignments.
- B. Each Operations shift employee will receive the additional 10% per hour to compensate for missed holiday and overtime opportunity compensation.

- C. While on temporary assignment, each Program Writer/ Trainer will be allowed to work one-half hour overtime per day at one and one-half (1.5) times their new temporary rate to further compensate for loss of overtime opportunity.
- D. Program Writers/Trainers will not work on holidays. However, they may work unscheduled overtime in the units on holidays (if needed) at their old rate as long as their overtime shift is completed by 11:00 p.m. prior to their next scheduled work day. (Holiday pay will be compensated at the Program Writer/Trainer rate.)
- E. Program Writers/Trainers may work unscheduled overtime in the units at their old rate on weekends from Friday afternoon until 11:00 p.m. Sunday.
- F. Program Writer Trainers may not work or be scheduled to work any overtime other than ERT as stated in Article III, Section 6 while they are scheduled to work in Training. The training schedule may be eliminated during extended times of emergency or during turnarounds.

Section 2. Special Assignment Pay

- A. Operators will not receive special assignment pay unless they are specifically assigned to special assignment by the Company. The Company agrees to pay operations personnel 10% special assignment pay when the special assignment results in straight day assignment (Monday through Friday work at 8 hours/day). This is meant to offset the loss of overtime and shift differential pay while the employee is on special assignment; however, if the special assignment requires overtime, individuals on special assignment will be paid according to the contract.
- B. Employees who are in the Vacation Relief classification will be scheduled per Article II (Work Week and Hours of Work). This normal scheduling of Vacation Relief is not considered special assignment and would not be paid as special assignment.
- C. Shutdowns, expansions, or modifications to units Special assignment pay for individuals assigned as coordinators will be set at 10% above normal classification pay.
- D. Break-in of new employees or employees training for a higher classification by an employee on their assigned shift while doing their assigned job will be compensated at the appropriate rate per contract.

ARTICLE VIII. SENIORITY

Section 1. Seniority and ability shall be the determining factors in promotions, demotions, transfers and layoffs. These rules and methods for the above movements are not intended to place an employee in a position, which he/she is not capable of handling. Seniority lists shall be posted every three (3) months.

Section 2.

- A. A "Regular Employee" is a person who has completed a probationary period on jobs included in the bargaining unit, provided: they have not been laid off, or resigned, or discharged for just cause.

Operations: The probationary period for new hires is the period required to complete Basic Operator Training (BOT) plus 180 days not to exceed 270 days.

Maintenance: The probationary period for new hires is the period required to

complete training to be qualified to go to the field plus 180 days not to exceed 270 days.

- B. Employees within the probationary period may be terminated at the sole discretion of the Company. Such termination of employees within the probationary period shall not be subject to the Grievance or Arbitration procedures. Probationary employees will also be considered a "Regular Employee" for purposes of benefit eligibility.
- C. Regular employees shall have and accrue plant and department seniority. Plant seniority shall be cumulative and shall be continued from the date on which the employee first enters the Company's service at the Memphis Refinery, subject to the qualifications set forth in subsection "A" above.
- D. Department seniority shall commence on the date an employee first joins the department on a permanent assignment and shall continue to accrue as long as the employee remains in the department. Employees will only accrue seniority in one department during any week. A temporary assignment shall not affect an employee's seniority in the department in which the employee holds or is entitled to department seniority.
- E. When an employee has worked five (5) scheduled consecutive working days in the Operations Department, the assignment shall be considered permanent and the employee will start to accrue Operations Department seniority.

Section 3. BID PROCESS

- A. Vacancies for permanent jobs in the lowest classification in the Operations and Maintenance Departments shall be posted for a period of five (5) days on the bulletin board. Employees with plant seniority who desire to bid on the job shall give a written notice to the Company before the expiration of the five-day period. Due consideration will be given to employees who are absent from the plant because of vacation, sickness, or other excused absences. In awarding such job, first consideration shall be given to the bidder who has the greatest plant seniority and also has the necessary ability.
- B. If no bid is received for the job within the five (5) day period and if no employee with the required ability on recall list is available and willing to accept the job, the Company shall be free to employ such persons as the Company believes possess or have the ability to perform the work. Any person so hired shall accrue plant and department seniority as though they had been selected by bid. Unless the position is filled within thirty (30) days from the date of posting, the job shall be reopened for bidding and reported.
- C. This process applies to all bids awarded from February 1, 2009 forward.
 - 1) A successful bidder on a job is ineligible for any further bids for a period of two years from the date of their initial qualification into the new line of progression. The Company will provide the successful bidder a reasonable opportunity to qualify in their new line of progression. For Operations, this is qualification as a Vacation Relief on a post in the new line of progression. For Maintenance, this is qualification as a #1 Maintenance Helper.
 - 2) Calculation of the two year time limit on bids for an employee who is moved to another line of progression due to no fault of their own will be based on their qualification date in the line of progression from which they were moved.

- 3) A successful bidder shall have a trial period of two consecutive work weeks in their new position, beginning on their first scheduled shift in their new job, during which they may return to their previous job. Upon acceptance, if the new job is rejected solely at the successful bidder's discretion, the date of rejection re-starts the two year time limitation for a future bid.
- 4) The successful bidder will be placed in their new position as soon as practicable. An employee, whose new assignment does not begin within 90 days of award, will be reviewed by the department director and union president on a monthly basis. The successful bidder must be placed in the new assignment within 180 days of award unless an extension is agreed to by the Union.

Section 4. It is recognized that some employees are assigned to the Operations Department for vacation or sick relief requirements. When these employees are not required to work in the Operations Department, they will be assigned to the Labor Department or Helper classification in the Maintenance Department according to plant seniority. During such assignments, these employees will be paid the appropriate rate of pay; however, they will continue to accrue Operations Department seniority.

Section 5. A vacancy for a permanent job in any classification above the lowest classification in the department shall be filled by the employee in the next lowest classification according to their department seniority. When department seniorities are equal, employees shall be given preference in the order of their plant seniority. If such vacancy cannot be filled from among employees in the next lowest classification in the department, then the employees in the next lower classification shall be entitled to the job in the same manner. If the vacancy cannot be filled from among employees in the department, then it will be posted for bid as if it were the lowest classification in the department. New jobs created by alterations or additions to the existing plant shall be filled by present employees under the terms of this Agreement.

When a vacancy is created in a line of promotion in the Operations Department in the classification of: 1) South Side Operator Helper, or 2) Pumper Shift Breaker, or 3) FCC Operator Helper Shift Breaker, the employee with the greatest department seniority who has worked or not refused to work as shift breaker in said classification for vacation or temporary relief, will have the first right to fill the vacancy created as described above. It is recognized that the Company shall not be obligated to train all junior employees for each of the three aforementioned shift breakers for vacation relief or other temporary vacancies. The Company will determine the number of vacation relief personnel required for each of the aforementioned shift breakers and will offer junior employees in the order of their seniority a choice of the classification for which they wish to be trained. The selection by an employee of one classification in preference to another will not be construed as a refusal to work in the classification not selected unless the employee refuses the last training opportunity available as determined by the number of vacation relief personnel required by the Company. The Pumper classification has the right to re-enter the line of promotion at any time.

Section 6. After January 7, 1977, no employee will be allowed to freeze in a job classification unless such employee is physically unable or unqualified to promote.

Section 7. A vacancy in any classification for any cause shall be filled only by qualified employees who are declared successful bidders or who hold seniority and are promoted in accordance with this Agreement. It is recognized that when the vacancy is of an emergency or temporary nature, it may be filled by the Company with some properly qualified employee without the necessity of posting bids or following the order of promotion.

Section 8. When an employee is in line for promotion and is rejected by the Company on the grounds that they lack ability to perform the work and some other employee is tentatively appointed to fill the position, the appointment shall be considered as permanent unless the employee or the Union Committee files a grievance within ten (10) days from the date of such tentative appointment.

Section 9. The failure of an employee to demonstrate their ability to perform to the satisfaction of the Company shall not prevent the employee from returning to the job previously held by them, and they shall not lose their seniority rights to Promotion to some job for which they are capable of performing.

Section 10. Attached hereto is a Promotional Chart showing normal lines of promotion and demotion. The Company will assign employees to each Operations Department classification so long as the facilities to which the various classifications are assigned remain in operation.

Section 11. Demotions within the Operations Department shall be in the inverse order of the employee's Operations Department seniority. If an employee in the Operations Department is going to be permanently reduced in classification, the affected employee may exercise his/her plant and department seniority to bump less senior employees in equivalent or lower classifications in the department.

Demotions within the Maintenance Department shall be made in the inverse order of the employee's acquisition of their position in a certain classification.

Demotions from the Operations Department and the Maintenance Department shall be made in the inverse order of the employee's respective Operations or Maintenance Department seniority. In the Maintenance Department where the Company's requirements in a given classification cannot be met by the senior employees remaining in the Department, qualified junior employees may remain in the Maintenance Department when a more senior employee is demoted from the Department.

Employees who are demoted from the Operations Department or the Maintenance Department as a result of a reduction in the number of employees in that department may return to a classification previously held in the other department if they still have sufficient department seniority to displace an employee in that classification. If the employee so demoted does not have the necessary department seniority to displace an employee with less plant seniority in the lowest classification of the other department, but has the ability to qualify for the lowest classification within two (2) weeks, such demoted employee may displace an employee with less plant seniority after he/she has qualified for that lowest classification. If the employee does qualify within the two week period for the lowest classification in the other department, then the employee will stop accumulating seniority in the department from which they were demoted and begin accumulating seniority in their new

department effective with the date on which the employee commenced working or training in the new department.

Employees who are demoted from their classification or from their department as a result of more senior employees exercising their seniority as described above, may bump less senior employees in other equivalent or lower classifications, depending upon their plant and department seniority under the same rules described above.

Section 12. In reducing forces of the entire plant, employees will be laid off in the inverse order of their plant seniority; as provided for in Section 11 and, after layoff, will be rehired in the order of their plant seniority.

When the Company reduces the working forces, a list of the employees to be laid off shall be furnished to the Union. Unless the employees or the Union Committee file a grievance within seven (7) days from the date of such notice, the action of the Company shall be final and conclusive.

Section 13. When a regular employee is laid off, their name will be placed on a recall employment list where it will remain for two (2) years following their layoff date, and they shall be credited with any plant seniority earned or accrued prior to the date of their layoff. All employees on such recall employment list will be given notice of any vacancy for which they are eligible by the Company mailing notice to the Union, and in addition at its option, the Company may give notice to such employee directly. If a qualified employee does not report for work within five (5) days of such notice, he/she will lose all future recall rights and the Company will have the right to fill the vacancy as it sees fit. A recalled employee who has been on layoff for more than twelve (12) months will be required to pass a pre-employment physical prior to their return to work. Pre-existing conditions prior to layoff date will not prevent an employee from returning to work. The Company will pay for the pre-employment physical.

Section 14. In case an employee becomes incapable of performing their regular work because of illness or industrial accident, the Company will provide such work, as the employee is capable of performing, if such work is available. The decision as to whether work is available or not is reserved to the Company. In providing work for employees incapable of performing their regular work, the Company and Union will first discuss and try to reach agreement about placement of the employee. If this cannot be done, the Company may place the employee in another classification that the employee is capable of performing so long as any employee displaced as a result of such placement does not have greater plant seniority. While in the new classification, the affected employee(s) will receive the appropriate pay rate. When and if the employee is able to perform his former duties, his seniority shall not be affected.

Section 15. If a regular employee is out of service due to illness or injury suffered or contracted while in the employ of the Company (whether on or off the job), the employee shall continue to accrue seniority.

Section 16. As is the current and past practice, in determining promotional rights, whether temporary or permanent, the path of progression is determined by qualification date. Seniority provides the right to attempt to qualify first. From time to time, it is recognized that circumstances may delay the opportunity for a senior

employee to attempt to qualify first in their expressed and mutually agreed-to path. Per the current practice, any affected senior employee will maintain promotional rights until the opportunity to qualify is provided.

All employees will be expected to advance to the top positions within their chosen craft or workflow. It is recognized, however, that not everyone may be able to attain this goal. Some employees may not be able to achieve this goal in one area, but could in another if given the opportunity. Training programs and qualification testing have been established in most Operations positions and will be established for all Maintenance positions in the near future. As has already been done with Operations training and testing, Maintenance qualifications training and testing will be administered through the Safety and Training Department.

Suitable training and break-in periods will be established for each classification and/or position with joint input. The intent is that the Company and the Union will strive to attain basic, substantial agreement on the content and duration of the qualifications training and testing. Qualification testing will be allowed a maximum of three times within the specified maximum training and break-in period. If a candidate fails to qualify for the advanced position after the maximum training, break-in and testing period, the candidate will be reassigned to the lowest classification in their Department with seniority intact. From this classification, the employee and the Company will review the employees' options and the Company will determine a new path of progression for the employee (Refer to Article VI, Sections 11 & 12)

Section 17. Environmental Treater: The Environmental Treater position is a four-post position. A fifth Environmental Treater is assigned to an Environmental Coordinator position. This position will be evaluated by the Company over time. If the Company decides the position is not value added, the Environmental Coordinator will through attrition transition to a vacation relief post.

ARTICLE IX. GRIEVANCE PROCEDURES

Section 1. The Company agrees that its authorized representatives will meet regularly with the selected Workmen's Committee, not exceeding five (5) members, answer other Union representatives at mutually convenient times.

Section 2. Should any dispute or grievance under this contract arise between an employee of the Union and the Company as to the meaning and application of the Articles of this Agreement, there shall be earnest effort on the part of both parties to settle the same promptly through the steps provided below:

Step 1. The employee, with or without a member of the Workmen's Committee present, as the employee may elect, shall first seek adjustment with the Foreman or immediate Supervisor under whom they are employed within five (5) days of the alleged grievance.

Step 2. If the grievance shall not have been settled under Step I, the grievance shall be submitted in writing to the Human Resources Manager within ten (10) days, setting forth the specific provision of the Agreement alleged to be violated. The Human Resources Manager and the appropriate department head or their

designated representative shall grant a hearing on any complaint within five (5) days, at which hearing the grieving employee may appear with the assistance of a Union Committeeman. The decision of the department head or their designated representative shall be given within five (5) days of the date of the hearing. Such decision shall be in writing to the grieving employee, and a copy to the Union Workmen's Committee, and the Local Union Secretary.

Step 3. If the employee is still not satisfied, the matter may be appealed to the Refinery Manager. The Refinery Manager will meet with the Union Committee on the third Thursday of each month or at other mutually agreeable times to discuss grievances appealed to this Step. The Refinery Manager shall render his/her decision in writing within ten (10) days of the meeting, unless the grievance is continued by mutual agreement.

Step 4. Any grievances not settled in accordance with the above procedure may be referred to arbitration by written request from the Union to the Refinery Manager. Such notice must be received within thirty (30) calendar days of the Refinery Manager's answer.

Section 3. Employees and Union representatives will be allowed reasonable time during their normal working hours, with the permission of their supervisors, to discuss grievances with representatives of the Company. However, time outside an employee's scheduled working hours will not be compensated.

ARTICLE X. ARBITRATION PROCEDURES

Section 1. Upon failure of the parties to satisfactorily settle any grievance pursuant to Article IX, the matter shall be referred to arbitration at the insistence of either party. The parties shall first attempt to agree upon an impartial arbitrator. If they cannot agree, the parties shall jointly request the Federal Mediation and Conciliation Service to submit a list of seven (7) names of possible arbitrators. Each party shall alternatively strike the names of three (3) possible arbitrators, and the name of the remaining candidate shall be the Arbitrator.

Section 2. The decision of the Arbitrator shall be rendered within thirty (30) days of them receiving the closing briefs of the parties. The closing briefs, if any are filed, will be mailed to the Arbitrator postmarked no later than twenty-one (21) days from the date of the arbitration hearing. The above will not be applicable when and if both parties request a bench decision from the Arbitrator.

The decision of the Arbitrator shall be final and binding upon the parties to this Agreement, provided it is distinctly understood that the Arbitrator is not vested with the power to change, modify or alter this Agreement in any of its parts.

Section 3. Both the Company and the Union will bear their own expense in arbitration proceedings. Any Committeeman involved in the arbitration procedure during their working hours will not be compensated for time away from the job; however, the grieving employee will be compensated for time lost from their job during the arbitration hearing. The costs and expenses of the Arbitrator shall be borne equally by the Company and the Union.

ARTICLE XI.
LEAVES OF ABSENCE AND MILITARY SERVICE

Section 1. If any employee desires a leave of absence without pay in order to engage regularly in union work, said leave will be granted by the Company not to exceed one (1) year, and this is limited to not more than one (1) employee at any one time. In addition, temporary leave without pay will be granted by the Company to employees for current union activities. The privilege of such leave shall be limited to not more than one (1) employee at any one time, and no employee shall be absent on such type of leave in excess of sixty (60) days in any calendar year. Employees desiring such leaves absence shall give sufficient notice to the Company, and the Company may grant such leaves of absence with due regard to the proper and efficient conduct of operations. Leaves of absence granted under this Article shall not affect the employee's seniority status.

Section 2. Any regular employee who enters the Armed Forces of the United States shall be considered as on leave of absence from the Company and shall be accorded the rights granted him by the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and the Valero Military Leave policy. Subject to their ability to qualify, the employee shall be entitled to return to the job to which their seniority entitles them. This provision does not apply to temporary employees.

Section 3. From time to time, the Company may promote or transfer bargaining unit employees (only with the consent of the affected employee) into a non-bargaining unit job for temporary or permanent assignments. During the first twelve (12) months following an employee's promotion or transfer into a non-bargaining unit job, the employee will continue to accrue plant and departmental seniority as though they had not been promoted or transferred. The assignments of temporary positions will become permanent if such assignments are extended through the expiration date of any contract agreement and there are any contractual disputes causing work interruptions such as lockouts or strikes. It is understood that a bargaining unit employee will cease to accrue Departmental and Plant seniority upon acceptance of a permanent promotion or transfer into a non-bargaining unit job.

Section 4. The Family and Medical Leave Act (FMLA) is available to all eligible employees in the event of birth or adoption of a child or the serious illness of a child, spouse or parent subject to approval. The leave will be without pay and can be granted for up to a maximum of twelve (12) weeks in a twelve (12) month period. An employee may request more than one family leave within the twelve (12) month period subject to approval, but the total time on leave within that period may not exceed twelve (12) weeks unless such leave is for an employee serving under the guise as a 'spouse, son, daughter, parent, or next of kin' caring for a member of the Armed Forces, including a member of the National Guard or Reserves, who is undergoing medical treatment, recuperation, or therapy, is otherwise in outpatient status, or is otherwise on the temporary disability retired list, for a serious injury or illness when such leave may be up to twenty-six (26) workweeks of unpaid leave subject to approval and per the FMLA. Credited service will accrue during the approved period covered by this FMLA unpaid leave of

absence. As per the FMLA, the Company may require the use of vacation (unscheduled vacation used first, thereafter any available/remaining vacation) to be substituted for unpaid leave. Unpaid leaves will not count towards the computation of overtime. For more information, contact the Human Resources Department.

**ARTICLE XII.
CHECK-OFF OF UNION DUES**

Upon written request of any employee, the Company will each month deduct from the wages due such employee the regular monthly dues as fixed by the Union and remit the same to the Union. Such monthly deductions shall continue for one (1) year and thereafter until and unless canceled by written request of the employee. All monies so deducted by the Company shall be remitted to USW International on or before the 15th day of the month following that for which the deductions are made, with a list of the employees' names for whom such deductions are made.

**ARTICLE XIII.
DISCRIMINATION**

There shall be no discrimination by the Company against any employee with respect to any conditions of employment on account of their membership in the Union, or on account of any activity undertaken in good faith in their capacity as a representative of other employees. The Union will not discriminate against any employee who is not a member of the Union. Neither party shall discriminate against any person because of such person's race, color, religion, disability, gender, age, national origin, or status as a disabled veteran or veteran of the Vietnam era.

**ARTICLE XIV.
NO-STRIKE CLAUSE**

During the term of this Agreement, the Company agrees that there will be no lock-out, and the Union agrees that neither it nor any of its members will engage in or sanction any strike, slowdown or any other group action which will interrupt or interfere with the Company's operation.

**ARTICLE XV.
MANAGEMENT**

The management of the plant; the manner in which the work is performed; the direction of the working forces; the right to hire, suspend, or discharge for proper cause, the assignment or reassignment of work or job duties; the right to relieve employees from duty for lack of work; and any other management function not specifically restricted by this Agreement is reserved to the Company; provided, however; that these rights are not used for the purpose of discrimination against any employee or to avoid any of the provisions of this Agreement.

It is expressly understood that the Company shall have the right to subcontract any work

it deems appropriate. However, the Company will not use subcontractors for the purpose of laying off or demoting regular employees.

ARTICLE XVI. SICK LEAVE & ACCIDENT PAY

Section 1. Sick Leave Pay. The Company will provide sick leave pay per the Short Term Disability Plan under the Premcor Group Life and Major Medical Plan (STD).

Long-Term Disability. Employees will be eligible for long-term disability benefits under the Premcor Group Long-Term Disability Plan (LTD). Employees who have been deemed to be disabled under the Short Term Disability Plan under the Premcor Group Life and Major Medical Plan (STD) and whose disability continues beyond the twenty-six weeks of STD will have satisfied the elimination period and be eligible for benefit consideration under the LTD Plan. After meeting the elimination period and qualifying for LTD benefits, if an employee recovers from their disability within twelve (12) months and can pass the then current pre-employment physical, the employee will be rehired and credited with all seniority earned prior to their disability.

Offsets to STD and LTD Benefits. Any benefit payable under the Short Term Disability Plan under the Premcor Group Life and Major Medical Plan (STD) or the Group Long-Term Disability Plan (LTD) will be offset by other sources of disability income to which the Company has contributed, including Social Security, Worker's Compensation and state disability benefits, if available.

Section 2. Accident Pay. Regular employees who are absent from work because of an injury sustained on the job will be paid in accordance with Short Term Disability Plan under the Premcor Group Life and Major Medical Plan (STD). Any weekly compensation provided under the Tennessee Worker's Compensation laws during the first twenty-six (26) weeks shall be endorsed payable to the Company and returned to the Human Resources Office. Employees who have been deemed to be disabled under the Short Term Disability Plan under the Premcor Group Life and Major Medical Plan (STD) and whose disability continues beyond the twenty-six weeks of STD will have satisfied the elimination period and be eligible for benefit consideration under the LTD Plan. If the disability extends beyond twenty-six (26) weeks, the employee will receive benefits in accordance with the Group Long-Term Disability Plan (LTD).

Any employee seeking payment under Worker's Compensation for an on-the-job injury must have properly reported that injury to his/her immediate supervisor on the day it occurred. The Company may at any time have a physician evaluate the employee's injury to determine whether the employee is taking appropriate steps to expedite their recovery and if the physician reports that appropriate steps are not being taken, the Company may discontinue these payments.

**ARTICLE XVII.
LAYOFFS AND TERMINATION OF OPERATIONS**

Section 1. It is agreed that the Union will fully cooperate with the Company to eliminate inefficient work practices so that the Company can more efficiently and economically utilize the employees with the objective of enhancing the Company's economic viability. In return, the Company agrees that no regular employee on the active payroll as of February 1, 2002 will be laid off so long as the Cat Cracker, Reformer, and at least one Crude Unit remain in operation (temporary shutdowns and turnarounds excepted). In the event of unforeseen circumstances that will result in one or more of the aforementioned units not being operated for an extended period of time, the Company will give notice as provided for in Section 2 of this Article.

Section 2. It is understood and agreed that the Company will notify the Union as soon as practical in writing of any decision involving partial termination of its operations or a total closure of the facility. It is further agreed that the Company will not implement any action directed toward a partial or total termination of the operation until at least two weeks after written notice to the Union.

**ARTICLE XVIII.
MISCELLANEOUS**

Section 1. Notice of Termination of Employment by the Company. Any employee with one (1) or more years of seniority shall be given one (1) week's notice whenever his/ her employment shall be terminated by the Company. In cases where the employee is discharged for just cause, such employee shall lose all rights to benefits under this Section.

Section 2. Bulletin Boards. The Company shall place a bulletin board on the properties in a convenient place where it may be seen by employees entering and leaving their place of employment. Notices pertaining to Union business may be posted thereon with the approval of the Refinery Manager as to each individual notice.

Section 3. Employer Called Conferences. Time spent by employees in conference called by the Company shall be considered as time worked.

Section 4. Jury Service. No employee will be required to lose any wages by reason of being called to do jury service. The Company shall reimburse them with the difference between wages they would have received if they had been employed in their regular work and the amount paid them for jury duty. Wages will be based on employee's scheduled hours of work, i.e. 12 hours for a 12 hour shift, 10 hours for a 10 hour shift, 8 hours for an 8 hour shift. An employee called for jury duty and not excused shall not be scheduled for work during the day, week or weeks of jury duty. However, they shall be subject to call out or emergency duty for which they shall be paid at the overtime rate. Jury service will be considered as time worked in the computation of overtime.

Section 5. Bereavement Pay.

In the event of death in the immediate family, an employee shall, for the purpose of attending the funeral, receive pay for scheduled hours lost at their regular straight time rate, not to exceed twenty-four (24) hours for day employees and thirty-six

(36) hours for shift employees, starting with the day of death and ending **one day after** the funeral. Subject to the foregoing limitations, in the event the funeral or place of death is in excess of five hundred (500) miles from Memphis, and the employee is scheduled to work the day following the funeral, for day employees an additional eight (8) hours at their regular straight time rate will be allowed for travel, if necessary. For shift employees, an additional twelve (12) hours at their regular straight time rate, will be allowed for travel, if necessary. For the purpose of this section the immediate family includes husband, or wife, children, step-children, mother, father, step-mother, step-father, brother, sister, half-brother, half-sister, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandmother, grandfather, grandchildren, employee's brother's wife and employee's sister's husband.

In the event of a death in the employee's spouse's immediate family, the employee shall, for the purpose of attending the funeral, receive their regular straight time rate for one (1) day (8 hours for day employees and 12 hours for shift employees). In the event the funeral or place of death is in excess of 500 miles from Memphis, and the employee is scheduled to work the day following the funeral, an additional day at the employee's regular straight time rate will be allowed for travel if necessary (eight (8) hours for day employees and twelve (12) hours for shift employees). For the purpose of this section, spouse's immediate family includes sister, sister's husband, brother, brother's wife, spouse's grandfather and spouse's grandmother.

Bereavement pay will not count towards the computation of overtime.

Section 6. Gasoline Purchases. The Company agrees that employees will be permitted to purchase gasoline at the plant pump at the posted Refinery transport dock price, plus any gasoline taxes which must be paid thereon.

Section 7. Insurance Program. The employees covered by this agreement shall be entitled to participate in the various Premcor benefit plans sponsored by Valero Energy Corporation applicable to such employees on the date hereof, in accordance with the terms and conditions of such plans as in effect from time to time during the term of this agreement. The Company will recognize prior service under previous owners of the Refinery for eligibility requirements of vacation, short-term disability and all other benefit programs driven in part by the employee service date except the Retiree Health Insurance Program (see Retiree Health Insurance Program below). The Company agrees to provide a standard benefits package that includes:

- Medical/Dental/Vision Insurance for Active Employees
- Retirement Savings Plan (401k)
- Basic Life Plan for Active Employees
- Accidental Death & Dismemberment Plan for Active Employees
- Supplemental Life Plan for Active Employees
- Employee Assistance Program
- Premcor Group Long-Term Disability Plan (LTD)
- Benefit Contribution Plan (Flexible Spending Accounts)
- Tuition Reimbursement Program
- Occupational Death Plan

The Company will match the current annual vision exam benefit provided in the Williams Medical Plan to participants in the Premcor Medical Plan.

Beginning in benefit plan year 2008 and every year thereafter, the Company and Union agree that the Company's subsidy will be the lesser of (1) 80 percent of the cost of the Valero Energy Corporation, PPO Medical Plan, for the same calendar year or (2) 80 percent of the cost of any medical plan the Union adopts, outside of the scope of Valero benefit plans, for each calendar year.

Retiree Health Insurance Program

- A. During the term of this Agreement, employees who, at the termination of their employment, retire under the Valero Energy Corporation Pension Plan are eligible to receive a contribution to subsidize the cost of purchasing their medical insurance consistent with the Valero Retiree Health Insurance Plan. The contribution will be 3% per year of service, provided that after such retirement the maximum contribution for providing an employee's medical insurance cannot exceed 90% of the cost of the retiree's medical plan offered by the Company for retirees. Employees hired on or after February 1, 2012 are eligible to retire under the Valero Energy Corporation Pension Plan but are not eligible to receive a contribution from the Company.
 - B. Spouse and Dependent Coverage. During the term of this agreement, in addition to the contribution provided in Section A, such retired employee is eligible for a contribution of 1.5% per year of service up to a maximum of 45% of the cost of providing the insurance for the employee's spouse and dependent(s), if any, at the time of retirement. The cost for providing the insurance for the employee's spouse and dependent(s) will be the difference between providing the medical insurance for the employee as compared to providing the insurance for the employee and his spouse and dependent(s). Employees hired on or after February 1, 2012 are not eligible to receive a contribution for spouse and dependent coverage from the Company.
 - C. Retiree Health Insurance-Definition of Years of Service. Years of credited service includes only service with the Company beginning on February 1, 2009.
 - D. Administration of Valero Retiree Health Insurance Plan. This retiree medical benefit will be administered under the Valero Energy Retiree Medical Plan. The contributions made by the Company will be used towards the purchase of insurance provided through the Company for retirees.
 - E. Consistency With All Other Valero Employees. The Valero Retiree Health Insurance Plan is a voluntary plan provided by the Company and may be terminated, amended or modified by the Company provided that such termination, amendment or modification is consistently applied to all other employees or retirees covered by the Valero Retiree Health Insurance Plan.
- Section 8.** The Premcor Retirement Savings Plan will provide a Company match of 200% on the first 3% of compensation (base pay, overtime, shift differential) contributed by the employee to the Plan with no additional supplemental Company match. All other current provisions of the Premcor Retirement Savings Plan will continue to apply.
- Section 9.** Cash Balance Defined Benefit Pension Plan. Premcor agrees to implement a

Cash Balance Defined Benefit Pension Plan with the following Plan provisions:

- A. The Company will contribute 7.0% per year with a maximum of 40 annual contributions.
- B. Eligible represented employees are regular hourly-paid employees of the Company.
- C. Contribution Credit based on the above percentage of pay, defined as base pay plus shift differential plus overtime, paid during the Plan year.
- D. Service for purposes of vesting recognizes Premcor/ Memphis refinery service.
- E. Contributions credited to participant accounts at the end of the calendar year.
- F. Employees are not required to contribute to the Plan to be participants.
- G. Interest Credit on Contributions equal to the One-year October Treasury Constant Maturity yield for the prior year + 1%, credited monthly at the end of each calendar month, based on the balance at the beginning of the month.
- H. The minimum effective annual interest rate used to calculate your Interest Credit will be 4% and the maximum effective annual interest rate will be the average yield on thirty-year U.S. Treasury Bills for the October in the previous Plan Year.
- I. Cash Balance Pension Plan implementation date was August 1, 2005. Employees must have six (6) months of continuous service with the Company to be eligible for participation in the Plan.
- J. Employees must complete five (5) years of continuous service with the Company to be vested in the benefits earned under the Plan (five (5) year cliff vesting).
- K. Service from the most recent period of continuous employment at the Facility will be recognized for vesting.
- L. Vested Benefits upon termination/retirement available in lump sum or annuity form.
- M. Upon death or disability, full vested account balance paid as a lump sum to the beneficiary or employee.
- N. Upon execution of this agreement, the Cash Balance Plan will be included in the aggregate as stipulated in the Successorship clause (i.e., "reasonable comparable benefit plans in the aggregate").
- O. Plan is tax-qualified, subject to ERISA and protected by the Pension Benefit Guaranty Corporation (PBGC).
- P. The Union's thoughts and views will be solicited on significant items of the plan, however, all aspects of the Plan other than those specifically identified in this agreement are determined at the sole discretion of the Company.

Section 10. Life Insurance. The Company will provide life insurance per the Premcor benefit plan, effective no later than 90 days from February 7, 2002. The Occupational Death Benefit is \$500,000 of coverage for a work related accidental death which occurs as a direct result of an accident while in the performance of their job.

Section 11. Turnaround. When an Operating Department employee's work is temporarily eliminated because of unit turnaround or unplanned shutdown, the affected employees will be assigned to the Maintenance Department or the Labor Department; depending upon their ability and their Maintenance Department seniority, for the duration of the turnaround or unplanned shutdown. During the temporary assignment, employees will be paid in accordance with Section 3 of Article VI and will be treated the same as regular Maintenance Department employees, but will continue to accrue Operations Department seniority.

Section 12. Uniforms. The Company will furnish flame retardant clothing for all employees at no cost to the employee. All employees must wear flame retardant clothing during the performance of their job.

Section 13. Safety Boots. The Company will pay 100% of the cost of one new pair of safety work boots per year for each employee, up to a \$150 maximum. The work boots may be purchased through vendors with which the Company has an established account, or the employee may purchase the work boots at the vendor of his/her choice and bring the receipt to the Company for reimbursement.

Section 14. Personal Protective Equipment. The Company will provide OSHA required PPE at the Company's expense. The Company retains the right to determine the appropriate PPE and the purchase of said equipment will be at the direction and approval of management.

Section 15. Perfect Attendance. With regard to the Company's program for a Perfect Attendance Award as established in the 1993 negotiations, an employee absence for approved Union Leave will not have the absence counted against them for determining Perfect Attendance.

ARTICLE XIX. SAFETY AND HEALTH

Section 1. There shall be established a joint labor-management Health and Safety committee, consisting of four (4) employee representatives of the Union and four (4) representatives of management.

Section 2. The Company will, from time to time, retain at its expense qualified independent industrial health consultants, mutually acceptable to the International Union President or their designee and the Company party, to undertake industrial health research surveys, as decided upon by the committee, to determine if any health hazards exist in the work place.

Section 3. Such research surveys shall include such measurements of the exposures in the work place, the results of which shall be submitted in writing to the Company, the Union and the joint committee by the research consultant. The results will also relate the findings to existing recognized standards.

Section 4. The Company agrees to pay for appropriate physical examinations and medical tests at the frequency and extent necessary in light of findings set forth in the industrial consultant's reports as may be determined by the joint committee.

Section 5. The Union agrees that each research report shall be treated as privileged and confidential and will be screened by the Company to prevent disclosure of proprietary information or any other disclosure not permitted by legal or contractual obligations.

Section 6. At a mutually established time, subsequent to the receipt of such reports, the joint committee will meet for the purpose of reviewing such reports and to determine whether corrective measures are necessary in light of the industrial consultant's findings, and to determine the means of implementing such corrective measures.

Section 7. Within sixty (60) days following the execution of this Agreement, and on each successive October 1 thereafter, the Company will furnish to the Union all available information on the morbidity and mortality experience of its employees.

Section 8. The joint committee shall meet as often as necessary but not less than once each month at a regularly scheduled time and place, for the purpose of considering, inspecting and reviewing health and safety conditions and practices. Union Committeemen shall have the right to investigate accidents under procedures developed by the joint committee. The joint committee shall make constructive recommendations with respect thereto including, but not limited to, the implementation of corrective measures to eliminate unhealthy and unsafe conditions and practices and to improve existing health and safety conditions and practices. All matters considered and handled by the committee shall be reduced to writing and joint minutes of all meetings of the committee shall be made and maintained, and copies thereof shall be furnished to the International Union President. Time spent in connection with the work of the committee by Union representatives, including walk around time spent in relation to inspections and investigations, shall be considered and compensated for as their regularly assigned work.

All matters considered and handled by the committee shall be reduced to writing and joint minutes of all meetings of the committee shall be made and maintained, and copies thereof shall be furnished to the Union. Necessary time spent in connection with the work of the committee by Union representatives, including walk around time spent in relation to inspections and investigations, shall be considered and compensated for as their regularly assigned work.

Section 9. In addition to the foregoing, the Company intends to continue its existing industrial hygiene program as administered by Company personnel.

Section 10. The Company will, at its expense, provide for the training of the Union members of the joint committee, two times during the term of this Agreement, when such training is requested by the Union members of the Committee. Such training will be limited to five (5) days per committee member and will be conducted by qualified individuals, institutions and organizations recognized in the field.

Section 11. Any dispute arising with respect to the interpretation or application of the provisions hereto shall be subject to the grievance and arbitration procedure set forth in the Agreement.

Section 12. ERT Training and Pay. Employees represented by the Union who participate on the Valero Emergency Response Team will be governed by the Valero Training Standards and the Valero Emergency Response Team Incentive Pay rates as reflected in that program. The Union understands and acknowledges that an employee's failure to meet the applicable Valero Emergency Response Team standards will result in rescinding any pay increase applied under the Valero Emergency Response Team Incentive Pay rate. The Company can amend, modify or terminate the program consistent with all other Valero employees under the program.

New hires will be required to participate in the ERT program when the EH&S Director determines that staffing needs are not being met. ERT training of new hires will not be initiated until Basic Operator Training ("BOT") has been completed and the employee has qualified for his/her first post.

ERT work is not exclusively bargaining unit work.

Section 13. Process Safety

The parties agree to execute the attached Letter Agreement regarding Process Safety (see Letter Agreement).

Section 14. Valero Safety Point Card Program

Employees will be eligible to participate in the Valero Safety Point Card Program.

ARTICLE XX.
SUBSTANCE ABUSE POLICY
MEMORANDUM OF AGREEMENT

This Memorandum of Agreement will serve to confirm that Valero Refining Company – Tennessee, L.L.C. (the “Company”) and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union Local 9-00631 (the “Union”) have agreed to remove the current language of the Valero Substance Abuse Policy from the currently printed version of the 2009-2012 collective bargaining agreement (CBA). As such, the parties agree to reprint the current CBA without including the Valero Substance Abuse Policy, but rather will include this MOA under Article XX “Substance Abuse Policy”. The parties also agree that the new CBA will be reprinted at the expense of the Company.

Additionally, the Union acknowledges and agrees that it has been and will continue to be subject to the Valero Substance Abuse Policy, which includes the Company’s right to unilaterally amend, modify, or terminate said policy without negotiating, as previously stated and agreed upon. Furthermore, the Union recognizes and agrees that the substitution of this MOA for the Valero Substance Abuse Policy language in the new printed version of the CBA does nothing to alter the fact that the Union and, therefore, the Company employees the union represents, have agreed to, and are bound by, the Valero Substance Abuse Policy.

At the same time, Valero recognizes that before making any changes in the Substance Abuse Policy, it will inform the Union of any such changes. In addition, the Union acknowledges and agrees that it has been fully informed both of the contents of the current Valero Substance Abuse Policy and of the various locations, including the Company intranet and the local Human Resources office, where it may find copies of the latest version of the Valero Substance Abuse Policy.

Agreed to and accepted this ____ day of May, 2011.

Valero Refining Company – USW Local 9-00631 Tennessee, L.L.C.

John H. Hill
Vice-President and
Refinery Manager

Michael Sease
Local President

ARTICLE XXI. NOTICES

Any notices required or permitted under this Agreement to be given to the Union shall be considered as given by the Company mailing a notice to the Local Union Secretary of Memphis Local No.9-00631-01 of this Union. However, notice to amend, modify or terminate this Agreement shall also be mailed to the **United Steel Workers International, Director of District 9, 3340 Perimeter Hill Dr., Nashville, TN 37211.**

Any notice required or permitted to be given to the Company under this Agreement shall be considered as given by the mailing of a notice to the **Refinery Manager, THE VALERO REFINING COMPANY - TENNESSEE L.L.C., P.O. Box 2930, Memphis, Tennessee 38101-2930.**

ARTICLE XXII. SUCCESSORSHIP

The parties agree that in the event of the Company enters into an agreement to sell THE VALERO REFINING COMPANY – TENNESSEE L.L.C., covered by the Collective Bargaining Agreement in its entirety to a third party or enters into a joint venture of merger agreement covering the Company in its entirety the Company will include in any sale, merger or joint venture agreement the requirement that the successor company shall recognize the Union as the exclusive representative of the bargaining unit and shall adopt the Collective Bargaining Agreement and all existing Memoranda of Agreement. Such Collective Bargaining Agreement shall remain in full force and effect for its duration, except for mutually agreed to changes, and continued employment with the successor company shall not require any form of a severance payment from the Company.

Except that such successor company shall not be required to continue the existing employee benefits, but shall be entitled to establish a package of benefits for employees covered by the Collective Bargaining Agreement that are reasonably comparable in the aggregate. If requested by the Union, the Company shall negotiate with the Union in good faith regarding those benefits. Should an agreement not be reached, the successor company may proceed with Implementation of the proposed Benefits Plans and the Union will not have the right to strike.

However, if the parties are unable to reach an agreement on Benefits Plans, the successor company will have the option to waive the forgoing “reasonable comparable Benefits Plans in the aggregate” commitment and provide the Union with the option to strike the successor employer on Benefits Plans only by giving the successor company 45 days notice within 15 days after the Union has been informed by the successor company that it is waiving the commitment for “reasonable comparable Benefits Plans in the aggregate.”

This Successor Letter of Understanding would be applicable to the sale of a refinery where the seller retained (1) terminal operations such as tank farms or loading racks and wharf facilities, (2) lubricants base oil manufacturing or packaging and blending

operations, (3) co-generation plants, (4) waste-water treatment facilities, (5) coke handling facilities, or other stand-alone assets of a similar nature and scope. However, this understanding does not create a separate successorship obligation with respect to facilities retained or sold separately to another entity, or the sale of such auxiliary facilities where there is no sale of a refinery.

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APPENDIX 1
HOURLY RATE OF PAY
FOR REPRESENTED EMPLOYEES
February 1, 2015

OPERATIONS

<u>DEPARTMENT</u>	<u>2015 Contract</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
OPERATOR				
ASST. OPERATOR				
OPERATOR HELPER				
ENVIRONMENTAL TREATER				
PUMPER #1				
PUMPER #2				
PUMPER #3				
#1 SHIFT TESTER				
#2 SHIFT TESTER				
VACATION RELIEF				
OPERATIONS TRAINEE*				

MAINTENANCE

<u>DEPARTMENT</u>	<u>2015 Contract</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
INSTRUMENT MECHANIC				
ANALYZER TECHNICIAN				
ELECTRICIAN				
PUMP MECHANIC				
WELDER				
PIPEFITTER				
CARPENTER/INSULATOR				
EQUIPMENT OPERATOR				
WAREHOUSE				
#1 MAINTENANCE HELPER				
#2 MAINTENANCE HELPER				
MAINTENANCE LABORER				

*After satisfactory completion of Fundamentals Training and passing the #2 Maintenance Helper Test, the rate of this classification will change to the same rate as the #2 Maintenance Helper.

MAINTENANCE

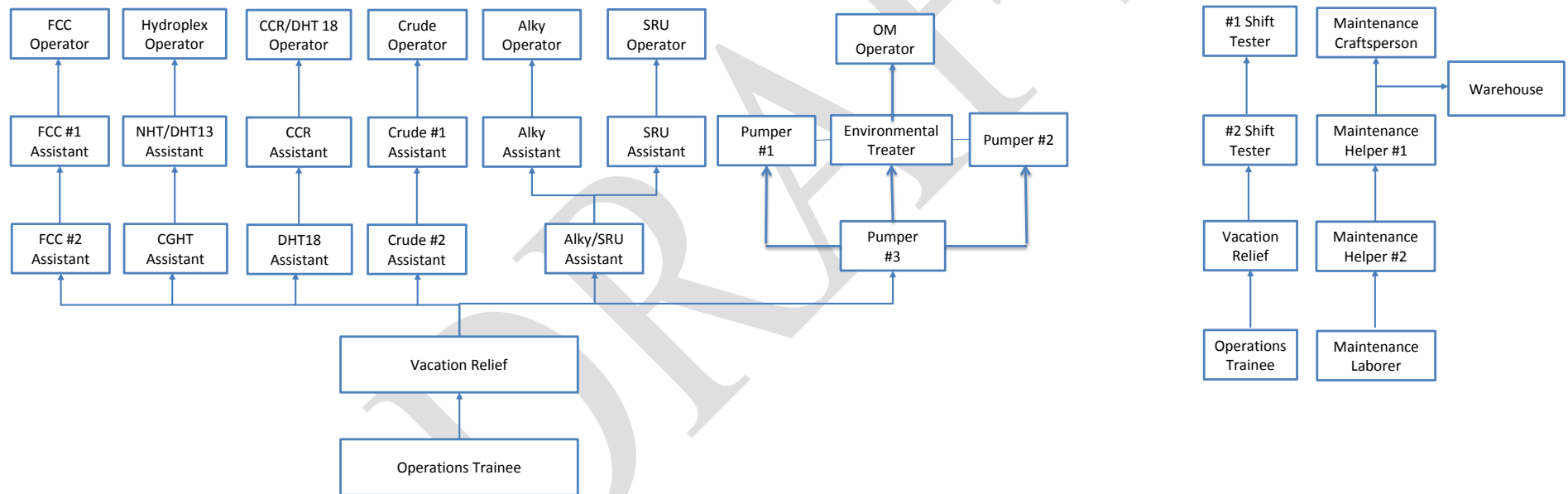
Shift Differentials: In addition to the foregoing hourly rates, there shall be paid a shift differential of seventy-five cents (\$0.75) per hour for each hour worked on the 3:00 p.m. 11:00 p.m. shift, and one dollar and fifty cents (\$1.50) per hour for each hour worked on the 11:00 p.m. to 7:00 a.m. shift. Employees normally classified as day employees who are temporarily assigned to the evening or midnight shift shall receive the regular shift differential pay for the shift to which they are temporarily assigned.

OPERATIONS

Shift differential shall be one dollar and fifty cents (\$1.50) per hour for work on the scheduled night shift. No shift differential will be paid for hours worked on the scheduled day shift.

APPENDIX 2 PROMOTIONAL CHART February 1, 2015

APPENDIX 2 - PROMOTIONAL CHART - FEBRUARY 1, 2015



Memorandum of Agreement

(Insert original pps. 77-98 here)

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**Letter of Agreement
2012 USW Contract Negotiations
For
Valero Refining Company – Tennessee, L.L.C.
And
United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial
and Service Workers International Union, on behalf of its Local 9-00631-01**



Letter Agreement

(Applicable only to USW represented Refineries and Chemical Plants)

Re: Process Safety

This Agreement confirms the understandings reached between the United Steelworkers International Union (USW), Local 9-00631-01 (hereinafter referred to as “the Union”) and Valero Refining Company – Tennessee, L.L.C. (hereinafter referred to as “the Company”), and both (hereinafter referred to as “the Parties”), regarding Process Safety language. This Agreement supplements Article XIX Health & Safety in the Articles of Agreement.

General Provisions

The Parties agree maintaining a safe workplace is important to all employees and to the sustainability of the petrochemical industry in the US. Over the years, the Parties have invested resources and training into various health and safety activities and programs at our site to improve health and safety performance. This document covers several actions that have been agreed by the Parties to build on this through existing health and safety processes, including process safety.

The Company has a responsibility for occupational health and safety and every employee has a role to play in maintaining a safe work environment. In this Agreement, the Union, through its various representatives, committees, and officers, has been accorded certain participatory rights relating to represented employees’ health and safety; however, it is not the intention of the Parties that these provisions or the Union’s exercise of its rights thereunder shall in any way diminish the Company’s final authority for occupational health and safety performance, process safety or hazard identification.

Process Safety Representative

The Parties recognize potential differences in existing site-level staffing and support structures associated with health & safety management. The Parties also recognize that the size and complexity of a particular site may warrant different support models to optimize employee involvement in process safety matters. With these recognitions, the Parties agree to establish one Process Safety Representative role for each manufacturing site with one hundred and fifty (150) or more bargaining unit employees where such a role does not already exist. For sites with less than one hundred and fifty (150) bargaining unit employees, the Parties agree to meet to discuss alternatives, which may include incorporating process safety duties into an existing health and safety role. The Parties agree to meet as soon as practicable, but no later than sixty (60) days

from the ratification of this agreement, to discuss the specific process safety responsibilities and duties and finalize these at the site level.

The Parties agree to incorporate into their local discussions on this subject, the following tenets:

Selection: The Process Safety Representative will be selected utilizing the existing health and safety role selection process, from interested qualified candidates who are nominated by the Company and/or Union Leadership.

Reporting Relationship: This role will be assigned to the Process Safety Department and report directly to the Site Process Safety Manager.

Length of Assignment: The person selected for this role will be in this role for the term of the Agreement or shortened or lengthened as mutually agreed.

Annual Performance Review: The Process Safety Representative's performance will be reviewed utilizing the existing health and safety role performance review process.

Pay: This role will be paid \$1.00 per hour above their current classification rate or equivalent to the collectively bargained rate of pay for a safety role at the Site where such role already exists.

Confidentiality/Proprietary Information: The person in this role may have access to and use information that may be considered trade secrets and proprietary. Such information must be accessed and handled in a confidential manner and not disclosed except in accordance with Company policies, including the signing of a Confidentiality Agreement applicable to other employees. If there is any question about the confidential nature of information, he/she must seek the advice from the Site Process Safety Manager.

Process Safety Training

The Company understands the importance of process safety training and awareness. Therefore, the Company agrees to pay for reasonable time and travel costs, if applicable, associated with one week (40 hours) of initial process safety training for the Site Joint Health and Safety Committee where such committees exist, and the Process Safety Representative, where applicable. The Company will seek input from the Site Joint Health and Safety Committee before finalizing the training content. This training opportunity will be made available once during the term of the contract. The Company may also provide other health, safety and process safety training.

Fatigue Prevention

The Parties acknowledge that a Recommended Practice (RP) regarding Fatigue Risk Management Systems has been issued by the American Petroleum Institute (API), API Recommended Practice 755. The Parties agree to meet and discuss as soon as practicable, but no later than sixty (60) days from the ratification of this agreement, the application and implementation of this RP. The Parties will fulfill any bargaining obligations, where necessary, in connection with the implementation of the new RP, including changes to the existing contract language. It is agreed and understood that both Parties will provide support and cooperation to ensure successful implementation of the new RP.

Annual Site Process Safety Review

The Parties agree that there is value in having annual site process safety reviews to increase general awareness on process safety by reviewing process safety metrics, by learning from incidents that occur and by sharing best practices. This review will be held on an annual basis with the members of the Site Joint Health and Safety Committee. The Company will seek the Site Joint Health and Safety Committee's input before determining the content of the material to be reviewed.

These individuals may have access to and use information that may be considered trade secrets and proprietary. Such information must be handled in a confidential manner and not disclosed except in accordance with Company policies.

The Parties agree to meet and discuss as soon as practicable, but no later than sixty (60) days from the ratification of this agreement, the specifics on how to implement the Annual Site Process Safety Review. In addition, the Parties agree there is value in learning from the experience of other USW represented sites within the Company, and will discuss how to involve the Site Joint Health and Safety Committee in accomplishing best practice / information sharing.

Agreed to and accepted this _____ day of _____, 2012.

**On Behalf of Valero Refining
Company – Tennessee:**

**On behalf of USW and its Local
No. 9-00631-01:**

John Hill
VP & General Manager

Michael Sease
President

Tim Tadler
Director HR Refinery Operations

Kim Smith
Staff Representative, USW

2015-2019 CONTRACT

Letter of Agreement

Between

Valero Refining Company – Tennessee, L.L.C.

and

**United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial
and Service Workers International Union, on behalf of its Local 9-00631-01**

Valero Refining Company – Tennessee, L.L.C. (the “Company”) and United Steelworkers and its Local 9-00631-01 (the “Union”) (or “the parties”) hereby acknowledge and agree that they have engaged in a process of good faith bargaining and have met at sufficient times to come to agreement on all outstanding issues. The parties further acknowledge that by their signatures below, they incorporate the agreements contained in this Letter Agreement into the current Articles of Agreement, which revised Articles shall govern their relationship for the agreed upon term. The parties further agree that at as soon as practical, they will incorporate these agreements into a new contract “book” and sign Articles of Agreement incorporating the agreements referenced below. The parties’ agreements are as follows:

TERM OF THE AGREEMENT

Consistent with the Industry Pattern, the Company and the Union agree that the term of the Articles of Agreement shall be from February 1, 2015 through January 31, 2019 at the Memphis Refinery.

WAGES

Consistent with the Industry Pattern, the Company and the Union agree that the wage rates shall be increased as follows:

Effective April 1, 2015, all hourly wage rates will be increased 2.5% rounded to the nearest cent.

Effective February 1, 2016, all hourly wage rates will be increased 3.0% rounded to the nearest cent.

Effective February 1, 2017, all hourly wage rates will be increased 3.0% rounded to the nearest cent.

Effective February 1, 2018, all hourly wage rates will be increased 3.5% rounded to the nearest cent.

MAINTENANCE TRAINING AND DEVELOPMENT

The Company and the Union agree to execute the attached Letter Agreement regarding Maintenance Training and Development (Attachment 1).

NO RETROGRESSION

Consistent with the Industry Pattern, the Company shall renew the letter agreements on layoff notice, plant closure, rate retention, national health insurance, health and safety, successorship, and job security where such letter agreements exist.

HEALTH CARE

The Company shall renew and extend its current commitments that the Company's contributions toward premiums for the Valero medical plan for active employees will be based on an employer contribution rate of 80% of the premium and an employee contribution rate of 20% of the premium. The Company's contributions toward premiums for approved alternate company sponsored medical plan options for active employees, including but not limited to Blue Cross Blue Shield, will be based on an 80% contribution by the Company, but in no case will it exceed its monthly contribution to an approved Company plan.

FATIGUE MANAGEMENT

The Company and the Union agree to execute the attached Letter Agreement regarding Fatigue Management (Attachment 2).

The Company and the Union agree that the Company's current overtime procedures shall be amended and where the concept of the low, qualified employee is used, it shall be replaced with the low, qualified, "available" employee. An employee will not be considered "available" if having the employee work would create an exception on future regularly scheduled days under the Company's current turnaround fatigue management guidelines. The Parties also agree to remove reference to "refusal hours" and will use "actual hours worked" for the purpose of tracking overtime.

The Company and the Union further agree that if any future government statute or regulation shall require a change in the Company's fatigue management guidelines or industry/API guidance requires the parties to make changes, the Company will discuss any such changes or recommendations with the Union before implementation.

FUTURE STAFFING

The Company and the Union have discussed the refinery's current level of staffing. Upon ratification, the Company will post and hire an Operations new hire class by no later than the end of the year 2015 with a minimum of 12 Operator Trainees and a minimum of 6 Maintenance Craft employees.

TRAINING UPGRADE

The Company and the Union agree to establish a 5% temporary upgrade over the employee's regular rate of pay for an Operations employee (Trainer) training another operations employee (Trainee). The Trainers will be recommended by the Union for the Company's consideration. All training will be done on shift while performing normal duties. The Parties will review the training program after 6-months and again at the end of the first year to determine if the program meets the desired business objectives. If training progress is not satisfactory, as determined by the Company, this trial period and upgrade will end.

MODIFY OIL MOVEMENTS PROGRESSION

The Company and the Union agree to modify the OM progression chart to show that the employees' in the line of progression must qualify on the Environmental Treater classification prior to progressing to the Operator classification.

CONTRACT ISSUES

The parties agree that the statements of the parties in this Letter of Agreement are the final agreement of the parties on the issues contained herein and that there are no understandings or agreement other than those which are contained in this Letter of Agreement and in the Articles of Agreement.

The parties further acknowledge that this Letter of Agreement is subject to ratification by the Union membership. The Union Committee will recommend a ratification vote by the membership.

USED SIGNED DOCUMENT FOR SIGNATURE PAGE

IN WITNESS WHEREOF, the parties have executed this Letter of Agreement by signing on the ____ day of March, 2015.

Signed by the Company:

Signed by the Union Local 9-00631-01:

Mark Skobel
VP & General Manager

Todd Swirka
President, USW Local 9-00631-01

Tim Tadler
Director Refinery HR

Irvin Calliste
Staff Representative, USW

Bruneette Troy
Supervisor Refinery HR

Karen Drewery
Vice President, USW Local 9-
00631-01

Lucas Marion
Member, Workers Committee
USW Local 9-00631-01

Mark Robinson
Member, Workers Committee
USW Local 9-00631-01

Lee Smith
Member, Workers Committee
USW Local 9-00631-01

Leo Stanford
Member, Workers Committee
USW Local 9-00631-01

Dwayne Blackwell
Recording Secretary
USW Local 9-00631-01

RE: MAINTENANCE TRAINING AND DEVELOPMENT

This Agreement confirms the understandings reached between the United Steelworkers International Union (USW), Local 9-00631-01 (hereinafter referred to as “the Union”) and Valero Refining Company - Tennessee, L.L.C. at the Memphis Refinery (hereinafter referred to as “the Company”, and both hereinafter referred to as “the Parties”), regarding maintenance training and development and maintenance craft needs.

The Parties recognize that skilled maintenance workers are essential to ensuring safe, efficient, and reliable operations. The Parties agree to meet upon request by the local union or management to discuss ongoing opportunities in the area of maintenance recruitment, development and day-to-day routine maintenance craft needs. These initial discussions shall be concluded within one hundred and eighty (180) days of the date of ratification. Examples of opportunities may include, but are not limited to the following:

- High school, trade school, community college, local contractor community and/or military recruitment activities;
- High school, trade school and community college curriculum development that addresses qualified supply needs;
- Trade school and community college teaching that provides practical experience to the classroom; and/or
- Development and delivery of Maintenance internship programs to provide hands on work experience.

It is understood that opportunities will be based on business needs as determined by the Company.

In addition, the Parties will meet within the same specified time period above to discuss the following:

- Age and service profiles of the company craft workforce
- Profile of occupations of the company craft workforce
- Profile of occupations of the contractors performing day-to-day routine maintenance
- Collaborative ways in which bargaining unit craft training and development could be enhanced
- Ways in which day-to-day routine maintenance work currently performed by contractors could be as efficiently performed by bargaining unit employees

At the conclusion of such discussions, the Company will develop and share the projected maintenance hiring plans and timelines for implementing such plans with the Local Union as outlined in Attachment A.

The information relevant to this discussion may be considered confidential and proprietary, and may require the signing of a Confidentiality Agreement.

Nothing in the above should be construed as constituting minimum staffing levels. It is understood that any hiring of maintenance employees will be based on business and facility maintenance needs as determined by the company.

In the event either party fails to discuss and share the data identified above, or if the Company fails to develop and execute the projected maintenance hiring plan, the matter may be referred by either party to the USW Chair of the National Oil Bargaining Program and the Company's Senior Human Resources Representative (the Chairs) who shall meet and attempt to resolve such issue. Should no resolution be reached, the USW Chair shall retain the right to have the union file and process a grievance regarding the dispute into an expedited procedure to be developed by the Chairs.

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Agreed to and accepted this _____ day of _____, 2015.

Signed by the Company:

Signed by the Union Local 9-00631-01:

Mark Skobel
VP & General Manager

Todd Swirka
President, USW Local 9-00631-01

Attachment A

United Steel, Paper and Forestry, Rubber Manufacturing
Energy, Allied-Industrial and Service Workers International Union (USW)
Local 9-00631-01

Memorandum: Projected Maintenance Hiring

Dear USW Local President:

This letter provides an indication of Craft Worker hiring plans over the term of the new agreement. The Valero Memphis Refinery (hereinafter referred to as “Company”) projects hiring in the range of _____ Craft Workers over the term of the agreement, with hiring expected to begin in the near term.

In doing so, the Company will comply with any obligation to internally bid these positions before hiring externally, where such obligations exist. This letter of indication shall also be provided to the Chair of the NOBP.

Very truly yours,

Director Human Resources
Valero Memphis Refinery

RE: FATIGUE MANAGEMENT

This Agreement confirms the understandings reached between the United Steelworkers International Union (USW), Local 9-00631-01 (hereinafter referred to as “the Union”) and Valero Refining Company – Tennessee, L.L.C. (hereinafter referred to as “the Company”, and both hereinafter referred to as “the Parties”), regarding Fatigue Management.

The Company has responsibility for occupational health and safety and every employee has a role to play in maintaining a safe work environment. In this Agreement, the Union, through its legal standing as it relates to rights as defined by the National Labor Relations Act (NLRA), through its various representatives, committees, and officers has been accorded certain participatory rights relating to employees’ health and safety; however, it is not the intention of the Parties that these provisions or the Union’s exercise of its rights thereunder shall in any way diminish the Company’s final authority for occupational health and safety performance.

The Parties recognize that continuous improvement in the area of fatigue risk management is important to preserving the safety of our operations. The Company will conduct an initial staff/workload balance assessment and discuss the results of this assessment within 60 days of ratification.

Given this interest, the Parties shall meet semi-annually thereafter, for the term of this agreement, to review local practices related to fatigue management and implementation of API RP 755. The USW Health and Safety Representative, USW Process Safety Representative, or other existing USW Health and Safety role, along with appropriate management will be included in these discussions to ensure the proper support through existing safety programs and processes.

Items to review include:

- Fatigue Risk Management System metrics (exceptions and MRPs);
- Items that may affect metrics such as overtime, long term temporary assignments, job qualifications and proficiency, absenteeism, or vacation.

The format for conducting the review is as follows:

1. Discussion on progress.
2. Discussion on what is working well/not working well.
3. Discussion of potential opportunities for improvement.
4. Discussion on staff and workload balance assessments.

There shall be no impact to pay for an employee's regular work schedule as it relates to the Company's fatigue management practices. Nothing in this Letter Agreement restricts the Company's ability to change work schedules as that ability currently exists by local practice or agreement.

These discussions are intended to drive improvement in the area of fatigue risk management. Nothing in the above should be construed as constituting minimum staffing levels. It is understood that any staffing decisions will be determined by the Company.

USED SIGNED DOCUMENT FOR SIGNATURE PAGE

Agreed to and accepted ____ day of _____, 2015.

Signed by the Company:

Signed by the Union Local 9-00631-01:

Mark Skobel
VP & General Manager

Todd Swirka
President, USW Local 9-00631-01