



Kristi J. Acuff, SPHR
Senior Vice President Employee & External Relations Division

Alaska Native Utilization Agreement (ANUA)

Technical Amendment #2

Dated: July 8, 2009

This technical amendment authorizes two (2) changes in two (2) locations in the 2007 ANUA as follows:

- 1) SECTION 7 MEASUREMENT OF PROGRESS, Item #1 last sentence: Delete reference to straight time, and add one (1) field FTE will be calculated at 2,184 hours per year. (Page 12 of 15 of 2007 ANUA).
- 2) DEFINITIONS: FULL TIME EQUIVALENT (FTE), Delete reference to straight time and add reference to 2,184 hour per year for a single FTE for field scheduled contract employees. (Page 15 of 15).

SECTION 7 MEASUREMENT OF PROGRESS, Item #1 language: is now authorized as follows: Each Alaska Native on the payroll during the year will count as a single employment opportunity on a pro-rata basis. Those Alaska Natives employed for less than a full year will be counted based upon the portion of the year for which they are employed. 2,080 hours for urban or the contractor's annual work year will be the basis for calculating one full-time equivalent employee and 2,184 hours for field scheduled contractor employees will be the basis for calculating one full-time equivalent employee.

DEFINITIONS: FULL TIME EQUIVALENT (FTE) is now authorized as follows: A full time equivalency of a minimum of 2,080 hours for urban schedules and 2,184 hours for field schedule within a one year period will be the basis for calculating one full-time equivalent employee. Work may be pro-rated on a basis of 1 FTE = 2,080 hours for urban employees working less than 2,080 hours and contractor employees working less than 2,184 for field employees.

PARTIES: The sole parties to this Technical Amendment are Alyeska Pipeline Service Company, and the Department of the Interior. The parties hereto do not intend to create any rights under this Technical Amendment that may be enforced by any third parties for their own benefit or for the benefit of others.

IN WITNESS WHEREOF, The Parties hereto have duly executed this Technical Amendment #2 as of June 30, 2009 so that it will affect the 2nd Quarter Section 29 Contractors reports.

UNITED STATES OF AMERICA
Acting as Agent on behalf of:

ALYESKA PIPELINE SERVICE COMPANY
Acting as Agent on behalf of the Owners of the TAPS

By: 
Alaska State Director, JPO, BLM

by: 
Kevin M. Hostler, President and CEO



Kristi J. Acuff, SPHR
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UNITED STATES OF AMERICA
Acting as Agent on behalf of:

ALYESKA PIPELINE SERVICE COMPANY
Acting as Agent on behalf of the Owners of the TAPS

By: 
Alaska State Director, JPO, BLM

by: _____
Kevin M. Hostler, President and CEO

Alaska Native Utilization Agreement (ANUA)

Language Changes:

July 8, 2009

The #2 Technical Amendment to the 2007 ANUA includes 2 paragraph language changes. Both the old and new language detail is shown below.

- 1) The first change incorporates the contractors annual work year for field work, authorized at 2,184 hours for one FTE.
- 2) The second change eliminates all reference to "straight-time" which allows contractors that have field employees to obtain full FTE credit.

New Language (page 12 of 15):

SECTION 7 MEASUREMENT OF PROGRESS, Item #1 language: is now authorized as follows:

Each Alaska Native on the payroll during the year will count as a single employment opportunity on a pro-rata basis. Those Alaska Natives employed for less than a full year will be counted based upon the portion of the year for which they are employed. 2,080 hours for urban or the contractor's annual work year will be the basis for calculating one full-time equivalent employee and 2,184 hours for field scheduled contractor employees will be the basis for calculating one full-time equivalent employee.

Old Language:

Each Alaska Native on the payroll during the year will count as a single employment opportunity on a pro-rata basis. Those Alaska Natives employed for less than a full year will be counted based upon the portion of the year for which they are employed. 2,080 hours of straight time worked or the contractor's annual work year will be the basis for calculating one full-time equivalent employee.

New Language (page 15 of 15):

DEFINITIONS: FULL TIME EQUIVALENT (FTE) is now authorized as follows: A full time equivalency of a minimum of 2,080 hours for urban schedules and 2,184 hours for field schedule within a one year period will be the basis for calculating one full-time equivalent employee. Work may be pro-rated on a basis of 1 FTE = 2,080 hours for urban employees working less than 2,080 hours and contractors employees working less than 2,184 for field employees.

Old Language:

FULL TIME EQUIVALENT (FTE)

A full time equivalency of a minimum of 2,080 hours, (straight time) within a one year period will be the basis for calculating one full-time equivalent employee. Work may be pro-rated on a basis of 1 FTE = 2,080 hours for employees working less than 2,080 hours.



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Alaska Native Utilization Agreement (ANUA)

Technical Amendment #1

Dated: January 29, 2008

This technical amendment authorizes one change to the 2007 ANUA as follows:

EXHIBIT 1, Page 5 of 15 changes the Managers/Supervisors goal from 12-14% Alaska Native Hire to 14-16%.

EXHIBIT 1: is now authorized as follows:

Section 29 Employment Goals by job Classification from 2008 through the life of the pipeline:

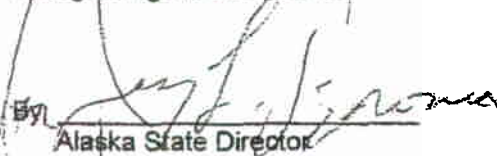
Managers/Supervisors	14-16%
Professionals	19%
Technicians	21%
Clerical/Administrative	30%
Overall Alaska Native Hire Goal	20%

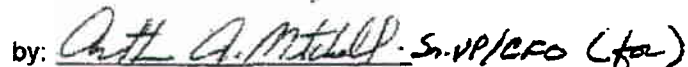
PARTIES: The sole parties to this Technical Amendment, as agent for Permittees, and the Department of the Interior. The parties hereto do not intend to create any rights under this Technical Amendment that may be enforced by any third parties for their own benefit or for the benefit of other.

IN WITNESS WHEREOF, The Parties hereto have duly executed this Technical Amendment #1 as of February 15, 2008.

UNITED STATES OF AMERICA
Acting as Agent on behalf of:

ALYESKA PIPELINE SERVICE COMPANY

By: 
Alaska State Director
Bureau of Land Management
2-9-08

by:  Sr. VP/CEO (fa)
Kevin M. Hostler
President and CEO



ALASKA NATIVE UTILIZATION AGREEMENT



July 2007

ALASKA NATIVE UTILIZATION AGREEMENT

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ALASKA NATIVE UTILIZATION AGREEMENT

SECTION 1 INTRODUCTION

Section 29 of the Agreement and Grant of Right-of-Way for the Trans-Alaska Pipeline (hereafter referred to as "Section 29") states:

29. Training of Alaska Natives

- A. Permittees shall enter into an Agreement with the Secretary regarding recruitment, testing, training, placement, employment, and job counseling of Alaska Natives.
- B. During construction and operation of the Pipeline System, Permittees shall conduct a pre-employment and on-the-job training program for Alaska Natives designed to qualify them for initial employment in connection with the Pipeline System and for advancement to higher paying positions thereafter.
- C. Permittees shall do everything practicable to secure the employment, in connection with the Pipeline System, of those Alaska Natives who successfully complete the Permittees' training program. Permittees shall inform the Authorized Officer of the discharge from such employment of each and every Alaska Native and of the reason therefore, in advance of such discharge wherever possible or, if advance notice is impossible, as soon thereafter as is practicable.
- D. Permittees shall furnish such information and reports concerning Alaska Native employment as the Authorized Officer shall require from time to time.

This Agreement between Alyeska Pipeline Service Company (hereafter referred to as "Alyeska"), as agent for Permittees, and the United States Department of the Interior is made pursuant to Section 29 to establish appropriately funded programs to increase Alaska Native employment, training, and promotional opportunities. This Agreement supersedes all previous agreements and is intended to improve the effectiveness of the program employed by Alyeska to fulfill its obligations under Section 29. This Agreement will remain in force for the duration of pipeline operations or until modified by the mutual agreement of Alyeska and the United States Department of the Interior.

The existing Agreement will remain in effect unless Alyeska and the United States Department of the Interior (hereafter "DOI") mutually agree to all changes. Technical changes can be accomplished by a simple amendment agreement in writing between the President of Alyeska Pipeline Service Company and the Authorized Officer.

This Agreement is intended to further Alyeska's long-standing relationship with Alaska Native organizations, particularly those located in the vicinity of the pipeline corridor. This Agreement continues Alyeska's efforts, beginning prior to construction of the Trans-Alaska Pipeline System (TAPS), to ensure that Alaska Natives benefit from the economic development opportunities afforded by its construction and operation. The programs established by this Agreement are not intended to establish an affirmative action plan or quotas for Alaska Native employment. These programs instead serve to fulfill Alyeska's commitment to the United States, embodied in

Section 29, and Alyeska's desire to afford employment opportunities for Alaska Natives, while recognizing the importance of emphasizing employment opportunities for Alaska Natives who are shareholders or direct descendants of shareholders of Alaska Native Claims Settlement Act corporations that are in close proximity to the pipeline corridor.

This Agreement will be implemented by plans and procedures appropriate to satisfy the commitments it contains. Thirty days after the execution of this Agreement by Alyeska and the Secretary, Alyeska will prepare and submit to the Authorized Officer, a final Plan for Implementation ("The Plan" hereafter) of this Agreement. The Plan will describe program elements, resources required, and the intended timing of the various programs and commitments in this Agreement. The Plan shall be effective 30 days after it is formally submitted, unless the Authorized Officer objects in writing to all or a portion of the Plan in which case those portions, which are not objectionable shall be effective. Review of the Plan by the Authorized Officer shall in no way restrict or impede implementation of any portion of this Agreement. The Plan will be prepared in consultation with the Authorized Officer to assure that Alyeska remains responsible for the details and successful implementation of this Agreement and to assure that appropriate Federal resources are available and in place to support realization of positive goals and intentions of this Agreement.

The Plan shall be consistent with the terms and conditions of this Agreement. Approval of the Plan by the DOI shall not be unreasonably withheld and shall not be conditioned on Alyeska agreeing to terms and conditions therein which are not otherwise consistent with this Agreement.

The implementation of programs described by this Agreement will be reviewed and prioritized annually by Alyeska to adjust the program to Alyeska workforce requirements and the availability of the Alaska Native workforce. The Authorized Officer will periodically review the Plan. Alyeska will maintain the programs described for Alaska Native employees for the life of the Agreement and Grant of Right of Way for the Trans-Alaska Pipeline System.

SECTION 2 EMPLOYMENT

In order to facilitate the measurement of the success and improvement of this program, it is the ultimate aspiration of Alyeska to increase its employment of Alaska Natives in regular, full-time positions to a level in the combined TAPS workforce of Alyeska and its Designated Contractors (see Section 2.2) that is equivalent to 20%. The Combined TAPS Workforce will be measured per an annual average, based on quarterly totals and reported on December 31 of each year.

The utilization levels described in this Agreement will be reviewed by Alyeska and the Department of the Interior as necessary, to decide whether to adjust the numbers in light of then-available information. The review will consider progress made during the period, obstacles to implementation and other factors. The numerical levels, other than the spending commitment (in Section 2.1), adopted in this Agreement or in subsequent review periods are aspirational objectives and not contractual commitments or guarantees.

2.1 ALYESKA

Alyeska will make good faith efforts to achieve the interim utilization levels stated herein. As a measure of Alyeska's good faith efforts to reach these goals, Alyeska agrees that it will spend at a rate of approximately \$2.1 million per year, which includes administrative costs, in furtherance of Alyeska and its Contractors reaching the desired employment levels of 20% Alaska Natives in the combined TAPS work force. As a part of this spending commitment, Alyeska will target scholarship spending on an annual basis at a level of \$750,000. Performance under Section 29 will be measured by the DOI based on an assessment of Alyeska's continuing good faith efforts to meet the Section 29 commitments contained in this Agreement.

Pursuant to the objectives of Section 29, Alyeska adopts interim levels of employment of Alaska Natives as a percentage of the combined TAPS workforce, as identified in Exhibit 1:

EXHIBIT 1

Section 29 Employment Goals by job classification from 2008 through the life of the pipeline

Managers/Supervisors	12-14%
Professionals	19%
Technicians*	21%
Clerical & Administrative	30%
Totals**	20%

Note: Upon reaching the 20% employment level, it is expected that Alyeska will maintain these employment percentages for the life of the Grant of Right-of-Way. In pursuit of the overall target actual levels will vary on the basis of performance and other factors and will be developed in consultation with the Department of the Interior.

*Technician category is to include Contractor job categories such as union and craft positions.

**Credits may also satisfy these expectations.

2.2 Designated Contractors

For purposes of this Agreement, a contractor shall be a Designated Contractor (which includes its subcontractors) if that Organization provides labor directly to Alyeska Pipeline Service Company, on a continuous basis, and has at least 50 full-time equivalent employees (at least, but not limited to, 2,080 hours per employee, per year), in working on TAPS within the State of Alaska. Designated Contractors are required to have completed Section 29 Implementation Plans, approved by Alyeska and subject to Authorized Officer review.

Contractors who are defined as Designated Contractors at the time this Agreement is executed will be required to have an updated Section 29 Implementation Plan approved by Alyeska within ninety (90) days after execution of this Agreement. Future Designated Contractors will be required to have an approved Section 29 Implementation Plan within ninety (90) days after commencing TAPS-related work under contract with Alyeska.

Designated Contractors' Section 29 implementation plans will include average workforce employment levels for each of the employment categories cited in Exhibit 1 and will make good faith efforts to achieve the same overall objectives of employment of Alaska Natives as Alyeska. Alyeska and the Designated Contractors will strive to achieve proportional Alaska Native employment in all job categories. Designated Contractors' Section 29 implementation plans will describe programs they will put in place to encourage success in meeting their employment goals, and may include internships, mentoring, counseling, incentives, or other appropriate programs for Alaska Natives. Designated Contractors will meet the reporting requirements stated in Alyeska's Implementation Plan. Alyeska will be responsible for ensuring Designated Contractors adhere to their implementation plans.

2.3 Reporting Contractors

A contractor or subcontractor shall be a Reporting Contractor if that Organization provides labor directly to Alyeska Pipeline Service Company, on a continuous basis, and has at least 15-49 full-time equivalent employees (at least, but not limited to, 2,080 hours per employee, per year), working on TAPS within the State of Alaska. Reporting Contractors are NOT required to provide a Section 29 Implementation Plan, however, they are required to make a good faith effort to meet the goals outlined on page 4 and report to Alyeska the average workforce employment levels for each employment category (based on the Department of Labor employment categories and those cited in Exhibit 1 of this Agreement).

2.4 Combined Taps Workforce

The "combined TAPS workforce" is defined as the total number of employees on the Alyeska payroll plus the total number of employees on the payrolls of Designated and Reporting Contractors as defined in the previous Section 2.2 and 2.3.

SECTION 3 RECRUITING AND PLACEMENT

Alyeska will continue to implement a proactive program of recruitment, training, placement, and employment to attract and advance Alaska Native candidates to meet the employment levels.

This program will match Alaska Native candidates to job vacancies based upon the existing or potential skill levels of the candidates and current organizational needs.

3.1 Recruiting Methods

The Alyeska Human Resources Department will continue to be responsible for the ongoing recruitment of qualified Alaska Native candidates. Recruiting shall utilize both internal and external recruiting efforts to attract qualified candidates. These efforts will be fully described in the Implementation Plan.

Alyeska will expand and strengthen existing recruiting sources and establish affiliations with Native entities to improve success in recruiting Alaska Native applicants for job vacancies at Alyeska as necessary.

External recruiting efforts and timely vacancy notifications will be used to attract Alaska Native candidates with particular focuses in areas having a high degree of exposure to Alaska Natives such as trade and vocational schools; public and private colleges and universities; Alaska Native Regional and Village and nonprofit entities; Alaska Native employment organizations; local, State and Federal government agencies; and community sources. External recruiting efforts will be conducted inside and outside of Alaska at Alyeska's discretion.

Alyeska will maintain a computer database of Alaska Native candidates qualified for employment in the oil industry. Alyeska will work cooperatively with Designated Contractors to enhance the overall effectiveness of the recruiting effort. To the extent practical, Alyeska and Designated Contractors will share information gained through their respective recruiting sources and assist each other in efforts to identify viable candidates for training and employment.

3.2 Screening and Verification

Alyeska will employ a screening and verification process to address "testing" referenced in Paragraph A of Section 29. Each applicant may be asked to verify their Alaska Native heritage, submit a resume, and will be placed in the computer database cited above. In addition, applicants may monitor Alyeska's website and employment opportunity publications to learn more about current and potential employment or educational opportunities. On at least an annual basis, Alaska Native candidates must update their resumes. Resumes must be emailed to the Alyeska Jobs website at www.alyeska-pipe.com in the required format.

3.3 Retention

Alyeska desires to retain qualified Alaska Native employees, and will exercise good faith efforts to do so, even as it periodically reorganizes its workforce to meet the needs of changing TAPS operations. Reorganizations can result in a smaller, more efficient organization. Alyeska will encourage and support Alaska Native employees participating in company career development programs.

SECTION 4 TRAINING PROGRAMS

4.1 Types of Training

Alyeska and its Designated Contractors will fund the training programs described in this Agreement by annual cash disbursements projected and budgeted for each year.

Training opportunities will be identified soon after an Alaska Native's initial employment date and will be reviewed and updated annually by the Alaska Native employee in consultation with their supervisor and Alyeska training professionals. Training will be designed to meet the needs of their job and/or provide skills to encourage advancement and enhance individual or career potential. The intent of training under Section 29 is to go beyond the regulatory and company-directed training.

Training may be provided to Alaska Natives through internal training programs developed and delivered by Alyeska professional trainers; by consultants and professional trainers under contract to Alyeska including qualified Native Training Resources (either profit or nonprofit); and through external vendors, schools and training institutions for specialty training programs. In addition, Alyeska may provide on-the-job training for current Alaska Native employees, through "special assignments" as a means for providing broader exposure to disciplines throughout the company, and increase advancement.

Training for each Alaska Native employee wishing to participate will be defined by the preparation of an Employee Resume and Workforce Preference form or equivalent. (See Section 4.2).

4.2 Career Development Plans

Alyeska will use the employee resume and workforce form and contractors will use their own equivalent form. The identification of training and experiences will be accomplished annually through the preparation of Career Development Plans for each Alaska Native employee. The preparation of the Career Development Plan is an interactive process involving the employee, the supervisor and Alyeska's training professionals, with advice from the employee's mentor, as appropriate (as described in Section 6.1).

Each year the Career Development Plan may be updated by each participating Alaska Native employee taking into account previous training experience and identifying specific, prioritized training to enhance current job responsibilities and developmental training to allow and encourage professional advancement. Annual supplemental training can be identified by the supervisor and/or by the employee to further development. The training schedule will be coordinated with the employee's supervisor to ensure adequate time away from work is allowed to attend training.

Alaska Native employees are responsible for participation in the preparation of the annual Career Development Plan, successful completion of training classes or work assignments and providing feedback to Alyeska concerning the effectiveness of the training received.

4.3 Responsibility for Training Success

The responsibility for the success of the training program will be jointly shared between Alyeska and each Alaska Native employee participating in the program. Alyeska will plan and organize training curricula to suit the needs of each employee to qualify trainees to assume the responsibilities of the positions to which they and Alyeska agree are appropriate; make appropriate training personnel and facilities available; and supervise, manage, and monitor the training efforts to continuously improve the training process.

SECTION 5 DEVELOPMENTAL OPPORTUNITIES

In addition to the formal training programs described in Section 4, Alyeska will also provide developmental opportunities for Alaska Native employees and prospective Native employees as described below.

5.1 Loanee Program

Loanee Programs for Alaska Native employees may be used to obtain specialized skills, training and unique experiences not available in the Alyeska system.

Targeted placements may include: Native Regional and Village entities, nonprofit corporations, TAPS Contractors, and other petroleum industry companies.

5.2 Building Foundations for Excellence Program

Alyeska will continue the Building Foundations for Excellence Program (BFEP) as a workforce development program that was established in 1999. The program focuses on the hiring and development of people into positions at Alyeska.

To meet this purpose, the strategy will be to recruit or transfer individuals into long-term developmental positions within the Alyeska workforce. These roles will be designed in anticipation of future needs in areas such as process technology, IT, engineering, business, environment, safety, and operations. BFEP provides Alaskans, particularly Alaska Natives and other underutilized groups of people, an alternative pathway to enter the TAPS workforce.

Employees in BFEP developmental positions are considered regular employees with all the rights, benefits, and responsibilities of other employees.

5.3 Educational Assistance

Alyeska provides educational assistance that is available to all employees, including Alaska Natives. The educational assistance program will reimburse Alaska Native employees up to 80% of the cost of pre-approved courses. Individuals may seek technical training, advanced degrees, degree completion, or a basic degree based on pre-approval.

5.4 Scholarships

When necessary to provide training or education of Alaska Natives to prepare them for initial employment or advancement to higher positions within Alyeska, Alyeska will provide a limited number of scholarships both directly and indirectly on an annual basis. Alaska Natives who apply for scholarships must meet minimum requirements and agree to program stipulations. Scholarships will be granted at the sole discretion of Alyeska.

Under this initiative, the DOI agrees to allow credits toward meeting the employment goals as follows: one FTE credit on a pro-rata for each \$30,000 expended by Alyeska. Awarded scholarships must have linkages to employment on TAPS or the oil industry.

5.5 Education Sabbaticals

Alaska Native employees who have worked for Alyeska for at least two years may apply for unpaid educational sabbaticals to pursue degrees or further their professional development. Sabbaticals will be granted in accordance with Alyeska's Leave of Absence Procedure. There will be reporting requirements set by Alyeska for employees participating in the educational sabbaticals.

SECTION 6 NATIVE EMPLOYEE SUPPORT

Alyeska and Designated Contractors will make available job counseling and mentoring processes to Alaska Native employees.

6.1 Mentoring

Alyeska and Designated Contractors will provide mentoring to allow for a mechanism for all interested Alaska Native employees to be paired in a developmental relationship with an Alyeska or Designated Contractor mentor. Mentoring may be coordinated with each employee's supervisor and may be for educational, professional, and career development to Alaska Native employees. Mentoring will be available to Alaska Native employees who elect to participate.

6.2 Job Counseling

Alyeska and Designated Contractors will provide job counseling and may be coordinated by the Human Resource Department to provide a means of assisting employees with concerns or problems that may interfere with employment success. The Job Counseling process may be initiated by the Alaska Native employee, his/her supervisor, the Alaska Native Program Manager, or the Human Resources generalist.

6.3 Diversity and Awareness

Alyeska Designated Contractors will work together cooperatively to actively promote diversity in the work environment. Information about the Section 29 program commitments will be provided to all managers and supervisors on an annual basis.

Alyeska will promote and integrate positive images of Alaska Native culture in its decor and advertisements and will sponsor diversity awareness activities. Alyeska and Designated and Reporting Contractors will also sponsor, promote or participate in selected traditional Alaska Native cultural activities in the community.

6.4 Nondiscrimination

Alyeska will maintain a work environment that is free from discrimination or harassment. Alyeska will promptly and fairly investigate and respond to allegations of discriminatory or harassing conduct. It remains each supervisor and manager's duty to enforce Alyeska's Code of Conduct.

6.5 Termination/Notification

Alyeska and its contractors will use progressive disciplinary measures to afford Alaska Native employees every reasonable opportunity to correct deficiencies or job performance prior to termination. The Alyeska Human Resources Department will review with the inclusion of the Alaska Native Program Manager, in advance when possible, all proposed disciplinary actions or discharges of Alyeska employees. The Human Resources Department will notify the Alaska Native Program Manager of impending action involving Alaska Native employees. No employee of Alyeska will be terminated for cause unless the termination occurs in accordance with Alyeska's Disciplinary Actions Procedure. "Cause" shall have the same meaning as in Alyeska's Disciplinary Action Procedure. Until the established employment goals are achieved, Alyeska will make every reasonable effort to retain, retrain or transfer, rather than lay off, Alaska Native employees during times of reorganization and/or reduction-in-force except those Alaska Natives who choose a retirement or severance package. Nothing in this Agreement shall limit or otherwise affect Alyeska's ability to terminate any employee for cause including poor job performance. Designated Contractors' procedures for discipline and discharge of his/her employees will be a component of the Section 29 Plan.

Alyeska and Designated Contractors will inform the Authorized Officer directly in writing of the pending discharge and reason therefore of any Alaska Native employee working on TAPS, in advance of notification to the employee if possible. If advance, written notice is not possible, immediate verbal notification will be provided if practicable and will be followed up in writing as soon as possible. Nothing in this Agreement shall limit or otherwise affect Alyeska's ability to terminate any employee for cause including poor job performance.

SECTION 7 MEASUREMENT OF PROGRESS

Alyeska is in a declining mode of operations, and it is anticipated the total workforce necessary to effectively operate the system will be growing smaller as time passes. At the same time, the program described by this Agreement will attempt to place more Alaska Natives. As a result, the targeted employment levels and the methods used to measure compliance with these will need to be periodically adjusted to reflect the changing business needs.

Measurement of progress toward the overall intent of this program must recognize many factors and cannot be measured simply by counting the number of Alaska Natives employed at any particular point in time. Although the success of the program will primarily be measured by the number of Alaska Natives employed, success (and credit toward achievement of the employment levels of Section 29) also will be measured by the number of Alaska Natives who may not be currently employed by Alyeska or a Designated or Reporting Contractor but may be enrolled in an educational or training program. Similarly, the measurement approach must recognize current Alaska Native employees who are on loan to other organizations or are involved in career advancement programs, including education sabbaticals, intended to allow the employees to move up to higher job categories.

Measurement must recognize Alyeska's efforts toward contribution to systemic educational programs. The annual expenditures under this provision will be made with the following priorities in mind: (1) jobs; (2) internships and training; (3) scholarships; and (4) community support.

In recognition of the above considerations, credit toward meeting the overall goals of this program will be measured in terms of employment, training, and educational opportunities for Alyeska, Designated, or Reporting Contractor as follows:

1. Each Alaska Native on the payroll during the year will count as a single employment opportunity on a pro-rata basis. Those Alaska Natives employed for less than a full year will be counted based upon the portion of the year for which they are employed. 2,080 hours of straight time worked or the contractor's annual work year will be the basis for calculating one full-time equivalent employee.
2. Each Alaska Native not employed but who receives a scholarship funded by Alyeska will be counted as an educational opportunity. Each educational opportunity will count (on a pro-rata basis) as one employment opportunity credit for each \$30,000 expended by Alyeska. Credit will be given for the calendar year the individual is enrolled in a training program regardless of whether or not the individual voluntarily resigns from the training program, is dismissed, or refuses subsequent employment.
3. Each Alaska Native engaged in paid full-time training will be counted as an employee on a full-time equivalency basis for the portion of the year he/she are enrolled in the training.
4. Each Alaska Native employee on loan to another organization or on sabbatical for purposes of career development or training will count as a single employment opportunity as long as he or she remains an Alyeska or TAPS employee on the agreed date that year.
5. Alaska Natives who are actively employed, and have been identified as candidates for higher job categories, and are participating in a structured training plan to advance to an identified higher job category will be counted as an additional employment opportunity for the portion of the year they are enrolled in the training.

6. Internships (internal and external) will be counted as a single employment opportunity. Summer internships will count as an employment opportunity for the pro rata share of the year that the individuals are working as interns, on a full-time equivalency basis.

7. Each scholarship award and other systemic educational programs will be counted as a single employment opportunity in increments of \$30,000 expended by Alyeska or TAPS Contractor.

8. Each Alaska Native employee placed in a special assignment that will lead to a growth/advancement opportunity will be counted as an additional 0.25 of an employment opportunity for the pro-rata share of the year he/she are working on a special assignment on a full time equivalency basis. i.e., 4 Alaska Natives on a special assignment for a full year equates to 5 FTE (4 employees + 4 x 0.25 special assignment credit).=5

Alyeska will develop internal measurement, based on systematic evaluation of each program requirement to determine the effectiveness of the Alaska Native Program, and the Building Foundations for Excellence Program. Data will be recorded and management reports prepared on an annual basis to establish trends in job retention, recruiting, training, counseling, promotions to higher levels, annual performance evaluations, and scholarship effectiveness. These statistics will serve as a measure of success of the overall program and can be modified to meet the changing information needs of Alaska Natives, Alyeska, TAPS Contractors, and the Authorized Officer.

If, during the a year the overall goals are not reached Alyeska will make funds available during the following calendar year to create the number of additional educational or employment opportunities that would equal this level of employment.

SECTION 8 MANAGEMENT/ADMINISTRATION

Alyeska will provide the resources reasonably necessary to implement this Agreement, as provided herein and documented in the Implementation Plan.

SECTION 9 ADVISORY BOARD

Alyeska will continue an Advisory Board to provide advice and counsel regarding the operation of the Section 29 program; assess Alyeska's success in achieving the agreed goals; and make recommendations for improvement. The Alaska Native Program Manager reports annually to the Advisory Board. The Advisory Board membership will include: representatives from Alyeska Management, Alyeska's Human Resources Department, Alyeska Alaska Native employees, representatives from Designated Contractors, and external Alaska Native representatives from appropriate Native Organizations including, but not limited to, Alaska Federation of Natives, Alaska Native Coalition on Employment and Training, and the four Alaska Native Regional Corporations whose lands adjoin the right-of-way.

The Advisory Board will meet on a quarterly basis. Alyeska will provide the Advisory Board with data and reports as required or requested by the Advisory Board to understand the overall progress of the program.

The Advisory Board will meet on a quarterly basis. Alyeska will provide the Advisory Board with data and reports as required or requested by the Advisory Board to understand the overall progress of the program.

SECTION 10 PARTIES

The sole parties to this Agreement are Alyeska, as agent for Permittees, and the Department of the Interior. The parties hereto do not intend to create any rights under this Agreement that may be enforced by any third parties for their own benefit or for the benefit of others. IN WITNESS WHEREOF, The Parties hereto have duly executed this Agreement:

UNITED STATES OF AMERICA
Acting as Agent on behalf of:

ALYESKA PIPELINE SERVICE COMPANY

By: T.O. Louie
Alaska State Director
Bureau of Land Management

By: [Signature]
President & CEO
Alyeska Pipeline Service Company

Date: 9-24-07

Date: 8-21-07

APPENDIX

DEFINITIONS

COMBINED TAPS WORKFORCE

The "combined TAPS workforce" is defined as the total number of FTEs on the Alyeska payroll plus the total number of FTEs on the payrolls of Designated and Reporting Contractors.

During the six months following the signing of the Agreement, Alyeska and the Authorized Officer will identify and evaluate which subcontractors to Designated Contractors and other contractors providing direct labor to Alyeska in Alaska will be subject to reporting requirements of Alyeska's Implementation Plan.

The Combined TAPS Workforce will be measured as an annual average based on quarterly totals and reported on December 31 of each year. This definition is for programmatic purposes only. Nothing in this definition shall be construed or interpreted as pre-empting or modifying the Section 29 obligation of the Grant of Right-of-Way, that all TAPS employers, at any tier, are subject to the provisions of Section 29.

DESIGNATED CONTRACTOR

A Designated Contractor is an Organization that contracts to provide direct labor for Alyeska on a continuous basis and has at least 50 full-time equivalent employees, (at least but not limited to 2,080 hours per employee per year) in work directly on TAPS within the State of Alaska.

REPORTING CONTRACTOR

A Reporting Contractor is an Organization that contracts to provide direct labor for Alyeska, on a continuous basis and has at least 15 FTEs, but less than 49 FTEs, (at least but not limited to 2,080 hours per employee, per year) in work directly on TAPS within the State of Alaska.

FULL TIME EQUIVALENT (FTE)

A full time equivalency of a minimum of 2,080 hours, (straight time) within a one year period will be the basis for calculating one full-time equivalent employee. Work may be pro-rated on a basis of 1 FTE = 2,080 hours for employees working less than 2,080 hours.

INTERNSHIP

An internship is an opportunity for an individual to gain practical experience, specialized training, or otherwise acquire skills needed to prepare him/her for positions that are related to the jobs available in the petroleum industry in Alaska.

SEASONAL HIRES

Individuals hired for a specific period of time (such as construction season or summer employment) with no anticipation of continuing employment.

ADMINISTRATIVE COST

Administrative costs include those expenditures that support the program activities necessary to recruit, hire, train, retain, advance, and place Alaska Natives. These are identified in the Implementation Plan.

SPECIAL ASSIGNMENT

Special Assignment is a short to long-term job assignment (between 1 month and two years) in which an employee may be transferred in order to perform certain necessary work for the company. A special assignment allows for the development of that employee in a specific area or function. Special assignments are made at the discretion of the company needs.