

# Doyon drops out of refinery negotiations

Declining world oil prices have triggered a decision by Doyon, Limited and MAPCO to mutually terminate negotiations for purchase of the North Pole Refinery.

Tim Wallis, president of Doyon, Limited, said recently that the precipitous drop in oil prices will have to be monitored very closely by all concerned parties. "That includes the state of Alaska, the oil and gas industry and all corporations who have a dependency on these companies," he said.

"The spread between crude prices and product prices is narrowing and the cost of money is increasing. This past week," Wallis said, "British National Oil Corporation dropped the price of North Sea crude oil, a superior quality oil, by four dollars per barrel. Venezuelan crude is down by \$1.50 per barrel.

OPEC has announced a special meeting to deal with the situa-

tion and the decline in Alaska North Slope crude price is having a tremendous impact on the state budget. Although Alaska is a somewhat insulated market, we are not totally isolated from the current stressful world market conditions," he said.

Wallis said he felt that the decline in world oil prices will have a profound impact on the state economy, including the ability to continue funding the high level of capital projects and the increases Alaskans have enjoyed in the operating budget.

"This, coupled with the current slump in the timber industry, and problems in funding ample markets for our fishing industry, make a troublesome economic picture," Wallis said. "We are going to have to undertake a period of belt tightening in all sectors of our economy," he said.