

ALASKA LEGISLATURE COMMITTEE FILES 1997-1998 8672

9678 SENATE RESOURCES

In making this finding, the department first determined that the state would not lower the total oil revenue, including royalties and severance taxes, due the state by making a disposal to MAPCO. The department next examined the criteria to determine that the state would not create any unacceptable social or environmental impacts. Finally, the department looked at whether the disposal contributed to competition in the in-state refining industry and the extent to which that would lead to lower product prices.

Royalty Board

The preliminary finding and determination was submitted to the Royalty Board in compliance with AS 38.05.183(c) which provides that the commissioner may not waive competitive bidding of this sale of RIK unless prior written notice is given to the board. Under AS 38.06.070(c) the Royalty Board will make a full report to the legislature on each criterion set out in AS 38.06.070(a) and (b) for any disposition of royalty oil that requires legislative approval. The Royalty Board's report will be submitted for legislative review at the time a bill for legislative approval of this proposed royalty oil contract is introduced in the legislature.

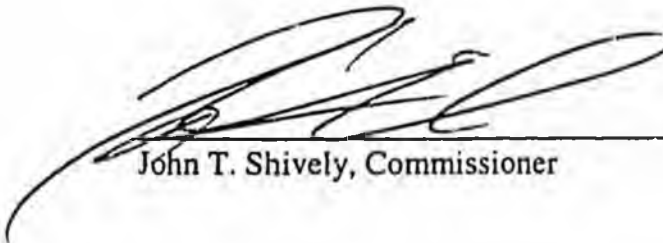
Legislative Approval

According to AS 38.06.055(c) the commissioner may not renew the current one-year contract with MAPCO without the prior approval of the legislature. By statute, the Royalty Board reviewed this sale and a written recommendation will be submitted to accompany a bill introduced in the legislature to approve the sale (AS 38.06.050).

Conclusion

Under the terms of the proposed contract, the state receives a fair value for the royalty oil, promote in-state processing, product competition and attendant benefits. The state will retain enough royalty oil to meet the needs of other RIK purchasers even with the proposed contract. The price terms are satisfactory, and the sale to MAPCO offers economic benefits to Alaska citizens.

The foregoing facts and analysis support the finding that this sale is in the best interest of the state and offers maximum benefits to Alaska citizens.



John T. Shively, Commissioner

3/5/98
Date

Appendix A: Summary of Previous North Slope Royalty Oil Sales

Volumes. Beginning in November 1979 and continuing to the present, the state has delivered North Slope RIK to fourteen companies in twenty negotiated contracts, two competitive sales, and one quasi-competitive sale. By December 1997, the state delivered over 529 million barrels or approximately 50 percent of its North Slope royalty crude oil through these contracts.

Negotiated royalty oil sales are defined as dispositions of royalty oil where a determination has been made that the best interest of the state does not require competitive bidding or that no competition exists. In every case the negotiated contracts were for sales of royalty oil to in-state refiners.

The state negotiates with a company the quantity, price and other terms of a short or long-term negotiated royalty oil sale. Short-term negotiated royalty oil sales are one year or less and do not require legislative approval. Long-term negotiated royalty oil sales are longer than one-year and legislative approval is required before the royalty oil contract becomes effective.

Figure A-1 shows the amount of royalty oil sold to these companies since the North Slope production began. The graph indicates that the amount of oil sold to each company has varied over the years. Tesoro and MAPCO have been the state's two most consistent customers.

Under various contracts through the 1980's Tesoro took approximately 218.8 million barrels of RIK.²³ The biggest of those contracts was a 10-year agreement that terminated in 1994. The crude oil purchased by Tesoro is refined at the Nikiski facility (capacity 72,000 barrels per day). Tesoro signed a one-year royalty oil supply contract for 27.2% or initially approximately 38,000 barrels per day of the state's royalty oil to begin deliveries after Tesoro's long-term RIK contract expired December 31, 1994. When Tesoro's one-year contract expired in December 1995, Tesoro signed a three-year RIK contract for 30% or an initial volume of approximately 39,000 barrels per day of the state's royalty oil. This contract expires at the end of December 1998.

The MAPCO and Golden Valley Electric Association (GVEA) purchases were refined at the MAPCO refinery in North Pole (capacity 159,000 barrels per day). MAPCO has the longest running contract for ANS RIK. Deliveries under its long-term contract began in November 1979 for 35,000 barrels per day. This contract will not expire until December 2003. In December 1997, MAPCO was issued a one-year RIK contract for 13,000 barrels per day. This contract expires at the end of November 1998. To date, MAPCO has received approximately 205.8 million barrels of RIK (including the GVEA volumes).

Chevron's RIK purchases were refined at its 18,000 barrels per day plant in Kenai, which ceased production in June 1991. The Petro Star's RIK was refined at its 14,000 barrels per day plant in North Pole. The new Petro Star Valdez Refinery Joint Venture (Petro Star JV), with a capacity of 40,000 barrels per day, was to be fully supplied with RIK purchased from the state from the

²³Includes Chevron exchange barrel.

Kuparuk River Unit (76.18 percent of the royalty share). However, the contract lapsed automatically in December 1993 because Petro Star JV did not take any royalty oil.²⁴

Competitive and quasi-competitive sales contracts were entered into with several companies. In-state refineries, including Tesoro, refined some of the crude purchased in these sales, and some was exported from Alaska. The Alpetco purchases were exported.

Competitive royalty oil sales are where the state sold royalty oil in predetermined barrel lots for one-year or less through competitive bid. In these sales the buyers bid a fixed per barrel price for the oil that equaled or exceeded the state's volume weighted average of the lessees' reported RIV prices. In-state priority preferences are usually included as a provision of competitive royalty oil sales.

In the quasi-competitive sale the state's royalty oil was sold in predetermined barrel lots for less than one year through competitive bid using negotiated sale procedures. The quasi-competitive royalty oil sale called for interested parties to submit price bids to a standard form contract. The minimum bid per barrel equaled or exceeded the state's volume weighted average of the lessees' reported RIV prices. The selection of purchasers was based entirely on the premium offered. No in-state priority preferences were included as a part of this sale.

Figure A-2 illustrates the total amount of ANS royalty oil produced and the amount of that oil taken in-kind and sold by the state. In the early 1980s, after the first and second competitive royalty oil sales, the state sold nearly all of its royalty oil in-kind. From 1986 to 1990 the volume of oil the state sold in-kind remained relatively constant. From 1990 through 1993 the volume taken in-kind declined to approximately 26 percent of the state's North Slope royalty oil. In 1995 the volume of oil taken in-kind increased by 27.2% or 38,000 barrels per day when Tesoro signed a one-year RIK oil supply contract from the North Slope that began January 1995. After Tesoro's one-year RIK contract expired in December 1995, Tesoro began a new three-year contract for 30.0% of the state's royalty oil from the North Slope. This contract expires at the end of December 1998. In 1997, the state's RIK oil increased by 11.6% or 13,000 barrels per day when MAPCO signed a one-year RIK oil supply contract from the North Slope that began in December 1997. As of December 1997, deliveries of ANS RIK are approximately 82,000 barrels per day or 50.6 percent of the state's total North Slope royalty share.

Recent Developments. The status of the most recent contracts is shown in Table A-1. During the years of 1990 through 1994, the state took less of its oil in-kind than at any time since the last half of 1985. Beginning in 1995 to the present the state's RIK oil share increased with Tesoro signing one-year and three-year RIK contracts. At the end of 1997, the state's RIK oil share increased again when MAPCO began taking an additional 13,000 bpd under a new one-year RIK contract with the state. This one-year contract expires November 1998. In the future, the state's RIK oil share is likely to continue to increase under the proposed five-year contract to MAPCO.

²⁴Capacity figures are taken from Alaska Department of Natural Resources. Historical and Projected Oil and Gas Consumption. April 1997.

Major North Slope RIK Contracts to In-State Purchasers Since 1979

Purchaser		Period												Total RIK Volumes (Barrels)		
Contract																
Second Competitive RIK Sale																
Chevron 4	4/85 - 3/86														5,703,996	
Chevron 5, 6, 7	4/85 - 9/85														3,226,724	
Sohio	4/85 - 12/85														955,688	
Taxaco 1	4/85 - 12/85														2,867,172	
Taxaco 2	4/85 - 3/86														9,508,588	
Union 2	4/85 - 9/85														1,135,522	
US Oil & Refining - B	4/85 - 3/86														3,802,521	
	Total															27,198,211
Quasi-Competitive RIK Sale																
Chevron 8	10/85 - 3/86														954,349	
Union 3	10/85 - 3/86														715,760	
US Oil & Refining - 1, 2, 3	10/85 - 3/86														1,908,696	
	Total															3,578,805
Estimate of Total RIK Oil																707,385,105

Source: Alaska Department of Natural Resources, Division of Oil and Gas

Figure A-2: Total ANS Royalty and RIK Sales
(includes New Mapco Contract)

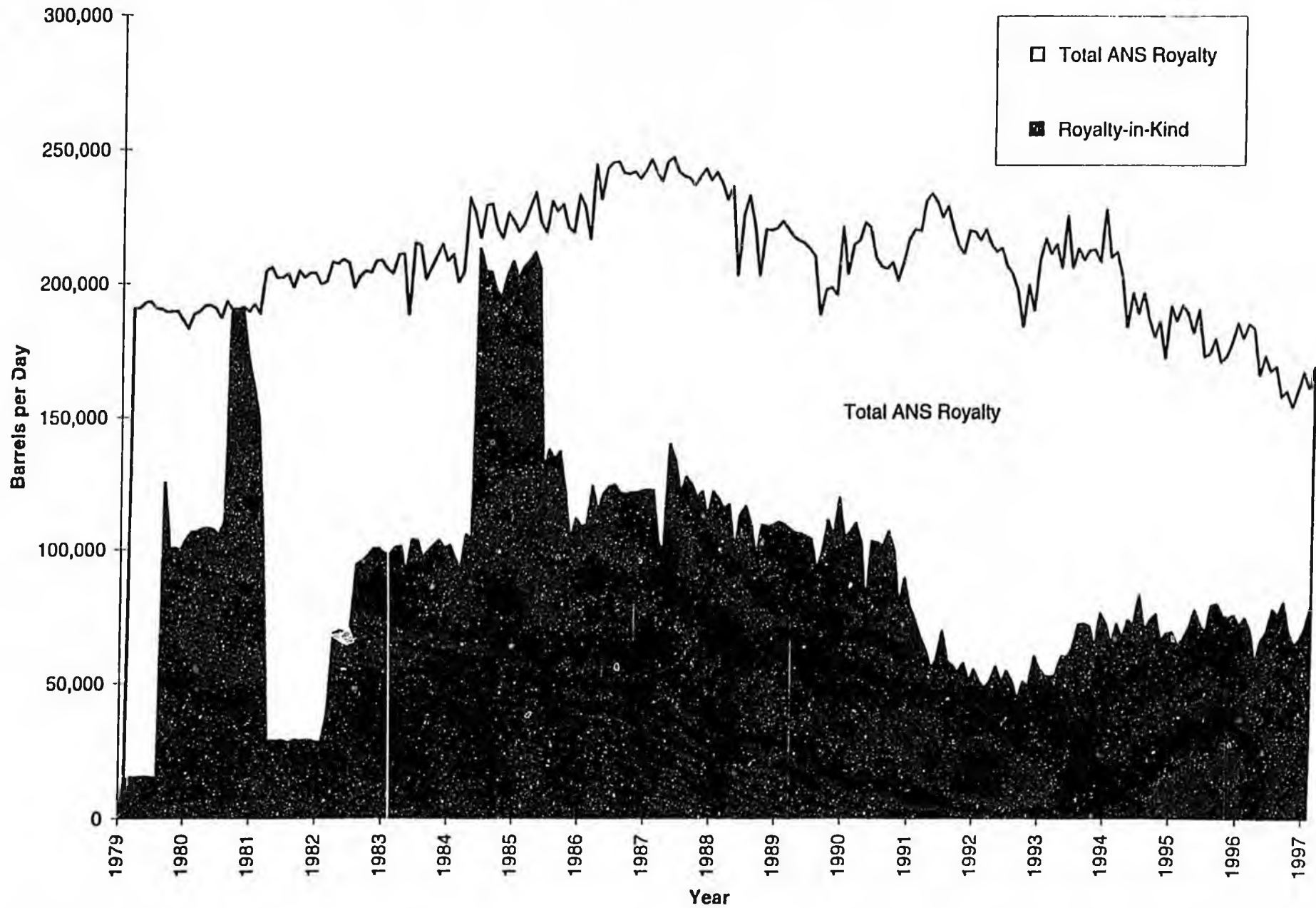
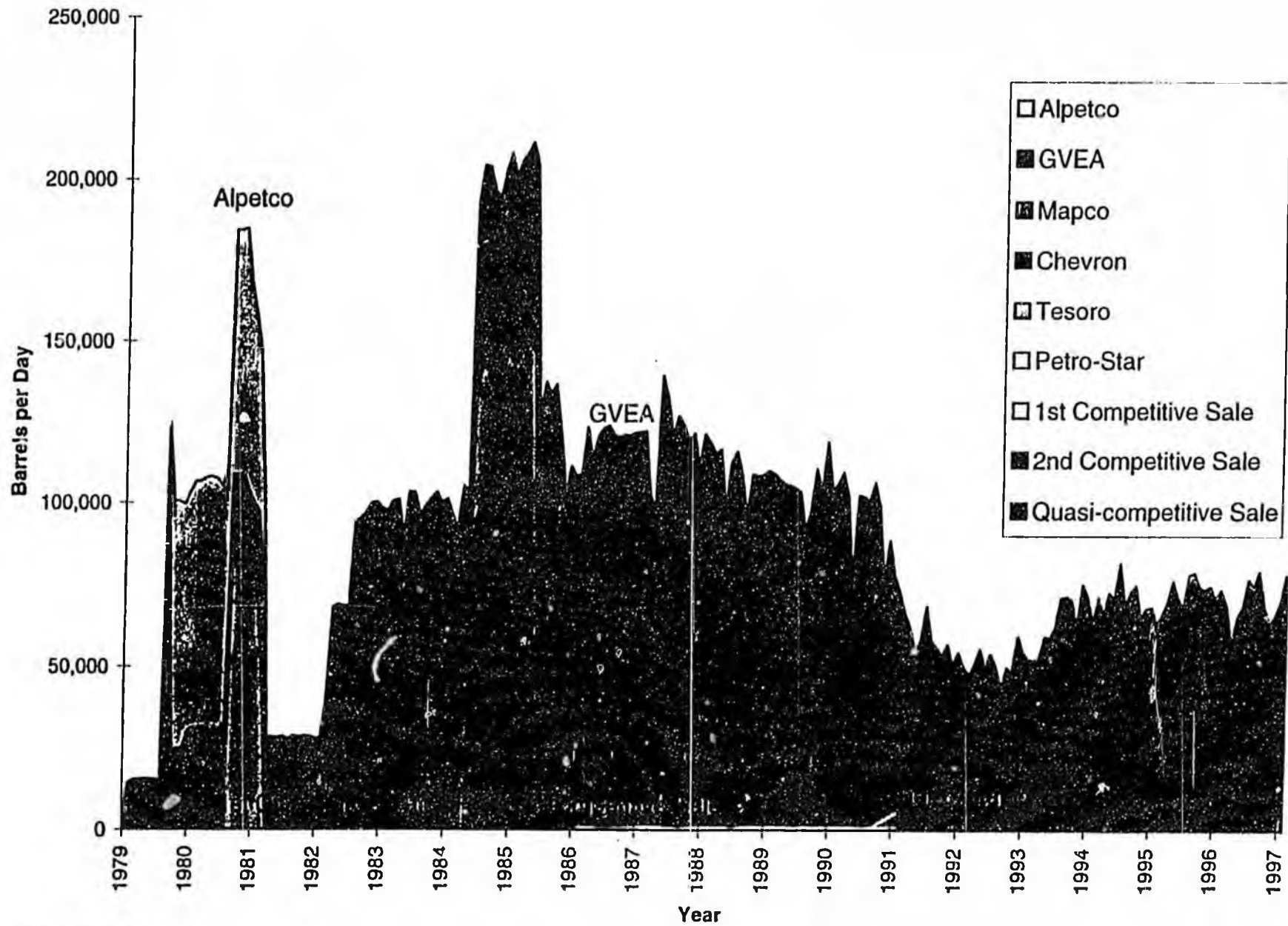


Figure A-1: RIK Volumes by Purchaser



Appendix B: AS 38.05.183(c) & (e), AS 38.06.050(c), AS 38.06.055, and AS 38.06.070(a)

AS 38.05.183(c). If the commissioner determines that a sale, exchange or other disposal of a mineral obtained by the state as a royalty under AS 38.05.182 or of a right to receive future mineral production under a state lease under this chapter shall be made otherwise than by competitive bid, and the Alaska Royalty Oil and Gas Development Advisory Board has been notified in writing of that determination, the commissioner shall make public in writing the specific findings and conclusions upon which that determination is based.

AS 38.05.183(e). When a sale, exchange or other disposal of oil or gas taken in kind by the state as its royalty share, or a sale, exchange or other disposal in whole or in part of a right to receive future royalty oil or gas, under a state lease under this chapter is made other than by competitive bid, the sale, exchange or other disposal shall be awarded by the commissioner to the prospective buyer whose proposal offers the maximum benefits to citizens of the state. The commissioner shall consider:

- (1) the cash value offered;
- (2) the projected effects of the sale, exchange or other disposal on the economy of the state;
- (3) the projected benefits of refining or processing the oil or gas in the state;
- (4) the ability of the prospective buyer to provide refined products or by-products for distribution and sale in the state with price or supply benefits to the citizens of the state; and
- (5) the criteria listed in AS 38.06.070(a).

AS 38.06.050(c). Competitive bidding in a sale, exchange or other disposition described in (a) of this section may not be waived by the commissioner of natural resources under AS 38.05.183 unless prior written notice of proposed waiver is given to the board.

AS 38.06.055. Legislative approval. (a) In addition to the recommendation by the board required under AS 38.06.050, the commissioner of natural resources may not enter into a sale, exchange, or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas under AS 38.05.183 without the prior approval of the legislature. The legislature may approve a sale, exchange, or other disposition of oil or gas or of the rights or of a waiver of the rights to receive future production of royalty oil or gas only by enacting legislation. (b) The provisions of (a) of this section do not apply to

- (1) the sale, exchange, or other disposition of oil or gas for one year or less if the sale, exchange, or other disposition is entered into to relieve storage or market conditions;
- (2) contracts for the sale of state-owned royalty gas or oil that specify the sale and delivery of not more than
 - (A) 400 barrels of crude oil per day;
 - (B) 460 barrels of natural gas liquids per day; and
 - (C) 2,400 Mcf of natural gas per day.

(c) a sale, exchange, or other disposition of oil or gas under (b)(1) of this section may not be continued after the end of one year or renewed with the same party without the prior approval of the legislature under (a) of this section. This subsection does not apply to a sequential competitively bid sale of oil or gas made with the same party under (b)(1) of this section.

AS 38.06.070. Criteria. (a) In the exercise of its powers under AS 38.06.040(a) and 38.06.050 the board shall consider

- (1) the revenue needs and projected fiscal condition of the state;
- (2) the existence and extent of present and projected local and regional needs for oil and gas products and by-products, the effect of state or federal commodity allocation requirements which might be applicable to those products and by-products, and the priorities among competing needs;
- (3) the desirability of localized capital investment, increased payroll, secondary development and other possible effects of the sale, exchange or other disposition of oil and gas or both;
- (4) the projected social impacts of the transaction;
- (5) the projected additional costs and responsibilities which could be imposed on the state and affected political subdivisions by development related to the transaction;
- (6) the existence of specific local or regional labor or consumption markets or both which should be met by the transaction;
- (7) the projected positive and negative environmental effects related to the transaction;
and
- (8) the projected effects of the proposed transaction upon existing private commercial enterprise and patterns of investments.

Appendix C: Comments and Responses on the Preliminary Finding and Draft Contract

The department sent either a copy of the preliminary finding and draft contract, or a notice announcing its availability to 200-person mailing list. In addition, advertisements were published in the Anchorage Daily News, Juneau Empire, Fairbanks Daily News-Miner, Kenai Peninsula Clarion and the Valdez Vanguard.

The department received three letters about the proposed sale. One letter from the Fairbanks Chamber of Commerce expressed support for the sale, while another letter from Prince Singka requested a copy of the draft contract. The last letter from Hal Whitley, owner of Wet Willy's Carwash in Fairbanks was addressed and presented to the Alaska Royalty Oil and Gas Development Advisory Board at a meeting of the Royalty Board on February 17, 1998. Copies of these letters follow.



Greater Fairbanks

Chamber

of Commerce

250 Cushman Street, Suite 2D

907/452-1105

Fairbanks, Alaska 99701-4665

FAX: 907/456-6968

February 3, 1998

Ms. Nancy Jurgens
Division of Oil and Gas
ALASKA DEPT. OF NATURAL RESOURCES
3601 "C" Street, Suite 1380
Anchorage, AK 99503-5948

RE: Royalty Oil Sale to MAPCO

Dear Ms. Jurgens:

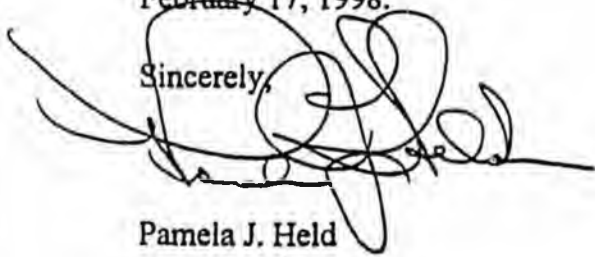
The Greater Fairbanks Chamber of Commerce is pleased to go on record in support of the proposed new royalty oil contract between the State of Alaska and MAPCO ALASKA PETROLEUM Inc. This 28,000 barrel per day contract for five years will supply the new \$70 million expansion of MAPCO's North Pole Refinery that is now under construction.


MAPCO will primarily refine additional jet fuel and diesel fuel with the crude oil purchased. The expanded production will help fuel Alaska's growing international air cargo business and the growing Alaska economy in general.

MAPCO plays a significant role in the economy of interior Alaska. They employ about 130 employees at the refinery, with an additional 15 new permanent employees to be added with the refinery expansion. MAPCO is the largest customer of the Alaska Railroad. They are one of the major customers of Golden Valley Electric Association. In addition, MAPCO supports a broad range of educational, cultural and other activities throughout Alaska.

We respectfully request that the Alaska Royalty Oil and Gas Development Advisory Board approve this contract and recommend legislative approval following the public hearing on February 17, 1998.

Sincerely,


Pamela J. Held
President/CEO


Therese Sharp
Chairwoman of the Board

CHAMBER BENEFACTORS

Dedicated to Fairbanks' Economic Future



Alyeska pipeline

MAPCO



AT&T Alascom





From the Desk of Hal C. Whitley WET WILLY'S



Auto Wash, Inc. dba Wet Willy's Car Wash

1295 University Ave

P.O. Box 80047, Fairbanks, Alaska 99708

Phone: (907) 474-8585 • Fax: (907) 474-4343

To: Alaska Royalty Oil & Gas Dev. Advisory Board Fax: 907 562-5269

Attention: Nancy Jurgens

From: Hal Whitley

Contact #: 907 474-8686

Date: 2-17-98 Time: 12:30

No. of Pages: three (including cover sheet)

COMMENTS:

Pursuant to my call earlier today, I am sending you
my comments to be presented and read at today's
public hearing. In the event that this FAX is unclear,
please call so we can re-send it. Thanks for your
help in this matter.

Respectfully,

Pres. Auto Wash, Inc.

Auto Wash, Inc.
P.O. Box 80047
Fairbanks, AK 99708

To: Alaska Royalty Oil & Gas Development Advisory Board

The purpose of this fax today is to express my concern about the State of Alaska selling its crude oil to Mapco. Thank you for taking the time to read my comments today. I apologize for not being present as my business prevents me from leaving Fairbanks today.

I own and operate three small businesses here in Alaska, two of these offer retail gasoline for sale. All of the gasoline sold in Fairbanks originates from Mapco's refinery in North Pole (fifteen miles away) which is supplied by the crude oil from the Alaska Pipeline.

My concern is that for the past few months, Mapco's retail gasoline stations have been selling gasoline for approximately the same price our facility pays our supplier, Sourdough Fuel. Because our firm operates two differently branded stations and are supplied by two different "jobbers", we feel confident from our past twelve years of retail gasoline sales experience, that the "jobbers' price to us is fair.

Like all gasoline stations, we have the usual overhead, ie. labor, electricity, maintenance, pollution and liability insurance, not to mention the expense related to our capital investment.

In effect, Mapco's retail gasoline stations have taken away from its competition all of the price margin on gasoline sales in Fairbanks. In addition, because of Mapco's gas stations low gasoline prices, Mapco has effectively decreased substantially all of the gasoline volumes of the competing gasoline stations.

Between 1985 and 1990 I saw this same scenario play out in Wasilla, Alaska where our second facility is located. The overall effect there eliminated quite a few of the "Mom and Pop" gasoline stations. As a small businessman, I cannot stand idly by and watch this same "predatory pricing routine" happen again in Fairbanks.

I understand that Mapco has invested several million dollars in its North Pole refinery for the purpose of making a profit on fuel sales. I wholeheartedly agree with that undertaking. My plea to this board is to provide a "level playing field" for gasoline sales in Interior Alaska.

I feel that Mapco's total domination of gasoline sales in Fairbanks is blatantly unfair to competing retail gasoline facilities. I also feel that Mapco's monopoly of local gasoline sales is unfair to Alaska citizens.

I feel that it is unfair for the same company that refines state owned North Slope crude oil to be in direct competition with small retail gasoline stations. Small stations such as mine have no other source for gasoline other than Mapco.

I have tried to communicate my concerns about this "predatory pricing" situation to Mapco and to open up a dialogue with their firm to help remedy this problem, but I wasn't successful. I did finally receive a phone call from one of Mapco's attorneys who advised me that it was illegal for them or me to discuss fuel prices. He indicated he would send me a follow up letter, but I've never received it.

I have also tried to communicate my concerns to all of the state agencies, (State of Alaska Department of Commerce, Department of Revenue, Department of Law, Attorney General, Fair Business Practices Session, Oil & Gas Conservation Commission, Auditor Division Oil & Gas, and others) only to be told "the state doesn't have the financial resources to help you fight Mapco". The only suggestion I got from these state agencies was to hire my own attorney and fight Mapco on my own. As a small business with limited resources, this is not an option for us.

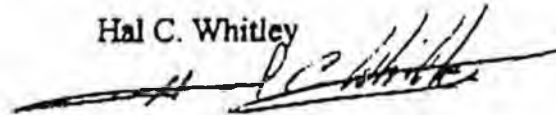
I feel that our state should create a "level playing field" for retail gasoline stations such as ours. Irregardless of which state agency is responsible for dealing with my concerns - the State of Alaska should be fair in how this North Slope crude oil is re-sold by Mapco around our state.

For the record, wholesale unleaded gasoline on the West Coast of the United States on February 6 of this year was \$.54 per gallon. The retail price on the west coast varies from \$.97 to \$1.07 per gallon. The average retail price today in Fairbanks is \$1.28 per gallon.

The "bottom line" is that there needs to be some kind of regulatory process in place that will stop the monopolistic practices that are ongoing with Mapco. Mapco should be held accountable for controlling the price of retail gasoline in Alaska.

I would appreciate hearing any suggestions that may help alleviate what we feel is an unfair business practice.

Hal C. Whitley



President Auto Wash, Inc.



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Family Crest and Coat Of Arms

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GYPSUM, SUGAR, RICE, TIMBER, STEEL, RAILWAY SLEEPERS, EDIBLE AND
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PROPRIETORS AND OPERATORS, FINANCIERS INTERNATIONAL ONLY, ON
BEHALF OF OUR OVERSEA PRINCIPALS.

ANYTHING YOU REQUIRE NAME IT WE GET IT
Our Requirements:

Crude oil any quantity, armaments, new vessels, helicopters, container
ships, cement, steel, sugar, gypsum, clinker, lumber, rice, whole new
factories, shipyards yards capable 500,000 ton tonnage.

FAX: 2627 500 PENANG MALAYSIA ATTN: "PRINCE KB"

TELEX: PUGS - PG - MA 40283 ATTN: "PRINCE KB"

CABLE: "PETROTANK" PENANG MALAYSIA

DATE: 12 Feb 98 TELEPHONE

TO: The Commissioner, Division of Oil And Gas

ATTN: Mackey Judges 3501 C. Street

Suite 1380 Anchorage Alaska 99503-5948

T/Fax: (907) 269 8918 Anchorage Alaska

V/REF:

I/O/REF:

FROM:

MANAGING PROPRIETOR ATTN: "H.H. THE PRINCE"

POST BOX 75, PENANG, MALAYSIA

ADDRESS:

GENTLEMEN:

We thank you for your information on communication, on the purchase of Napeo Oil and
petroleum and Gas, and a Draft Contract is requested to be made available to me to
proceed with the study and eventual purchase if final conclusions have been reached.

Kindly take note that our Post Box Address is Post Box 75 and not post box 76 as in your
envelope to us and nearly went astray.

Thank you once again, Mr. John T. Slively Commissioner
State of Alaska, Dept. Of Natural Resources.

Yours truly,

H. H. THE PRINCE SINGKA

Managing Proprietor

Reply: Attention Prince Singka K.B. Sent 2/13/98
Post Box 75 Penang Malaysia

Fax: as above.

Appendix D: Changes to the Preliminary Finding and Draft Contract

Article 7, Effective Date and Term of the draft contract, paragraph 7.1 Condition to Precedent to Effective Date was added. This paragraph was added to assure that after the contract is signed by the State and Mapco that the contract does not become effective and enforceable until the legislature approves it. This change necessitated a small change in the wording of the first paragraph of the contract.

No comments requested changes to individual provisions of the preliminary finding and none of the individual provisions were significantly changed. However, because of Williams Companies Inc. pending acquisition of MAPCO Inc. a paragraph was added to the background section of the preliminary finding.

AGREEMENT FOR THE SALE AND PURCHASE

OF

STATE ROYALTY OIL

to

MAPCO ALASKA PETROLEUM, INC.

THE STATE OF ALASKA
Department of Natural Resources

Dated as of March 6, 1998

SENATE BILL NO. 342
HOUSE BILL NO. 469

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1 1.7 "Maximum Quantity" means the applicable annual percentage of Sale Oil
2 that the State will deliver to Mapco under Article II.

3 1.8 "Month" means a period beginning at 12:01 a.m., Alaska Standard Time, on
4 the first Day of the calendar Month and ending at 12:01 a.m., Alaska Standard Time, on the first
5 Day of the following calendar Month.

6 1.9 "Point of Delivery" means the location where the State receives Royalty Oil
7 in-kind from the Lessees, which is currently, under Article 2.3 of the Field Cost Agreement, the
8 TAPS Pump Station No. 1 Prudhoe Bay Custody Transfer Meter ("Transfer Meter").

9 1.10 "Royalty Oil" means the total volume of crude petroleum oil and other
10 hydrocarbons, including such substances as crude oil, condensate, natural gas liquids, or return oil
11 from the Prudhoe Bay Unit Crude Oil Topping Plant, that may be blended with crude oil before the
12 Point of Delivery and tendered as a common stream by the Lessees to the State as Royalty Oil, the
13 State may take in-kind at the Point of Delivery under the Leases as Royalty Oil regardless of
14 whether the State is taking the Royalty Oil in-kind.

15 1.11 "Royalty Settlement Agreement" means any written royalty settlement
16 agreement between the State and a Lessee that affects the Royalty Value of the State's Royalty Oil.

17 1.12 "Royalty Value" means an amount equal to the per barrel value the State
18 would have received from the Lessees for its Royalty Oil if the State had taken its royalty in-value
19 instead of in-kind, plus any costs incurred by the State as a result of taking the royalty in-kind rather
20 than in-value.

1 December 1, 1998 through December 31, 1999 - 33.8 percent:
2 January 1, 2000 through December 31, 2000 - 35.2 percent:
3 January 1, 2001 through December 31, 2001 - 36.6 percent:
4 January 1, 2002 through December 31, 2002 - 38.5 percent; and
5 January 1, 2003 through December 31, 2003 - 40.1 percent.
6

7 2.1.2 Reduction in Maximum Quantity. Mapco may elect one time

8 annually to permanently reduce the Maximum Quantity of Sale Oil in effect. Mapco shall provide
9 the State with a separate written notice of each election to reduce the Maximum Quantity of Sale
10 Oil. Except when the additional notice provisions of Article 2.1.4 are invoked, a reduction in
11 Maximum Quantity shall be effective on the first Day of the Month following expiration of a
12 minimum of one hundred Days after written notice of the election is delivered to the State. The
13 Maximum Quantity in effect may not be increased or reinstated at any time.

14 2.1.3 Monthly Nomination. Mapco may nominate to decrease or increase

15 the quantity of Sale Oil it will purchase in a specified Month. Mapco shall provide the State with a
16 separate written notice of each monthly nomination. Except when the additional notice provisions
17 of Article 2.1.4 are invoked, a monthly nomination shall be effective on the first Day of the Month
18 following expiration of a minimum of one hundred Days after written notice of Mapco's nomination
19 is delivered to the State. In no event shall the total quantity of Sale Oil delivered to Mapco in a
20 Month exceed the Maximum Quantity of Sale Oil in effect at the time of delivery.

21 2.1.4 Additional Notice Provisions. Mapco acknowledges that if a Lessee

22 invokes the force majeure provisions of its Royalty Settlement Agreement, the State may be
23 required to give up to six Months notice to the Lessee prior to decreasing the State's nomination of
24 Royalty Oil to be taken in-kind in any Month. If a Lessee invokes the force majeure terms of its
25 Royalty Settlement Agreement because Mapco exercises its rights under Article 2.1.2 or Article

1 2.1.3. Mapco shall, for an additional ninety Days after the effective date of Mapco's one hundred
2 Days written notice of the election or nomination, purchase the quantity of Sale Oil that Mapco was
3 obligated to purchase in the Month immediately preceding the effective date of the election or
4 nomination. If a Lessee invokes the force majeure terms of its Royalty Settlement Agreement, the
5 State shall reduce the quantity of Sale Oil it delivers to Mapco only to the extent the Lessee honors
6 the State's nomination, and the State shall not be obligated to further reduce the quantity of Sale Oil
7 it delivers to Mapco until expiration of ninety days after the effective date of Mapco's one hundred
8 Days written notice of the election or nomination.

9 2.1.5 Initial Participating Areas Quantity. The State may elect to deliver to
10 Mapco and Mapco agrees to purchase from the State, Royalty Oil that is produced solely from the
11 Prudhoe Bay Unit Initial Participating Areas, as defined in the Unit Agreement, rather than Royalty
12 Oil from all participating areas and Leases within the Prudhoe Bay Unit. If the State elects to
13 deliver to Mapco Royalty Oil produced solely from the Prudhoe Bay Unit Initial Participating Areas,
14 Mapco agrees to purchase a Maximum Quantity of Sale Oil produced from the Prudhoe Bay Unit
15 Initial Participating Areas.

16 2.1.6 Waiver of Specific Quantity. The volume of Royalty Oil available
17 to the State may vary and may be interrupted from time to time depending on a variety of factors,
18 including the rate of production from the Leases. The State disclaims and Mapco waives, any
19 guarantee, representation, or warranty, either express or implied, that a specific quantity of the total,
20 daily, monthly, average, or aggregate volume of Royalty Oil will be delivered as Sale Oil under this
21 Agreement. Mapco disclaims any interest in, or right to, stored Royalty Oil that the State is or may
22 become entitled.

1 2.1.7 Underlifted or Stored Royalty Oil. If the State underlifts or stores
2 Royalty Oil at the Prudhoe Bay Unit, or if the State recovers underlifted or stored Royalty Oil, the
3 quantity of Sale Oil delivered under this Agreement shall be calculated as if no Royalty Oil were
4 underlifted, stored or recovered.

5 2.1.8 State's Warranty of Title. The State warrants that it has good and
6 marketable title to the Royalty Oil delivered and sold as Sale Oil under this Agreement.

7 2.2 Quality.

8 2.2.1 Quality of Sale Oil. The Royalty Oil the State delivers to Mapco as
9 Sale Oil shall be of the same quality as the Royalty Oil from the Prudhoe Bay Unit delivered by the
10 Lessees to the State at the Point of Delivery. The quality of the Royalty Oil delivered to the State,
11 and thus, the quality of the Sale Oil the State delivers to Mapco may vary from time to time. The
12 State disclaims, and Mapco waives, any guarantee, representation, or warranty, either expressed or
13 implied, of merchantability, fitness for use, or suitability for any particular use or purpose, or
14 otherwise, and of any specific, average, or overall quality or characteristic of Sale Oil delivered
15 under this Agreement. Mapco specifically waives any claim that any liquid hydrocarbons, including
16 such substances as crude oil, condensate, natural gas liquids, or return oil from the Prudhoe Bay
17 Unit Crude Oil Topping Plant, that may be blended with crude oil before the Point of Delivery and
18 tendered as a common stream by the Lessees to the State as Royalty Oil, are not Sale Oil for
19 purposes of this Agreement.

20 2.3 Price of the Sale Oil.

21 2.3.1 Price of Sale Oil. The price of Sale Oil the State delivers to Mapco
22 each Month shall be the Royalty Value of all Royalty Oil from the Prudhoe Bay Unit that Month

1 plus \$.15 per barrel, or if the State delivers Sale Oil only from the Prudhoe Bay Unit Initial
2 Participating Areas, the Royalty Value of all Royalty Oil from the Prudhoe Bay Unit Initial
3 Participating Areas that Month plus \$.15 per barrel. Appendix A illustrates calculation of the price
4 if Mapco had purchased Sale Oil during the Month of January, 1997.

5 2.3.2 Price Modifications. If, during the term of this Agreement, the
6 Royalty Value is modified as a result of modification of a Royalty Settlement Agreement, a
7 corresponding retroactive modification to the price of Sale Oil shall take effect on the same Day as
8 the effective date of the Royalty Value modification. Interest, as set forth in Article 6.7, shall accrue
9 retroactively on the amount of any overpayment or underpayment for Sale Oil resulting from the
10 price modification from the effective date of the Royalty Value modification until the amount of the
11 overpayment or underpayment, plus interest, is paid in full.

12 2.4 Reservation Fee. If, in any Month, Mapco does not nominate the Maximum
13 Quantity of Sale Oil then in effect, in addition to payment of the price of the Sale Oil Mapco
14 nominated in that Month, Mapco shall pay as a reservation fee an amount equal to .75 percent of the
15 price per barrel, as determined under Article 2.3, on the difference in quantity between the
16 Maximum Quantity of Sale Oil then in effect and the quantity of Sale Oil Mapco nominated in that
17 Month.

18 2.5 Reopeners.

19 2.5.1 Non-Intervention. Mapco shall not intervene or otherwise participate
20 in any way in any reopeners, negotiations or other discussions under or pertaining to any Royalty
21 Settlement Agreement, in any current or future royalty settlement negotiations, agreements.

1 reopeners, litigation or other proceedings between the State and a Lessee, nor shall Mapco have any
2 independent right to invoke any provision of a Royalty Settlement Agreement.

3 2.5.2 Notice of Reopeners. Because of the potential for an increase in the
4 price of Sale Oil as a result of any modifications of a Royalty Settlement Agreement, the State shall
5 provide Mapco with written notice of any modification or reopener request initiated by BP, ARCO,
6 Exxon or the State. The notice may include information on the nature of the requested modification,
7 the requested effective date of the modification, and the position taken by BP, ARCO, or Exxon and
8 the State.

9 2.5.3 Binding Effect. Mapco agrees to be conclusively bound by the terms
10 of any modification, whether made under reopener provisions or otherwise, of a Royalty Settlement
11 Agreement, and by the terms of any judgment or settlement resulting from any future royalty
12 settlement agreement, regardless of whether Mapco agrees with or consents to the terms of the
13 modification, reopener, judgment, or settlement.

14 2.6 Delivery of Sale Oil.

15 2.6.1 Date of First Delivery. The State will tender first delivery of the Sale
16 Oil to Mapco at the Point of Delivery on December 1, 1998.

17 2.6.2 Subsequent Deliveries. After the first delivery, the State shall
18 thereafter tender delivery of the Sale Oil to Mapco at the Point of Delivery immediately upon the
19 State's receipt of the Royalty Oil from the Lessees.

20 2.7 Passage of Title and Risk of Loss. Title to, and risk of loss of, the Sale Oil
21 shall pass from the State to Mapco for all purposes when the State tenders delivery of the Sale Oil to

1 Mapco at the Point of Delivery. Mapco shall bear all risk and responsibility for the Sale Oil after
2 passage of title.

3 2.8 Indemnification After Passage of Title. Mapco shall indemnify and hold the
4 State harmless from and against any and all claims, costs, damages (including reasonably
5 foreseeable consequential damages), expenses, or causes of action arising from or related to any
6 transaction or event in any way related to the Sale Oil after title has passed to Mapco.

7 2.9 Transportation Arrangements. Mapco shall make all arrangements for
8 transportation of the Sale Oil from the Point of Delivery, through and away from the TAPS, and
9 shall be responsible for any TAPS pipeline fill and storage tank bottom requirements related to
10 transportation of the Sale Oil after passage of title. Upon the State's request, Mapco shall provide
11 the State with evidence or other reasonable assurance of: 1) the arrangements for transportation of
12 the Sale Oil from the Point of Delivery, through and away from the TAPS; 2) arrangements for
13 resale, exchange, or other disposal of the Sale Oil; and 3) if requested, information on specific
14 deliveries of Sale Oil by Mapco to the TAPS and identification of tankers that will transport the Sale
15 Oil. Mapco's failure to provide information, evidence, or assurances requested by the State shall, at
16 the State's election and after notice to Mapco, constitute a material default under this Agreement.

17 2.10 Absolute Obligations. Mapco's obligations to provide security as required by
18 Article XVI, pay reservation fees, and purchase, transport and dispose of Sale Oil are absolute.
19 These obligations shall not be excused or discharged by the operation of any disability of Mapco,
20 event of force majeure, impracticability of performance, change in conditions, or other reason or
21 cause.

1 ARTICLE III

2 IN-STATE PROCESSING

3 3.1 In-State Processing. Mapco shall use its best efforts to insure that Sale Oil will
4 be processed at its Alaska refinery or be exchanged for other crude oil that will be processed at its
5 Alaska refinery. Except as provided in Article 3.3. Mapco shall process not less than 80 percent of
6 the of Sale Oil its Alaska refinery. "Process" means the manufacture of refined petroleum products.

7 3.2 Exchanges of Crude Oil. Mapco may enter into agreements to exchange Sale
8 Oil for other crude oil only as provided in this Article. An exchange of Sale Oil for other crude oil
9 may not reduce the price Mapco has agreed to pay the State for the Sale Oil or result in any cost or
10 expense to the State. "Exchange" means: 1) a direct trade of Sale Oil for an equal volume of other
11 crude oil; 2) a direct trade of Sale Oil for other crude oil that involves either cash or volume
12 adjustments, or both, based solely on differences in the quality or location of the crude oils
13 exchanged; 3) sequential transactions in which Mapco trades Sale Oil to one party and, in exchange,
14 receives crude oil from a party other than the party to whom Mapco traded the Sale Oil; and 4)
15 matching purchases and sales of Sale Oil for other crude oil.

16 3.3 Waiver of In-State Processing Requirement. The Commissioner may,
17 in the Commissioner's sole discretion, waive the in-state processing requirement, in whole or in
18 part, if the Commissioner is satisfied that Mapco is using its best efforts to fulfill its Article 3.1
19 obligations.

1 ARTICLE IV

2 MAPCO'S REPRESENTATIONS AND OBLIGATIONS

3 4.1 Good Standing and Due Authorization. Mapco warrants that it is, and shall
4 remain at all times during the term of this Agreement: 1) a corporation organized and existing under
5 the laws of the United States or of a state, territory or the District of Columbia; 2) qualified to do
6 business in Alaska; and 3) in good standing with the State. Mapco warrants that it has "l corporate
7 power and authority necessary, and has performed all corporate action required, to enter into and
8 fulfill its obligations under this Agreement.

9 4.2 Financial Condition. Mapco warrants that all financial information submitted
10 to the State: 1) is complete, accurate, and fairly represents Mapco's financial condition at the time of
11 submission; and 2) there has been no material change in Mapco's financial condition, business
12 operations, or properties since it submitted the financial information to the State. Mapco warrants
13 that the financial information was prepared in accordance with generally accepted accounting
14 principles. Mapco shall immediately inform the State of any material change in it's financial
15 condition, business operations, agreements, or property that may affect its ability to perform its
16 obligations under this Agreement. Mapco shall immediately inform the State of any significant
17 change in ownership of Mapco, or of Mapco's parent company or affiliates.

18 4.3 Financial Statements. Within one hundred and twenty Days after the end of
19 its fiscal year, Mapco shall, at its own cost and expense, submit to the State a complete financial
20 report in a form or forms prescribed by the State. The report shall include Mapco's balance sheet as
21 of the close of the fiscal year and the income statement for that year prepared in accordance with
22 generally accepted accounting principles. Mapco may comply with this requirement by submitting a

1 copy of Mapco Petroleum Corporation's annual report filed with the United States Securities and
2 Exchange Commission pursuant to Sec. 13 or 15(d) of the Security Exchange Act of 1934.

3
4 ARTICLE V

5 MEASUREMENTS

6 5.1 Measurements. The quantity and quality of Sale Oil the State delivers under
7 this Agreement shall be determined by measurement at the Transfer Meter at the Point of Delivery.
8 Procedures used for metering and measuring the Sale Oil shall be in accordance with the procedures
9 in effect in the Prudhoe Bay Unit.

10
11 ARTICLE VI

12 INVOICING AND PAYMENT

13 6.1 Production Month Invoices. On or before the tenth business day of each
14 Month after the first Month of delivery of Sale Oil, the State shall send to Mapco, a statement of
15 account with an invoice for the total amount due for the estimated quantity of Sale Oil delivered to
16 Mapco during the immediately preceding Month and the estimated price applicable to those
17 deliveries. The State will base its estimates on the best information reasonably available to the
18 State. The State shall adjust production month invoices as provided in Article 6.3 and Article 6.5.

19 6.2 Payment of Production Month Invoices. Mapco shall pay the total amount of
20 each production month invoice, in full, on or before the third business Day after the date of the
21 statement of account that includes the invoice. Any amount not paid in full on or before the third
22 business Day after the date of the statement of account, shall accrue interest as provided in Article

1 6.7. and become subject to the late payment provisions of Article 6.9. and any other remedies
2 available to the State under this Agreement and at law.

3 6.3 Initial Adjustments. Mapco acknowledges that any time after a production
4 month invoice is sent, the State may receive more accurate information concerning the actual
5 quantity and price for Sale Oil delivered to Mapco in that Month. Mapco agrees that any time such
6 information becomes available to the State, in the next statement of account the State may make
7 initial adjustments to the immediately preceding invoice, and invoice Mapco for the initial
8 adjustments, plus interest as provided in Article 6.7 on the amount of any adjustment.

9 6.4 Payment of Initial Adjustments. Mapco shall pay the total amount of each
10 initial adjustment invoice, plus interest as provided in Article 6.7, in full, on or before the third
11 business Day after the date of the statement of account that includes the initial adjustment invoice.
12 If an adjustment is due to Mapco for an overpayment, the State shall credit or refund to Mapco the
13 amount of the overpayment, plus interest as provided in Article 6.7, on or before the third business
14 Day after the date of the statement of account that includes the initial adjustment invoice. Any
15 amount Mapco does not pay in full when due shall become subject to the late payment provisions of
16 Article 6.9, and any other remedies available to the State under this Agreement and at law.

17 6.5 Subsequent Adjustments. Mapco acknowledges that any time after
18 production month and initial adjustment invoices are sent, the State may receive more accurate
19 information concerning the actual quantity and price for Sale Oil delivered to Mapco in any Month.
20 Mapco agrees that any time more accurate information becomes available to the State, the State shall
21 make subsequent adjustments to amounts previously invoiced in production month or initial
22 adjustment invoices, and send Mapco a statement of account with a subsequent adjustment invoice

1 for the amount of any adjustments to the previous invoices, plus interest on any adjusted amount as
2 provided in Article 6.7.

3 6.6 Payment of Subsequent Adjustments. Mapco shall pay in full the total
4 amount of each subsequent adjustment invoice, plus interest as provided in Article 6.7, on or before
5 the thirtieth Day after the date of the statement of account that includes the subsequent adjustment
6 invoice. If an adjustment is due to Mapco for an overpayment, the State shall credit or refund to
7 Mapco the amount of the overpayment, plus interest as provided in Article 6.7, on or before the
8 thirtieth Day after the date of the statement of account that includes the adjustment invoice. Any
9 amount Mapco does not pay in full when due shall become subject to the late payment provisions of
10 Article 6.9, and any other remedies available to the State under this Agreement and at law

11 6.7 Interest. All amounts Mapco does not pay in full when due under this
12 Agreement, and all amounts invoiced as adjustments for underpayments and overpayments for Sale
13 Oil delivered to Mapco, shall bear interest from the date accrued until paid in full at the rate
14 provided by Alaska Statute 38.05.135(d), or as that statutory provision may later be amended. In
15 this Agreement "date accrued" means the third business day after the date of the statement of
16 account that contains the production month invoice to which the initial or subsequent adjustment
17 applies. Appendices A and B illustrate accrual of interest.

18 6.8 Non-termination and limitations. Mapco acknowledges that the State may
19 continue to make subsequent adjustments after termination of this Agreement, and agrees that the
20 provisions of Article VI shall survive termination of this Agreement for any reason. The amount of
21 a subsequent adjustment rendered more than six years after the date of delivery of the Sale Oil upon
22 which it is based, shall bear interest for no more than six years from the date accrued, as defined in

1 Article 6.7. The six year limitation on interest shall not apply to payments Mapco fails to make
2 when due or to subsequent adjustments resulting from: 1) regulatory, reopener, or court (including
3 appeals) proceedings commenced during the six year period, regardless of whether Mapco or the
4 State is a party; or 2) bona fide audits of a Lessee commenced by the State within the six year
5 period.

6 6.9 Late Payment Penalty. In addition to all other remedies available to the
7 State, if Mapco fails to make timely payment in full of any amount due, in addition to the amount
8 not paid when due, plus interest as provided in Article 6.7 from the date accrued until paid in full,
9 Mapco shall pay the State an amount equal to five percent of the amount not paid as a late payment
10 penalty. Appendix B contains an illustrative example of interest and late payment penalties.

11 6.10 Disputed Payments. If a dispute arises concerning the amount of an invoice,
12 Mapco agrees to pay the full amount of the invoice when due pending final resolution of the dispute.

13 6.11 Confidential Information. The State and Mapco agree that the State may
14 invoice Mapco for, and Mapco agrees to pay, amounts that are based upon confidential information
15 held or received by the State. If confidential information is used as the basis for an invoice, upon
16 receipt of a written request from Mapco, the State shall furnish to Mapco a certified statement of the
17 Commissioner to the effect that, based upon the best information available to the State, the invoiced
18 amounts are correct.

19 6.12 Manner of Payment. Mapco shall pay all invoices in full within the times
20 specified and without any deduction, set off, or withholding. Mapco shall pay all invoices by wire
21 transfer of immediately available funds to the State's account at the following address :

1 State Street Bank & Trust Company
2 Boston, Massachusetts
3 ABA #011000028
4 For credit to the State of Alaska
5 General Investment Fund, AY01
6 Account #00657189
7 Attn: Kim Chan, Public Funds
8

9 Mapco may pay an invoice in such other manner or to such other address the State has specified in
10 an invoice or by other written notice. All other payments due shall be paid in the same manner and
11 according to the same time schedule provided in this Article. If payment falls due on a Saturday,
12 Sunday, or legal federal holiday, payment shall be made on the next business Day.

13 6.12.1 Direct Payment to Lessees. If the State directs Mapco in an invoice
14 or other writing to remit all or a portion of a payment required under this Agreement directly to one
15 or more of the Lessees, Mapco shall remit the payment to the Lessee or Lessees in the manner
16 designated by the State, and within the time limits specified in Article VI. The State may, in
17 writing, authorize a Lessee to request direct remittance of all or a portion of a payment due under
18 this Agreement, and to designate the manner for payment. Unless otherwise specified by the State
19 in writing, the balance of a direct partial payment to a Lessee, and all subsequent payments, shall be
20 made to the State in accordance with Article VI.

21 6.12.2 Direct Payment to Other Third Parties. Upon a determination by
22 the State that remittance to a third party of an amount due under this Agreement will assist the State
23 in monitoring or enforcing the Agreement, the State may direct Mapco in an invoice or other writing
24 to remit all or a portion of a payment due under this Agreement directly to a designated third party
25 other than a Lessee, and Mapco shall remit the payment to the designated third party in the manner
26 designated by the State, and within the time limits specified in Article VI. Unless otherwise

1 specified by the State in writing, the balance of a direct partial payment to a third party, and all
2 subsequent payments, shall be made to the State in accordance with Article VI.

3
4 ARTICLE VII

5 EFFECTIVE DATE AND TERM

6 7.1 Condition Precedent to Effective Date. This Agreement is subject to approval
7 under Alaska Statute 38.06.055 as a condition precedent to becoming effective. After the State and
8 Mapco have entered into this Agreement, it shall become effective and enforceable on the date upon
9 which it is approved pursuant to Alaska Statute 38.06.055.

10 7.2 Term. The State shall begin deliveries of Sale Oil under this Agreement on
11 December 1, 1998. This Agreement shall terminate at the end of the Day on December 31, 2003.
12 Termination of this Agreement shall not relieve either party from any expense, liability, or other
13 obligation or any remedy that has accrued or attached prior to the date of termination. The
14 provisions of Article VI shall survive termination of this Agreement.

15
16 ARTICLE VIII

17 DEFAULT OR TERMINATION

18 8.1 Default.

19 8.1.1 Events of Default. The Commissioner may, in the Commissioner's
20 sole discretion, suspend or terminate the State's obligations to tender, deliver and sell Sale Oil to
21 Mapco, and may exercise any one or more of the rights and remedies provided in this Agreement, or
22 at law, if any one or more of the following events of default occur:

- 1 (i) Except as otherwise provided in Article VIII, Mapco fails to perform
2 any of its obligations under this Agreement, and cannot cure the non-
3 performance or the non-performance continues for more than thirty
4 Days after the State has notified Mapco of its non-performance:
- 5 (ii) Within five Days after written request from the State, Mapco fails to
6 provide written assurances satisfactory to the State of its intention to
7 perform its obligations under this Agreement and evidence or
8 assurances of transportation arrangements under Article 2.9:
- 9 (iii) Mapco fails to pay in full any sum of money owed under this
10 Agreement within one business day after the State gives Mapco
11 notice that payment is due and has not been paid:
- 12 (iv) There is a substantial change in Mapco's financial condition, business
13 operations, agreements, or property, or ownership that may affect
14 Mapco's ability to perform its obligations under this Agreement, and
15 within five Days after a request by the State, Mapco is unable or
16 unwilling to provide the State with adequate assurance of continued
17 performance:
- 18 (v) Any representation or warranty made by Mapco in this Agreement is
19 found to have been materially false or incorrect when made; or
- 20 (vi) Mapco fails, or is unable for any reason (including reasons beyond
21 Mapco's control), to maintain the security letter of credit required

1 under Article XVI, regardless of Mapco's willingness or ability to
2 perform any other obligations under this Agreement.

3 8.1.2 Default by Failure to Pay. Mapco shall immediately provide the State
4 with written notice if Mapco is unable to pay any of its debts when due or is otherwise insolvent.
5 Upon such notice from Mapco, or if the State independently determines that Mapco is unable to pay
6 any of its debts when due or is otherwise insolvent, the State's obligations to deliver and sell Sale
7 Oil to Mapco shall automatically and immediately terminate without any requirement of notice to
8 Mapco or other action by the State. Upon termination of the State's obligations under this Article,
9 Mapco shall be liable for payment and performance of all its obligations for Sale Oil the State
10 delivered to Mapco before termination and for a minimum of one hundred Days after termination,
11 plus an additional ninety days if a Lessee invokes the force majeure term of its Royalty Settlement
12 Agreement. Within thirty days after termination under Article 8.1.2, the State shall have the right,
13 upon written notice to Mapco, to reinstate all of the State's and Mapco's obligations under this
14 Agreement retroactive to the date of termination.

15 8.2 State's Remedies. If Mapco defaults under this Agreement, in addition to all
16 other remedies available to the State under this Agreement and or at law, the following remedies
17 shall be available to the State in the Commissioner's sole discretion.

18 8.2.1 Mapco's Obligations Become Due. All monetary obligations Mapco
19 has accrued under this Agreement, even if not yet due and payable, shall immediately be due and
20 payable in full.

21 8.2.2 State May Dispose of Sale Oil. Until Mapco's default is cured or
22 this Agreement terminates, the State may dispose of the Sale Oil to third parties and may suspend

1 the in-state processing obligations. If the State exercises either of these remedies, regardless
2 whether this Agreement is terminated, Mapco shall be and remain liable to the State for the amount
3 of difference between the price for the Sale Oil under Article II and the actual price the State
4 received from disposition of the Sale Oil to third parties.

5 . 8.2.3 Indemnification for Loss. Mapco shall hold the State harmless and
6 indemnify it against all liability, damages, expenses, attorney's fees and costs, and losses arising out
7 of Mapco's default, termination of the State's obligations, disposal of the Sale Oil to third parties,
8 and suspension of the in-state processing requirements.

9 8.2.4 Other Rights and remedies. The State shall have the right
10 cumulatively to exercise all rights and remedies provided in this Agreement and by law, and obtain
11 all other relief available under law or at equity, including mandatory injunction and specific
12 performance.

13 8.3 Limitation of Mapco's Remedies. If the State breaches or defaults any of its
14 obligations under this Agreement, Mapco shall not obtain a temporary restraining order or
15 preliminary injunction preventing the State from disposing of the Sale Oil subject to this Agreement.

16 8.4 Termination. Termination shall become effective upon the first Day of the
17 Month following expiration of a minimum of one hundred Days after Mapco's written notice of
18 termination is delivered to the State. If, however, the additional notice provisions of Article 2.1.4
19 are invoked, termination shall become effective upon the first Day of the Month following
20 expiration of six Months and ten Days after Mapco's written notice of termination is delivered to the
21 State. Termination shall not relieve either party from any expense, liability, other obligation, or

1 remedy that has accrued or attached prior to termination. The provisions of Article VI shall survive
2 termination of this Agreement.

3
4 ARTICLE IX

5 DISPOSITION OF OIL

6 9.1 Disposition of Oil Upon Default or Termination. Mapco acknowledges that
7 the State may be required to provide six Months notice to the Lessees before the State may decrease
8 its in-kind nomination of Royalty Oil in any Month. It is within the Commissioner's sole discretion
9 to request a waiver of any notice provision, condition, or requirement of a Lease or Royalty
10 Settlement Agreement. If this Agreement terminates for default or any other reason, Mapco shall
11 continue to accept and pay for Sale Oil through the first Day of the Month following expiration of a
12 minimum of one hundred Days after the date of termination, if the Commissioner, in the
13 Commissioner's sole discretion so requires. If, however, the additional notice provisions of Article
14 2.1.4 are invoked, Mapco shall continue to accept and pay for Sale Oil until the expiration of six
15 Months and ten Days after the Date of default or notice of termination.

16 9.2 Inability to Receive Sale Oil. If Mapco is unable or refuses to accept or
17 receive Sale Oil, Mapco shall nevertheless remain liable for disposal and payment for Sale Oil as
18 though it had been accepted by Mapco. The Commissioner may, in the Commissioner's sole
19 discretion, waive this requirement.

20 9.3 Security for Disposal of Sale Oil. To secure Mapco's obligations to purchase
21 and dispose of Sale Oil, upon the Commissioner's request, Mapco shall assign or otherwise transfer
22 to the State, or its designee, all or part of Mapco's right, title and interest in any arrangements for

1 transportation of the Sale Oil through and away from the TAPS, whether such interests are under
2 nominations, leases, contracts, charter parties, or other agreements. The State will incur liability or
3 obligations under such assignment or transfer only to the extent the State actually exercises its rights
4 to succeed to Mapco's interests under and obtain the benefits of the assignments.

5
6 ARTICLE X

7 NONWAIVER

8 10.1 Nonwaiver. The failure of either party to insist upon strict or a certain
9 performance, or acceptance by either party of a certain performance or course of performance under
10 this Agreement shall not: 1) constitute a waiver or estoppel of the right to require certain
11 performance or claim breach by similar performance in the future; 2) affect the right of either party
12 to enforce any provision; or 3) affect the validity of any part of this Agreement.

13
14 ARTICLE XI

15 SEVERABILITY

16 11.1 Severability. If a court decrees any provision of this Agreement to be invalid,
17 all other provisions of this Agreement shall remain valid. If, however, invalidation of a provision
18 impairs a material right or remedy under this Agreement, either party may terminate this Agreement
19 by notice to the other party as provided under Article 8.4.

1 ARTICLE XII

2 FORCE MAJEURE

3 12.1 Effect of Force Majeure. Except for Mapco's absolute obligations to provide
4 security, pay reservation fees, and purchase, transport and dispose of Sale Oil, neither party shall be
5 liable for failure to perform if performance is substantially prevented by force majeure after good
6 faith efforts to perform. Except, however, if Mapco is prevented by force majeure from performing
7 any material obligation for sixty successive days or more, the State, in the Commissioner's sole
8 discretion, shall have the right to terminate this Agreement. Before the State exercises this right, the
9 Commissioner may require Mapco to negotiate in good faith to restore performance. In this
10 Agreement the term "force majeure" means an event or condition not within the reasonable control
11 of the party claiming the benefit of the excuse.

12 12.2 Notice of Force Majeure. If a party believes that force majeure has occurred,
13 the party shall immediately notify the other party of its claim of force majeure. The party claiming
14 force majeure shall use reasonable diligence to remedy the force majeure. Except for Mapco's
15 absolute obligations to provide security, pay reservation fees, and purchase, transport and dispose of
16 Sale Oil, the disabled party's obligations to perform that are affected by the force majeure shall be
17 suspended from the time of notification to the other party until the disability caused by the force
18 majeure should have been remedied with reasonable diligence.

1 ARTICLE XIII

2 NOTICES

3 13.1 Method. Unless otherwise specifically provided in this Agreement, all
4 notices, requests, demands or statements shall be in writing and delivered to the address specified in
5 this Article in person, by telecopier or other form of facsimile, by United States mail, postage
6 prepaid, registered or certified with a return receipt requested, to the party to be notified. A
7 statement of account the State delivers to Mapco by telecopy shall be deemed delivered to Mapco
8 when the State's telecopier confirms that it was received at Mapco's telecopy number during normal
9 business hours. A notice, request, demand or statement delivered by United States mail shall be
10 deemed delivered on the earlier of expiration of seven Days after it is deposited in the mail, or upon
11 the date of receipt by the party to whom it is directed. A notice, request, demand or statement
12 delivered in any other manner shall be effective only if and when received by the party to whom it is
13 directed. The address of the parties shall be as follows.

14 State:

15 State of Alaska
16 Commissioner of Natural Resources
17 400 Willoughby Avenue
18 Juneau, Alaska 99801

19
20 and

21 Director, Division of Oil and Gas
22 3601 C Street, Suite 1380
23 Anchorage, Alaska 99503-5948
24 Telecopy Number: (907)562-3852

25
26 Mapco:

27 President
28 Mapco Alaska Petroleum Inc.
29 3201 C Street, Suite 700
30 Anchorage, Alaska 99503-3960
31 Telecopy Number: (907)273-3333

1 Delivery. It shall be issued for the benefit of the State by a state or national banking institution of
2 the United States that is insured by the Federal Deposit Insurance Corporation and has an aggregate
3 capital and surplus amount of not less than One Hundred Million Dollars (\$100,000,000) (hereafter
4 the "Issuer"), or other banking institution acceptable to the Commissioner. The principal face
5 amount of the Letter shall be an amount estimated by the Commissioner to be equal to the value of
6 all Sale Oil to be delivered by the State to Mapco during the seventy five Days immediately
7 following the Date of First Delivery. The Letter shall not require the State to submit any
8 documentation in support of drafts drawn against it other than a certified statement by the
9 Commissioner and the State's Attorney General that Mapco is liable to the State for an amount of
10 money equal to the amount of the draft, that the amount of money is due and payable in full, and it
11 has not been timely paid.

12 The Letter shall provide that the State has the right to draw and present drafts to the
13 Issuer through the seventy-fifth Day after the State's last delivery of Sale Oil to Mapco under this
14 Agreement. The Letter shall be renewed under the terms of this Article no later than seventy five
15 Days before its expiration date so that a Letter is in effect continuously from the Date of First
16 Delivery through the seventy-fifth Day after the date of the State's last delivery of Sale Oil to
17 Mapco. If the State does not receive a renewed Letter seventy five Days before the expiration of the
18 existing letter of credit: 1) Mapco shall be deemed to have materially breached this Agreement; 2) a
19 default under Article VIII will have occurred; and 3) all Mapco's obligations, expenses and
20 liabilities accrued as of that date, whether yet due and payable, shall become immediately due and
21 payable in full.

1 If the State asserts a claim or claims that equal a total amount of money greater than
2 the principal face amount of the Letter in effect. Mapco shall, upon the State's request, cause the
3 principal face amount of the Letter to be increased by an amount sufficient to secure the total
4 amount of the State's claims. Mapco is subject to this obligation even if Mapco denies, rejects, or
5 otherwise contests the State's claims.

6 If the principal face amount of the effective letter of credit is ever less than the
7 estimated price of seventy five Days of Sale Oil deliveries. Mapco shall automatically and
8 immediately cause the principal face amount of the effective Letter to be increased to an amount
9 equal to the estimated price of seventy five Days delivery of Sale Oil. If the principal face amount
10 of the effective Letter is greater than the estimated price of seventy five Days delivery of Sale Oil,
11 upon written approval of the Commissioner, in the Commissioner's sole discretion, Mapco may
12 decrease the principal face amount of the Letter to an amount equal to the estimated price of seventy
13 five Days delivery of Sale Oil.

14 16.2 Security Contract. Upon approval by the Commissioner, in the
15 Commissioner's sole discretion, as alternative security to the Letter required in Article 16.1, Mapco
16 may deliver to the State: 1) an irrevocable stand-by letter of credit in the principal face amount
17 estimated by the Commissioner to be equal to the value of Sale Oil to be delivered by the State to
18 Mapco during the forty Days immediately following the Date of First Delivery; and 2) an
19 irrevocable contract between a major oil company (hereafter the "Promisor") and Mapco, for the
20 direct benefit of the State, in which the Promisor agrees to assume full liability for Sale Oil upon
21 notice that Mapco is in default of this Agreement (hereafter "Security Contract"). The forty Day
22 letter of credit shall be subject to all the terms and conditions of Article 16.1. The Security Contract

1 means an individual who is physically present in Alaska with the intent to remain in the state
2 indefinitely. An individual may demonstrate an intent to remain in the state by maintaining a
3 residence in the state, possessing a resident fishing, trapping, or hunting license or receiving a
4 permanent fund dividend. "Alaska companies" means companies incorporated in Alaska or whose
5 principal place of business is in Alaska. If a court invalidates any portion of this provision, Mapco
6 agrees to employ Alaska residents and Alaska companies to the extent permitted by law.

7
8 ARTICLE XVIII

9 APPLICABLE LAW

10 18.1 Governing Law. This Agreement, and all matters arising from or related to
11 this Agreement, shall be governed, construed and determined by the laws of the State of Alaska.

12 18.2 Jurisdiction. Any legal action or proceeding arising out of or related to this
13 Agreement shall be brought in a state court of general jurisdiction sitting in the State of Alaska, and
14 Mapco hereby irrevocably submits to the jurisdiction of that court in any such action or proceeding.

15 18.3 Venue. The parties agree that the venue for any legal action or proceeding
16 arising out of or related to this Agreement shall be in the Alaska Superior Court sitting in
17 Anchorage, Alaska.

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ARTICLE XIX

WARRANTIES

19.1 Warranties. The purchase and sale of Royalty Oil under this Agreement are subject only to the warranties the State has expressly set forth in this Agreement. The State disclaims and Mapco waives all other warranties, express or implied in law.

ARTICLE XX

AMENDMENT

20.1 Amendment. This Agreement may be supplemented, amended, or modified only by written instrument duly executed by the parties.

ARTICLE XXI

SUCCESSORS AND ASSIGNS

21.1 Successors and Assigns. No assignment, pledge, or encumbrance of this Agreement shall be made by either party without first obtaining the written consent of the other party, which shall not be unreasonably withheld. The Commissioner may consent on behalf of the State. Subject to the requirement of written consent, this Agreement shall be binding upon and inure to the benefit of each of the parties and their successors and permitted assignees.

1 ARTICLE XXII

2 RECORDS

3 22.1 Preservation of Records. Mapco shall maintain and preserve all books,
4 accounts, and records that relate to or arise from performance of this Agreement for six years from
5 the date of the transaction or date of the latest adjustment relating to the transaction, including
6 transactions for purchase or sale of Sale Oil and its refined products. Mapco shall also maintain and
7 preserve all books, accounts, and records, in its possession or control, that belong to any third party
8 with whom Mapco contracts for the performance of any part of this Agreement. Mapco and the
9 State shall not be required to retain any records for more than six years from the time of a
10 transaction unless retention of such records is specifically required by applicable law or regulation,
11 or this Agreement. Mapco shall maintain its records within the State or make its records available
12 to the State at Mapco's principal office in the State within thirty Days after written request by the
13 State.

14 22.2 Inspection of Records. Mapco and the State shall each accord to the other
15 and the other's authorized agents, attorneys, and auditors access during reasonable business hours to
16 any and all property, records, books, documents, or indices related to Mapco's or the State's
17 performance under this Agreement and which are under possession or control of the party from
18 which access is sought, so the other party may inspect, photograph and make copies of the property,
19 records, books, documents or indices. The State shall not be required to disclose any information,
20 data, or records that are required by State or federal law or regulation, or by agreement with the
21 person supplying the record, to be held confidential. If information the State obtains from Mapco
22 may be held confidential under State or federal law or regulation, Mapco must request in writing

1 that the State hold the information confidential, and the State shall keep the information confidential
2 to the extent and for the term provided by the applicable law or regulation.

3
4 ARTICLE XXIII

5 INTERPRETATION OF TERMS AND CONDITIONS

6 23.1 Interpretation of Terms and Conditions. Any disagreement or dispute about
7 the meaning or application of a word, term, or condition in this Agreement shall be decided
8 according to the dispute resolution procedure set forth in this Article. The procedure set forth in this
9 Article shall be initiated by either party providing written notice of the disagreement or dispute to
10 the other party. No later than 60 Days after either party provides written notice, Mapco and the
11 State shall each present any arguments and evidence supporting its view of the disputed term or
12 condition in writing to the Commissioner for consideration. Mapco shall not have the right to civil
13 litigation-type discovery or a civil litigation-type trial with the right to call or cross-examine
14 witnesses unless granted by the Commissioner, after request. Within thirty Days after both parties
15 submit their arguments and evidence, the Commissioner shall issue a finding interpreting the
16 meaning or application of the disputed word, term, or condition, and shall set forth the basis for the
17 conclusions. Mapco agrees to accept findings of the Commissioner under this Article that are
18 reasonable and not arbitrary.

1 ARTICLE XXIV

2 COUNTERPARTS

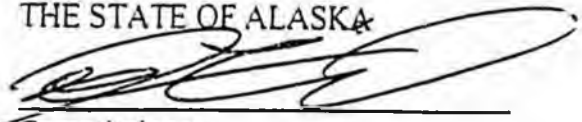
3 24.1 Counterparts. This Agreement may be executed in multiple counterparts. It is
4 not necessary for the parties to sign the same counterpart. Each duly executed counterpart shall be
5 deemed to be an original and all executed counterparts taken together shall be considered to be one
6 and the same instrument.

SIGNATURES

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the State:

THE STATE OF ALASKA



Commissioner
Department of Natural Resources

Date: 3/5/98

Mapco Alaska Petroleum Inc.

MAPCO ALASKA PETROLEUM Inc.

By: _____

Its: _____

Date: _____

Mapco Petroleum Inc.

MAPCO PETROLEUM Inc.

By: _____

Its: _____

Date: _____

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SIGNATURES

the State:

THE STATE OF ALASKA

Commissioner
Department of Natural Resources

Date: _____

Mapco Alaska Petroleum Inc.

MAPCO ALASKA PETROLEUM Inc.

By: *Laufin Newcomer* *LN*

Its: President

Date: 3/5/98

Mapco Petroleum Inc.

MAPCO PETROLEUM Inc.

By: *Laufin Newcomer* *LN*

Its: Vice-President

Date: 3/5/98

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ACKNOWLEDGMENT

THIS IS TO CERTIFY that on the 5th day of March, 1998, before me, appeared Randy M. Newcomer of Marco Alaska Petroleum Inc., Anchorage, Alaska; that Randy M. Newcomer executed that document under legal authority and with knowledge of its contents; and that this act was performed freely and voluntarily upon the premises and for the purposes stated in the document.

Witness my hand and official seal the day and year in this agreement first above written.

Shawn R. Lawrence
Notary Public in and for Oklahoma
My commission expires: 9-18-2001

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ACKNOWLEDGMENT

THIS IS TO CERTIFY that on the 5th day of March, 1998, before me, appeared Randy M. Newcomer of Mapco Petroleum Inc., Tulsa, Oklahoma; that Randy M. Newcomer executed that document under legal authority and with knowledge of its contents; and that this act was performed freely and voluntarily upon the premises and for the purposes stated in the document.

Witness my hand and official seal the day and year in this agreement first above written

Sharon R. Lawrence
Notary Public in and for Oklahoma
My commission expires: 9-18-2001

APPENDIX A

SAMPLE CALCULATIONS OF MAPCO'S INVOICE PRICE

Numbers in these sample calculations of price are illustrative. They do not represent actual values that may have existed in the past or are forecasted for the future.

This appendix illustrates the mechanics of the price calculations and the data sources. Royalty Values, before field cost deductions, for the Prudhoe Bay Unit Lessees are taken from either columns H or I on each Lessee's Monthly Oil Royalty Report Summary. Sample Oil Royalty Report Summaries for the Lisburne Participating Area and the Prudhoe Bay Unit Initial Participating Areas appear in Appendix A, Attachment 1. Volumes are taken from the Production Allocation/Offtake Schedule for the participating areas serviced by the Lisburne Production Center and the Royalty and Taxes Due State of Alaska report for the Prudhoe Bay Unit Initial Participating Areas. See Appendix A, Attachment 2. A sample calculation using the volume and Royalty Value information as originally filed for January 1997 and a hypothetical RIK volume sold to Mapco in February 1997 is shown below. It is recognized that both royalty reporting and operator reporting forms may undergo format changes in the future. Such changes will not effect the mechanics of these calculations

January's Calculated Average Royalty Value:

$$\begin{aligned} &= \$607,508,676.79 / 31,777,362.10 \text{ barrels} \\ &= \$19.11766 \text{ per barrel (See Appendix A, Attachment 3)} \end{aligned}$$

February's production month invoice price for Sale Oil to Mapco (Mapco's Invoice Price)

$$\begin{aligned} &= \text{January's Royalty Value} + [\text{January's Royalty Value} \times \\ &\quad \text{Average Fractional Change in the West Coast} \\ &\quad \text{Destination Value Between January and February} \\ &\quad \text{(See Appendix A, Attachment 4)}] + \$.15 \end{aligned}$$

$$\begin{aligned} &= \$19.11766 + [\$19.11766 \times (-0.1367)] + \$.15 \\ &= \$19.11766 - \$2.61338 + \$.15 \\ &= \$16.65428 \end{aligned}$$

Under Article 2.1.5, if invoked, the Royalty Value would be calculated using the royalty values and production volumes for only the Prudhoe Bay Unit Initial Participating Areas.

Example 1: Production Month Invoice

Assumptions:

1. Month is March.
2. Sale Oil delivered to Mapco in February = 403,000 barrels.
3. February's production month invoice price as calculated above = \$16.65428.
4. Statement of account, with February's production month invoice, sent to Mapco on March 3.

5. Date February production month invoice payment due to State = March 7 (statement of account date plus three business days).

Method for calculating Mapco's production month invoice payment for February deliveries:

Volume x Mapco's Invoice Price = Production Month Invoice Amount

403,000 barrels x \$16.65428 = \$6,711,674.84

If payment in full is not received by the State on or before March 7, interest will accrue on the unpaid balance from March 7 through the date payment is received, and a late payment penalty will be assessed.

Note:

The Lessees are required to submit their royalty reports to the State for February's production by the last day in March. For this reason, the State's production month invoice to Mapco for February deliveries will be based on January's Royalty Values as adjusted by the average fractional change in the West Coast destination values of ARCO, BP, and Exxon. This is an interim invoice price and will be adjusted when the State receives more accurate information about the actual quantity and price for Sale Oil delivered to Mapco in that month. The State may adjust the invoice price and/or the actual quantity of Sale Oil and invoice Mapco in the initial adjustment invoice submitted with the following month's (April) statement of account. Subsequent adjustments are likely to follow.

Example 2: Initial Adjustment Invoice

Assumptions:

1. Month is April
2. Sale Oil delivered to Mapco in February = 403,000 barrels
3. February's Royalty Value for the Prudhoe Bay Unit = \$16.09963
4. Adjusted Mapco's invoice price for February = \$16.09963 + 5.15 = \$16.24963
5. Annual interest rate charged member banks for advances by the 12th Federal Reserve District as of January 1 is three percent; and seven percent as of April 1. Annual rate for contract = 11 percent for the first quarter and 12 percent for the second quarter.
6. Date of the statement of account that contains the initial adjustment invoice is April 1.
7. Date initial adjustment invoice payment is due to the State = April 7.

Method for calculating Mapco's initial adjustment invoice amount for February deliveries:

$$\text{Volume} \times \text{Mapco's Invoice Price} = \text{Initial Adjustment Invoice Amount}$$

$$403,000 \text{ barrels} \times \$16.24963 \text{ per barrel} = \$6,548,600.89$$

$$\text{Amount previously paid by Mapco for February deliveries (calculated in Example 1)} = \underline{\$6,711,674.84}$$

$$\text{Overpayment for February deliveries} = (\$163,073.95)$$

Number of days between the date the initial adjustment invoice was due on April 7, and the date accrued, March 7 = 31 days. The statutory interest rate is converted to a daily rate for these calculations.

$$\text{Days of interest first quarter} = 24 \text{ days}$$

$$\text{Days of interest second quarter} = 7 \text{ days}$$

$$\text{Interest due first quarter} = (\$163,073.95) \times (11\%/365) \times 24 \text{ days} = (\$1,179.49)$$

$$\text{Interest due second quarter} = (-\$163,073.95 - 1,179.49) \times (12\%/365) \times 7 \text{ days} = \underline{(\$378.01)}$$

$$\text{Total interest due Mapco} = (\$1,557.50)$$

$$\text{Credit due Mapco against statement of account amount dated April 1} = (\$164,631.45)$$

Example 3: Subsequent Adjustment Invoice

This adjustment is assumed to occur on October 1, after BP's six month true up of transportation costs, a reopener for one of the Royalty Settlement Agreements, or for some other reason.

Assumptions:

1. Month is October.
2. Sale Oil delivered to Mapco in February = 403,000 barrels
3. February's Royalty Value for the Prudhoe Bay Unit = \$16.36706
4. Adjusted Mapco price for February = \$16.36706 + \$.15 = \$16.51706
5. Annual interest rate charged member banks for advances by the 12th Federal Reserve District as of January 1 is three percent; as of April 1, July 1, and October 1 is seven percent. Annual rate for contract = 11 percent for the first quarter and 12 percent for the second, third, and fourth quarters.
6. Date of statement of account that contains the subsequent adjustment invoice is October 1.
7. Date subsequent adjustment invoice payment is due to the State = November 6.

Method for calculating Mapco's subsequent adjustment invoice amount for February deliveries:

Volume x Mapco's Invoice Price = Subsequent Adjustment Invoice Amount

403,000 barrels x \$16.51706 per barrel = \$6,656,375.18

Amount previously paid by Mapco for February deliveries
(calculated in Example 2) = \$6,548,600.89

Underpayment for February deliveries \$107,774.29

Number of days between the date the subsequent adjustment invoice payment was due on November 6 and the date accrued, March 7 = 244 days. The statutory interest rate is converted to a daily rate for these calculations.

Days of interest in the first quarter (March 7 through Mar 31)	= 24
Days of interest in the second quarter (April 1 through June 30)	= 91
Days of interest in third quarter (July 1 through September 30)	= 92
Days of interest in fourth quarter (October 1 through November 6)	= 37
Interest due for first quarter = \$107,774.29 x (11%/365) x 24 days	= \$779.52
Interest due for second quarter = (\$107,774.29 + 779.52) x 12%/365 x 91 days	= \$3,247.69
Interest due for third quarter = (\$107,774.29 + \$779.52 + \$3,247.69) x 12%/365 x 92 days	= \$3,381.61
Interest due for fourth quarter = (107,774.29 + \$779.52 + \$3,247.69 + \$3,381.61) x 12%/365 x 7 days	= <u>\$1,401.13</u>
Total interest due to the State on November 6	= \$8,809.95
Subsequent adjustment invoice amount due the State on November 6	= \$116,584.24

If payment in full is not received by the State on or before November 6, additional interest will accrue from November 6 through the date payment is received, and a late payment penalty will be assessed.

OL ROY RPT SUM
REVISED 1988
DODG # 3-88
DNR 19-4000

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
OIL OR GAS ROYALTY REPORT SUMMARY

FACE 1
UNIT USMINE PARTICIPATING AREA
RD D
ZONE
LEASE

REPORT FOR MONTH OF Jan 1997
REVISION NUMBER
DATE OF REVISION

COMPANY NAME ARCO Alaska, Inc.
ADDRESS P.O. Box 100380
CITY, STATE, ZIP Anchorage, AK 99510

Product	Lease Production Interest Ownership %	Working Interest Ownership %	(a) x (b)	Royalty Rate (%)	(c) x (d)	Royalty In-Kind (lbs) or (MCF)	(e) - (f)	Royalty Value in Value (lbs) or (MCF)	Royalty Value per Bbl or MCF	Field Costs per Bbl or MCF	(h) - (i)	Royalty Reported per Bbl or MCF	(g) - (j)	Royalty in Value Dollars	(k) - (l)
CRUDE	100.0000%	100.0000%	100.0000%	12.5000%	12500.00	10415.07	8649.03	8649.03	\$19.50000	50.870	81863000	81863000	81863000	81863000	81863000
RE/CRUDE TR	100.0000%	100.0000%	100.0000%	12.5000%	12500.00	10415.07	8649.03	8649.03	\$19.50000	50.870	81863000	81863000	81863000	81863000	81863000
TOTALS	282,212	152,884.80	152,884.80	12.5000%	19,110.60	10,440.47	8,670.13	8,670.13	\$19.88000	80.870	819,88000	819,88000	819,88000	819,88000	819,88000

WEIGHTED AVERAGE VALUE

I declare that I have examined this report, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete.

SIGNED *[Signature]*

TITLE Authorizer Representative
TYPE OF NAME Barbara J Watson

PHONE NO (907) 263-4865

DATE 7/23/97

GAS ROYALTY: ATTACH FORM 10-403
OIL ROYALTY: ATTACH FORM 10-403
OR AND/OR: VERIFICATION OF WIRE TRANSFER AMOUNTS OR A COPY OF THE CHECK MADE IN PAYMENT OF TFD (S)
MUST BE ATTACHED

(103) COIP: \$0.00
(104) Less field costs for R/R: (\$9,083.21)
(105) Less split costs for R/R: \$0.00
reconciliations or amended returns: \$0.00
(106) Amount Due: \$152,449.33

May With Applicable Attachments To: State of Alaska
Department of Natural Resources
Division of Oil and Gas
Royalty Accounting Section
P.O. Box 7034
Anchorage, Alaska 99510-7034

STATE OF ALASKA
 DEPT. OF NATURAL RESOURCES
 DIVISION OF OIL AND GAS
 ROYALTY ACCOUNTING SECTION
 3601 "C" STREET, SUITE 1200
 ANCHORAGE, AK 99512-9148

AMENDMENT: 00
 ROYALTY PERIOD: 09 EXPLORATION (ALASKA)
 P.O. BOX 124612
 ANCHORAGE, AK 99512-4612

FIELD, POOL OR LEASE: LISIURNE FIELD
 PRODUCTION MONTH: JANUARY 1997
 FILING DATE: 02/28/97
 PAGE: 2

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
PROD TYPE	GOODS UNIT ON LEASE PRODUCTION (DOLLAR)	ROYALTY INTEREST PERCENTAGE (%)	(A) X (B) (DOLLAR)	ROYALTY RATE	(C) X (D) (DOLLAR)	ROYALTY IN-LIEN (DOLLAR)	(E) - (F) ROYALTY IN-VALUE (DOLLAR)	ROYALTY VALUE (\$/BBL)	FIELD COSTS (\$/BBL)	(H-I) NET ROYALTY (\$/BBL)	(G) X (J) IN-VALUE DOLLAR
WELCS	88,139.00	28.000000	24,478.92	27.500	6,731.73	199.98	618.35	28.1306	1.0000	19.1306	11,249.87
WELCS	101,282.00	28.000000	28,358.96	27.500	7,812.89	1,387.89	4,324.52	28.1300	0.0000	27.1300	14,597.97
WELAR	990.00	30.000000	297.00	27.500	77.18	11.70	18.59	28.1300	0.0000	27.1300	101.00
(3) TOTALS	489,249.00		100,000.00		14,000.00	0,014.34	6,994.42				(2) 66,000.00

I DECLARE THAT I HAVE EXAMINED THIS REPORT, INCLUDING ACCOMPANYING SCHEDULES AND STATEMENTS, AND TO THE BEST OF MY KNOWLEDGE AND BELIEF TO BE TRUE, CORRECT, AND COMPLETE.

[Signature]
 SIGNER: _____

Royalty Officer

TITLE: _____

DATE: FEB 28 1997

OIL ROYALTY: ATTACH FORM 10-603

VERIFICATION OF WIRE TRANSFER AMOUNTS ON A COPY OF THE CHECK MADE IN PAYMENT OF ITEM (8) MUST BE ATTACHED. MAIL APPLICABLE ATTACHMENTS TO DEPARTMENT OF NATURAL RESOURCES BY AIRMAIL.

(10) TOPPING PLANT	10	0.00
(11) LESS FIELDS COSTS VIA OIL PROCEEDING FROM REG-NCLE	10	-4,543.64
	10	-100.00
(12) REVISIONS (ATTACH SCHEDULES BEFORE OR RECONCILIATION)	11	0.00
(13) AMOUNT DUE US	10	66,136.04

3.59

66,136.04

OL ROYALTY SUM
 REVISED 1/86
 D04G # 3-88
 DNR 10-4000

STATE OF ALASKA
 DEPARTMENT OF NATURAL RESOURCES
 OIL OR GAS ROYALTY REPORT SUMMARY

PAGE 1
 UNIT FIREHOLE BAY LK #1
 FIELD
 ZONE
 LEASE

COMPANY NAME ARCO Alaska, Inc.
 ADDRESS P.O. Box 100380
 CITY, STATE, ZIP Anchorage, AK 99510

REPORT FOR MONTH OF Jan 1997
 REVISION NUMBER
 DATE OF REVISION

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
Product Description	Gross unit or Lease Production (Bbls) or (MCF)	Working Interest Ownership %	(a) x (b) (Bbls) or (MCF)	Royalty Rate (%)	(c) x (d) (Bbls) or (MCF)	Royalty In Kind (Bbls) or (MCF)	Royalty In Value (a) - (f) (Bbls) or (MCF)	Royalty Value \$ per Bbl or MCF	Field Costs per Bbl or MCF	(h) - (i) Reported Royalty per Bbl or MCF	(g) - (j) Royalty In Value Dollars
CRUDE	23,202,800.00	28.40221%	6,125,972.80	12.50000%	765,746.80	415,804.28	349,942.32	\$19.88000	\$0.870	\$19.01000	\$6,652,403.50
(1) TOTALS	23,202,800		6,125,972.80		765,746.80	415,804.28	349,942.32				\$6,652,403.50

* WEIGHTED AVERAGE VALUE

I declare that I have examined this report, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete.

SIGNED Marilyn J. Walton
 TITLE Authorized Representative TYPE/D NAME Barbara J. Walton

PHONE NO (907) 263-4965

DATE 2/2/97

GAS ROYALTY: ATTACH FORM 10-422

OIL ROYALTY: ATTACH FORM 10-400

OIL AND/OR

GAS ROYALTY: VERIFICATION OF WIRE TRANSFER AMOUNTS OR A COPY OF THE CHECK MADE IN PAYMENT OF ITEM (c) MUST BE ATTACHED.

(03) COIP \$3,196.51
 (04) Less field costs for R/R (\$361,749.72)
 Lease/Spm Costs for R/R \$0.00
 (05) Revisions (attach reconciliations or amended returns) \$0.00
 (06) Amount Due \$6,202,850.29

Made With Applicable Attachments To State of Alaska
 Department of Natural Resources
 Division of Oil and Gas
 Royalty Accounting Section
 P O Box 7034
 Anchorage, Alaska 99510 7034

EXHIBIT A - Attachment 1, page 4

10/1

01/23/97
15:51:04

STATE OF ALASKA
ROYALTY REPORT SUMMARY

ACCESION 03

STATE OF ALASKA
DEPT. OF NATURAL RESOURCES
DIVISION OF OIL AND GAS
DEBILITY ACCOUNTING SECTION
3885 "C" STREET, STEIN 1188
ANCHORAGE, AK 99501-1816

AMENDMENT, 88
ROYALTY RATES, 88 EXPLORATION (ALASKA)
P.O. BOX 192813
ANCHORAGE, AK 99510-0813

FIELD, POOL OR LEASE, PRODUCER PAY ONLY
PRODUCTION MONTH: JANUARY 1997
BILLING DATE: 03/20/97
PAGE: 1

PROD TYPE	(A) GROSS REVENUE FROM PRODUCTION (DOLLARS)	(B) NET REVENUE (DOLLARS)	(C) (A) X (B) ROYALTY RATE (%)	(D) ROYALTY AMOUNT (DOLLARS)	(E) ROYALTY IN-VALUE (DOLLARS)	(F) ROYALTY IN-VALUE (DOLLARS)	(G) ROYALTY IN-VALUE (DOLLARS)	(H) ROYALTY IN-VALUE (DOLLARS)	(I) ROYALTY IN-VALUE (DOLLARS)	(J) ROYALTY IN-VALUE (DOLLARS)	(K) ROYALTY IN-VALUE (DOLLARS)
WELLS	3,010,658.08	2,417,923	7.417923	223,735.08	18,137.00	18,648	1,000	17,648	137,087.08	137,087.08	137,087.08
WELLS	48,138.55	40,000.00	8.31166	4,000.00	4,000.00	4,000	1,000	3,000	3,000.00	3,000.00	3,000.00
WELLS	319,128.00	26,200.00	8.21000	2,620.00	452,400.10	17,400	1,000	16,400	167,400.00	167,400.00	167,400.00
WELLS	31,155,818.00	25,350,000	81.399100	2,050,000.00	18,648	18,648	2,000	16,648	2,000,000.00	2,000,000.00	2,000,000.00
WELLS	88,000.00	88,000.00	100.00000	88,000.00	88,000.00	88,000	88,000	88,000	88,000.00	88,000.00	88,000.00
TOTAL	34,621,740.63	28,181,923	81.40000	2,368,000.00	18,648	18,648	2,000	16,648	2,368,000.00	2,368,000.00	2,368,000.00
(1) DOLLARS	34,621,740.63	28,181,923	81.40000	2,368,000.00	18,648	18,648	2,000	16,648	2,368,000.00	2,368,000.00	2,368,000.00
(2) DOLLARS	34,621,740.63	28,181,923	81.40000	2,368,000.00	18,648	18,648	2,000	16,648	2,368,000.00	2,368,000.00	2,368,000.00
(3) TIPPING FLAT											
(4) LESS FIELDS COSTS PER-OIL PROCESSING PER PER-OIL											
(5) REVISIONS (ATTACH AMENDED RETURN AS APPROPRIATE)											
(6) ADJUST											
TOTAL	34,621,740.63	28,181,923	81.40000	2,368,000.00	18,648	18,648	2,000	16,648	2,368,000.00	2,368,000.00	2,368,000.00

I DECLARE THAT I HAVE EXAMINED THIS REPORT, INCLUDING ACCOUNTING RECORDS AND STATEMENTS, AND TO THE BEST OF MY KNOWLEDGE AND BELIEF IT IS TRUE, CORRECT, AND COMPLETE.

[Signature]
Royalty Officer

TITLE: _____
DATE: FEB 28 1997

ONE ROYALTY ATTACH FORM 18-100
REPLICATION OF THIS STATEMENT SHOULD BE A COPY OF THE CHECK MADE IN PAYMENT OF THIS (1) REPORT BE ATTACHED. MAIL APPLICABLE ATTACHMENTS TO DEPARTMENT OF NATURAL RESOURCES AT ABOVE ADDRESS.

NOTES:
WELLS: WELLS SOLD TO SPECIAL
WELLS: WELLS SOLD TO OTHER (INCLUDES OILFIELD PIPELINE TARIFF
WELLS: (1,1)

EXHIBIT A - Attachment page 5
10,038,885.40
T = <453.83>

1994 3,018.33
1995 <3,502.16>
<453.83>

11/10/97

IGL ROY RPT SUM
REVISED 1/86)

ESTIMATED PAYMENT
State of Alaska
Department of Natural Resources
Oil and Gas Royalty Report Summary

Unit Prudhoe Bay Unit
Field Prudhoe Bay
Zone Prudhoe Bay
Lease

Company Chevron U.S.A.
Address P.O. Box J Section 975
City-State-Concord CA 94524

Estimated Payment Pursuant
to ANS Royalty Settlement
Agreement Effective 01/01/92

Report for month of January 1997
Revision Number
Date of Revision

Revisions Included

	(a) Gross Unit or Lease Prod. (Bbls) or (MCF)	(b) Working Interest Ownership (%)	(c) (a) x (b) (Bbls) or (MCF)	(d) Royalty Rate (%)	(e) (c) x (d) (Bbls) or (MCF)	(f) Royalty In Kind (Bbls) or (MCF)	(g) Royalty In Value (e) - (f) (Bbls) or (MCF)	(h) Royalty Value \$ per Bbl or MCF (See Page 2)	(i) Field Costs per Bbl or MCF (\$)	(j) (h) - (i) Reported Royalty per Bbl or MCF (\$)	(k) (j) x (l) Royalty In Value Dollars
GL	2,038,666	0.6516610%	13,285.2	12.5%	1,660.7	905.1	755.6	\$23,248	(\$1.00)	\$22,248	\$16,810.59
U Exch	884,971	0.1628960%	1,409.00	12.5%	176.1	0	176.1	\$23,248	(\$1.00)	\$22,248	\$3,917.87
Totals	2,903,637		14,694.2	12.5%	1,836.8	905.1	931.7	\$23,248	(1.00)	\$22,248	\$20,728.46

I declare that I have examined this report, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete.

OWNED BY

FILE Supervisor

TYPED NAME A. T. Guthrie

PHONE N 510-827-7730

DATE 24-Feb-97 (1:02:47 PM)

A. T. Guthrie

- (3) COIP Gravity Adjustment
- (4) Less Field Cost for RIK
- (5) Other (Explain)
- (6) Subtotal (2 thru 5)
- (7) Revisions submitted with original report (list above)
- (8) Total Previous Interest Rptd
- (9) Total Due

Principal	Int	Total
\$0.00		\$0.00
(\$905.10)		(\$905.10)
\$0.00		\$0.00
\$19,823.36	\$0.00	\$19,823.36
\$0.00	\$0.00	\$0.00
\$0.00	\$0.00	\$0.00
\$19,823.36	\$0.00	\$19,823.36

Estimated 2/24/97 page 6

PC 8:18

STATE OF ALASKA
OIL ROYALTY REPORT SUMMARY
STATE OF ALASKA DEPARTMENT OF NATURAL RESOURCES

Page 1 of 2

FIELD: PRINCE HAY
ZONE: PRINCE HAY
PRINCE HAY
PRINCE HAY

ROYALTY AGREEMENT: LEXON CORPORATION
FOR STOKES TEST 7710-404

1. WELL IDENTIFICATION	2. OPERATING INTEREST	3. OPERATING INTEREST %	4. ROYALTY RATE	5. TOTAL ROYALTY	6. ROYALTY VALUE PER BH	7. ROYALTY VALUE PER BH	8. REPRODUCIBLE ROYALTY PER BH	9. REPRODUCIBLE ROYALTY VALUE PER BH	10. REPRODUCIBLE ROYALTY VALUE PER BH	11. REPRODUCIBLE ROYALTY VALUE PER BH	12. REPRODUCIBLE ROYALTY VALUE PER BH	13. REPRODUCIBLE ROYALTY VALUE PER BH	14. REPRODUCIBLE ROYALTY VALUE PER BH	15. REPRODUCIBLE ROYALTY VALUE PER BH	16. REPRODUCIBLE ROYALTY VALUE PER BH	17. REPRODUCIBLE ROYALTY VALUE PER BH	18. REPRODUCIBLE ROYALTY VALUE PER BH	19. REPRODUCIBLE ROYALTY VALUE PER BH	20. REPRODUCIBLE ROYALTY VALUE PER BH
TOTALS																			

WEIGHTED AVERAGE

I have examined this report, including accompanying exhibits and attachments, and on the basis of my knowledge and belief at this time, correct and complete.

SIGNED BY: *[Signature]*

DATE: 01/15/21

TITLE: STATE ROYALTY REPORT REVIEWER

NAME: [Redacted]

ADDRESS: [Redacted]

CITY: [Redacted]

STATE: [Redacted]

ZIP: [Redacted]

PHONE: [Redacted]

FAX: [Redacted]

EMAIL: [Redacted]

DATE: 01/15/21

TITLE: [Redacted]

NAME: [Redacted]

ADDRESS: [Redacted]

CITY: [Redacted]

STATE: [Redacted]

ZIP: [Redacted]

PHONE: [Redacted]

FAX: [Redacted]

EMAIL: [Redacted]

(1211) / 100000
 (1531) / 100000
 (1531) / 100000
 (1531) / 100000

10/23/11

Page 1 of 2
 Field
 Zone
 Lease
 Prudhoe Bay Unit
 N/A
 N/A
 TR 103

State Of Alaska
 Department of Mineral Resources
 Oil or Gas Royalty Report Summary

ROYalty Bill
 00 03 06
 R 14-423

Agency: Ferromedy Inc.
 2720 SW 3rd Ave, Suite 600
 Miami, FL 33129

Report For Month of: Jan 97
 Revenue Number:
 Date Of Revision:

(A) Gross Unit or Lease Production (bbl) or (MCF)	(B) Working Interest Ownership %	(C) (A) x (B) (bbl) or (MCF)	(D) Royalty Rate (%)	(E) (C) x (D) (bbl) or (MCF)	(F) Royalty In Kind (bbl) or (MCF)	(G) Royalty In Value (a) - (f) (bbl) or (MCF)	(H) Royalty Value 3 per Bbl or MCF (See Page 2)	(I) Field Costs per Bbl or MCF (J)	(J) - (I) Reported Royalty Per Bbl or MCF (K)	(N) (J) x (I) Royalty in Value Dukas
35768.80	25.0000%	8948.20	12.5000%	1117.53	609.10	508.43	317.8800L	13.870L	315.010L	\$9,643.25
35768.8		8948.20	0.12500	1117.53	609.10	508.43		0.870L		\$9,643.25

Field Average Value

I have reviewed this report including accompanying data and statements, and to the best of my knowledge and belief the same are correct and complete.

K. S. ...

Name: Paula Merrill
 Production Tax Accountant
 2/7/07

ROYALTY ATTACH FORM 18-422
 OWNERSHIP ATTACH FORM 18-406

VERIFICATION OF WARE TRANSFER AMOUNTS ON A COPY OF THE CHECK MADE IN PAYMENT OF ITEM (I) MUST BE ATTACHED

(I)	(M)	(N)
PRINCIPAL	INTEREST	TOTAL
34.29	0.00	34.29
1528.82	0.00	1528.82
0.00	0.00	0.00
39,139.67	30.00	39,169.67

- (1) COIP
- (4) (less Field Cost) or HR
- (5) Other (Explain)
- (6) Revis on submitted with original report
- (7) Unit Amount Due
- (2) Through (8)
- (3) Previous Amount Due
- (9) Balance (principal only / 8)
- (10) Interest Due On 9
- (11) Net Loan Amount (9 - 10)

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
OIL ROYALTY REPORT SUMMARY

PAGE 1 OF 2

LEASE PRUDHOE BAY

COMPANY NAME: MOBIL OIL CORPORATION
ADDRESS: P.O. BOX 850505
CITY, STATE, ZIP: DALLAS TX 75265-0595

REPORT FOR MONTH January 1997
REVISION NUMBER: _____
DATE OF REVISION: _____

(A) GROSS UNIT OR LEASE PRODUCTION (BBLs)	(B) WORKING INTEREST OWNERSHIP	(C) (A) * (B) (BBLs)	(D) ROYALTY RATE %	(E) (C) * (D) (BBLs)	(F) ROYALTY IN-KIND (BBLs)	(G) ROYALTY IN-VALUE (BBLs)	(H) ROYALTY VALUE \$ PER BBL SEE PAGE 2	(I) FIELD COSTS PER BBL	(J) (H) - (I) REPORTED ROYALTY \$ PER BBL	(K) (G) * (J) ROYALTY IN-VALUE DOLLARS
28,110,108 00	0 01366820									
OIL		353,091.20	0.125	44,136.40	24,057.30	20,079.10	\$19.539	\$0.870	\$18.669	\$374,856.72
NGL'S		9,035.00	0.125	1,129.38	815.50	513.68	\$19.539	\$1.000	\$18.539	\$9,528.73
NGL'S to KRU		4418.3	0.125	552.04	0.00	552.04	\$19.539	\$1.000	\$18.539	\$10,234.22
(1) Totals		368,542.50	0.125	45,817.81	24,872.80	21,145.01	19.539	0.870	18.669	(2) \$394,617.67

* WEIGHTED AVERAGE VALUE

I declare that I have examined this report, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete.

SIGNED:
TITLE:
PHONE NO:
DATE:

Murray C. Russo
AUTHORIZED AGENT
(214) 951-3629
February 28, 1997

Typed Name: G. C. Russo

3) COTP Gravity Adjustment
Interest
1992 2,595.96
1-6/96 40.53
8/86 8.82
2,645.31
REVISED REPORT ONLY
10) Balance Subtract
Line 9 from Line 8
Columns (h) & (i) only
11) Interest Due on 10
12) Revision Amount (10 + 11)

Principal	(L) Interest	(M) Total
170.48		170.48
21,545.35		21,545.35
0.00		0.00
373,242.80	0.00	373,242.80
2,645.31	2,645.31	48,511.98
45,552.17	45,552.17	45,868.67
3419,794.97	314.50	3419,109.47
		1,21,254.78

EXHIBIT A - Attachment 1, page 9

VERSION 1/86
180 83-86 DNR 10-4030

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
OIL OR GAS ROYALTY REPORT SUMMARY

UNIT Prudhoe Bay
FIELD Sadlerochuk
ZONE
LEASE 060701 and 060801
REPORT FOR MONTH OF JANUARY 1997
REVISION NUMBER
DATE OF REVISION

COMPANY NAME Phillips Petroleum Company
ADDRESS 1220 Plaza Office Building
CITY, STATE, ZIP Bartlesville, OK 74034

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
Gross, Unit or acre Production Bbls) or (MCF)	Working Interest Ownership %	(a) x (b) (Bbls) or (MCF)	Royalty Rate (%)	(c) x (d) (Bbls) or (MCF)	Royalty In-Kind (Bbls) or (MCF)	Royalty In-Value (e) (f) (Bbls) or (MCF)	Royalty Value \$ per Bbl or MCF (See Page 2)	Field Costs per Bbl or MCF (\$)	(h)-(i) Reported Royalty per Bbl or MCF (\$)	(g) x (j) Royalty In-Value Dollars
23,159,051	0.0151737	351,408.00	0.125	43,926.00	23,942.70	19,983.30	20.69	0.87	19.82	396,069.01
1,721,818	0.0078558	13,181.50	0.125	1,647.69	898.00	749.69	20.69	1.00	19.69	14,761.40
(j) TOTALS										(2)
24,880,867		364,589.50	0.125	45,573.69	24,840.70	20,732.99				\$410,830.41

WEIGHTED AVERAGE VALUE

I declare that I have examined this report, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete.

PREPARED BY: Joe Provenzano

PREPARED BY: JOE PROVENZANO (918) 661-3678

DATE: 25 Feb 97

Sr. Laws & Regulations Specialist TYPED NAME: Donald T. Phillips
(918) 661-3878

ATTACH FORM 10-422

ATTACH FORM 10-405

VERIFICATION OF WIRE TRANSFER AMOUNTS OR A COPY OF THE CHECK MADE IN PAYMENT OF ITEM(S) MUST BE ATTACHED

VERIFICATION OF WIRE TRANSFER AMOUNTS OR A COPY OF THE CHECK MADE IN PAYMENT OF ITEM(S) MUST BE ATTACHED

- (3) COIP 1,373.15 @ 125
- (4) Less Field Costs for RIK
- (5) Other (Explain)
- (6) Subtotal (2 thru 5)
- (7) Revisions submitted with original report (List)
- (8) Total Amount Due
- (9) Previous Amount Due
- (10) Balance Subtract Line 9 from Line 8 Column (k) & (m) only
- (11) Interest Due on 10
- (12) Revision Amount (10 + 11)

(k)	(l)	(m)
PRINCIPAL	INTEREST	TOTAL
171.64		\$171.64
(21,728.15)		(\$21,728.15)
389,273.90		\$389,273.90
0.00	0.00	\$0.00
389,273.90	0.00	\$389,273.90

EXHIBIT A - Attachment 1, page 10

Handwritten initials and date:
10-11-97

JOB: R120117# PROG: LR104210-01
AS OF: 01/31/1997

ARCO ALASKA INC.
LISBURN PARTICIPATING AREA
PRODUCTION ALLOCATION / OFFTAKE SCHEDULE
PRODUCTION MONTH JANUARY-1997

PAGE: 1
RUN TIME: 12:42
RUN DATE: 02/10/1997

WORKING INTEREST OWNER	NON. DECIMAL	ALLOCATED LIQUIDS	PBU CRUDE 11K	PIPELINE OFFTAKE	NGLS	LOAD DIESEL FROM O/F UNIT	ROYALTY BASE
EXXON	0.400000	175,766.00	172.00	176,138.00	21,253.20	0.00	152,884.80
BPX	0.200000	87,883.00	186.00	88,069.00	11,626.60	0.00	76,442.40
AAI	0.400000	175,766.00	172.00	176,138.00	21,253.20	0.00	152,884.80
TOTALS:	1.000000	439,415.00	530.00	440,345.00	50,133.00	0.00	382,212.00

JOB: RT200719 PROD: LK104210-01
AS OF: 01/31/1997

ARCO ALASKA INC.
POINT MCINTYRE PA
PRODUCTION ALLOCATION / OFFTAKE SCHEDULE
PRODUCTION MONTH JANUARY-1997

PAGE: 1
RUN TIME: 15:15
RUN DATE: 02/10/1997

WORKING INTEREST OWNER	NON. DECIMAL	ALLOCATED LIQUIDS	PBU CRUDE TIK	PIPELINE OFFTAKE	33 NGI S	LOAD DIESI FROM OFF UNIT	ROYALTY BASE
EXXON	0.362504	1,599,334.27	0.00	1,899,334.27	10,707.71	0.00	1,868,546.56
OPX	0.348379	1,825,326.54	0.00	1,825,326.54	26,296.13	0.00	1,799,030.41
AAI	0.289117	1,514,824.19	0.00	1,514,824.19	24,581.16	0.00	1,490,243.03
TOTALS:	1.000000	5,219,485.00 X	0.00	5,219,485.00	61,665.00 X	0.00	5,157,820.00

AS OF: 01/31/1997

ARCO ALASKA INC.
 WEST BEACH PARTICIPATING AREA
 PRODUCTION ALLOCATION / OFFTAKE SCHEDULE
 PRODUCTION MONTH JANUARY-1997

PAGE: 1
 RUN TIME: 15:16
 RUN DATE: 02/10/1997

WORKING INTEREST OWNER	NON. DECIMAL	ALLOCATED LIQUIDS	PBU CRUDE TIK	PIPELINE OFFTAKE	NCIS	LOAD DIESEL FROM OFF UNIT	ROYALTY BASE
EXXON	0.500000	29,463.50	0.00	29,463.50	1,984.50	0.00	21,479.00
AAI	0.500000	29,463.50	0.00	29,463.50	1,984.50	0.00	21,479.00
TOTALS:	1.000000	58,927.00	0.00	58,927.00	3,969.00	0.00	54,958.00

AS OF: 01/31/1997

ORCO ALASKA INC.
NIAGUK PARTICIPATING AREA
PRODUCTION ALLOCATION / OFFTAKE SCHEDULE
PRODUCTION MONTH JANUARY-1997

PAGE: 1
RUN TIME: 12:43
RUN DATE: 02/10/1997

WORKING INTEREST OWNER	DOM. DECIMAL	ALLOCATED LIQUIDS	PDU CRUDE TIK	PIPELINE OFFTAKE	MGLS	LOAD DIESEL FROM OIF UNIT	ROYALTY BASE
BPX	1.000000	651,808.00	0.00	651,808.00	7,891.00	0.00	643,917.00
TOTALS:	1.000000	651,808.00	0.00	651,808.00	7,891.00	0.00	643,917.00

10-24

JOB: K14UDMN/ PHUG: LK104210-01
 AS OF: 01/31/1997

ARCO ALASKA INC.
 NIAGUK 27 TRACT OPERATION
 PRODUCTION ALLOCATION / OFFTAKE SCHEDULE
 PRODUCTION MONTH JANUARY-1997

PAGE: 1
 RUN TIME: 12:44
 RUN DATE: 02/10/1997

WORKING INTEREST OWNER	NOH. DECIMAL	ALLOCATED LIQUIDS	POW CRUDL TIK	PIPELINE OFFTAKE	NGLS	LOAD DIESEL FROM OIF UNIT	ROYALTY BASE
EXXON	0.500000	62,528.00	0.00	62,528.00	651.50	0.00	61,876.50
AAI	0.500000	62,528.00	0.00	62,528.00	651.50	0.00	61,876.50
TOTALS:	1.000000	125,056.00	0.00	125,056.00	1,303.00	0.00	123,753.00

ARCO ALASKA, INC.
P1-09 TAIL TRACT OPERATION
PRODUCTION ALLOCATION / OFFTAKE SCHEDULE
January 97

	<u>ARCO</u>	<u>BP</u>	<u>EXXON</u>	<u>TOTAL</u>
<u>CALCULATION OF REVENUE BASE</u>				
NOMINATION DECIMALS	1.000000	0.000000	0.000000	
ALLOCATED LIQUIDS	20,575.00	0.00	0.00	20,575.00
PBU CRUDE TK	0.00	0.00	0.00	0.00
PIPELINE OFFTAKE	20,575.00	0.00	0.00	20,575.00
NGLS	354.00	0.00	0.00	354.00
LOAD DIESEL/LOAD OIL	0.00	0.00	0.00	0.00
OIL REVENUE BASE	20,221.00	0.00	0.00	20,221.00
<u>CALCULATION OF ROYALTY BASE AT LEASE OWNERSHIP</u>				
LEASE OWNER DECIMALS	1.000070	0.000000	0.000000	
ALLOCATED LIQUIDS	20,575.00	0.00	0.00	20,575.00
PBU CRUDE TK	0.00	0.00	0.00	0.00
PIPELINE OFFTAKE	20,575.00	0.00	0.00	20,575.00
NGLS	354.00	0.00	0.00	354.00
LOAD DIESEL/LOAD OIL	0.00	0.00	0.00	0.00
ROYALTY BASE	20,221.00	0.00	0.00	20,221.00
<u>ROYALTY - OIL</u>				
ROYALTY-IN-KIND	552.36	0.00	0.00	552.36
ROYALTY-IN-VALUE	458.69	0.00	0.00	458.69
TOTAL ROYALTY	1,011.05	0.00	0.00	1,011.05
<u>ROYALTY - PBU CRUDE TK</u>				
ROYALTY-IN-KIND	0.00	0.00	0.00	0.00
ROYALTY-IN-VALUE	0.00	0.00	0.00	0.00
TOTAL ROYALTY	0.00	0.00	0.00	0.00
<u>ROYALTY - NGLS</u>				
ROYALTY-IN-KIND	9.67	0.00	0.00	9.67
ROYALTY-IN-VALUE	8.03	0.00	0.00	8.03
TOTAL ROYALTY	17.70	0.00	0.00	17.70