

# STATE OF ALASKA

## DEPARTMENT OF NATURAL RESOURCES

### OFFICE OF THE COMMISSIONER

**SEAN PARNELL, GOVERNOR**

550 WEST 7<sup>TH</sup> AVENUE, SUITE 1400  
ANCHORAGE, ALASKA 99501-3650  
PHONE: (907) 269-8431  
FAX: (907) 269-8918

Senator Hollis French  
State Capitol, Rm. 417  
Juneau, AK 99801

April 27, 2012

RE: Senate Judiciary Point Thomson Settlement Hearing

Dear Senator French:

I regret that I am unable to attend today's Point Thomson hearing. I am currently in Washington, D.C. meeting with senior executives and legislative branch officials to provide updates on Alaska gas opportunities and recent positive developments regarding commercializing North Slope gas. Another key focus of my meetings in Washington has been the Point Thomson EIS process. We are here to underscore the importance of ensuring that the federal government does not continue to delay the permitting process.

My discussions in Washington complement the conversations, meetings and outreach that my office has engaged in over the past several months, including my active engagement with private sector and government officials from Asia to educate them on the benefits and comparative advantages of Alaska natural gas.

We are entering a new era in the United States, with our nation now on the path to becoming the leading hydrocarbon resource producer. A window of opportunity has also opened for significantly increasing LNG exports to Asia. Demand for gas along the Pacific Rim is strong and there is a keen interest in Alaska gas. And, for the first time, the state's three producers on the North Slope are aligned with a state backed effort to move forward to commercialize North Slope gas and one of Alaska's largest gas fields is now moving forward with development after four decades of sitting idle.

We must be part of this new era. We have a massive hydrocarbon resource basin and are poised to advance a large-scale gas line that would benefit all Alaskans. But this window of opportunity will not be open for long and Point Thomson—which holds 25% of known gas reserves on the North Slope—plays a critical role. Just as the settlement agreement places the Point Thomson Working Interest Owners on a clock to move forward with timely development, the State of Alaska is also on a clock—we cannot afford another decade of this important hydrocarbon basin sitting idle.

Since we announced the Point Thomson settlement on March 30, 2012, we have sought to explain the details of the settlement to a variety of audiences and have been transparent in answering questions and clearing up misunderstandings about its provisions. I have been all over the state

*"To responsibly develop Alaska's resources by making them available for maximum use and benefit consistent with the public interest."*

doing this with community groups, Chambers of Commerce, editorial boards, and others. The Point Thomson settlement is complex and as I have stated numerous times, it is not perfect.

Like all settlements, it entails compromise and risk. It is important to note that in this case, there was significant risk to the state in staying the course on litigation that literally had no end in sight.

My Department is eager to answer all questions about this settlement agreement.

Sincerely,

A handwritten signature in cursive script, reading "Daniel S. Sullivan", followed by a horizontal line extending to the right.

Daniel S. Sullivan  
Commissioner  
Alaska Department of Natural Resources