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Royalty Oil & Gas Development Board approves sales contract for royalty oil

(Anchorage, AK) – The Alaska Royalty Oil and Gas Development Board voted Wednesday, Aug. 31, to recommend a sale of the state’s royalty oil to Petro Star, Inc.

A one-year contract and subsequent four-year contract are in the best interest of the state and will support in-state refining as well as provide more value to the state from its royalty oil. DNR estimates that over its duration these contracts with Petro Star will yield between \$29 million and \$37 million in revenue that will be in addition to what would have been obtained had this proposed royalty volume been taken in value.

The sale of the state’s oil may help facilitate the continued operation of Petro Star’s refineries in North Pole and Valdez. Petro Star, a wholly-owned subsidiary of the Arctic Slope Regional Corp., is an Alaska-owned refining and fuel marketing operation. ASRC, along with its subsidiaries, is the largest Alaska-owned and operated company, employing over 10,000 people worldwide.

The one-year contract does not require legislative approval and it is estimated that deliveries under this contract will start January 1, 2017. The four-year contract will require legislative approval which can occur during the 2017 legislative session. The parties intend to commence deliveries under this contract after the expiration of the one-year contract.

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