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To Whom it May Concern:

On April 17, 2012, I moved for Commissioner Sullivan to reconsider his decision to enter into the Point Thomson settlement. The attached letter articulates the grounds for my appeal, which includes:

- No public notice or opportunity for public comment was provided in advance of the settlement being signed and announced.
- The agreement allows the working interest owners to retain development rights over the unit with no further work commitments.
 - One option allows the owners to maintain at least twenty-two of the leases indefinitely if they complete the 10,000 bbl/d gas cycling project that they had already made a firm commitment to construct in 2009 for the right to develop two leases.
 - A second option allows the owners to maintain the unit at least until the next decade, if they do no work at Point Thomson but permit without committing to construct a bullet line out of Prudhoe Bay. Since Prudhoe Bay has enough gas to fuel a bullet line for over a century, it does not make sense that such a project would excuse development at Point Thomson.
- Under the settlement, if the owners decide to develop the field, they have the discretion to blow down the reservoir without first undertaking a gas cycling project. The Department has previously concluded that depletion of the reservoir in that manner would result in the waste of approximately half a billion barrels of oil and condensates.
- The settlement purports to abrogate many of Commissioner Sullivan's statutory and regulatory obligations relating to field oversight, which the Alaska Supreme Court has held the Department may not do by contractual agreement.
- The Commissioner cannot agree to Exxon's acquisition of Chevron's interest in Point Thomson without further public process and findings.
- The agreement must be approved by the Legislature to be valid under Alaska law.

Consequently I have asked that the settlement be submitted to the Legislature for approval, with all the public process that necessarily follows, and that our Supreme Court has indicated is necessary. In the meantime, I requested that Commissioner Sullivan stay deciding

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reconsideration until such time as correspondence relating to the deal is made public and the Department publishes an explanation of the agreement sufficient for the public to understand its terms. Being well acquainted with the Point Thomson Unit Agreement, it appears that the State has given up far more than it would have, had it lost the lawsuit.

I encourage all Alaskans concerned about the manner in which the settlement was entered into, its terms or its legality, to submit written comments to the Commissioner by Monday, May 7th (at which time public comment will close if the Commissioner does not extend the deadline).



Bill Walker