



# **Point Thomson Gas Cycling Project**

## **Contracting Strategy**

March 10, 2003

## **Alaska Contracting Strategy**

Information regarding ExxonMobil's Alaska Contracting Strategy for the Point Thomson Gas Cycling Project is presented in this report. The information presented here is intended to form a basis for discussion about specific local hire and contracting strategies and tactics associated with this project. Since the specific timing, design and equipment components of the project are not known in detail at this time, the plans and strategies described in this document are based on assumptions concerning the location, size and technical specification of the plant and facilities.

### **General Statement**

ExxonMobil on behalf of the Working Interest Owners is committed to safe, reliable and cost effective operations of the facilities that are proposed for the Point Thomson Development. Within that framework we are committed to utilizing and/or developing Alaskan content as an integral part of project construction and production operations. Alaskan content as outlined here is intended to include both direct employment of Alaskan Natives as well as utilization of contractors with Alaskan content (including those originating out of the Alaska Native Claims Settlement Act) to provide operational and support services.

The Alaska Contracting Strategy is consistent with ExxonMobil's global practices for Local Hire and Communities and Labor. Numerous projects have successfully been implemented around the world using these guidelines, with minor modifications that enhance accommodation of local concerns.

### **Socio-Economic Benefit Elements**

Exxon Mobil Corporation is committed to being the world's premier petroleum and petrochemical company. To that end, we must continuously achieve superior financial and operating results while adhering to the highest standards of business conduct. Our commitment to high ethical standards, compliance with all applicable laws and regulations, and respect for local and national cultures benefits the communities and people where we conduct business. Some of these benefits for Alaska will include:

- Tax revenues for local, state and federal governments
- Employment in operations (direct) or with companies that supply or support our operations (indirect).
- Job training and skill development

- Building and / or enhancing existing infrastructure
- Safety training
- Environmental protection including impact mitigation and restoration of disturbed areas
- Charitable support for local community organizations and Alaska Native groups
- Support for education

### **Request for Proposal (RFP) Opportunities / Communication**

The numbers and plans presented in this document are notional in nature and have been provided as ranges. The most important aspect of this document is the discussion about the processes to be used and the demonstrated ability of ExxonMobil to deliver results that meet or exceed minimum requirements.

ExxonMobil will ensure that qualified Alaskan contractors have the opportunity to bid for work. Potential contractors would be made fully aware of RFP opportunities. ExxonMobil is committed to providing:

- Timely notification of RFP opportunities
- Distribution of RFP materials to Alaska Native organizations and Native Corporations, Alaskans in general, and others in the L48, and,
- Clear communication of expectations and response timelines

At the appropriate time, ExxonMobil may designate contact individuals to facilitate consistent and timely responses to inquiries about RFP opportunities. ExxonMobil plans to provide periodic communications with elected officials and will try to utilize existing networks to leverage awareness of RFP opportunities (e.g., through the State of Alaska, Alaska Support Industry Alliance and Native Corporations). Consideration will be given to preparation of informational brochures to help the public understand the status of the project.

### **Identify Local Content Elements of RFPs**

ExxonMobil will break out logical project elements to enhance identification of local content opportunities. For example, some logical elements may include:

- Engineering
- Project management

- Alaska Native consultation / regulatory agency liaisons
- Mancamp construction
- Drilling
- Facility construction
- Operations
- Maintenance
- EMT / safety training
- Services (housing, dining, communication, transportation)
- Security
- Wildlife monitors
- Traditional Knowledge
- QA/QC monitors
- Community liaison(s)

ExxonMobil anticipates it will need 200 to 400 people during construction which includes the following general activities: Ice roads, gravel placement, construction camp, warehouses and buildings, permanent mancamp, and installation of production modules and the pipeline. During the drilling phase, a workforce of about 150 people will be necessary, followed by about 100 people during operations. Over the life of the project, approximately 90% of the workforce is anticipated to be located on-site.

ExxonMobil recognizes other opportunities exist for local content and will try to utilize these services when it is appropriate to do so. These opportunities include:

- Professional services (engineering, legal, public affairs, etc.)
- Media (video, print, advertising, public relations)
- Consultants (environmental, cultural resources, marine mammal, wildlife, etc.)
- Consultation and subsistence experts
- Translators
- Other support (cultural awareness training, trainers)

Work scheduling and notification of potential bidders will be matched to the pace of activities and the particular scope of work needed.

### **Potential Contractor Lists**

ExxonMobil will develop selection criteria for PTU project elements and will ensure potential qualified contractors are made aware of RFP opportunities. Selection criteria will likely include among others, aspects of business reputation, safety performance, schedule, cost effectiveness, quality of products or services including incorporation of continuous improvement principles, and financial standing. Possible information sources for identifying potential contractors include:

- State and federal business registrations
- Native Corporations

- Working Interest Owner contacts
- Minority and women-owned businesses / suppliers
- Chambers of commerce
- Business and industry associations

### **Information to be Provided to Potential Contractors**

Although it is early in the process, ExxonMobil believes it is important to start communicating ExxonMobil's expectations for business conduct. Accordingly, pertinent excerpts from ExxonMobil's Standards of Business Conduct are attached to facilitate awareness of ExxonMobil policies that are in place for operations and facilities around the world, and with which employees and contractors are required to comply. They include:

- Attachment 1 – ExxonMobil Standards of Business Conduct
- Attachment 2 – Environment
- Attachment 3 – Safety
- Attachment 4 – Alcohol and Drug Use
- Attachment 5 – Equal Employment Opportunity

### **Employment Opportunities**

ExxonMobil employees will fill some positions during construction, startup and operations. ExxonMobil has extensive hiring and training programs to develop required human resources. ExxonMobil expects the local area to be a source for manpower as well as other areas as necessary to provide qualified candidates.

Compliance with all ExxonMobil policies, including its Alcohol and Drug Use Policy is essential for initial employee selection and continued employment.

### **Possible Strategies to Promote Alaska Native Training**

ExxonMobil believes the fundamental role of business is to help create prosperity, and that a successful company can contribute to the social fabric of the societies in which it does business both as an operator and as a vehicle for advancing the skills and knowledge of the host population. In this regard, several avenues exist for improving job training and skill levels for all Alaskans:

- Internships and apprenticeships with ExxonMobil or contractors
- Sponsored / shared internships with Native Corporations
- Mentorship programs
- Rotational assignments in the Development and Production organizations

- Linkage with state-sponsored and Alaska Native-owned programs
- ExxonMobil support of university level education and post-high school vocational training programs

## Attachment 1

**POLICY STATEMENTS** – The following excerpts from *ExxonMobil Standards of Business Conduct* are pertinent to Alaska Native local hire issues.

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Exxon Mobil Corporation is committed to being the world's premier petroleum and petrochemical company. To that end, we must continuously achieve superior financial and operating results while adhering to the highest standards of business conduct. These unwavering expectations provide the foundation for our commitments to those with whom we interact:

### Employees

- Strive to hire and retain the most qualified people available and maximize their opportunities for success through training and development.
- Committed to maintaining a safe work environment enriched by diversity and characterized by open communication, trust and fair treatment.

### Communities and Labor

- Pledge to be a good corporate citizen in all the places we operate worldwide.
- We will maintain the highest ethical standards, obey all applicable laws and regulations, and respect local and national cultures.
- Above all other objectives, we are dedicated to running safe and environmentally responsible operations.

### Local Hire Programs

- Determine at the time of employment and thereafter, as appropriate, the medical fitness of employees to do their work without undue risk to themselves or to others,
- Comply with all applicable laws and regulations, and apply responsible standards where laws and regulations do not exist,
- Provide voluntary health promotion programs designed to enhance employees' well being, productivity and personal safety.

### Ethics

- Exxon Mobil Corporation policy is one of strict observance of all laws applicable to its business.
- Even where the law is permissive, the Corporation chooses the course of the highest integrity.
- Local customs, traditions, and mores differ from place to place, and this must be recognized.

- Employees must understand that the Corporation does care how results are obtained, not just that they are obtained.
- The Corporation expects compliance with its standard of integrity throughout the organization and will not tolerate employees who achieve results at the cost of violation of laws or who deal unscrupulously.



## **Attachment 2**

### **Environment**

It is Exxon Mobil Corporation's policy to conduct its business in a manner that is compatible with the balanced environmental and economic needs of the communities in which it operates. The Corporation is committed to continuous efforts to improve environmental performance throughout its operations. Accordingly, the Corporation's policy is to:

- Comply with all applicable laws and regulations, and apply responsible standards where laws and regulations do not exist.
- Encourage concern and respect for the environment, emphasize every employee's responsibility in environmental performance, and ensure appropriate operating practices and training.
- Manage its business with the goal of preventing incidents and of controlling emissions and wastes to below harmful levels; design, operate and maintain facilities to this end.
- Respond quickly and effectively to incidents resulting from its operations, cooperating with industry organizations and authorized government agencies.
- Conduct and support research to improve understanding of the impact of its business on the environment, to improve methods of environmental protection, and to enhance its capability to make operations and products compatible with the environment.
- Communicate with the public on environmental matters and share its experience with others to facilitate improvements in industry performance.
- Undertake appropriate reviews and evaluations of its operations to measure progress and to ensure compliance with this policy.

### **Attachment 3**

#### **Safety**

It is Exxon Mobil Corporation's policy to conduct its business in a manner that protects the safety of employees, others involved in its operations, customers, and the public. The Corporation will strive to prevent all accidents, injuries and occupational illnesses through the active participation of every employee. The Corporation is committed to continuous efforts to identify and eliminate or manage safety risks associated with its activities. Accordingly, the Corporation's policy is to:

- Design and maintain facilities, establish management systems, provide training and conduct operations in a manner that safeguards people and property.
- Respond quickly, effectively, and with care to emergencies or accidents resulting from its operations, cooperating with industry organizations and authorized government agencies,
- Work with government agencies and others to develop responsible laws, regulations, and standards based on sound science and consideration of risk.
- Comply with all applicable laws and regulations, and apply responsible standards where laws and regulations do not exist.
- Stress to all employees, contractors, and others working in its behalf their responsibility and accountability for safe performance on the job and encourage safe behavior off the job.
- Undertake appropriate reviews and evaluations of its operations to measure progress and to ensure compliance with this policy.

## **Attachment 4**

### **Alcohol and Drug Use**

Exxon Mobil Corporation is committed to a safe, healthy, and productive workplace for all employees. The Corporation recognizes that alcohol, drug, or other substance abuse by employees will impair their ability to perform properly and will have serious adverse effects on the safety, efficiency and productivity of other employees and the Corporation as a whole. The misuse of legitimate drugs, or the use, possession, distribution or sale of illicit or unprescribed controlled drugs on company business or premises, is strictly prohibited and is grounds for termination. Possession, use, distribution, or sale of alcoholic beverages on company premises is strictly prohibited and is grounds for termination. Possession, use, distribution, or sale of alcoholic beverages on company premises is not allowed without prior approval of appropriate senior management. Being unfit for work because of use of drugs or alcohol is strictly prohibited and is grounds for termination of employment. While this policy refers specifically to alcohol and drugs, it is intended to apply to inhalants and all other forms of substance abuse.

The Corporation recognizes alcohol or drug dependency as a treatable condition. Employees who suspect they have an alcohol or drug dependency are encouraged to seek advice and to follow appropriate treatment promptly before it results in job performance problems. Employee Health Advisory Program or medical professional staff will advise and assist in securing treatment. Those employees who follow approved treatment will receive disability benefits in accordance with the provisions of established benefit plans and medical insurance coverage consistent with existing plans.

No employee with alcohol or drug dependency will be terminated due to the request for help in overcoming that dependency or because of involvement in a rehabilitation effort. However, an employee who has had or is found to have a substance abuse problem will not be permitted to work in designated positions identified by management as being critical to the safety and well being of employees, the public, or the Corporation. Any employee returning from rehabilitation will be required to participate in a company-approved after-care program. If an employee violates provisions of the employee Alcohol and Drug Use policy, appropriate disciplinary action will be taken. Such action cannot be avoided by a request at that time for treatment or rehabilitation. If an employee suffering from alcohol or drug dependency refuses rehabilitation or fails to respond to treatment or fails to meet satisfactory standards of effective work performance, appropriate disciplinary action, up to and including termination, will be taken. This policy does not require and should not result in any special regulations, privileges, or exemptions from normal job performance requirements.

ExxonMobil may conduct unannounced searches for drugs and alcohol on company owned or controlled property. The Corporation may also require employees to submit to medical evaluation or alcohol and drug testing where cause exists to suspect alcohol or drug use, including workplace incidents. Unannounced periodic or random testing will be conducted when an employee meets any one of the following conditions: has had a substance abuse problem or is working in a designated position identified by management, a position where testing is required by law, or a specified executive position. A positive test result or refusal to submit to a drug or alcohol test is grounds for disciplinary action, including termination.

Contractor, common carrier, and vendor personnel are also covered by paragraph one and the search provisions of paragraph four of this policy. Those who violate the policy will be removed from company premises and may be denied future entry.

In addition to the above policy, it is a requirement of the Corporation that all applicants accepting offers of regular employment must pass a drug test.

## **Attachment 5**

### **Equal Employment Opportunity**

It is the policy of Exxon Mobil Corporation to provide equal employment opportunity in conformance with all applicable laws and regulations to individuals who are qualified to perform job requirements regardless of their race, color, sex, religion, national origin, citizenship status, age, physical or mental disability, veteran or other legally protected status. The Corporation administers its personnel policies, programs, and practices in a nondiscriminatory manner in all aspects of the employment relationship, including recruitment, hiring, work assignment, promotion, transfer, termination, wage and salary administration, and selection for training.

Managers and supervisors are responsible for implementing and administering this policy, for maintaining a work environment free from unlawful discrimination, and for promptly identifying and resolving any problem area regarding equal employment opportunity.

In addition to providing equal employment opportunity, it is also the Corporation's policy to undertake special efforts to:

- Develop and support educational programs and recruiting sources and practices that facilitate employment of minorities and women;
- Develop and offer work arrangements that help to meet the needs of the diverse work force in balancing work and family obligations;
- Establish company training and developmental efforts, policies, and programs that support diversity in the work force and enhance the representation of minorities and women throughout the company;
- Assure a work environment free from sexual, racial or other harassment;
- Make reasonable accommodations that enable qualified disabled individuals to perform the essential functions of their jobs;
- Emphasize management responsibility in these matters at every level of the organization.

Individuals who believe they have observed or been subjected to prohibited discrimination should immediately report the incident to their supervisor, higher management, or their designated Human Resources contact. Complaints will be investigated and handled as confidentially as possible.

Individuals will not be subjected to harassment, intimidation, threats, coercion, discrimination, or retaliation for opposing any unlawful act or practice, or making a complaint, assisting or participating in an investigation or any other proceeding, or otherwise exercising any of the rights protected by this policy or any Federal, state, or local EEO laws, including the Vietnam Veterans' Readjustment Assistance Act of 1973 and Section 503 of the Rehabilitation Act of 1973 as amended, and any Federal, state, or local laws requiring equal opportunity for disabled persons, special disabled veterans or veterans of the Vietnam era.