

State to receive \$287 million in oil settlement

JUNEAU — Gov. Steve Cowper announced recently that the state and Atlantic Richfield and Arco Alaska Inc. have reached a settlement of a 13-year-old oil price dispute with North Slope producers under which ARCO and Atlantic Richfield will pay the state \$287 million.

Under state law, 25 percent of about \$71 million of the settlement payment will be deposited in the Alaska Permanent Fund. The rest will go to a statutory budget reserve, pending voter approval of a constitutional budget reserve fund on the November general election ballot.

If the constitutional reserve fund is passed, most of the Arco settlement and all other litigation money will go into the fund to cushion Alaska against the constant price fluctuations of the world oil market.

At issue is a complex dispute dating back to 1977 over the price the state was to receive for royalty oil, the 12.5 percent the state owns from the Prudhoe Bay and Kuparuk fields.