

Introduced by: Dimmick
Date: Dec. 13, 1983
Vote: Unanimous
Action: Adopted

KENAI PENINSULA BOROUGH

RESOLUTION 83-226

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

WHEREAS, contracts for the long term supply of State royalty oil for the Chevron USA and Tesoro Alaska refineries at Nikishka, Alaska, have been approved by State Commissioner of Natural Resources and the Alaska Royalty Oil and Gas Development Advisory Board, and are being presented to the State Legislature for final approval; and

WHEREAS, the supplies of crude oil from Cook Inlet and Peninsula fields have been dwindling annually since 1970 necessitating processors and refiners to look to the State for more 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 will provide for an eleven year supply of 9.6-percent (18,000 barrels per day) of the State's North Slope royalty oil to the Chevron refinery, and an eleven year supply of 13.867-percent (26,000 barrels per day) of the State's North Slope royalty oil to the Tesoro refinery plus an eleven year supply of 100-percent (6,900 barrels per day) of the State's Cook Inlet royalty oil for the 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 contribute to the economy through combined payroll of \$4 million from 105 year-round jobs and from operations impacting another 100 jobs providing \$2.5 million in wages and service and supply sectors and provide \$1.5 million in local purchases; and

WHEREAS, the physical plants of the Tesoro and Chevron refineries have a combined assessed valuation in excess of \$135 million which provides sizable tax revenues benefitting citizens of this state; and

WHEREAS, such contributions to the economy are to be increased by the \$90 to \$100 million expansion of the Tesoro refinery, to involve a 250-member construction work force, the

addition of 20-30 new year around 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 is a wise use of the State's oil resources;

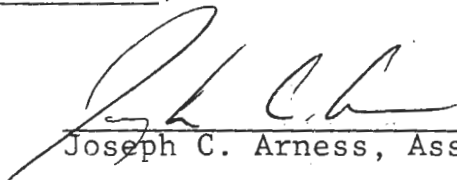
NOW THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

Section 1. That the Assembly urges that the State Legislature approve contracts for the supply of State royalty oil from the North Slope and Cook Inlet for in-State refining by Chevron USA and Tesoro Alaska.

Section 2. 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 3. That this resolution takes effect immediately on the date of its adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH ON THIS 13th DAY OF December, 1983.



Joseph C. Arness, Assembly President

ATTEST:



Frances Bryner
Borough Clerk