

Alaskan Royalty Oil

When Commissioner of Natural Resources Robert LaResche recently asked companies which had developed proposals for purchase of Alaska royalty oil to come up with some ideas for use of the oil which would pass along benefits to Alaskans, Alaska Consolidated Shipping was quick to respond with an innovative way to lower the cost of home heating oil.

If Alaska takes 131,000 barrels of oil per day, ACS said, and sells 107,000 barrels to ACS, that will leave the state 24,000 barrels per day. ACS offered to load the state's 24,000 per day at Valdez and return the refined product at Anchorage as home oil or whatever other petroleum product desired at a Anchorage delivery price of \$9 per barrel.

If the 24,000 barrels is to be home heating oil, ACS will reduce the cost of heating a home by some 53 per cent by agreeing to delivery at \$9 instead of the current price of \$19.24 per barrel. Applied to figures used for total Alaska consumption of home heating oil (63,000 barrels per day), the effect of this offer would be to lower the cost statewide by a 20 per cent average.

With the start-up period of the pipeline approaching rapidly, the Royalty Board will have to decide very soon how Alaska will handle its royalty share. The ACS proposal sounds like a good deal to us.