

David Van Tuyl

Regional Manager



BP Exploration (Alaska) Inc.
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June 28, 2016

The Honorable Cathy Giessel
Alaska State Legislature
Chair, Senate Resources Committee
State Capitol Room 427
Juneau, AK 99801-1182

Dear Senator Giessel:

Enclosed is BP's response to the questions you posed in advance of the June 29 Senate and House Resource Committee hearing, scheduled in Anchorage. I look forward to participating in the hearing.

Sincerely,

A handwritten signature in black ink, appearing to read "David Van Tuyl".

David Van Tuyl
BP Exploration (Alaska) Inc.

cc: K. Meyer, President, Alaska Gasline Development Corporation
M. Rutherford, Commissioner, Department of Natural Resources
S. Butt, Project Manager, Alaska LNG Project
L. Ehrhard, ConocoPhillips
W. McMahon, ExxonMobil

1. The Pre-Front End Engineering and Design Phase (Pre-FEED) has been indicated to be completed by the fall of 2016.

- a. Please describe what is envisioned, from the perspective of each participant, as to what will occur after the completion of Pre-FEED**
- b. Please describe what is the envisioned, from the perspective of each participant, as to the management structure after the completion of Pre-FEED. If possible, provide an organizational chart with names and job descriptions**
- d. What is the funding source effort to proceed after the completion of Pre-FEED**
- e. What is the anticipated Work Plan & Budget (WP&B) for the 2017 calendar year**

Before we make an affirmative decision to enter FEED, BP will want to verify the following:

- the AK LNG cost of supply must be competitive, so that we have a commercially viable opportunity
- the Project will need to continue following project management best practices, with the parties being technically and financially capable
- fiscal and commercial terms must be sufficiently defined so that we feel confident in their endorsement by all parties
- the terms that will govern our FEED activities will need to be finalized, including continuation of FERC Section 3 regulation of the Alaska LNG project, as outlined in the January, 2014 Heads of Agreement
- all participating co-venturers will also need to commit to fund their share of FEED costs

We are actively discussing alternative ways to continue to advance the project which will allow project development, progressing regulatory efforts and working cooperatively to further reduce the cost of supply. No management structure post pre-FEED has been developed.

The WP&B for the 2017 calendar year has not yet been agreed.

3. Do the project participants reaffirm their commitment that any agreement that has a term in excess of two years will come before the Legislature for approval? If not,

- a. Please describe the type of agreements, to the extent possible, that may bypass the Legislature, and the reason that action is necessary.**

BP envisions that any resulting agreements that have a term in excess of two years would be made available to the Legislature for approval as provided in SB-138, recognizing that the nature of certain terms will require confidential treatment.