

COLLECTIVE AGREEMENT

BETWEEN

NEL'S PETROLEUM SYSTEMS INC.

AND

TEAMSTERS LOCAL UNION No. 213

May 1st, 2004 - April 30th, 2006

DON McGILL
Secretary-Treasurer

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THIS AGREEMENT is made and entered into this day of , 2005.

BETWEEN: NEL'S PETROLEUM SYSTEMS INC.

2201 - 6th Avenue
Castlegar, B.C. V1N 3B2

(Hereinafter referred to as the "COMPANY")

AND: TEAMSTERS LOCAL UNION No. 213,

490 East Broadway
Vancouver, B. C. V5T 1X3

(Hereinafter referred to as the "UNION")

PREAMBLE

WHEREAS it is the intention and purpose of the Company and the Union to promote and foster harmonious industrial relations between the Company and its employees, now therefore, the parties hereto agree as follows:

In the event that any word, phrase, sentence, clause, or article of this Agreement is declared invalid by any court of competent jurisdiction, only such word, phrase, sentence, clause, or article shall be affected and this Agreement shall be otherwise unaffected and shall continue in full force and effect.

ARTICLE 1. RECOGNITION

1.01 The Company recognizes the Union as the sole bargaining agency for those employees of the Company at Castlegar, B.C. employed in those classified occupations listed in Appendix I and coming within the order of certification of the Union as now existing, or as may be amended from time to time by the Labour Relations Board of the Province of British Columbia.

1.02 Any person not a member of the Union shall not work at occupations which come under the Union's jurisdiction except in cases of emergency and then only until an employee can be placed on the job. Where this provision operates against the efficiency of the plant, the Union will consider exemption.

ARTICLE 2. UNION SECURITY

2.01 Every employee who is now or hereafter becomes a regular member of the Union shall maintain his membership in the Union as a condition of his employment and every new employee whose employment commences hereafter shall within thirty (30) days after the commencement of his employment apply for and maintain his membership in the Union as a condition of his employment.

2.02 New employees shall be required to sign authorization cards for deduction of initiation fees, dues and assessments as required by the By-Laws of the Union. Such deductions shall be forwarded to the Union not later than the last business day of the month in which these deductions were made. It is understood that dues are payable monthly, in advance, and that the payment schedule is to be determined by the Union. Dues shall be deducted from the second pay of the month previous to the period for which they are applicable.

2.03 Deductions for Union dues, fees and assessments shall be forwarded to the Union not later than the last business day of the month following the month in which the deductions were made.

ARTICLE 3. MANAGEMENT RIGHTS

3.01 Nothing in this Agreement shall limit the Company in the exercise of its function of management, under which it will have, among other things, the right to hire new employees and to direct the working force, including the promotion and demotion of employees, to discipline, suspend, discharge for cause, transfer, or lay off employees because of lack of work; require employees to observe Company rules and regulations to decide on the products to be handled, the methods and schedules of operation.

ARTICLE 4. STRIKES AND LOCKOUTS

4.01 There shall be no lockout by the Company or strike, slowdown, sitdown, or suspension of work either complete or partial by employees during the life of this Agreement.

ARTICLE 5. FREEDOM OF EMPLOYEE ACTION/SHOP STEWARD DUTIES

5.01 Any employee shall not depart from his assigned duties to attend to Union business until he has secured the permission of Management. Such permission will not be unreasonably withheld.

5.02 Time spent by employee(s), delegated by the Union or Company, at joint Management/Union meetings shall be considered as time worked should the employee(s) normally be on shift at that time. However, in no case shall overtime rates be paid.

- 5.03 Shop Stewards shall be recognized by the Company and shall not be discriminated against. The Company shall be notified by the Union of the name or names of such Stewards.
- 5.04 In the carrying out of regular duties, Business Representatives of the Local Union shall have access to Company premises covered by this Agreement, after first securing permission from Management. Such permission shall not be unreasonably withheld.

ARTICLE 6. DISCHARGE OF EMPLOYEES

- 6.01 The Company has the right to discharge any employee for just and reasonable cause. However, a probationary employee may be discharged or terminated at any time during his probationary period. Employees shall be notified in writing of the reasons for their dismissal. A copy of the reasons shall be forwarded to the Union.

ARTICLE 7. WAGES AND WAGE STATEMENT

- 7.01 The Company shall pay wages to every employee covered by this Agreement at the rates contained in Appendix I for the various classifications listed therein. Appendix I and II shall be deemed to be contained in and form part of this Agreement.
- 7.02 The Company shall provide every employee covered by this Agreement with its regular itemized statement in respect to payments made to each employee by the Company, and such statement shall show the regular hours worked, the total overtime hours worked, the rate or rates applicable, the gross amount of wages, and all deductions made therefrom. Payments will be paid as per Section 3 of the B.C. Payment of Wages Act.
- 7.03 Any employee who, for the convenience of the Company, is temporarily transferred to a job classification paying a lower rate shall retain his normal rate should it be greater than the established rate for the job to which he was transferred.
- 7.04 Any employee temporarily assigned to a higher rate job classification shall receive the rate for that higher paid job for the accumulated time while so assigned.

ARTICLE 8. PROMOTIONS AND JOB POSTINGS

8.01 In selecting employees for promotion within the bargaining unit or transfer to another position covered by this Agreement will be filled on the basis of seniority provided the employees have the ability to do the jobs and can qualify reasonably quickly.

(a) **Job Posting** - Vacancies in regularly assigned job classifications will be bulletined and posted for three (3) days and the successful applicant advised within thirty (30) days of the vacancy occurring. Vacancies in new job classifications of indefinite duration need not be bulletined until the expiration of thirty (30) days from the date created.

(b) The bulletin will show a general job description, rate of pay, hours of work, and be posted for three (3) days in a place accessible to all employees affected. Copies of all bulletins issued under this rule shall be furnished to the Union.

(c) Employees desiring such positions shall, within the three (3) day period specified above, forward to the designated officer their application in which they will clearly set forth their qualifications for the job.

8.02 No employee may change job positions through the posting procedure more than twice in any twelve (12) month period. Any subsequent postings to be reviewed by the Union and Management.

8.03 The Company shall have the right to fill a position on a temporary basis for a period of up to sixty (60) calendar days without regard to seniority in which case the Shop Steward will be informed. This period may be extended by mutual agreement.

ARTICLE 9. HOURS OF WORK

9.01 Except as provided, the regular work day shall consist of eight (8) consecutive hours not including the meal period. The regular work week shall consist of five (5) consecutive eight (8) hour days, Monday to Friday inclusive.

By mutual agreement between the Company and the Union, a four (4) day, ten (10) hour, work schedule may be instituted. Such schedule will be either Monday to Thursday, or Tuesday to Friday.

- 9.02 It is agreed that if certain operations are necessary on Saturday and Sunday, the Company will notify the Union one (1) week in advance of instituting a work week other than Monday to Friday. A work week in such instances shall be comprised of five (5) consecutive days.
- 9.03 Existing work schedules shall not be changed except by agreement between the parties.
- 9.04 An employee who reports to work, and has not been notified to the contrary, shall be paid not less than the appropriate day's pay.

ARTICLE 10. OVERTIME AND CALLOUT

- 10.01 Overtime work authorized by the Company shall be paid for hours worked as follows:
- (i) Time and one-half for the first four (4) hours worked in excess of eight (8) hours in a day, or forty (40) hours in a week.
 - (ii) Two (2) times for hours worked in excess of twelve (12) hours in a day.
 - (iii) Time and one-half for all overtime worked on an employee's day of rest or paid holiday in addition to regular pay for the paid holiday.
- 10.02 The Company will endeavour to keep overtime to a minimum. When overtime work is necessary it shall be distributed as fairly and impartially as possible amongst employees who are qualified to perform such work.

10.03 **Call-Out**

Overtime rates shall be paid for all call-out time with a minimum of four (4) hours credit from the time of the call.

ARTICLE 11. NEW CLASSIFICATIONS

11.01 The Company shall notify the Union when any new classification coming within the jurisdiction of this Agreement is added. The Union and the Company shall negotiate on the rate to be established and that rate, once established, shall be retroactive to the introduction date of the new classification.

ARTICLE 12. PAID HOLIDAYS

12.01 All employees shall receive eleven (11) paid holidays with full pay during the year. The paid holidays shall be:

NEW YEAR'S DAY	CANADA DAY	REMEMBRANCE DAY
GOOD FRIDAY	B.C. DAY	CHRISTMAS DAY
VICTORIA DAY	LABOUR DAY	BOXING DAY
THANKSGIVING DAY		

and any other day proclaimed or declared by the Federal, Provincial or Municipal Governments as a holiday. One floater holiday shall be observed at a time designated by the Company, provided the Company gives not less than seven (7) days prior notice.

12.02 Employees required to work on a paid holiday shall by mutual agreement:

- (a) Receive payment at two (2) times their regular hourly rate of pay for time worked, or
- (b) Receive two (2) banked days which shall be taken at a mutually convenient date.

Payment for the Paid Holiday itself shall be in addition to the foregoing.

Where a Paid Holiday falls during an employee's annual vacation, it shall be banked at the regular rate of pay and taken at a mutually convenient date.

12.03 The Company agrees that only such employees as are, in the opinion of the Company, necessary to perform the business of the Company shall be required to work on holidays.

12. 04 An employee to qualify for Statutory Holiday pay must comply with the following conditions:
- (i) Have been on the payroll thirty (30) calendar days immediately preceding the holiday;
 - (ii) Have worked his last scheduled work day before and his first regularly scheduled work day after the holiday, unless his absence is due to illness, compensable occupational injury, accident, or as otherwise authorized by the Company;
 - (iii) Have worked within the preceding three (3) months if absent through illness or accident.

ARTICLE 13. VACATIONS

13.01 Pursuant to the Annual and General Holidays Act of British Columbia, the Company agrees to give vacations to employees at their regular hourly rate of pay in accordance with the following schedule:

- (a) Two weeks vacation after one continuous year of Company service and annually thereafter.
- (b) Three weeks vacation commencing in the calendar year during which the employee completes two (2) years of continuous Company service and annually thereafter.
- (c) Four weeks vacation commencing in the calendar year during which the employee completes nine (9) years of continuous Company service and annually thereafter.

13.02 The Company shall post a vacation calendar for the benefit of employees. An employee may express his preference for the time of his vacation.

ARTICLE 14. SENIORITY

14.01 For the purpose of this Agreement, seniority for employees within the bargaining unit as of the date of signing of this Agreement shall mean all Company service shown on the records as of date of signing. Following this date, seniority will accumulate during the period when the employee has employee status in any position covered by this Agreement.

14.02 Employees shall be probationary for the first ninety (90) consecutive calendar days of employment and shall have no seniority rights during that period. After ninety (90) consecutive calendar days of employment, a probationary employee's seniority shall be dated from the date of his most recent employment.

14.03 Seniority shall be lost when:

- (a) An employee resigns;
- (b) An employee is discharged;
- (c) An employee is laid off for a period of six (6) months or longer;
- (d) Any new employee is not employed for a greater period than six (6) months within the twelve (12) month period from his first day of employment;
- (e) A former employee fails to acknowledge a recall notice for regular employment within seven (7) calendar days after date of mailing of notice or will not be available for work within a reasonable period specified by the Company.

14.04 Should it become necessary to lay off employees, this will be done on the basis that the employees with least seniority will be laid off first, provided the employees retained are qualified to perform the available work.

14.05 The Company will establish and maintain a current list showing the seniority of each employee. It shall be posted and revised every six (6) months with a copy forwarded to the Union.

14.05 Employees on lay-off shall be recalled in order of seniority provided they are qualified to do the work.

ARTICLE 15. GRIEVANCES AND ARBITRATION

15.01 The Company and the Union are agreed that it is of the utmost importance to adjust complaints and grievances as quickly as possible. Grievances must be submitted within fifteen (15) days from the date of the alleged occurrence. A means is therefore provided for the settlement of problems, disputes complaints or grievances arising out of the terms of this Agreement, both in an orderly manner and without stoppage of work in accordance with the procedure set out in this Article.

15.02 An employee may be suspended for a period of up to three (3) days pending investigation of the charges against him. Investigation will be held as quickly as possible and the employee will be notified of the charges against him one day in advance of the formal hearing.

15.03 If a decision is considered unjust by the employee who was or was not suspended or dismissed he may make use of the Grievance Procedure established.

Stage 1. - The employee concerned may submit the dispute, which shall be stated in writing, to Management.

Stage 2. - Failing a satisfactory settlement within three (3) office working days after the dispute was submitted under Stage 1, a meeting shall be arranged within seven (7) days consisting of the Company and together with an officer of the International Union.

If the grievance or dispute is not then settled to the satisfaction of both parties within a period of five (5) days, or within any longer period which may be mutually arranged at the time, then at the request of either party to this Agreement, the grievance shall be referred to arbitration within thirty (30) days of the date of the Company decision.

Stage 3. - The Arbitration procedure shall be invoked only at the written request of either party hereto. A Board of Arbitration will then be set up consisting of three people, one selected by the Company, one selected by the Union and a third party agreed upon by both parties. No person may be appointed as an arbitrator who has been involved in any attempt to negotiate or settle the grievance. In the event of failure to agree upon a third person, the Minister of Labour of the Province of British Columbia shall be asked to act as, or at his discretion, appoint a third person to act as Chairman of the Board. The Chairman shall be entitled to vote and the majority vote of the Board as thus constituted shall be final and binding upon the parties hereto. Each of the parties will bear the expense of the Arbitrator appointed by it, and the parties will jointly bear the expense of the Chairman.

15.04 The Arbitration Board shall not be authorized to make any decision inconsistent with the provisions of this Agreement, nor to alter or modify or amend any portion of this Agreement.

15.05 Notwithstanding the foregoing the parties may agree to a single arbitrator who will be bound by the provisions of this Article.

ARTICLE 16. VEHICLE SAFETY

16.01 The employee will report in writing to the Supervisor promptly but not later than the end of his shift all safety or mechanical defects on the equipment which he has operated during the shift.

16.02 The Company will determine the serviceability of the equipment and direct such repairs as are necessary to conform with the safe and efficient operation of that equipment.

ARTICLE 17. VEHICLE ACCIDENTS

17.01 The Company agrees to pay an employee his basic hourly rate (exclusive of any premium) for all time necessarily spent on authorized business of the Company including attendance at Court on behalf of the Company or its Insurer.

17.02 If the employee is involved in a motor vehicle accident while operating a Company vehicle and as a result is prosecuted pursuant to applicable provincial legislation, then the Company will, provided there is no conflict of interest between the Company and the employee and provided there is reasonable probability of the Company becoming involved in court action as a result of the accident, supply the employee at the Company's expense with legal counsel to represent him both at the hearing of the prosecution and in any civil action instituted against the employee as a result of the accident.

ARTICLE 18. SICK LEAVE

18.01 For all employees with one (1) year's service or more, sick leave shall be accumulated at the rate of one day per month to a maximum of six (6) days per year.

Where any absence, occasioned by sickness or accident, is not covered for payment by either sick benefit or Workers' Compensation employees shall draw on time so accumulated in the following manner:

1 st day of absence:	one full day's pay
2 nd day of absence:	one full day's pay
3 rd day of absence:	one full day's pay

If requested by the Company, the employee shall provide a Doctor's certificate verifying the illness and if found abusing this privilege may be subject to discipline including discharge.

Under no circumstances shall cash be paid in substitution for unused sick leave.

ARTICLE 19. HEALTH AND WELFARE

19.01 The Company agrees to contribute the full cost of the Teamsters Local Union No. 213 Health and Welfare Plan, the Plan to be administered by the Teamsters Local Union No. 213, for all employees of the Company and/or members of the Union and eligible dependents coming under the jurisdiction of this Agreement.

19.02 It will be the responsibility of the Company to ensure that all employees are enrolled in the Plan and for making remittances on their behalf. Failure of the Company to enroll employees, forward completed forms and/or remit on the due date, being the ten (10th) day of each month, to the Trustees will cause the Company to be liable for any claims arising therefrom.

19.03 It shall be the Union's responsibility to supply all necessary forms to the Company.

19.04 The Company shall remit the premiums to the Teamsters Local Union No. 213 Administrator and it shall be the Trustees' responsibility upon receipt of the remittance to distribute same to the applicable carrier.

19.05 Health and Welfare remittances shall be totally paid for by the Company. The Company further agrees

that increases in M.S.P. and/or Dental premiums beyond the control of either Party, will be paid in addition to the regular monthly contribution. Effective September 1st, 2005 the premium rate shall be \$310.00 per month per employee.

19.06 The Union Trustees shall have the right to amend/alter the benefit level of this Plan during the term of this Agreement should they deem it appropriate or necessary.

19.07 Dental coverage shall be as follows:

Basic (Part) A - 80% coverage
Major Restorative (Part B) - 50% coverage
Orthodontic (Part C) - 50% coverage

Eligibility:

19.08 (i) Any member of the Union who is in the regular employment of the Company on the effective date of the Health and Welfare Plan shall join the Plan immediately.

(ii) All members subsequently hired will be eligible and join the Plan on the first (1st) of the month coincident with, or next following, the date of employment and also if he was a member of a comparable plan in the previous thirty (30) days he will be eligible immediately.

ARTICLE 20. JURY AND/OR WITNESS DUTY

20.01 Employees called for Jury Duty or subpoenaed as a Crown Witness will be paid the difference between their hourly base rate of wages for their normally scheduled hours and the amount paid by the Court.

ARTICLE 21. BULLETIN BOARDS

21.01 The Company agrees to grant permission for the use of a Bulletin Board for posting of Union notices and Union business, provided such notices are first submitted to and approved by the local Management of the Company. Such permission shall not be unreasonably withheld.

ARTICLE 22. BEREAVEMENT LEAVE

22.01 In the event of a death in the immediate family, and upon his request, an employee will be granted time off up to three (3) working days. This time off will be paid by the Company at the employee's regular rate.

- 22.02 Immediate family shall be defined to include the employee's father, mother, sister, brother, child, parent-in-law, spouse, and common-law spouse.
- 22.03 In the case of a death of a relative other than in 22.02 including relatives by marriage, the employee shall be entitled to Bereavement Leave of one working day with full pay to attend the funeral and assist with related personal matters.
- 22.04 If the employee is notified of the death while he is working, he shall be excused from, and paid for, the balance of that working day.
- 22.05 Upon giving twenty-four (24) hours notice, an employee may be given time off without pay to attend a funeral provided that it is not inconsistent with the efficient operation of the business.

ARTICLE 23. WORK CLOTHING

- 23.01 The Company shall determine and supply all employees with the uniforms as required for use on the job only.
- 23.02 All employees shall be supplied with suitable gloves, on an exchange basis.
- 23.03 The Company shall reimburse each employee the cost of Safety Footwear to a maximum of one hundred and fifty-dollars (\$150.00) per year. Such Safety Footwear must conform to the requirements of the Company and the Workers' Compensation Board.

ARTICLE 24. EMPLOYEES DUTIES

- 24.01 Each employee will obtain and keep in good standing, during the term of the agreement, all provincial licences required to evidence his qualifications to operate each Company vehicle assigned to him.
- 24.02 The Company shall grant a leave of absence, without pay, for up to three (3) months, to an employee who has suffered the revocation of his driver's licence. Such leave of absence shall only be granted once during the employee's employment with the Company. The Union shall be notified should this clause apply.

ARTICLE 25. PICKET LINES

25.01 It shall not be a violation of this Agreement, cause for discharge or other disciplinary action if an employee refuses to cross a picket line which has not been ruled upon by the Labour Relations Board of B.C.

25.02 Drivers, whose duties are curtailed by Article 25.01, shall immediately notify Management for further advisements as to work re-assignment.

ARTICLE 26. TERM OF AGREEMENT

26.01 This Agreement shall run from May 1st, 2004 to and including April 30th, 2006 and thereafter from year to year unless notice of amendment or termination is given by either party not less than three (3) months but not more than four (4) months prior to the expiration of this Agreement or any renewal thereof.

DATED AT _____, B.C., THIS _____ OF _____, 2005.

ON BEHALF OF THE COMPANY

ON BEHALF OF THE UNION

APPENDIX I

WAGE RATES

CLASSIFICATION	July 1, 2005
Driver/Warehouseman - Start Rate	\$18.80 per hour
- After One Year	\$20.50 per hour
Tandem Driver	\$22.20 per hour

Each employee shall receive a signing bonus of one thousand dollars (\$1,000.00) within thirty (30) days of the ratification of this Agreement.

APPENDIX II

PENSION PLAN

Effective July 1st, 2005 the Company agrees to contribute two dollars (\$2.00) per hour for all hours that an employee receives remuneration to the Teamsters Local 213 Pension Plan on behalf of all employees.

Such contributions shall be submitted by the 15th day of the month following that to which they refer, together with a form supplied to the Company by the Union which shall provide full instructions.

Timely payment of contributions to the Trust Funds provided for in this Agreement is essential for the protection of the beneficiaries. Delinquency and continued failure to remit contributions to the Trust Fund shall be dealt with in the following manner:

1. The Union will advise the Company in writing of any delinquency.
2. If the Company has failed to respond within forty-eight (48) hours of receipt of notification exclusive of Saturdays and Sundays and holidays, the Union may then request a meeting with the Company to provide for payment of funds.
3. In the case of failure of the Company to contribute into the funds on the due date the Trustees in their joint names may take legal action against the Company for recovery of the amount due.