



VALERO LINKS

A publication from the Valero Benicia Refinery

First Quarter 2003



Valero applies for Cal-OSHA safety certification

Valero Benicia Refinery treats safety as a core value. To support this commitment, Valero is applying for Voluntary Protection Program (VPP) Star Certification from the California Occupational Safety and Health Administration (Cal-OSHA).

“We’re trying to be the first California refinery — in fact, the first refinery on the West Coast — to achieve VPP status,” said Don Wilson, Valero’s safety manager.

VOLUNTARY PROTECTION PROGRAM

VPP Star Certification is awarded to refineries voluntarily applying for and passing a stringent, two-week safety inspection conducted by California or Federal OSHA.

To be eligible, a work site’s three-year average injury record must be lower than the three-year average for the industry. Wilson said that at the end of 2002, the Benicia Refinery’s recordable injury rate for the previous three years was 1.45 injuries per 100 employees, less than the nationwide industrial average of 2.53 injuries per 100 employees.



DON WILSON

and to instruct employees in safety inspection performance.

“We currently have a refinery-wide inspection program that goes above and beyond what’s required by law,” Wilson said. “The VPP inspection program is even better.”

Refineries are required to conduct internal safety inspections annually. At Valero, inspections are quarterly.

NEW OBSERVATION PROGRAM

Valero also implemented a new field observation program, the Red, White & Blue Club, allowing any worker to stop and subject anyone at the refinery to a job safety audit.

To pass, the refinery must meet even higher safety standards. Wilson is confident Valero is ready.

He said the refinery has made significant advances in safety improvement among workers and the work site, particularly through a comprehensive inspection program, a refinery-wide effort to increase safety awareness. Valero engaged a safety consultant to

provide more training

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**Don Wilson
Safety Manager**

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Our safety commitment to you

All employees, contractors, and visitors are committed to conducting operations in a manner that protects our health and safety and that of our community. We believe that:

► Safety is a value versus a priority, and is more important than all other business expectations. Work will not be started or continued if it cannot be done safely.

► Our goal is a safe and injury-free environment.

► Each of us is responsible and accountable for our own safety and the safety of others.

► All accidents and injuries are preventable with individual commitment to safety and an effective safety process.

► Participation in the safety process by everyone is critical to the success of our safety performance, both on and off the job.

Ongoing assessments will ensure continuous improvement of the safety process and our safety programs.

Valero Improvement Project seeks Planning Commission approval

The Valero Improvement Project (VIP) — which will allow the refinery to install equipment to utilize additional low priced raw materials and reduce air emissions — is working its way through the permitting process.

The Benicia Planning Commission will soon consider approval of the project.

The Environmental Impact Report (EIR), the basis for the Commission's considerations, was issued by the city late last year for public comment. The city's independent consultants confirmed Valero's assessment that the project has no significant negative environmental impacts, and includes several substantial positive impacts.

Specifically, the EIR confirmed that

the project would:

■ Help keep the refinery competitive into the future.

■ Result in a 40% reduction in air emissions.

■ Provide jobs and substantial tax revenues to the community.

It also notes that the refinery has pledged to support a city water re-use project that can result in a reduction of at least one million gallons a day of fresh water usage.

As the time for the Planning Commission approaches, we will be sending more information to the community to keep them up to date on the project. If you would like more information, please give us a call at 745-7534.

Safety certification

CONTINUED FROM FRONT PAGE

Employees from management down are checked on their use of hardhats, goggles, earplugs, crickets (personal gas monitors), tools and equipment. The more safety audits workers conduct, the higher workers climb in the Club. Depending on the number of safety audits performed, workers are rewarded with gift certificates.

MANDATORY TRAINING

Safety training is mandatory. Valero employees receive an average of 40 hours of safety retraining each year, Wilson said. Outside contractors take courses through the Bay Area Training Corporation, followed by on-site training at Valero. Last year, 2,800 workers took the Valero course, Wilson said.

To address work site appearance, the refinery holds housecleaning days to supplement regular cleaning efforts. Employees take time to remove trash from the refinery, signif-

icantly adding to the pride and appearance of the grounds.

Since Sept. 11, 2001, security has been tightened. Background checks and access restrictions are mandatory. In 2002, Valero conducted special joint training exercises with the National Guard, Benicia Police and Fire Departments, and California Highway Patrol.

Other safety measures include 24-hour monitoring of air quality, with ground-level monitors placed on site and in the community, and built-in safeguards, including safety flares, containment dikes around tanks, and remote-controlled cameras for refinery-wide observation.

SAFE REFINERY, SAFE EMPLOYEES

Wilson wears a badge with Valero's safety commitment printed on one side, and a picture of his family on the other. He knows earning VPP Star Certification will be rigorous. But he and Valero are determined to pass.

When workers perform their jobs safely in a workplace, we all benefit.

Valero golf tournament raises \$1.2 million for children throughout North America

Five Bay Area children's charities landed in the green recently when Valero's Benefit for Children Golf Classic raised \$1.2 million for children throughout the United States and Canada.

The charity golf tournament was held last fall in San Antonio, Texas, in conjunction with the Valero Texas Open, a PGA tour event.

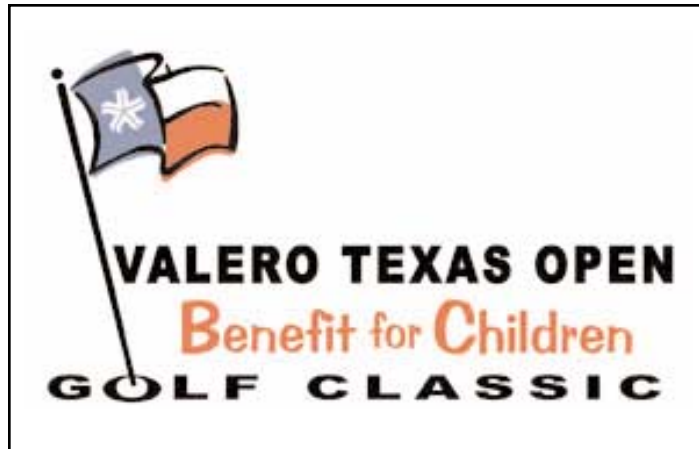
Valero Energy Corporation, headquartered in San Antonio, sponsored both events.

FIVE LOCAL NON-PROFITS

Among those invited to contribute and compete were contractors to Valero Benicia Refinery.

Thanks to their participation, \$120,000 has been divided among five local organizations: the Bay Area Crisis Nursery, Benicia Scout House, Camp Fire USA, Horseplay Therapeutic Riding Center, and Special Olympics of Northern California.

Chipping in to play were representatives of Allied Security, Inc.; Benicia Fabrication & Machine; Eichleay Engineering, Inc. of California; G.S.I. of California; Parson's Energy & Chemicals Group; Pillsbury Winthrop; Plant Reclamation; Plumbers & Steamfitters Local 343; Scott Specialty Gases; The Timec Group of Companies; United Association of Journeymen & Apprentices Local 250;



and Universal Environmental, Inc.

"It was a great deal. I just can't say enough," said Maxine Box, president of the Vallejo chapter of Camp Fire USA, which covers Napa, Solano and Sonoma counties.

The Concord nursery offers shelter to children ages birth through 5 whose parents are in crisis.

Weltz plans to outfit and staff another recently purchased home for children ages 6 to 10.

"The money from Valero, together with money the Lions raise from within the community, is what's going to make this happen."

Larry Whitney, Lions Secretary

Box plans to install underground piping, repair toilets, and build new decks. This will allow greater ADA access at Camp Gold Hollow, a 90-year-old campground for boys and girls ages 6 to 18 near Nevada City.

At Bay Area Crisis Nursery, Sister Ann Weltz is thrilled.

"Are you kidding? We exist off donations!" the director said. "All of our services are voluntary, and all are free."

Horseplay Therapeutic Riding Center in Vacaville/Dixon will upgrade saddles, refurbish an office trailer and hire a part-time instructor.

"Right now we're operating with 100 percent volunteers — all holding full-time jobs and many of us putting in 15 hours a week," said Dave Rybicki, Horseplay's president.

Horseplay's mentally- and physically-challenged riders are ages 2 through adult, many with autism

or Down syndrome.

"We have 35 riders now, and 10 are on the waiting list," Rybicki said.

Funds for Scout House will help build a permanent meeting place at Benicia Community Park for two Boy Scout troops sponsored by the Benicia Lions Club, Troop 8 and Venture Crew 78, and Benicia's Girl Scouts.

Spearheading Scout House is Lions Secretary Larry Whitney, certified public accountant, and Treasurer Ken Dexter, Valero's community liaison.

"The money from Valero, together with money the Lions raise from within the community, is what's going to make this happen," Whitney said.

15,000 ATHLETES HELPED

Tom Fletcher, director of marketing and sponsorship for the Special Olympics of Northern California, credits Valero and its contractors with helping 15,000 developmentally-disabled athletes from northern California, including 4,000 from Contra Costa and Solano counties, with money for training, equipment, uniforms and competition.

"We're just very proud to be a partner with Valero," Fletcher said.

"In this kind of economy, that a company like Valero would step up in their own backyard to give back to the community — it's amazing."

Refinery committed to non-profits

One way Valero Benicia Refinery shows its commitment to the community is through generous donations to local non-profit organizations.

But contributions also come through individual donations of both time and money from the refinery's employees.

Besides supporting the United Way, Valero employees give freely to specific organizations working to make all of our lives in the Bay Area better.

One of those organizations is the Benicia Community Action Council.

Founded in 1967, the non-profit CAC offers support to low-income citizens of all ages. Led by executive director Viola Robertson, the CAC assisted some 400 local families, seniors and singles in 2002.

Among the services the CAC provides are:

- Income tax assistance
- Rental assistance
- Trips to summer camp for youths
- Meals and medical transportation for seniors

• Job placement assistance to workers leaving welfare

- Shelter for the homeless

- Food for the hungry

Janet Grothe, Valero's community relations coordinator, is CAC board president. She organizes and works at all CAC dinners to feed the hungry, including Thanksgiving dinner at the Clocktower and Christmas dinner for seniors at Casa de Vilarassa.

She is supported by many Valero volunteers. Jimmy Petrellese, Valero electrician/technician, is the Valero Volunteer Council activity coordinator credited with making the CAC's commercial kitchen a reality. Sixty Valero employees adopted families and seniors through the Adopt-A-Family and Adopt-A-Senior programs. And at Thanksgiving, 40 Valero volunteers worked a total of 75 hours to cook, serve and clean up.

"They're a lifesaver," Robertson said.

Besides time, Valero and its employees donate money to the



ABOVE: JANET GROTHE, VALERO BENICIA REFINERY'S COMMUNITY RELATIONS COORDINATOR, SERVES A CAC SENIOR MEAL AT CASA DE VILARASSA.
BELOW: CAC HEADQUARTERS



CAC. Robertson said Valero contributions pay for her part-time assistant. Valero money also sends 50 low-income youths to camp in Truckee each summer.

"We get a lot of help from volunteers from Valero and the community," Robertson said.

The CAC moved into its new headquarters at 480 Military East three years ago. Its phone number is 745-0900.

Valero reduces air and water emissions

This spring the U.S. Environmental Protection Agency (EPA) will release the 2001 Toxic Release Inventory (TRI). TRI was created in 1987 under the federal Community-Right-to-Know Act (CERCLA).

Valero's results show reduced emissions to both air and water, with an increase in solid waste.

The federally mandated TRI requires many industries, including refineries, to document emissions of all toxins on the TRI list. The EPA looks at three areas: air, water, and waste.

Although the EPA continually monitors and amends the list of toxins included in TRI, the EPA recognizes that not all toxins are harmful unless they reach certain levels of concentration. Everyday substances like silver, zinc and ammonia are on the TRI list.

Don Cuffel, a principal environmental engineer at Valero, said Valero converts water-borne toxins such as ammonia and nitrogen compounds to their least-noxious state, nitrates. Nitrates are among the reportable TRI chemicals. But because nitrates are pumped into our fast-moving Bay, as opposed to a still-water lake, the nitrates are flushed through quickly and are not toxic.

"Whatever is discharged is rapidly dispersed," Cuffel said. Even San Francisco's Regional Water Quality Control Board doesn't regulate nitrates in water discharge permits.

To monitor toxicity levels, Valero runs all of its effluent through a tank of infant rainbow trout before discharging it into the Bay.

"We haven't had a water violation in three years," Cuffel said.

Valero works hard to reduce emissions, and will continue toward that goal through efficient operation and use of low-emission processes.

"Being one of the Bay Area's newer refineries (built in 1968), we benefit from the best available technology to reduce emissions," Cuffel said.

And Valero reduced air emissions of methanol by 65 percent in two years by changing the catalyst used

DON CUFFEL



to make hydrogen, which in turn removes sulfur from crude oil, Cuffel said.

Catalysts are often pellets of inert material coated by metals. By running hydrocarbons through catalysts, refineries produce the desired hydrogen, but also an undesirable byproduct, methanol. By voluntarily choosing a catalyst that produces less methanol, Valero reduces toxic air emissions.

Eventually catalysts are spent, and exit the refinery as waste. The EPA requires Valero to report all waste shipped off site, whether waste is recycled or not. Although our waste reporting was higher in 2001, many of our catalysts are recycled for reuse at the refinery.

The EPA closely monitors Valero's TRI figures. We also are subject to surprise inspections by the EPA, RWQCB, California Air Resource Board, Bay Area Air Quality Management District and other watchdog groups. TRI is not required of all industries, nor of municipal districts.

The Benifia Refinery produces 25 percent of the Bay Area's gasoline and 10 percent of all gasoline in California. Through the refining process, release of some toxins is inevitable. But our employees, who live with our families and neighbors in the Bay Area, will continue to strive to minimize and reduce those emissions.

At Valero, we want our neighbors to know and understand our emissions. Valero plans to repeat the public TRI workshops held in August 2002 this year and invites all interested citizens to attend and participate.

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Spotlight on: Lauren Bird

directly to Vice President and General Manager Bill Buckalew, is responsible for the refinery's ongoing operations. He oversees issues from bonuses and tardy policies to production targets for gasoline, diesel and jet fuel. He also conducts surprise safety and housekeeping audits.

"We conduct safety audits to make sure we work safely and have a zero injury workplace," Bird said.

Bird joined the Benicia Refinery in 1987, transferring from ExxonMobil's Texas Baytown Refinery. Originally from Utah, Bird received a bachelor's



degree in chemical engineering from Brigham Young University, followed by an MBA from the University of Houston at Clear Lake.

He and his wife, Veone, have four children: Evan, a sixth grader at Benicia Middle School; Robyn, a

freshman at Benicia High School; Angela, a junior at Brigham Young University; and Derek, on sabbatical from BYU and a missionary in Mexico's Yucatan Peninsula.

Bird is active in his church and was a missionary in the 1970s in Seoul, South Korea.

Besides running, including one marathon per year, Bird is scoutmaster to 14 Boy Scouts. Bird enjoys leading them on hikes and campouts around Benicia.

"I really like Benicia," Bird said. "It's a great place."

Watch for Lauren Bird on the trails and hills of Benicia. Jogging 30-40 miles per week, the operations director of Valero Benicia Refinery has come to know and love our city.

Bird, who reports

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