

THE ALASKA ROYALTY OIL AND GAS DEVELOPMENT ADVISORY BOARD
Resolution 2016-1

Whereas, on Tuesday, March 15, 2016 at 10:00 a.m., the Alaska Royalty Oil and Gas Development Advisory (“Royalty Board”) conducted a public hearing in Room 1270 of the Atwood State Office Building, 550 W 7th Avenue, Anchorage, Alaska to consider the proposed royalty in-kind oil supply contract titled, “Agreement for the Sale of Royalty Oil between and among the State of Alaska, and Tesoro Corporation, a Delaware Corporation and Tesoro Refining & Marketing Company LLC, a Delaware Limited Liability Company” (“Proposed Contract”).

Whereas, under the Proposed Contract, DNR will sell to Tesoro Refining & Marketing Company LLC, between 20,000 to 25,000 barrels per day of North Slope royalty oil. Upon enactment of legislation approving the Proposed Contract, delivery of the royalty oil will begin on or after August 1, 2016.

Whereas, at this public hearing the Royalty Board reviewed the Preliminary Best Interest Finding and Determination for the Sale of Alaska North Slope Oil to Tesoro Refining & Marketing Company LLC (“Preliminary Finding and Determination”) submitted to the Royalty Board by the Department of Natural Resources (“DNR”) via email on February 4, 2016 and provided in hard copy to the Royalty Board members at the public hearing, and considered a list of amendments to be made to the Preliminary Finding and Determination necessary to convert that document into the Final Best Interest Finding and Determination for the Sale of Alaska North Slope Oil to Tesoro Refining & Marketing Company LLC.

Whereas, at this public hearing the Royalty Board heard testimony from the staff of DNR, representatives of Tesoro, and members of the public.

Whereas, the Royalty Board reviewed the testimony and considered the approval and recommendation to the Alaska Legislature of the Proposed Contract in light of the criteria of AS 38.06.070. After a thorough discussion, the Royalty Board voted to approve the proposed sale and recommend the proposed agreement be approved by the Alaska Legislature. The Royalty Board also adopted the attached report to be submitted to the Alaska Legislature along with its recommendation as required under AS 38.06.070.

Be it resolved, that based on the Royalty Board’s review of the Proposed Contract, the Preliminary Finding and Determination, and the information presented at its public hearing, the Royalty Board is of the opinion that the proposed disposition of North Slope royalty oil to Tesoro Refining & Marketing Company LLC meets the requirements of AS 38.06.070. In accordance with AS 38.06.070(c) the Royalty Board submits the attached report and, in accordance with AS 38.06.050, recommends that the Alaska State Legislature approve the Proposed Contract.

Fred Parady Date

Bruce Anders Date

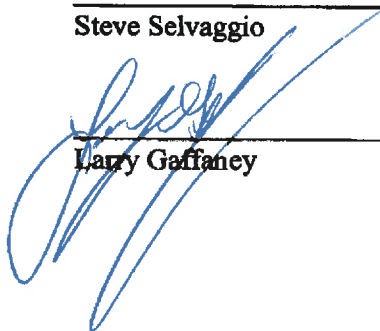
Randall Hoffbeck Date

Steve Selvaggio Date

Dana Pruhs Date

Larry Gaffaney Date

Marty Rutherford Date


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