

Introduced by: Mayor  
Date: May 3, 1983  
Vote: Unanimous  
Action: Adopted

KENAI PENINSULA BOROUGH

RESOLUTION 83-119

SUPPORTING APPROVAL OF STATE ROYALTY OIL CONTRACTS TO CHEVRON USA AND TESORO ALASKA.

WHEREAS, contracts for the supply of the State's royalty oil for Chevron USA and Tesoro Alaska are currently pending the approval of the State Legislature; and

WHEREAS, the supplies of crude oil from Cook Inlet and Peninsula fields have been dwindling annually since 1970 necessitating the companies to look to the State for assured supplies; and

WHEREAS, it has been the expressed interest of the State to pledge its royalty oil for in-State processing and to trigger new industrial investment and employment; and

WHEREAS, the contracts call for an eleven-year supply of 18,000 barrels per day to the Chevron refinery, and 26,000 barrels per day to the Tesoro refinery for in-State processing of products for Alaska markets; and

WHEREAS, the supply of the royalty oil will add measurably to the economic well-being of the State of Alaska and the Kenai Peninsula assuring the continuing operation for the Chevron refinery and the further expansion of the Tesoro refinery; and

WHEREAS, the Chevron and Tesoro refineries are annual contributors to the economy with a combined payroll of \$4 million from the 105 year-round jobs, operations impacting another 100 jobs and \$2.5 million in wages in the service and supply sector, \$1.5 million in local purchases, and sizeable tax contributions from a combined \$125 million in assessed valuations; and

WHEREAS, such contributions to the economy would be increased by an \$80-\$90 million expansion of the Tesoro refinery, a 250-member construction work force, and the addition of 20-30 new year-round jobs for the expanded operations of the plant; and

WHEREAS, it has been determined by the State Commissioner of Natural Resources, and the State's Royalty Oil and Gas Advisory Board that the approval of contracts to provide long-term supplies of the State's North Slope crude to the two companies is in

the best interest of the State of Alaska, and a wise and expedient use of the State's oil resources;

NOW THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

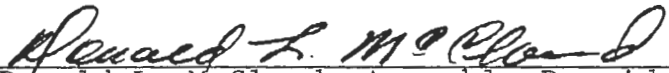
Section 1. That the Assembly recommends that the State Legislature approve contracts for the supply of the State's royalty oil from the North Slope to the in-State refining facilities of Chevron USA and Tesoro Alaska.

Section 2. That the Kenai Peninsula Borough Assembly supports the concept of approval and ratification of those contracts as provided in HB 320; HB 370; HB 371; SB 268, and SB 269.

Section 3. That the Borough Clerk shall distribute a copy of this resolution to Governor William J. Sheffield; to Senate President Jalmar Kerttula; to House Speaker Joe L. Hayes; to the Chairmen of the Senate and House Resources Committees; to Senators Don Gilman and Paul Fischer; and to Representatives Hugh Malone, Bette Cato, Milo Fritz, and Vern Hurlbert.

Section 4. That this resolution takes effect immediately on the date of its adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH ON THIS 3RD DAY OF MAY, 1983.

  
Donald L. McCloud, Assembly President

ATTEST:

  
Borough Clerk