15 AAC 55.171(f) is proposed to be amended as follows:

15 AAC 55.171. Prevailing Value for oil.

. . .

(f) The prevailing value for ANS sold in the state at tidewater or delivered to coastal refineries in the state is the prevailing value determined in (a) of this section minus the volume-weighted average location differential between the Port of Valdez and the United States West Coast provided for under contracts for sale in the state during the previous calendar year. The department will calculate the annual volume-weighted average location differential by analyzing contracts entered into during the 18-month-period ending November 30 of the previous calendar year for the sale of producers' ANS delivered in the state. The department will use contracts that is has received from producers by January 15 of the current calendar year. The department will calculate the location differential and the number of barrels <u>specified to be</u> delivered under each contract. The resulting totals for all contracts will be added together, and that sum will be divided by the total number of barrels <u>specified to be</u> delivered under all of the contracts. The resulting location differential is a per-barrel amount. The department will provide notice to the producers of the amount of the location differential no later than February 10 each year. <u>If there are two or fewer contracts entered into during the 18-month period ending November 30 of the previous calendar year that meet the criteria above the department will use the volume-weighted average for the contracts entered into during the prior 36-month period ending November 30 of the previous calendar year and that meet the other criteria. If there are two or fewer contracts entered into during the 36-month period ending November 30 of the previous calendar year, the department will use the simple average of the location differentials published in the three prior years.</u>