

21 March 2011

Representative Bill Stoltze
Representative Bill Thomas
Co-Chairs, House Finance Committee
State Capitol
Juneau, AK 99801-1182

Dear Representatives Stoltze and Thomas,

Statoil appreciates your invitation to testify before the House Finance Committee (regarding HB 110) this week. We regret that we will be unable to attend because a number of Statoil personnel, myself included, will be traveling to the Chukchi Coast villages at that time. The purpose of our trip is to give presentations to the village residents regarding our upcoming activities in the Chukchi later this summer. Although we cannot be present at the hearing in person I will include some general comments regarding the legislation in this letter.

Currently Statoil only owns leases in the Federal waters of the Chukchi Sea and thus we have no State tax obligation. Statoil is Operator of 16 leases, 14 of which are in partnership with ENI. Additionally, we have a 25% interest in the ConocoPhillips-Operated Devil's Paw prospect. Statoil has a very small (but growing) Alaska staff that is currently almost entirely dedicated to acquiring permits for our various activities on these leases. I know you are aware that this process has become quite complicated and time-consuming.

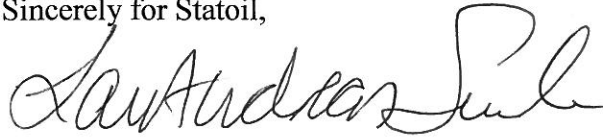
Statoil, because it has no State tax obligation, has not done any internal evaluation of the specific provisions of HB 110. As members of both AOGA and RDC, and through conversations with our Alaska colleagues and partners, we are well aware of the importance of this pending legislation to both the industry and the fiscal health of Alaska.

Statoil is supportive of any measures that the Governor and the legislature may take to improve the investment climate in Alaska. Increased investment in both exploration and in existing ("legacy") fields will ultimately lead to additional oil being delivered to TAPS. The viability of TAPS in the future is of major importance not only to us and the rest of industry, but to all Alaskans as well. Our current projects, located 100 miles offshore in the Chukchi Sea, offer no short-term solutions for keeping TAPS utilized. We must rely on the State government to create and maintain responsible and prudent fiscal policies that encourage production of new oil.

We recognize that there may be near-term financial consequences of this legislation, but we also realize that if TAPS shuts down, then a major source of Alaska's future revenue will remain forever stranded on the North Slope.

We wish you every success in your ongoing deliberations.

Sincerely for Statoil,

A handwritten signature in black ink, reading "Lars Andreas Sunde". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Lars Andreas Sunde
Vice President, Exploration, Alaska Operations