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Governor Bill Walker
STATE OF ALASKA

March 2, 2015

The Honorable Mike Chenault
Speaker of the House
Alaska State Legislature
State Capitol Room 208
Juneau, AK 99801

The Honorable Mike Hawker
Chair, Legislative Budget and Audit
Alaska State House of Representatives
State Capitol Room 502
Juneau, AK 99801

The Honorable Craig Johnson
Chair, Rule Committee
Alaska State House of Representatives
State Capitol Room 216
Juneau, AK 99801

The Honorable Charisse Millett
Majority Leader
Alaska State House of Representatives
State Capitol Room 204
Juneau, AK 99801

The Honorable Dave Talerico
Co-Chair, Resources Committee
Alaska State House of Representatives
State Capitol Room 104
Juneau, AK 99801

Dear Speaker Chenault and Representatives,

Thank you for your letter of February 20, 2015, responding to my plan to ensure Alaska finally brings a natural gas pipeline project to fruition. I appreciate the work you have done to advance this goal and look forward to building on the efforts you set in motion.

Our shared aim is to sell Alaska's gas to world markets and provide an affordable, reliable natural gas supply to Alaskans. The common ground of any pipeline project is that it be in the best interests of the State. By moving forward with both the AK LNG and the ASAP projects, we are better assured of getting the right project for Alaska.

Around the world, the producers are developing their own projects that directly compete with AK LNG. There is nothing inappropriate about that; it is how business is done. By the same token, it is not inappropriate for the State of Alaska to consider another option, one that ensures we have an economically viable gas project that is not dependent on the potentially changing priorities of the producers over the next few years.

There are multiple advantages to concurrently pursuing a market-driven project. These advantages include more State control than in a producer-driven project, strengthening the State's hand in fiscal

The Honorable Mike Chenault et al.
Alaska Gas Pipeline
March 2, 2015
Page 2

and commercial negotiations with the producers, and providing market-based financing opportunities the State can offer for possible merger with the producer-driven AK LNG project.

I have spoken with each of the producers and TransCanada at a high level, and each indicated that they would not discontinue with the AK LNG project because Alaska is also advancing our own option. I have met with one of the AK LNG participants and their only concern is the firewall arrangement between the two projects, an issue we are currently addressing. While the producers and TransCanada do not have any firewall between their own competing projects and the AK LNG project, we will respect their desire for us to have a firewall between our ASAP project and the AK LNG project.

In the coming weeks and months, we will continue to address the issues you raise in your letter as we further delineate details of the project. I anticipate there will be adjustments to information sharing between projects and other matters. This will be done on a case-by-case basis as needed. I do not anticipate anything being a show-stopper. We will continue to work with the producers throughout this process.

Transporting and giving value to our natural gas is critical to the future of this state. Let's do it together, with respect for ourselves as the owner of the resource, and with an understanding of and respect for the differing interests of the market and the producers. I look forward to working with you and with all parties to advance the best project for Alaska.

Sincerely,

A handwritten signature in black ink that reads "Bill Walker". The signature is written in a cursive, flowing style.

Bill Walker
Governor