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[bill.walker@walkerrichards.com](mailto:bill.walker@walkerrichards.com)

September 14, 2012

Vincent Lee  
Commercial Manager  
Alaska Pipeline Project  
16945 Northchase Drive  
Houston, TX 77060

Re: ExxonMobil/TC Alaska Solicitation of Interest for New Natural Gas Pipeline Capacity, Dated July 30, 2012

Dear Mr. Lee:

Over the past several years the Alaska Gasline Port Authority (AGPA) has been working with liquefied natural gas (LNG) buyers in Asia interested in the purchase of North Slope gas at the wellhead, for LNG off-take at Valdez. Those companies include the following:

Korea Gas Corporation	PTT International Co., Ltd (Thailand)
POSCO (Korea)	Korea East-West Power Co., Ltd.
GS Energy Corporation (Korea)	PT PGN LNG Indonesia

We have received expressions of interest from the above companies for shipment of natural gas on your proposed pipeline in a volume equivalent to 2.8 billion standard cubic feet per day (bcfd) at the inlet of a LNG facility in Valdez, Alaska. This volume, which equates to over 18 million tons per annum of LNG, is very close to the full capacity of all three process trains. Please note that this aggregated volume does not include designated volumes from all of the above referenced companies. Additionally, AGPA continues to respond to interest expressed by other potential project participants and, therefore, fully expects the aggregated volume to increase. Finally, 2.8 bcfd at the inlet of the LNG facility does not take into account the anticipated in-state consumption of gas initially estimated at .25 bcfd (with projected growth up to .5 bcfd).

Board of Directors:

Jim Whitaker, Chairman · Bert Cottle, Vice-Chair · Merrick Peirce, Treasurer ·  
Mayor Dave Cobb, Secretary · Steven Haagenson · Dave Dengel

Based upon current market interest, it appears a 19 million ton per annum LNG project at Valdez will be fully subscribed. Please advise as to the next steps to advance a large volume gas pipeline to Valdez consistent with the aforementioned interest.



William M. Walker  
Project Manager/ General Counsel  
Alaska Gasline Port Authority

**Board of Directors:**

**Jim Whitaker, Chairman · Bert Cottle, Vice-Chair · Merrick Peirce, Treasurer ·  
Mayor Dave Cobb, Secretary · Steven Haagensohn · Dave Dengel**

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**Jim Whitaker**  
Chairman  
Alaska Gasline Port Authority  
731 N Street, Anchorage,  
Alaska 99501, USA  
Phone: 1-907-278-7000  
Facsimile: 1-907-278-7001

December 29, 2011

## Letter of Interest

Dear Mr. Whitaker,

Korea East-West Power Co., Ltd.(hereinafter "EWP"), is a state-owned power generation company and has retained its long-term corporate rating as 'A' from Standard & Poor's.

EWP owns and operates an installed capacity of 8,809 MW, of which 2,100 MW is natural gas fired facilities with a demand of 1.6 million tons as of 2011. Taking into consideration that EWP's gas fired facilities will increase to 3,540 MW by the year of 2016 and the volume of LNG requirement will rise, EWP has been seeking an opportunity of importing LNG directly from overseas rather than purchasing from KOGAS.

If North Slope gas reserves are developed and used for LNG export targeted at Asia-Pacific market, it will be a great opportunity for EWP and its affiliates' LNG direct import, since circumstances have recently developed favorably such as US government's policy changes over LNG export issues and the impending effectuation of FTA between USA and Korea.

Therefore, EWP would like to express its interest in Valdez LNG and hopes to further discuss it with Alaska Gasline Port Authority(hereinafter "AGPA"). It is EWP's idea that both sides may jointly proceed with Valdez LNG project(hereinafter "Project") development on a basis of the following understandings:

- 1) Memorandum of Agreement(hereinafter "MOA") containing:
  - a) EWP to aggregate LNG of upto [REDACTED] mtpa from Gencos in Korea;
  - b) EWP to have an exclusive right to negotiate with AGPA for the volume which will be declared by EWP in a certain timeframe agreed between both parties;
  - c) EWP to have an exclusive right to negotiate with AGPA for gas fired power

- plants(hereinafter "Power Plants") in Alaska for the Project's captive uses and possible extra electricity for others;
- d) Both parties to proceed for further phases such as Heads of Agreement, LNG Sales & Purchase Agreement for the Project and developing the Power Plants.
- 2) LNG pricing formula:
- a) Both parties to agree to a pricing formula comprising JCC, Henry Hub and Russian pipelined gas(if expected to be imported to Korea) linked prices within certain proportions to be agreed between both parties;
- b) AGPA to endeavor to apply a gentler slope to a JCC-linked portion than those of competitors in Asia-Pacific market, so that EWP will not be adversely impacted by higher fuel costs than that of purchasing from KOGAS.
- 3) EWP's participation in the Project Team(hereinafter "Team") as an offtaker:
- a) EWP to be a member of Project Team and JDA, but unlikely to be a member of equity investors in the Project;
- b) Any funding obligations given to EWP are for purposes of proving its seriousness and helping the Project go forward. Hence, any funds provided by EWP shall turn into a development bond which shall be paid back at the financial close with an interest rate of 8% imposed from the date of EWP's withdrawal from the Team.
- c) EWP's funding obligations will take effect according to the conditions precedent accomplished as agreed in MOA.

EWP hopes that both parties will further discuss the development plan for the Project in details in the near future.

Sincerely yours,



**LEE KYUNGRO**  
Managing Director  
Procurement Management Division  
Korea East-West Power Co., Ltd.



# KOREA GAS CORPORATION

Tel +82 31 710 0610  
Fax +82 31 710 0619

June 21, 2012

Attn : Mr. Jim Whitaker  
Chairman  
Alaska Gasline Port Authority  
731 N. Street  
Anchorage, Alaska 99501

C.C : Mr. Bill Walker  
General Counsel / Project Manager

Re: Valdez LNG Project

## **Letter of Intention**

Dear Mr. Whitaker,

First, I, on behalf of Korea Gas Corporation ("KOGAS"), would like to express my sincere appreciation for providing KOGAS an opportunity to participate in the potential Liquefied Natural Gas project ("the Project") in the state of Alaska, USA.

After receiving a thorough introduction and careful review of which, we are pleased to inform you that it is KOGAS' sincere intention to explore further on the feasibility of the Project jointly with Alaska Gasline Port Authority ("AGPA") and to come up with mutually benefitting result to materialize our joint efforts.



# KOREA GAS CORPORATION

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Promptly following the mutually acceptable result of such feasibility exploration, KOGAS will be engaged with AGPA to discuss the commercial framework for KOGAS' participation in the Project including the construction and operation of LNG facility and marketing of the produced LNG from the facility.

I look forward to joint journey together with AGPA for the success of the Project. Please do not hesitate to contact us for any inquires.

Respectfully yours,

**Kwon, Young Sik**  
**Vice President**  
**Head of LNG Procurement Department**  
**Korea Gas Corporation**



POSCO Center, 892 Daechi-4dong  
Gangnam-gu, Seoul, 135-777 Korea  
Tel. +82 2-3457-0087  
Fax. +82 2-3457-1944

June 11th, 2012

*Via Email Transmission followed by International Mail*

Jim Whitaker  
Chairman of the Board  
Alaska Gasline Port Authority  
731 N Street  
Anchorage, Alaska 99501

**Re: Letter of Interest for Valdez LNG Project**

Dear Mr. Whitaker,

I, on behalf of POSCO ("POSCO"), write to formally express POSCO's interest in your Valdez LNG Project in accordance with the principles outlined below.

By way of introduction, POSCO is the World's Most Competitive Steelmaker, leading the industry for more than four decades in the history of Korea and the global market. POSCO holds its core business engagements in an extended spectrum of materials, resources, energy and chemicals. Its subsidiaries have their own foundations in service business areas such as engineering and construction (E&C), information and communications technology (ICT), logistics and trade.

In order to meet its substantial demand for LNG, POSCO is actively seeking to explore the opportunity to import LNG from Alaska.

Accordingly, POSCO proposes that the Alaska Gasline Port Authority ("AGPA") and POSCO jointly explore a commercial framework for POSCO's participation in the Valdez LNG Project as follows:

1. POSCO would like to negotiate with AGPA to enter into a long-term LNG sales and purchase agreement for a purchase of LNG with an annual contract quantity of [REDACTED] to [REDACTED] metric tons (the "LNG SPA"), which will be sourced from gas reserves in North Slope and supplied through the first process train in Valdez LNG Terminal.



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2. POSCO and AGPA will agree on a pricing formula to be applied in the LNG SPA by utilizing the price index comprising Henry Hub, JCC, and/or KOGAS average purchasing price within certain proportions to be agreed by the parties.
3. The final pricing mechanisms of LNG to be agreed by AGPA and POSCO will incorporate discount relative to the existing LNG import prices in the Korean market, to give a competitive advantage over other suppliers in the Asia-Pacific region.
4. The details of the terms and conditions under which POSCO will purchase LNG would have to be worked out further, as the parties' role and participation become more clear and committed. Upon agreement on detailed terms (including the items described above), POSCO will, without delay, execute definite agreements with AGPA which will specify each party's rights and obligations

POSCO is ready to discuss with AGPA to define the terms and conditions for our participation in the Valdez LNG Project. If you have any inquiries as to any issues relating to above, please do not hesitate to contact us at your convenience.

We thank you for your consideration and look forward to our business collaboration in the near future.

Sincerely yours,

Chang, In-Hwa  
Senior Vice President  
POSCO





No : 002300.S/HK.02/PLI-UT/2012  
Subject : Nonbinding Letter of Interest

Jakarta, September 14, 2012

Mr. William M. Walker  
General Counsel/Project Manager  
Alaska Gasline Port Authority  
731 N Street  
Achorage, Alaska 99501

Dear Sir,

In relation to a nonbinding Solicitation of Interest (SOI) from ExxonMobil and Trans Canada Alaska to determine interest in gas from Alaska's North Slope to an LNG terminal in south-central Alaska, we hereby submit our nonbinding letter of interest for this project.

For your background, PT PGN LNG Indonesia is a subsidiary of PT Perusahaan Gas Negara (Persero) Tbk. PT Perusahaan Gas Negara (Persero) Tbk ["PGN"] is public listed gas state-company that deal with natural gas transmission and distribution business. In 2011, PGN has recorded a market capitalization of USD 9 billion and has delivered 1.64 Bcfd of natural gas through it fully owned and operate transmission and distribution pipeline with total length of close to six thousand kilometers.

We strongly see LNG to be one of the future core business, which will fulfill the rising demand for the contracted customers and the potential market upside due to the government program of oil placement. Recently PGN has started the LNG era by successfully completing, with joint-venture with PT Pertamina and cooperation with Golar LNG, the start of the operation of the 1st LNG Floating Receiving and Storage Terminal ("FSRT") for Jakarta bay and preparing another 3 MTPA FSRT with cooperation with Hoegh LNG for 2014 in Lampung. In parallel we have been actively in the market to secure the LNG supply to our FSRT and hence consider LNG supply from this project as our long run supply.

We recognize that Alaska Gasline Port Authority (Port Authority) has applied to the Department of Energy for an export license to be able to export LNG from Port Valdez to countries with which the U.S. has a Free Trade Agreement (FTA). The Port Authority has received a strong interest from the Asian markets and elsewhere for LNG from Port Valdez. These export volumes will be include in the port Authority's aggregated volume response to this nonbinding Solicitation of Interest from ExxonMobil and TransCanada Alaska.

At the current stage we are interested in securing [REDACTED] mmscfd of gas ([REDACTED] MTPA of LNG, from a gas pipeline and hereby authorize this volume be added to the volume being aggregated by the Port Authority as part of this nonbinding Solicitation of Interest.

This nomination on our part creates no obligation or relationship between our entity and the Port Authority, ExxonMobil or TransCanada Alaska.

For purpose futher clarification, we nominate the following contact person :

**Nisi Setyobudi**

Director of Commercial and Operation

PT PGN LNG Indonesia

Jakarta 11140 – Indonesia

Tel : +6221 633.4838

Fax: +6221 634.8616

Email: [nisi.setyobudi@pgn.co.id](mailto:nisi.setyobudi@pgn.co.id) & [nisi.setyobudi@pgnlng.com](mailto:nisi.setyobudi@pgnlng.com)

On behalf of PGN LNG Indonesia, we thank you for consideration and look forward to opening a new and strong business partnership with you.

Sincerely yours,

  
**irawati**  
President Director

February 2, 2012

*Via Email Transmission followed by International Mail*

Jim Whitaker  
Chairman of the Board  
Alaska Gasline Port Authority  
731 N Street  
Anchorage, Alaska 99501

*Re: Valdez LNG Project*

Letter of Interest

Dear Mr. Whitaker,

I, on behalf of GS Energy Corporation ("GS Energy"), write to formally express GS Energy's interest in your Valdez LNG project in accordance with the principles outlined below.

By way of introduction, GS Energy is an operating holding company that directly and/or through its subsidiaries and affiliates, *i.e.*, GS Caltex Corporation, GS Power Co., Ltd. and GS EPS Co., Ltd., controls, owns and/or operates several *natural gas-fired power plants* with a total installed capacity of 2,000 mega watts requiring 1.2 million tons per annum ("mtpa") of LNG, and *refinery and petrochemical facilities* which require 0.5 mtpa of LNG as of 2012.

In order to meet the substantial demand for LNG as stated above, GS Energy is actively seeking to explore an opportunity to directly import LNG from overseas. We are of the view that the U.S. government's recent policy changes on the LNG export issues, along with the implementation of the Free Trade Agreement between the U.S. and Korea, made the direct import of the LNG products from the Valdez LNG project in Alaska North Slope as a great opportunity for us.

Accordingly, GS Energy proposes that the Alaska Gasline Port Authority ("AGPA") and GS Energy jointly undertake the Valdez LNG project development under the framework as follows:

1. GS Energy will have the exclusive right to negotiate for its purchase of the LNG produced from the Valdez Project in the amount of up to [REDACTED] mtpa for its own use and supply to its subsidiaries and affiliates.
  2. GS Energy and AGPA will agree on a pricing formula for GS Energy's LNG purchase using certain references such as JCC, Henry Hub and other internationally reputable pricing indices. Such pricing formula will have a gentler slope for the JCC-linked portion than those of GS Energy's competitors in Asia-Pacific market
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3. Subject to further discussion and negotiation, GS Energy may participate in the development of the Valdez LNG project as an equity investor or any other status agreed by GS Energy and AGPA.
4. Upon agreement on the more detailed terms (including the items described above), GS Energy will, without delay, execute a definite agreement with AGPA which will stipulates each party's rights and obligations so agreed by the parties.

GS Energy is ready to discuss with AGPA to define the terms and conditions for our participation in the Valdez Project. If you have any inquiries as to any issues relating to above, please do not hesitate to contact us at your convenience.

Sincerely yours,



W. B. Rha

Vice Chairman and CEO  
GS Energy Corporation.

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**From:** Douglas Downard [<mailto:douglas.d@ptt-international.com>]  
**Sent:** Wednesday, August 01, 2012 6:21 PM  
**To:** [bill.walker@walkerrichards.com](mailto:bill.walker@walkerrichards.com)  
**Cc:** Bill Walker; Padhanaseth Changkasiri  
**Subject:** Pipeline Open Season/ today's letter from ExxonMobil

August 2, 2012

Dear Bill,

Thank you for your email with invitation to join Alaska Gasline Port Authority (AGPA) in ExxonMobil's nonbinding Expression of Interest for a gas pipeline from Prudhoe Bay on the North Slope to an LNG terminal in south central Alaska.

I am pleased to inform you that PTT International Co., Ltd. is interested to participate in ExxonMobil's nonbinding EOI together with AGPA. Our volume would be consistent with that required to feed **REDACTED** in your proposed **REDACTED** natural gas liquefaction complex.

Please advise the next step.

Best regards,

Doug Downard  
PTTI  
Bangkok

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