



**ALASKA DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS
NOTICE OF FINAL BEST INTEREST FINDING AND DETERMINATION FOR A PROPOSED
SALE OF NORTH SLOPE ROYALTY OIL TO TESORO REFINING & MARKETING
COMPANY, LLC**

The Commissioner of the Department of Natural Resources issued on March 17, 2016, the “Final Best Interest Finding and Determination for the Sale of Alaska North Slope Royalty Oil to Tesoro Refining & Marketing Company, LLC.” In this final finding, the Commissioner proposes to sell approximately 20,000 to 25,000 barrels per day of the State’s North Slope royalty oil in-kind to Tesoro Refining & Marketing Company, LLC for processing at its refinery at Nikiski under a five-year contract. Deliveries of royalty oil under this proposed contract will have an estimated starting date of August 1, 2016 and continue until July 31, 2021. The price provision in the proposed contract is based on a formula that relies on accepted industry price reporting services and resembles the formulas used to calculate value of royalty paid to the State by the North Slope producers. The Commissioner’s Final Best Interest Finding and Determination includes the final version of the sales contract, provides an analysis of its specific provisions, how it will serve the best interests of the state under the criteria set out in AS 38.05.183 and AS 38.06.070, and includes the public comments made to the Preliminary Best Interest Finding issued on February 3, 2016, as well as the Commissioner’s response to those comments.

These findings are final, and comments received from the public were used to complete the Final Best Interest Finding and Determination and to determine that the proposed sales contract is in the state’s best interest.

FOR INFORMATION CONCERNING THIS PROPOSED ROYALTY OIL SALE OR TO RECEIVE COPIES OF THE COMMISSIONER’S FINAL BEST INTEREST FINDING AND DETERMINATION AND THE PROPOSED CONTRACT, PLEASE SEE CONTACT INFORMATION BELOW.

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