

USING STATE ROYALTY OIL TO ENERGIZE ALASKA

A Message from Tesoro Alaska Petroleum Company

The people of the State of Alaska are entitled to a royalty of at least 12½ % from all oil production on state leases - including Prudhoe Bay and the Kenai Peninsula.

1400 ALASKANS EARN THEIR LIVING FROM TESORO'S SHARE OF ROYALTY OIL.

Back in 1969 Tesoro Alaska Petroleum Company signed a long-term agreement to use a portion of the state's royalty oil in a refinery to be built at Kenai. As a result of that first contract, Tesoro has now invested more than \$120 million in refining, storage, and distribution facilities. Today more than 1400 Alaskans attribute their jobs to Tesoro, directly or indirectly. Alaska and Tesoro have taken a long step toward achieving energy independence.

DEMAND FOR PETROLEUM PRODUCTS IN ALASKA KEEPS ON GROWING.

In 1982, the Alaska Department of Natural Resources, with the approval of the Legislature, agreed to sell Tesoro 46,000 barrels per day of North Slope royalty oil. However, Alaska's demand for refined petroleum products - including gasoline, diesel fuels, heating oils, and jet fuels - keeps right on growing. So now we are requesting that the State sell Tesoro an additional 26,000 barrels per day. We want to be ready to meet Alaska's needs.

WE'RE PUTTING \$92.7 MILLION ON THE LINE.

If we obtain this additional royalty oil from the State, we'll complete a planned \$92.7 million expansion of our Kenai refinery, to

help us keep pace with Alaska's future energy needs. In fact, some work had already started last year, in anticipation of Tesoro buying more royalty oil. The preliminary work has now been put on hold pending a decision by the legislature in 1984. Not only would new jobs be provided for Alaskans - but it would insure a long-term supply of finished petroleum products here in Alaska.

WE'RE HERE TO STAY AND TO HELP YOUR ROYALTY OIL TO WORK FOR ALASKANS.

There has been overwhelming support from all corners of the state, and all sectors of the economy, for a continuation of Alaska's long-time policy of selling its royalty oil to in-state refiners. Although the agreements were not called up for vote during the last legislative session, we are confident the contracts will be ratified, permitting Tesoro to proceed with our expansion plan — and the jobs and investment that go along with it.

As Alaskan citizens, you own the royalty oil upon which Tesoro is dependent. And that's why we're bringing you this message. Because we believe that, when you know the facts, you'll agree with us that the best use of your royalty oil is right here in Alaska.

TESORO WISHES ALL ALASKANS A HEALTHY AND PROSPEROUS NEW YEAR.

