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## **ORGANIZATION OF THE OIL INDUSTRY IN SOUTH-EASTERN POLAND IN THE YEARS 1944–1989**

This article provides an outline of the basic organizational structure of the oil industry in south-eastern Poland in the years 1944–1989 from the perspective of national levels of management and the conditions of the Polish People's Republic. The paper begins with an exploration of the current state of research, describing the previous principles of functioning of the industry in Galician times and the period of the Second Republic of Poland. Particular attention is given to the transformation to the socialist model of oil industry management after WWII, its national and territorial organization, and the functioning of branches of central institutions in companies located in the territory of the contemporary Podkarpackie. The paper then examines changes to the organizational structure of local extraction plants and refineries. In conclusion, the article states that frequent and poorly justified (at least financially) structural changes demonstrate a lack of comprehensive and long-term management of this branch of economy in the economic plans of People's Poland.

**Keywords:** oil industry, industry organization, organizational changes, oil industry in the Polish People's Republic.

### **1. INTRODUCTION**

Oil industry, intensively developing since mid-19<sup>th</sup> century, constituted an important branch of the Polish economy not only in the inter-war period but also later during the existence of the Polish People's Republic. In this time it underwent organisational transformations which were aimed to enhance governmental management over the whole sector, to monitor oil extraction and processing and to control the final product supplied to particular recipients. In this respect still the old so-called western oil basin (located in the south-east region of post-war Poland, i.e. in the territory of the contemporary the Podkarpackie Voivodeship) played a major role. That is why it is essential to track organisational changes in oil industry in this region in the years 1944-1989, which, undoubtedly, is more often analysed in the economic historiography from the perspective of the whole country. When researching this issue documents in Central Archives of Modern Records in Warsaw proved to be especially valuable as well as those contained in the State Archives in Rzeszów, the Sanok Branch. Search query of the archive documentation allowed better insight into the process of structural transformations in

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managing this branch of economy. Also articles published in specialist journals proved to be helpful in this analysis.

## 2. CURRENT STATE OF RESEARCH

Questions of organization of oil industry in the years 1944–1989 have so far been researched in a satisfactory way. After 1989 a few works were published in relation to this topic. For instance, Andrzej Chabrzyk in *Organizacja kopalnictwa naftowego* discussed the order of functioning of oil industry in the 19<sup>th</sup> century and in the 20 years' inter-war period, still also considerably focusing on its organisation within 1944–1989 (Chabrzyk, 1995). The work of Mining Offices and their tasks were presented by Karol Jahoda in *Urzędy Górnicze i ich kompetencje*, where he traced the functioning of these institutions since the 19<sup>th</sup> century till the period of the Polish People's Republic (Jahoda, 1995).

The manner in which oil industry operates was also discussed by Kazimierz Kachlik in *Organizacja przemysłu rafineryjnego*. Like the above mentioned researchers, he analysed management of oil refinery industry since the 19<sup>th</sup> century from the period of the Polish People's Republic. He described oil industry organisations which were created before 1939 and managing bodies of oil industry after 1945 (Kachlik, 1995). A similar article was also written by Ryszard Cygan and Józef Dorynek: *Centralne zarządzanie polskim przemysłem rafineryjnym w okresie gospodarki planowej w latach 1944–1981* (Cygan, Dorynek, 2018). The managing structures of the gas pipeline network in the inter-war period and during the existence of the Polish People's Republic were depicted by Kazimierz Nycz in his elaboration *80 lat Zakładu Gazowniczego w Jaśle* (Nycz, 2000), while the functioning of central authorities of oil industry from 1944 to 1955 was described by Jolanta Golonkiewicz-Rybska (Golonkiewicz-Rybska, 2006a). The same author in her article *Kopalnictwo naftowe w latach 1944–1949* outlined its functioning and organisational changes in the years 1947, 1948, 1949 (Golonkiewicz-Rybska, 2006b). Finally Jan Sęp in his article *Prawo i nadzór naftowy* showed the legal body of judicial decisions since the 19<sup>th</sup> century, through the inter-war period until 2011 (Sęp, 2013). The functioning of the District Mining Office in Krosno was presented by Jan Omachel in his article *Okręgowy Urząd Górniczy w Krośnie* (Omachel, 1998). Bartłomiej Skrzypek depicted in a synthetic manner the organisation of the whole sector in the years 1944–1989 in his work *Przemysł naftowy i rafineryjny w PRL* (Skrzypek, 2014).

## 3. ORGANIZATION OF OIL INDUSTRY IN THE TERRITORY OF POLAND UNTIL WWII

In order to evaluate the organisational structure of oil industry in the post-war Podkarpackie region, it is important to mention several facts concerning previous decades. The first legal act regulating the functioning of oil industry in this region was passed in 1884, while another one – in 1886. They were in force solely in the territory of Galicia and Bukowina. In the territory of the whole Austro-Hungarian Empire, the act passed in 1854 (the so-called common mining act) was valid. The rapid development of this sector led to subsequent regulations, introduced on the 22<sup>nd</sup> of March in 1908 which were necessary as in the period before the outbreak of WWI in the territory of western oil basin there were many companies dealing with oil extraction. The first one was established by Ignacy Łukasiewicz, Karol Klobassa and Tytus Trzeciecki in 1854. The biggest companies operating before WWI were as follows: Vacuum Oil Company, Galician Carpathian

Petroleum Joint-stock Company Bergheim&Mac Garvey and the First Galician Petroleum Company (Chabrzyk, 1995). In the 19<sup>th</sup> century the first attempt at uniting refineries operating in the territory of Galicia was the National Oil Association for Care and Development of Oil Industry and Mining in Galicia, established in 1879, based in Gorlice. Another step in the consolidation of the existing processing plants was the creation of the “Oil” cartel in 1897.

Upon regaining independence, the question of efficient organisation of oil industry became an important task for the new authorities. Already in 1918 in Cracow the Office of Polish Oil Refineries “Polraf” was established. The new organisation included the processing plant in Limanowa, Trzebinia, Ustrzyki and Czechowice. Later the headquarters was moved to Warsaw, where the Office was transformed into the Syndicate of Polish Oil Industry “Polnaft”. In 1921 the State Oil Council as an advisory body to the ministry started to operate after the Ministry of Industry and Commerce approved its articles of association. In the same year a new company was created, i.e. the National Sales of Polish Refineries “Krajnafta”, based in Warsaw. The new enterprise included the refineries of the company “Polmin”, e.g. Jasło, Krosno, Glinik Mariampolski, but also “Fanto” Jedlicze (Kachlik, 1995).

In 1927 Stanisław Pilat’s initiative led to the decision to create the Oil Industry Syndicate, which was supposed to cover all existing refineries in Poland. The subject of its operation was, among other things, to systematise and centralise export, to allocate resources for exploratory drilling, to stabilise prices of raw materials and to introduce the wholesale of oil products (Kachlik, 1995).

The last attempt at unification of oil companies in the inter-war period in 1933 was the creation of the organisation of “Polish Oil Export” by the Minister of Industry and Commerce. Its main aim was to regulate quotas sold domestically and abroad as well as to eliminate the debilitating competition between companies. Members of this organisation were all oil refinery and gas pipeline enterprises located in the territory of Poland. One of their main duties was to control enterprises in the scope of performing tasks assigned in the articles of association and to collect contributions for the Oil Drilling Support Fund. Until the outbreak of WWII there were no more major changes in this sector of industry (Gajl, 1938; Kawalla, 2015; Morawski, 2016). As can be concluded from the above overview, both Austrian authorities and the reborn Polish state strove to centralise management of oil industry, realising the importance of this sector for the economy of the country and its defence capabilities.

#### **4 CREATION OF NATIONWIDE STRUCTURES AFTER LIBERATION**

As most of the Polish industry, oil sector also sustained material losses during WWII. Oil refineries were destroyed, resources from the existing boreholes were depleted due to wasteful exploitation. Moreover, the eastern oil basin was cut off the country. What is worse, the end of WWII did not lead to an end in hostilities in the territory of the western oil basin. The region of mines in the Bieszczady was attacked by the Ukrainian Insurgent Army (UPA). The situation improved only after the “Vistula” operation was implemented.

Liberation from German occupation and the introduction of people’s government caused that the existing mines and refineries were seized by the state (Podsiadło, 1966; Struś, 1996; Struś, 2004; Wieliczko, 2001). Supervision over plants in Podkarpacie was provided by the Higher Mining Office in Cracow and its local office, i.e. Regional Mining

Office in Krosno, where in 1945 the Regional Mining Office was transferred from Jasło. The reason for the decision was the destruction of the Jasło office along with the documentation and equipment as no replacement facilities were available. The territorial scope of the Krosno office encompassed the area of the previous Jasło agency. As the documentation was lost or destroyed, the Regional Mining Office in Krosno in 1945 requested specific information about particular mining plants from sectors of oil and natural gas mines: Gorlice, Krosno-Jasło and Sanok, with regard to detailed statistics of extraction from particular boreholes in mines and statistics concerning accidents (Sęp, 2013)<sup>2</sup>.

Since 1951 there was only one Higher Mining Office based in Katowice. It supervised 14 Regional Mining Offices, including the office in Krosno. In 1953 a new mining law was introduced since until that time the mining law from 1930 still remained in force, while in case of oil industry – legal regulations from Austro-Hungarian times. The new regulations concerned the already nationalised mining sector along with oil and natural gas exploration. It was also decided that all minerals belong to the state. In 1954 the Higher Mining Office became the central office which was directly subordinated to the President of the Council of Ministers. In 1961 a decree concerning mining offices was passed, regulating their competences and the scope of duties (Jahoda, 1995; Ochamel, 1998; Sęp, 2013).

The first institution which dealt with repossessing oil infrastructure after the frontline receded was the Oil Products Central Office. Its origins can be traced to July 1944 when a group of five oilmen gathered to present a project of establishing the enterprise to the president of the Polish Committee of National Liberation (PKWN). On the 14<sup>th</sup> of August 1944 PKWN issued an official document determining the name of the company: “Polski Monopol Naftowy”/Polish Oil Monopoly (PMN), soon (February 1945) changed to “Centrala Produktów Naftowych”/Oil Products Central Office (CPN), which was subject to the Ministry of Industry and Commerce. The first composition of CPN was established in Lublin, while its branches were located in Rzeszów and Białystok. Early years of operation (1944-1946) were directed towards military and peaceful economic activity. Rolling stock was mostly destroyed, oil products came from small German supplies and military support. The only producer for this enterprise was Jedlicze Refinery, which in this period manufactured several dozen tonnes of oil products per month. In the same year the headquarters of CPN was transferred from Cracow to Warsaw. In 1947 many matters were finally arranged, e.g. full state control was abolished and prices of oil products were stabilised. In the same year CPN was separated from the Central Board of Industry of Liquid Fuels and subordinated to the Department of Trade in Industrial Articles of the Ministry of Industry and Commerce. In 1948 an autonomous state enterprise “Centrala Produktów Naftowych”/Oil Products Central Office was established. According to the provisions of the act, the subject of its operation was purchase, sale of bituminous materials home and abroad, as well as oil products manufactured from them (liquid fuels, greases, paraffins, etc.) (Zarządzenie Ministra Przemysłu i Handlu..., 1948, nr 46, poz. 233). In the same year

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<sup>2</sup> State Archives in Rzeszów, local office in Sanok (APR-S), *Regional Mining Office in Krosno* (OUGwK), *OUG Resolutions and circulars 1945 – 1948*, No. 27. *Resolution of the 8th of October adopted by the Minister of Industry determining the headquarters and territorial ownership of Regional Mining Offices*, “*Journal of Laws*”, 1946, no 55, item 314. Based on the resolution by the Minister of Industry adopted on the 8<sup>th</sup> of October 1946, the territory of operation of the office was determined to cover the Rzeszowskie Voivodeship and the following poviats: dąbrowski, tarnowski, brzeski, nowosądecki, limanowski, nowotarski and myślenicki from the Krakowskie Voivodeship.

(the 15<sup>th</sup> of October 1948) by means of a resolution by the Economic Committee of the Council of Ministers, Polish State Railways transferred the whole rolling stock of railway cisterns to CPN (Małyska, 2014; Skrzypek, 2014; Zieliński, 2002).

One year later the company was subordinated to the Ministry of Internal Trade. In 1950 according to the resolution by the Council of Ministers, CPN was acquired by the State Committee of Economic Planning (Uchwała Rady Ministrów..., 1950, nr 129, poz. 1609). Two years later through another transformation, CPN was subordinated to the Ministry of Mining. In the years 1955–1957 CPN was supervised by the Central Oil Office. Upon the liquidation of the Central Oil Office the supervision over the enterprise was handed back to the Ministry of Mining and Energy. The last change occurred one year later when the supervision over the Central Office of Oil Products was taken over by the Minister of Chemical Industry until the end of existence of this Ministry.

## 5. OTHER CENTRAL UNITS OF OIL INDUSTRY AND THEIR BRANCHES IN SOUTH-EASTERN POLAND

In July 1944 PKWN established the State Oil Office (PUN) based in Rzeszów. The office supervised two sectors: the mining and the refinery ones. Within the office also a gas branch was created. Plants which provided support for the oil sector were also brought under control. The sale of oil and its domestic and imported products was controlled by the State Office of Sales based in Lublin. In the following months a branch of PUN was also established in Krosno. This office supervised oil mines, gasoline plants and workshops, located in the vicinity of Sanok and Krosno, and the refinery in Jedlicz. This institution also exercised supervision over the Oil Institute in Krosno, created in 1944. In 1945 the headquarters of the State Oil Office was transferred from Rzeszów to Krosno. In the same year the Refinery Board of was created in PUN, which covered all refineries and grease manufacturing plants. This autonomous office supervised and managed the activities of oil companies. In the managing structure of PUN, the highest unit in the organisational structure of a mining area was a sector, which, in turn, covered sections, which included mines (Chabrzyk, 1995; Golonkiewicz-Rybska, 2006a).

In 1945 the name of the State Oil office was changed to the Central Board of the Liquid Fuels Industry, which includes three associations: Oil Industry Association, Natural Gas Association and Synthetic Fuels Industry Association (the first two were soon combined into the Oil Industry and Natural Gas Association). The Central Board of the Liquid Fuels Industry was subordinated to the Ministry of Industry and Commerce and in 1946 it included, among others, Oil Exploration, Oil Mining, Oil Refineries, Natural Gas, Oil Products Central Office, Oil Institute, Ceramic Plants Board in Polanka near Krosno and the Factory of Drilling Machines and Tools in Gorlice (Chabrzyk, 1995; Kachlik, 1995; *Organizacja...*, 1963; Sęp, 2013)<sup>3</sup>.

The organisational scheme of the Central Board of the Liquid Fuels Industry in the following years underwent further transformations. For instance, on the 30<sup>th</sup> of September a resolution was adopted which abolished *the existing administrative divisions of Oil Mining Enterprises into Sectors of Mines as territorial organisational units of managing and controlling nature*. As a result, sectors were eliminated and in their place executive

<sup>3</sup> Archive of Modern Records (AAN), Ministry of Industry and Commerce, no. 368, *Organization of Central Board of Industry of Liquid Fuels and subordinate units. Employment arrangement schemes and others 1945-1949*. AAN, Ministry of Industry and Commerce, No. 4015, *State Oil Office*.

cells were established: branches of the Oil Mining Board (*operational units (drilling-manufacturing) called Sections of mines*). *Operational Oil Mining units were reorganised, accumulating all mines in 15 Sections instead of the existing 21*. Subsequently, branches (regional offices of the Mining Board) were established in Sanok and Gorlice. In 1947 the Board of Unification of Oil Industry was transferred from Cracow to Libusza. One year later the headquarters was finally transferred to Krosno (Golonkiewicz-Rybska, 2006a; Golonkiewicz-Rybska, 2006b)<sup>4</sup>.

By means of the decree of the 18<sup>th</sup> of April 1955 the Central Oil Office (CUN) was created, directly subordinate to the President of the Council of Ministers. The main competences of CUN included *matters of looking for oil and natural gas and their extraction, processing these fossils and distribution of resources and derivative products*. Subsequent tasks entailed coordination of geological works, production of machines and exploration and extraction equipment, investment and mining construction, technological development, research and development works, human resources, employment and vocational training. The head of the office was the President who was appointed and removed, along with vice-presidents, by the President of the Council of Ministers (*Dekret...*, 1955, nr 18, poz. 106; Cygan, Dorynek, 2018)<sup>5</sup>.

CUN was liquidated already in 1957 and included into the Ministry of Mining and Energy, where the Department of Geology and oil was created. In 1958, in turn, oil refineries were separated from the Ministry of Mining and Energy and subordinated to the Ministry of Chemistry<sup>6</sup>.

## 6. OIL MINING COMPANIES IN SOUTH-EASTERN POLAND

Oil extraction in the south-eastern region was initiated in 1948 by the activity of the state enterprise “Kopalnictwo Naftowe”/Oil Mining based in Krosno. According to the regulation, the subject of its activity was oil and natural gas extraction, oil degassing and natural gas processing in gasoline plants and other facilities which could be used for this purpose. The company was subordinated to the Central Board of Oil Industry based in Cracow. The main tasks of this central office were to coordinate the supervision, to control and to manage the economic activity of state enterprises of the whole industry. State control over the company was in the hands of the Minister of Industry and Commerce. It was managed by the Board which supervised 16 Mining Sections. Each section, in turn, was divided into mines. In the mines particular boreholes (shafts) were distinguished: ones for

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<sup>4</sup> APR-S, Oil Mining State Enterprise, Board of Mines in Krosno (PPKNDKwK), No. 152, Report from operation of oil industry for 1947. No. 537, Reports and balances for 1948. PPKNDKwK, No. 72, *Organizacja of central management of oil industry in 1948*, pp. 70-71. Situation in oil industry in this period was described in detail by Mieczysław Krazek in „Sprawozdanie obejmujące akcję likwidacyjną Sektorów i reorganizację Kopalnictwa Naftowego na dzień 15 I 1948”, PPKNDKwK, No. 197, *Sprawozdania wynikowe techniczno-produkcyjne*.

<sup>5</sup> APR-S, Oil Refinery Jasło State Enterprise in Jasło (PPRNJwJ), no. 396, *Organisational matters of oil industry*, p. 27. *Dekret z dnia 18 kwietnia 1955 r. o Centralnym Urzędzie Naftowym* (Dz.U. 1955, nr 18, poz. 106).

<sup>6</sup> APR-S, Oil Mining Potok State Enterprise (PPKNP), *Regulations and circulars of the Ministry of Mining and the Central Board of Oil Industry*, No. 4.

drilling, exploration, deepening or liquidation (Zarządzenie Ministra Przemysłu i Handlu..., 1948, nr 47, poz. 256; Golonkiewicz-Rybska, 2006b)<sup>7</sup>.

The Central Board of Oil Industry supervised the following enterprises:

- Exploratory Drilling – a separate state enterprise based in Cracow,
- Oli Mining – a separate state enterprise based in Krosno,
- Natural Gas – a separate state enterprise based in Tarnów,
- Central Office of Oil Industry Procurement – a state enterprise based in Cracow (Zarządzenie Ministra Przemysłu i Handlu..., 1948, nr 47, poz. 256; Golonkiewicz-Rybska, 2006a)<sup>8</sup>.

At the end of 1948 the Central Board of Oil Industry decided to introduce organisational changes in Oil Mining in the following year. It turned out that it was difficult to manage an excessive number of units as this type of functioning, according to the board, did not guarantee an efficient management of subordinate units. Supervision, control and coordination of particular plants posed increased difficulties. In December 1948 three companies of equal status were formed. In the next year oil industry was subordinated to the Ministry of Mining and Energy. This board included the following units: Exploratory Drilling in Cracow, Sanok Oil Mining, Krosno Oil Mining, Gorlice Oil Mining, United Oil Refineries, Natural Gas in Tarnów, Central Office of Oil Industry Procurement in Cracow and Central Office of Projects of Oil Industry in Cracow (Chabrzyk, 1995)<sup>9</sup>.

In 1949 the Minister of Industry and Commerce introduced three regulations important for the history of oil industry in the south-eastern region of Poland. All three were passed on the 4<sup>th</sup> of March 1949 and are related to the institutional reinforcement of the regional nature of the companies. The first regulation was adopted in agreement with the Minister of Treasury and the President of the Central Planning Office and concerned a partial amendment to the regulation of the Minister of Industry and Commerce of the 21<sup>st</sup> of April 1948 about the creation of the company “Kopalnictwo Naftowe”. The amendment consisted in the insertion in the name the wording “Krośnieńskie Kopalnictwo Naftowe”/Krosno Oil Mining instead of “Kopalnictwo Naftowe”/Oil Mining. The second regulation concerned the creation of a state enterprise “Gorlickie Kopalnictwo Naftowe”/Gorlice Oil Mining based in Gorlice, while the third one referred to the establishment of a state enterprise “Sanockie Kopalnictwo Naftowe”/Sanok Oil Mining based in Sanok. For instance, five sections were separated within the Krosno Oli Mining: Iwonicz, Równe, Krosno, Roztoki and Dębowiec-Śląski (Zarządzenie Ministra Przemysłu i Handlu..., 1949, nr 22, poz. 350, 351, 352; Sęp, 2009; Golonkiewicz-Rybska, 2006b)<sup>10</sup>.

In 1951 also Ustrzyki Oil Mining was established. The Wańkowa Section, previously a part of the Sanok Oil Mining, was included in it. Finally, in 1973 the Ustrzyki Oil Mining was combined with the Natural Gas Mining Company in Sanok. In Ustrzyki first a branch

<sup>7</sup> ANN, Ministry of Industry and Commerce, No. 33, The Central Board of Liquid Fuels Industry. APR-S, PPKNDKwK, No. 60, *Circulars of the Central Board of Oil fuels*.

<sup>8</sup> APR-S, PPKNDKwK, No. 60, *Circulars of the Central Board of Oil fuels*.

<sup>9</sup> APR-S, PPKNDKwK, No. 537, Reports and balances for 1948. No. 60, *Circulars of the Central Board of Oil Fuels*. PPRNJwJ, No. 396, *Organisational matters of oil industry*.

<sup>10</sup> APR-S, Gorlice Oil Industry Enterprise (PKNG), No. 511, *Balance for the economic year 19507*. APR-S, Krosno State Enterprise, Oil Mining in Krosno (PPKKNwK), No. 251, *Organization of Krosno Oil Mining created in 1949 and its further reorganisation [organisational schemes, resolutions, correspondence]*.

was established, and then the Centre of Mines. Moreover, according to the resolution of the Minister of Mining, organisational changes were introduced. The name “Sections” was changed into “A complex of Mines” (Chabrzyk, 1995; Czajka, 2004; Sęp, 2009; Wais, 2014).

By means of the resolution of the presidium of the government no 80/56 of the 4<sup>th</sup> of February 1956 the Board of “Karpaty” Oil Mining was established, the main aim of which was to manage the activity of subordinated organisational in the scope of extraction of oil and natural gas and gas degazolination. The head of the company was a director subordinated to the Central Oil office. Oil Mining Ustrzyki, Sanok, Krosno, Jasło, Gorlice were also included in the enterprise<sup>11</sup>.

Subsequent changes on the management level led to the creation in 1958 the Association of Oil Industry with its main office in Warsaw. Two plants were subordinated to it: the State Enterprise of Oil exploration in Cracow and the State Enterprise of Oil Mining in Krosno. The Krosno Mining, in turn, included plants in Gorlice, Krosno, Sanok, Ustrzyki Dolne and Mielec. The existing mining enterprises were then transformed into “extraction plants”. According to the provisions of the act, the extraction plants were to function on the basis of the principles of internal economic account settling. The above mentioned plants bore also the cost of maintenance of the Association of Oil Industry in Warsaw. In 1959 the Board of Oil Mining “Karpaty” was transformed into the State Enterprise of Oil Mining. The headquarters was located still in Krosno. The existing Mining enterprises were transformed into the above mentioned extraction plants (Ustrzyki, Sanok, Krosno, Jasło and Gorlice) (Chabrzyk, 1995)<sup>12</sup>.

As a result of the discovery of new areas containing resources of oil and natural gas in Partynia, Podborze and Swarzów, there were difficulties with regard to the management of these resources. Consequently, the Association of Oil Industry in Warsaw was requested to liquidate the Extraction Plant in Jasło and to create a new plant in Partynia. Such organisational changes were supposed to ensure efficient management of new areas where the extraction took place. Mines which previously became a part of the extraction plant in Jasło (Osobnica, Harkłowa, Folusz, Pielgrzymka, Mrukowa, Świerchowa) were taken over by the Gorlice Extraction Plant. By means of the Resolution no 118 of the 11<sup>th</sup> of November 1966 of the Minister of Mining and Energy, the Natural Gas Enterprise in Sanok was established<sup>13</sup>.

Subsequent changes were introduced in 1967, when in place of the Krosno Extraction Plant, the authorities established the Krosno Oil Mining Enterprise which was subordinated to the Oil Mining Association (formerly Oil Industry Association). Also the Extraction Plant Partynia was transformed into Oil Mining Mielec.

In 1973 Oil Mining Krosno acquired Oil Mining Enterprise Gorlice. In the same year the oil Mining Enterprise Ustrzyki in Ustrzyki Dolne was combined with the Natural Gas Mining Enterprise in Sanok. In Ustrzyki Dolne a branch was established which later was transformed into the Centre of Mines. Subsequent important changes were introduced in

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<sup>11</sup> APR-S, PPRNJwJ, No. 396, Organisational matters of oil industry.

<sup>12</sup> APR-S, Polish Oil and Natural Gas Mining, Krosno Oil and Gas Mining Plant (PGNiG KZGNiGwK), No. 859, *Comprehensive analysis of the activity for 1960*. PPKKNwK, No. 1519, *Comprehensive technical and economic analysis of Oil Mining in Krosno for 1959*.

<sup>13</sup> APR-S, PPKKNwK, No. 1519, *Comprehensive technical and economic analysis of Oil Mining in Krosno for 1959*.



1975. According to the resolution of the Council of Ministers a new Association of Oil and Natural Gas was created. The main reason for the changes was the desire to simplify the organisational structure, to introduce a fast flow of information and to consolidate two scientific institutes – the Oil Institute and the Natural Gas Institute. The aim of the new organisation was to focus on the search for oil and natural gas resources, their extraction, technological processes and to provide gas for industrial plants and the citizens. As a consequence, on the 31<sup>st</sup> of December 1975, the Ministry of Mining and Energy passed a new resolution; no 66 concerning the establishment of a State Enterprise, Oil and Gas Mining in Sanok. Also the Oil Mining Enterprise in Krosno and Natural Gas Mining Enterprise in Sanok were combined, which led to the creation of the Sanok Oil and Gas Mining Enterprise. In 1982 on the basis of the resolution of the Minister of Mining and Energy in place of the existing Oil Mining and Gas Association, the authorities created the Polish Oil and Gas Company, existing until the present day. Organisational changes took place also on the regional level. The enterprise in Sanok was transformed into the Sanok Plant of Oil and Gas Mining. In the organisational structure of PGNiG (Polish Oil and Natural Gas Mining), the Krosno Plant of Oil and Gas Mining was retained (Zarządzenie, „Nafta”, 1976; Bezucha, Koenig, 1969; Mnich, 1959; Owsik, 1975; Ogrodnik, 1973; Sęp, 2009; Wais, 2013; Wojnar, 2013).

## 7. REFINERIES IN PODKARPACIE IN THE NATIONAL MANAGEMENT STRUCTURES

The organisational structure of the branch of oil refineries also underwent frequent changes, the aim of which was to adjust the enterprise to the current economic challenges. These changes clearly concerned the functioning of production facilities in south-eastern Poland. Refineries in Podkarpacie in the early stage of the Polish People's Republic belonged, among others, to the Association of Oil Refineries (until 1951), and later on the Central Board of Oil Industry (until 1956). The company which cooperated with refineries was also the Central Office of Oil Industry Procurement in Cracow (Zarządzenie Ministra Przemysłu i Handlu..., 1948, nr 47, poz. 259; *Organizacja...*, „Nafta”, 1963)<sup>14</sup>.

In 1971 by means of the resolution of the Council of Ministers, the Association of Oil Refineries was transformed into “Petrochemia” Association, which included the south-eastern plants in Gorlice, Jasło and Jedlicz, but also in Trzebinia, Czechowice, Płock, Gdańsk, Blachownia (also plants not related to oil processing such as the Chemical Plant in Oświęcim, Nitrogen Plant “Chorzów” or Nitrogen Plant in Włocławek). The reason for creation of such a big enterprise was the launch of the Combine of Mazowieckie Refinery and Petrochemistry Plants in Płock (Kachlik, 1995).

In 1976 an important, however an unsuccessful attempt at consolidating refineries in Podkarpacie was the combination of the refineries in Gorlice, Jasło and Jedlicze into one enterprise “Podkarpackie Refinery Plant named after Ignacy Łukasiewicz” based in Jasło. This enterprise operated only till 1981, when it was divided into three autonomous refineries. (a similar experiment was conducted when the refinery in Trzebinia and the refinery in Czechowice were combined in order to create the Silesian Refinery Plant based

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<sup>14</sup> APR-S, PPKNDKwK, No. 60, *Circulars of the Central Board of Oil Fuels*, p. 422-423, 424-425. PPRNJwJ, No. 388, Zarządzenie MPiH z dnia 21 IV 1948 r. o utworzeniu p.p. Zjednoczone Rafinerie Nafty w Krakowie.

in Czechowice, liquidated also in 1981) (Uchwała nr 242 Rady Ministrów..., 1981, nr 32, poz. 286; *Integracja...*, „Nafta”, 1976).

In the same year “Petrochemia” Association was also liquidated. In place of the previous association, the voluntary “Petrochemia” union was created, with its main office in Cracow. This organisation included all refineries and plants which previously belonged to the “Petrochemia” Association, however without the Gdańsk refinery. In 1983 also Mazowieckie Refinery and Petrochemistry Plants in Płock resigned from participation in this union. This organisational arrangement lasted until the end of the Polish People’s Republic (Kachlik, 1995).

## 8. CONCLUSION

The organisation of oil industry in the south-eastern region of post-war Poland was the reflection of the economic presumptions of People’s Poland and its centralised economy. The pre-war oil mines and oil processing plants were nationalised and included into central structures, which led to irrational management, underinvestment of plants and lack of consideration for economic results. Mines and refineries of south-eastern Poland still played an important role in the development of this branch of industry, although not a leading one. Lack of stability in the organisational structure and management of oil industry in the Polish People’s Republic undoubtedly did not support its growth.

It is worth mentioning that oil industry in the years 1944–1989 underwent particularly frequent organisational changes. The creation of national managing units in the first years after the war, e.g. State Oil Office or the Central Board of Liquid Fuels Industry aimed at facilitating the reconstruction of nationalised mines and processing plants and at determining directions of distribution of final products. In the period after the post-war reconstruction more changes were introduced as the Central Board of Oil Industry was established. The distribution of oil products was managed by the Central Office of Oil Products. In the subsequent years particular mining enterprises were established for a given area, including the Podkarpacki Region. However, these changes did not last for a long time as other transformations were implemented in the following years.

Undoubtedly, organisational transformations did not support better management of this branch of industry. They constituted a specific element of the centrally planned economy, i.e. subordinated not to the principles of economics but to the ideological vision of the state. Frequent organisational changes led to chaos and made it difficult for the companies to work properly. It is difficult to state unequivocally why such frequent transformations were implemented. On the one hand, they might have provided better supervision over this branch of economy. However, on the other, they could have offered better control over the office employees who did not act according to the precepts of the state. An example of such failed transformation could be the establishment of the Podkarpackie Refinery Plants named after Łukasiewicz (plants in Jasło, Gorlice and Jedlicze), which in this organisational form existed only for a short time, i.e. in the years 1976–1981. This holding was dissolved as a result of protests by the employees of plants in Jedlicze and Gorlice who argued that the facilities were inefficient economically and that they were treated unfairly with regard to the dominant Jasło refinery (Dorynek, 1998; Kamiński, 1981) It can be clearly stated that excessively frequent and not always economically justified structural changes in the organisation of oil industry during the People’s Republic of Poland in the south-eastern

region prove that there was no comprehensive and long-term vision of management of this branch of economy.

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## LEGAL ACTS

- Dekret z dnia 18 kwietnia 1955 r. o Centralnym Urzędzie Naftowym (Dz.U. z 1955 r., nr 18, poz. 106).
- Rozporządzenie Ministra Przemysłu z dnia 8 października 1946 r. o ustaleniu siedzib i własności terytorialnej Okręgowych Urzędów Górniczych (Dz.U. z 1946 r., nr 55, poz. 314).
- Uchwała nr 242 Rady Ministrów z dnia 30 listopada 1981 r. w sprawie zasad, trybu i terminu zniesienia zjednoczeń przedsiębiorstw państwowych (M.P. z 1981 r., nr 32, poz. 286).
- Uchwała Rady Ministrów z dnia 29 listopada 1950 r. w sprawie zmiany podporządkowania Centrali Produktów Naftowych oraz zmiany spisu przedsiębiorstw podległych Państwowej Komisji Planowania Gospodarczego i Ministrowi Handlu Wewnętrznego (M.P. nr 129, poz. 1609).
- Zarządzenie Ministra Przemysłu i Handlu z dnia 21 kwietnia 1948 r. wydane w porozumieniu z Ministrem Skarbu i Prezesem Centralnego Urzędu Planowania o utworzeniu Centralnego Zarządu Przemysłu Naftowego (M.P. z 1948 r., nr 47, poz. 256).
- Zarządzenie Ministra Przemysłu i Handlu z dnia 21 kwietnia 1948 r., wydane w porozumieniu z Ministrem Skarbu i Prezesem Centralnego Urzędu Planowania o utworzeniu przedsiębiorstwa państwowego pod nazwą „Kopalnictwo Naftowe” (M.P. z 1948 r., nr 47, poz. 258).

Zarządzenie Ministra Przemysłu i Handlu z dnia 22 kwietnia 1948 r. wydane w porozumieniu z Ministrem Skarbu i Prezesem Centralnego Urzędu Planowania o utworzeniu przedsiębiorstwa państwowego pod nazwą „Centrala Produktów Naftowych” (M.P. z 1948 r., nr 46, poz. 233).

Zarządzenie Ministra Przemysłu i Handlu z dnia 4 marca 1949 r. (M.P. z 1949 r., nr 22, poz. 350, 351, 352).

## **ARCHIVES**

### **Archiwum Akt Nowych w Warszawie**

Ministerstwo Przemysłu i Handlu

### **Archiwum Państwowe w Rzeszowie – oddział w Sanoku**

Okręgowy Urząd Górniczy w Krośnie

Państwowe Przedsiębiorstwo Kopalnictwo Naftowe Dyrekcja Kopalń w Krośnie

Polskie Górnictwo Nafty i Gazu Krośnieński Zakład Górnictwa Nafty i Gazu w Krośnie

Przedsiębiorstwo Kopalnictwo Naftowego Gorlice

Przedsiębiorstwo Państwowe Kopalnictwo Naftowe Potok

Przedsiębiorstwo Państwowe Krośnieńskie Kopalnictwo Naftowe w Krośnie

Przedsiębiorstwo Państwowe Rafineria Nafty „Jasło” w Jasle

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