

From: [Sen. Anna MacKinnon](#)
To: [Senate Finance Committee](#)
Subject: FW: Middle Earth or Frontier Tax Credits
Date: Thursday, April 14, 2016 9:19:23 AM

From: Tom Maloney [mailto:tmaloney@ahтна.net]
Sent: Wednesday, April 13, 2016 4:44 PM
To: Sen. Anna MacKinnon <Sen.Anna.MacKinnon@akleg.gov>
Cc: Sen. Kevin Meyer <Sen.Kevin.Meyer@akleg.gov>
Subject: Middle Earth or Frontier Tax Credits

Senator Mackinnon,

First of all thanks for your service to all the citizens of the State of Alaska.

As you may know, Ahtna for the first time ever is being the Owner and Operator in regards to the Tolsona Gas Project. Unfortunately, this program is much more complex than either Ahtna or myself thought just a few short months ago. We always knew that it would be challenging to have an exploratory well, on State land near Glennallen. There is a tremendous shortage of infrastructure, service companies etc. A drill rig has to come from either the North Slope or Cook Inlet (we chose Cook Inlet) and many other logistical challenges. An unexpected total surprise was that our two other investors, Santa Petroleum and Rutter and Willbanks pulled out entirely on their Tolsona investment. This despite the current tax credit structure. Their reason is that they were both well underwater due to the collapse in oil and gas prices. Ahtna took the plunge, and we are now 100% going forward with this single exploratory well.

Work is progressing well. All of our employees, suppliers etc. are Alaskan. Our union Construction company is building the road and pad on State lands. This will be a multi generation benefit to State residents for recreational purposes(just like the seismic work which created a great trail system). Six of the nine Ahtna Construction hires are Ahtna shareholders. Our trucking company is part of the Michael Foster family of companies and is also shareholder friendly. Anna, as you know Ahtna's gas development efforts are entirely centered on economic benefits to the Region, including jobs and lower energy costs. All of our Board of Directors are Ahtna shareholders, and they truly want to leave a great legacy for current and future shareholders.

Senator, Ahtna would like this specific tax credit to be extended until 2022. This will allow us the opportunity to drill additional wells to fully determine what gas resource is out there and whether or not it is commercially viable. The Administration, in public presentations, also supports an extension.

The actual drilling will start around the first week of May. We would very much enjoy you coming out to the site and see real Alaskans gainfully employed.

Thanks again for all your efforts Senator Mackinnon.

Sincerely, TOM

Tom Maloney

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