

# Shutdown of Marathon's Martinez Refinery Prompts Calls for 'Just Transition' for Oil Workers

By Ted Goldberg Aug 3



A view of the Marathon Petroleum Corp. refinery in Martinez. (Tesoro)

Elected officials, union leaders, industry representatives and environmentalists are expressing concern about the hundreds of workers set to lose their jobs at California's fourth-largest refinery in the coming months.

That's after Marathon Petroleum announced over the weekend that it plans a permanent halt to processing crude oil at its Martinez plant.

"The decommissioning of the Marathon refinery means the loss of thousands of good paying, California blue collar jobs at a time of great economic uncertainty," said Robbie Hunter, president of the State Building and Construction Trades Council of California, which represents thousands of people who work at the plant in the course of a year.

Marathon executives told employees at its Contra Costa County and Gallup, New Mexico, refineries on Friday that it plans to cut workers.

"We will indefinitely idle these facilities with no plans to restart normal operations," the company said on its [website](#).

The company had idled both refineries in April after shelter-at-home orders drastically cut demand for gasoline and jet fuel. That meant processing units at the plants stopped making transportation fuels and other refined products. For months the refineries have been maintained in "standby" mode.

The Friday announcement means "most jobs at these refineries will no longer be necessary, and we expect to begin a phased reduction of staffing levels in October" the company said on its website.

Marathon employs 740 staff workers at its Martinez refinery, which has gone through [several owners and name changes](#). It was formerly known as the Tesoro, Golden Eagle, Tosco Avon and Phillips Avon refinery. Marathon bought the facility in 2018.

In addition to the full-time employees, the refinery relies on between 250 and 2,500 contract workers depending on operational needs, according to Marathon representative Patricia Deutsche.

"There is also the 'multiplier' effect. They say for every one refinery job there are eight in the community that support that," Deutsche said.

"This move is a big loss for our workforce and potentially the economy," said Rep. Mark DeSaulnier, D-Concord, who represents Martinez and has been a longtime advocate for refinery safety.

DeSaulnier said that before the coronavirus pandemic and the oil industry downturn, he began bringing together labor unions, environmental groups and local governments to prepare for a shift to green energy in Contra Costa County.

"The transition needs to be as successful as possible for everyone and we cannot leave workers behind — they need to be guaranteed meaningful and comparable work," DeSaulnier said in an emailed statement Sunday.

A spokesman for a leading trade group that represents the oil industry in California said he feels for the local economy that relies on the refinery, **which can process about 160,000 barrels of crude per day.**

"Obviously, this impacts a lot of people, families and the community and we are concerned for them," said Kevin Slagle, a representative for the Western States Petroleum Association.

The refinery has seen its share of incidents. The worst in the last decade took place in February 2014, when the facility was run by Tesoro. Two workers were burned and 84,000 pounds of sulfuric acid were released. A month later sulfuric acid sprayed and burned two contract workers, leading to an **investigation** by the U.S Chemical Safety Board that raised concerns about the refinery's safety culture.

Like the Bay Area's other four refineries — Valero in Benicia, Chevron in Richmond, PBF Energy in Martinez and Phillips 66 in Rodeo — the facility has had to send gases to its **flares** scores of times over the years, many times to deal with malfunctions.

Local environmentalists who've been critical of the region's oil industry say it's time for the refinery, its dangers and pollution to go away, but the change should include a plan for workers.

"This is what an unplanned transition looks like," said Greg Karras with Community Energy reSource.

It's "the tip of the iceberg for why we need a planned, just transition to sustainable energy and a livable climate," Karras said.

Some environmentalists and union advocates have used the term "just transition" to explain a fair way of getting fossil fuel industry workers and their surrounding communities, businesses and local governments to move into a green energy economy.

Hollin Kretzmann, an Oakland attorney with the Center for Biological Diversity, said the air quality benefits of a refinery shutting down are welcome but expressed concern about workers.

"Communities near this dangerous refinery can breathe a little easier now that operations have halted, but the state desperately needs a just transition plan that protects workers when oil companies toss their employees to the curb with little warning," Kretzmann said.

Marathon says its Martinez refinery will be converted to an oil storage facility. The company says it's considering turning the facility into a renewable diesel facility.

"The Marathon refinery's (potential) conversion into a renewable diesel facility is a forecast of the future as the demand for fossil fuels declines over time, resulting in healthier air and reduced greenhouse gas emissions," said Contra Costa County Supervisor John Gioia.

"We will see more future refinery closures as a result of continued decreasing consumption of fossil fuels under California's policies transitioning our transportation system to zero emission," said Gioia, who sits on the the Bay Area Air Quality Management District board and the California Air Resources Board.

"We need to immediately start addressing a just transition for these workers as more fossil fuel facilities close," he said.

Marathon's decision to end oil processing at its Martinez plant is the latest piece of evidence showing California's oil industry suffering under a pandemic that's led to severe drops in fuel demand.

San Ramon-based Chevron, one of the world's largest oil companies, announced **its worst quarter** in decades on Friday. The company said it lost more than \$8 billion during the three months ending June 30.

"All the oil majors have been clobbered by COVID," said David Hackett, president of Stillwater Associates, a firm that specializes in analyzing the transportation fuels market.

Earlier this month, the California Resources Corporation, one of the state's largest oil producers, **filed for bankruptcy**.

In May, the Newsom administration **granted a request** by another oil trade group, the California Independent Petroleum Association, to drop a proposal to add dozens of staff members to the agency that oversees oil and gas drilling that would have cost the industry \$24 million. State regulators also agreed to **postpone a deadline for oil and gas producers** to pay fees and submit plans to manage thousands of idle oil wells.

In April, PBF Energy, the New Jersey-based company that bought Shell's refinery in Martinez, **sold two hydrogen plants** at the facility for hundreds of millions of dollars — a move aimed at cutting costs and raising revenue to deal with fuel demand drops.

That same month, more than 1,000 contract electricians, pipefitters and other skilled **workers were cut from Bay Area refineries**.

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