

Sale of State North Slope Royalty Gas

The Commissioner of the Department of Natural Resources has issued a preliminary finding and decision on the proposed sale of North Slope royalty gas under a multi-year contract to Anadarko Petroleum, AEC Marketing Inc., and AEC Oil & Gas Inc (AEC). Royalty gas is the share of total gas production owned by the state. Although the state often receives cash from the oil and gas lessees for its royalty share, the state has the option of taking its royalty in-kind and selling it.

In December 2001, the Commissioner issued a Solicitation for Offers to buy Alaska's North Slope royalty gas. Potential buyers were given until January 31, 2002 to submit proposals. The proposals were opened in public on February 1, 2002. Proposals were received from Chevron; Williams; Anadarko together with AEC; and Alaska Power and Telephone. On February 14, 2002, the Department of Natural Resources (DNR) held a public meeting to evaluate the proposals. Following evaluation, the Commissioner directed the Division of Oil and Gas to engage in negotiations with Anadarko and AEC regarding their proposal. This preliminary best interest finding discusses the terms of the contracts negotiated with Anadarko and AEC.

The Division of Oil and Gas is currently seeking comments and information regarding the preliminary best interest finding for the sale of Alaska North Slope Royalty Gas to Anadarko and AEC. The deadline for comments is April 29, 2002 at 5:00 p.m.

Comments should be submitted to:

Division of Oil and Gas
Attn: Kevin Banks
550 W. 7th Ave, Suite 800
Anchorage, Alaska 99501

Comments may also be faxed to (907) 269-8938 or sent via email to [kreb@dnr.state.ak.us](mailto:krb@dnr.state.ak.us).

The Alaska Royalty Oil and Gas Development Advisory Board will meet to hold a public hearing and discuss whether this proposed royalty gas sale meets the criteria set out in AS 38.06.070. The Board will also prepare its recommendations to the Legislature at this hearing. The Board will meet on **April 17, 2002, at 9:00 a.m. in Suite 240** in the Atwood Building, 550 W. 7th Ave, Anchorage, Alaska.

Copies of the Preliminary Finding and Determination, which includes the proposed contract, may be obtained from the Division of Oil and Gas, 550 West 7th Ave, Suite 800, Anchorage, Alaska 99501-3560. The Preliminary Finding may also be downloaded from the Division's Website at <http://www.dog.dnr.state.ak.us/oil/>. For more information regarding the sale, please contact Kevin Banks at (907) 269-8781 or via email: kreb@dnr.state.ak.us.