

LETTER OF UNDERSTANDING

BY AND BETWEEN:

MORROW FUEL LTD.

AND:

INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL 115

It is agreed by the parties that as of February 26, 2004, this Letter of Understanding will replace Article 7.01 in the current Collective Agreement.

ARTICLE 7: CLASSIFICATIONS AND WAGE RATES

7.01	Year 1	\$21.50
	Year 2	\$21.50
	Year 3	\$21.50
	Year 4	\$21.50
	Year 5	\$22.00
	Year 6	\$22.50
	Year 7	\$22.75

Effective calendar year 2004, any employee who, on the anniversary of his date of hire enters his ninth (9th) year of service or has achieved nine (9) or more years of service shall receive \$23.25 per hour.

For Distribution Specialists hired after June 7, 2002 their pay scale shall be increased to \$21.50 and will constitute their maximum pay limit.

Distribution Specialists who have previously accumulated years of service with the company but have terminated their employment as per company policy and wish to return on a spare or part-time basis will be paid the same hourly wage rate at which they left or according to the schedule above, whichever is greater. It is understood that a former employee, as described above, who returns as a spare employee shall be covered by all the terms of the Collective Agreement.

Where a former employee or a new hire is employed part-time, they shall be viewed as a "casual" employee who has established an employment relationship with Morrow but who are assigned work on an intermittent basis. While they receive all legally mandated benefits, they are ineligible

for all of Morrow's other benefit programs. A separate seniority list will be created for all "casual" employees that will be used to identify their date of hire for the purposes of call out. In the case of a former employee that rejoins the company on a "casual" basis the date of hire will be the date the said "casual" employment begins.

"Casual" employees shall be given first consideration for regular employment for which they are qualified, before a new employee is hired. In the event that a "casual" employee is hired for a full-time position, the date of hire into the full-time position shall become his seniority date under this agreement, provided that he successfully completes the probationary period in accordance with Article 10.01. By mutual agreement between the Union and the Employer, the probationary period of any such employee may be reduced or waived.

Signed this _____ day of _____, 2004.

MORROW FUEL LTD.

INTERNATIONAL UNION OF OPERATING
ENGINEERS, LOCAL 115
