

University of Montana

ScholarWorks at University of Montana

University of Montana News Releases, 1928,
1956-present

University Relations

12-17-1976

Curtailment of Canadian oil imports poses threat to Montana refineries

University of Montana–Missoula. Office of University Relations

Follow this and additional works at: <https://scholarworks.umt.edu/newsreleases>

Let us know how access to this document benefits you.

Recommended Citation

University of Montana–Missoula. Office of University Relations, "Curtailment of Canadian oil imports poses threat to Montana refineries" (1976). *University of Montana News Releases, 1928, 1956-present*. 27857.

<https://scholarworks.umt.edu/newsreleases/27857>

This News Article is brought to you for free and open access by the University Relations at ScholarWorks at University of Montana. It has been accepted for inclusion in University of Montana News Releases, 1928, 1956-present by an authorized administrator of ScholarWorks at University of Montana. For more information, please contact scholarworks@mso.umt.edu.

IMMEDIATELY

zacek/ds/rb
12-17-76
state + cs +CURTAILMENT OF CANADIAN OIL IMPORTS
POSES THREAT TO MONTANA REFINERIES

MISSOULA--

"The curtailment of Canadian crude oil imports is a very serious problem for Montana refineries because they received about 40 percent of their crude oil from these sources during 1975," reports Paul E. Polzin, research associate in the Bureau of Business and Economic Research (BBER), at the University of Montana, Missoula, in the autumn issue of the "Montana Business Quarterly," published Friday, Dec. 17, by the BBER.

In his article, "The Economic Importance of Montana Refineries and Projected Impacts of Curtailments in Canadian Petroleum Imports," Polzin takes a close look at Montana's seven oil refineries, their contribution to the state and local economies, and the probable effects of reduced oil supplies. The article is based on a report Polzin did for the Montana Energy Advisory Council (MEAC) in Helena earlier this year.

"Refinery jobs are among the most attractive positions in Montana, with average annual earnings well above the statewide average during 1973. In addition, the jobs are stable, and most employees work full time with few interruptions due to seasonal or cyclical factors," Polzin states.

The three large oil refineries in Yellowstone County represent about 90 percent of the industry, measured in terms of either refining capacity or employment. "While refining plays only a minor role in the statewide economy, it represents almost 20 percent of the nonagricultural economic base in Yellowstone County. The smaller refineries, which are mostly located in rural communities, also constitute a significant portion of the local economic base," Polzin says.

"Looking only at the effects of refinery closings, the loss of Canadian crude oil with no replacement will lead to a statewide decline in total (primary plus derivative) employment of between 2,115 and 2,755 workers. The availability of Alaskan crude oil as a substitute for the Canadian imports would significantly moderate these declines; a total of only 235 to 305 jobs would be lost," the economist predicts.

Polzin's report includes a projection of the economic effects of five alternatives which incorporate likely interpretations of Canadian policy and other developments relating to Montana refineries.

Those range from the worst possible case in which there would be no Canadian imports and no replacement of the crude oil from other sources, to the construction of the Northern Tier Pipeline or a Canadian west coast port facility and pipeline to transport Alaskan crude oil, which could connect with existing crude oil pipelines to supply Montana refineries.

The most unfavorable alternative would involve statewide losses of 495 refinery jobs. Assuming that Alaskan crude oil is available, the MEAC projection is that only 55 refinery jobs will be lost, reflecting the closing of one of the small refineries and less than full-capacity operations at a Billings installation.

Those losses will lead to further decreases in the services, retail and wholesale trade, and other locally oriented business as fewer dollars are spent and respent in the economy.

Polzin concludes that if the Northern Tier Pipeline is built there will probably not be sufficient new permanent positions associated with the pipeline to counterbalance the declines in employment due to the inability of certain refineries to process Alaskan crude oil.

Other articles appearing in the autumn issue of the "Montana Business Quarterly" include "The Proposed Revised Code of Local Government Law," by David E. Wanzenried, deputy director of the State Commission on Local Government, Helena, and Stephen Turkiewicz, finance project director of the Commission; "The Kellogg-Extension Education Project: 'Corn Flakes' Are Helping to Train Leaders in Montana," by M. E. "Gene" Quenomoen, director of the Kellogg-Extension Education Project at Montana State University, Bozeman, and "Quantitative Methods

CURTAILMENT OF CANADIAN OIL IMPORTS--page 3

in Business, Part IV: Forecasting with Regression Analysis," by E. Jeffery Livingston, assistant professor in the UM Department of Management in the University's School of Business Administration, Missoula.

The "Montana Business Quarterly is available by subscription from the Bureau of Business and Economic Research, University of Montana, Missoula, Mont. 59812, or by single copies from the BBER or at the Associated Students' Store in the University Center on the Missoula campus.

##