
From: Ed Kerr [ed@armstrongoilandgas.com]
Sent: Thursday, February 17, 2011 9:13 AM
To: Louie Flora; Linda Hay
Subject: HB 110

Categories: Red Category

TO: The Honorable Paul Seaton, Co-Chair of the House Resources Committee

The Honorable Eric Feige, Co-Chair of the House Resources Committee

Dear Chairmen:

Thank you for the opportunity to address the House Resources Committee regarding HB 110 and the potential impact on our Alaska Operations. Due to prior commitments I am sorry that I cannot address the committee in person. I hope to visit with each of the committee members individually during this session to express my support for HB 110.

HB 110 will have a significant impact on our capital expenditures and future activities in Alaska. The improved fiscal terms as proposed by HB 110, particularly the portions of the bill that apply to activities outside of existing units, will give us the needed incentive to not only drill multiple new wildcat and delineation wells, but the motivation to drive certain projects to development. The future of Alaska lies in the development of its oil and gas resources that have laid dormant for too long. HB 110 will be the catalyst to bring forward the development of a vast resource base that has not been developed due to date.

Armstrong Oil & Gas, Inc. and it's affiliated companies have been one of the prime movers in generating new projects on the North Slope. The two most recent projects that have been developed on the North Slope are the Oooguruk field operated by Pioneer Natural Resources and the Nikaitchuq field operated by ENI. These projects were originated by our company. Currently, through our affiliate 70 & 148, LLC, we are one of the largest leaseholders on the North Slope.

Our project list has more than a dozen ideas outside of existing producing units that we are hoping to drill and test over the next

several years. If successful, these new projects will add much needed new oil production through TAPS as well as provide numerous significant high paying jobs for Alaskans. In many cases we know the oil is in place. The improved fiscal terms as provided in HB 110 will greatly affect whether these projects will get developed.

Please do not hesitate to contact me if you have any questions.

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