

Oil refinery closing in Plaquemines Parish, Louisiana threatens loss of nearly 1,000 jobs

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17 November 2021

At least 900 people in Plaquemines Parish Louisiana are about to lose their jobs as one of the biggest oil refineries in the region is set to shut down shortly into the New Year. The Alliance Refinery, owned by Houston-based energy company Phillips 66, will be shut down and turned into a fuel storage terminal according to reports.

Phillips 66 had been planning since August to sell the facility, which covers about 2,400 acres on the west bank of the Mississippi River, but damage from Hurricane Ida and other economic factors made the refinery too expensive to operate according to a statement from Phillips 66 CEO Greg Garland. “We made this decision after exploring several options and considering the investment needed to repair the refinery following Hurricane Ida,” Garland said in a statement released to the press. “Our decision was a difficult one, and we understand it has a profound impact on our employees, contractors and the broader Belle Chasse community.”

The loss of this refinery will have a massive negative impact in the region, already severely affected by the economic fallout from the devastation of Hurricane Ida and the ongoing COVID-19 pandemic. During the hurricane, a levee wall was broken and storm waters flooded the facility up to five feet. Company executives claim the floodwaters damaged the facility’s electrical system, thereby decreasing its value from about \$500 million to \$200 million.

This drop in value was unacceptable to the company’s bottom line, thus the decision to shut down the facility outright and change it from a refinery to a storage center. Plaquemines Parish President Kirk Lepine spoke to reporters on the impact the closing will have. “After yesterday, it was just kind of a gut punch,” Lepine said, “If you know anyone in Plaquemines

Parish, they’ve had someone affiliated with Phillips 66, a brother a cousin, a dad, my brother is personally retired from Phillips 66.”

The refinery has been a major employer in the region for nearly 50 years. A company spokesperson, Tristan Babin, mentioned to reporters that Alliance employees were not told until Monday of last week that the refinery would be shutting down and were not told how many jobs would remain in the new role of the refinery as a storage station. A local grocery store owner, Joe Balestra, spoke on the impact this will have on everyone in the area, “It’s going to hurt everybody to a certain extent,” Balestra said. “Everybody feels it. A lot of the people, they live here. This is where they shop, you know.”

This closure comes amid several similar refinery closings in recent years, with the massive energy companies blaming the shift from oil to renewable energy and an overabundance of oil refineries in the country. In November of last year Royal Dutch Shell closed a refinery of similar size in St James Parish. The closing of that refinery, which had been in operation since the late 1960s in the town of Convent, led to a loss of some 1,000 jobs in the area. Shell, for their part, cite a shift to renewable energy as the reason for shutting down refineries such as these, even while governments and energy companies fight against any measures to mitigate climate change across the world. Industry analysts also blamed the COVID-19 pandemic and the dramatic decrease in travel that resulted from the deadly virus devastating the US population.

Analysts at the Wood Mackenzie consultancy firm released a report recently claiming that the nation’s oil refineries are operating at around 73 percent capacity across the US as fuel production remains well below levels reached in 2019. Even as more and more COVID

restrictions are lifted, travel in general remains below the years prior to the pandemic. Wood Mackenzie analysts also warn that as many as 20 refineries across the United States could face shutdowns in the next few years, dropping oil production capacity down by about 3 million barrels a day. According to the report, six refineries were closed last year, including the one in St. James Parish. In addition to the loss of jobs, the refineries bring in tax revenue to local governments, the loss of which will also have a longstanding negative impact.

This loss will be particularly felt in Plaquemines Parish, where job numbers have yet to return to pre-pandemic levels, and the city council recently voted on various budget cuts, including ambulance services in the area. Parish Assessor Belinda Hazel recently spoke on the situation with Alliance refinery, saying that the loss of tax revenue will be deeply felt and calling them the biggest single source of property tax revenue. Official figures put the tax revenue from the facility at \$7.4 million out of a total tax revenue of \$60 million for Plaquemines Parish.

The loss of jobs will have an immediate impact, as several local businesses rely on the refinery and the workers there to stay afloat, such as mechanics shops and groceries. One city council member, who also works as an adviser to Shell, Beau Black, said he expects a massive loss of jobs following the shutdown, “I would be surprised if there were more than 50 jobs left for the oil terminal,” said Black, “This is going to be devastating to the local community.”

David Dismukes of the Center for Energy Studies at LSU remarked that while the refinery shutdown is in line with industry trends, the fallout will be devastating for the local community. “Finding something that can replace that big piece of infrastructure at that level of employment isn't easy to come by,” he said. “I can't tell you that there is anything too promising out there for Plaquemines Parish.”



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