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Governor Sean Parnell
STATE OF ALASKA

March 18, 2010

The Honorable Lesil McGuire
Alaska State Legislature
State Capitol, Room 125
Juneau, AK 99801-1182

Re: SB 287/ Work Draft "R"

Dear Senator McGuire,

Thank you for speaking with me yesterday regarding SB 287 and Work Draft "R" of that legislation. I believe this legislation is on the right track to codifying the work being done by our bullet line gas team and I welcome the opportunity to work further with you on it.

Alaska's natural gas is a rich and abundant resource that must be commercialized for the benefit of Alaskans. To that end, the State is currently pursuing two paths, effectively leaving open more opportunities for a gasline than choosing only one pipeline at this time.

The State has a project team pursuing bullet line opportunities intended to bring natural gas to Alaskan homes and businesses. I instructed the engineering team to determine the cost of a pipeline from the Interior basins near Nenana, to the foothills of the North Slope, or if need be, all the way to the North Slope so that the least costly routing and long term gas supply can be identified.

Last year, the Legislature approved funding for the bullet line work and we are pleased with the progress to date. An Environmental Impact Statement is in progress, preliminary engineering and permitting is underway, and we anticipate the initial cost estimates will be available this summer. In addition, a commercial group of gas owners, utilities, and other private sector parties continue to meet to support our efforts to move forward.

On a parallel path, the Alaska Gas Pipeline Project being pursued by TC Alaska and ExxonMobil is scheduled to initiate its open season in the weeks ahead. These private sector companies are bringing their expertise and capital to the table to assure a gasline project moves forward. The Alaska Gas Pipeline Project has been fully engineered and tariffs established for gas delivery to Alaskan communities (including a tidewater LNG project) and throughout North America. I fully support maintaining this Alaskan private sector opportunity.

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Earlier, I noted that your bill is headed in the right direction. We need to foster opportunities for a gasline, rather than limit our options by picking only one path that may or may not lead to a project. Because Work Draft "R" of SB 287 leaves open opportunities for Alaska jobs and Alaska energy for Alaskans, I will continue working with you on the merits of the bill.

Regards,

A handwritten signature in black ink, appearing to read "Sean Parnell", written in a cursive style.

Sean Parnell
Governor