



Honorable Chairman and Committee Members of the Senate Finance Committee:

I am pleased to share our overwhelming support for Senate Bill 240 "An Act approving and ratifying the sale of royalty oil by the State of Alaska to Marathon Petroleum Supply and Trading LLC (Marathon); and providing for an effective date." The availability, flexibility, and stability that this contract offers will have a positive impact on our ability to optimize our ongoing operations at the Kenai refinery.

Marathon is a leading, integrated, downstream energy company, and operates the nation's largest refining system. MPLX LP is our sister midstream company that owns and operates gathering, processing, and fractionation assets, as well as crude oil and light product transportation and logistics infrastructure. Marathon merged with Andeavor (formerly Tesoro) in October of 2018.

Marathon's Kenai refinery has been one of Alaska's longest in-state manufacturers, producing quality transportation fuels for Alaskans since 1969. Today, after many improvements, the Marathon Kenai refinery can produce up to 68,000 barrels per calendar day. Our primary focus is on jet and diesel production, followed by gasoline and gasoline blendstocks, heavy fuel oils, propane, and asphalt. We operate a 68-mile, common-carrier products pipeline that transports jet fuel, gasoline and diesel fuel to the Port of Anchorage and the Anchorage International Airport, and then rail the same products to the Interior. The wholesale delivery of our products occurs through our terminals in Kenai, the Port of Alaska, and North Pole.

In addition to being one of the largest taxpayers in the Kenai Peninsula Borough, Marathon provides approximately two-hundred fifty family wage jobs at the refinery, along with about fifty full-time contractors that are working in and around the refinery year-round. We employ an additional thirty-seven Alaskan operators who work at our terminals at Nikiski, the Port of Anchorage and North Pole.

The health and safety of our employee, contractors, and communities we call home is one of our leading core values. As such, we've implemented cutting-edge safety measures at our refinery and are recognized as an industry leader. We are also passionate stewards of the environment, engaged with multiple organizations to implement initiatives that protect our environment and inspire responsible practices for future generations. Marathon is a proud supporter of the Cook Inlet Regional Citizens Advisory Council (CIRCAC) and the largest member of the Cook Inlet Spill Prevention & Response team (CISPRI), among many others.

At Marathon Petroleum, we know that being a great corporate citizen is more than just words. Across the state, our employees make it a priority to offer time, talent and financial support for efforts that have a positive impact on the areas where we live, and work. From the Food Bank of the Peninsula and the Challenger Learning Center to the award-winning program Caring for the Kenai, you will see us there.

Marathon respectfully urges you to support Senate Bill 240, "An Act approving and ratifying the sale of royalty oil by the State of Alaska to Tesoro Corporation and Tesoro Refining and Marketing Company LLC; and providing for an effective date."



This legislation is the result of constructive dialog and productive negotiations between the Department of Natural Resources and Marathon. We appreciate the very professional work by the Department at all stages of the process and confident this contract before you will provide a positive shared value to all Alaskans.

For the State, the DNR underscores in its Best Interest Finding that it will continue to receive a price for its Royalty-in-Kind oil that exceeds the price it would have received if it elected to keep its Royalty Oil in Value.

For Marathon, the contract will provide us with a stable supply of Alaska North Slope (ANS) crude while also giving us the volumetric flexibility to help accommodate seasonal fluctuations in demand for refined products. As noted, the availability, flexibility, and stability that this contract offers will have a positive impact at the Kenai refinery.

Marathon believes in Alaska's future and is committed to continuing our long-standing legacy of safely and reliably producing quality fuels day in and day out for Alaskans! It is again our pleasure to offer our support. Thank you, committee members, for your service to our great State and encourage you to support passage of SB 240.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Casey Sullivan', followed by a horizontal line.

Casey Sullivan
Government and Public Affairs Manager
Marathon Petroleum