



February 10, 2016

Representative Mike Hawker
State Capitol
Room 502
Juneau, Alaska 99801

Dear Representative Hawker,

The following is provided in response to the e-mail inquiry we received from your staff member, Ms. Rena Delbridge, on Monday, February 8th. Ms. Delbridge asked several questions about the Alaska Gasline Development Corporation's (AGDC) involvement in work the Alaska Department of Natural Resources initiated with Lummus Consultants through PINGO International Incorporated. Thank you for providing copies of the Lummus proposals for our review prior to responding to your questions.

Who approved the release of AGDC confidential information?

AGDC President Dan Fauske was contacted by Deputy Chief of Staff Marcia Davis on September 29, 2015 with a request for access to Alaska Stand Alone Pipeline (ASAP) project information for an independent review by others. Mr. Fauske approved the release of the ASAP information during a meeting in his office on the same day.

How has AGDC protected its fiduciary duty for that asset?

Ms. Davis asked AGDC to coordinate delivery of ASAP information through Alaska Department of Revenue consultant, Radoslav Shipkoff. Specific named Lummus employees were provided. As per AGDC's standard policy, we obtained signed confidentiality agreements from all identified Lummus personnel prior to providing them access to any ASAP information. The confidential authorization clearly identifies and limits Lummus in their review of ASAP information and their derivative work products. AGDC has not given Lummus access to any Alaska LNG data.

Was this a board action, or, if by executive director?

AGDC provided electronic access to ASAP information starting on December 8, 2015 under the authority of Dave Cruz who was Acting Chairman and President at the time. AGDC terminated the access on the requested termination date of January 31, 2016.

Is AGDC a party to this review – i.e. working closely with Lummus or Pingo?

AGDC has not been a party to the Lummus review or their activities in any form.

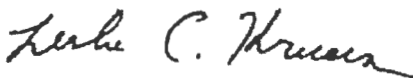
Will AGDC have full access to findings? Does AGDC expect those to be useful in its further work?

AGDC personnel have no direct information on the current status of the Lummus review or any reports they may have provided on their activities or review. If Lummus has generated any reports or other findings from their review, AGDC has not been given access to that information as of this time.

Please note that while AGDC cooperated with this request for access to ASAP project information, the AGDC Board of Directors has not authorized the corporation to perform any work to expand ASAP beyond the project's current 500 million standard cubic feet design premise. The corporation's ASAP related work activities have not varied from those communicated to the legislature during our regular project updates and presentations.

I hope these responses have answered your questions. If I can be of additional assistance, please don't hesitate to contact me.

Respectfully,



Leslie C. ("Fritz") Krusen
Interim President

CC:

Dave Cruz, Chairman, AGDC Board of Directors
Marcia Davis, Deputy Chief of Staff, Office of Governor Walker
Marty Rutherford, Deputy Commissioner, DNR
Darwin Peterson, Legislative Director, Office of Governor Walker

Questions & Answers Concerning the Lummus/Pingo Contracts

1. What is the funds source for the contracts?

The fund source for the Pingo contract is the In-State Gas Pipeline fund that the legislature funded the North Slope Gas Commercialization office with at the beginning of FY2016. We do not pay Lummus directly.

2. Do you have some background on Pingo for us to better understand what they offer? I can't find anything online.

Pingo is the name of the company owned by Pat Anderson, an arctic pipeline engineer with many years of experience on pipeline projects including previous Alaska projects. Pat brings an in-depth understanding to the midstream work being conducted on the Alaska LNG Project. We will provide Pat Anderson's resume under separate cover.

3. I see Deputy Commissioner Rutherford signed the contracts; is she the authority instigating these contracts? As in, who identified or determined the need for the scope of work for these contracts? Is she also the party to whom Pingo and Lummus report, or do they report to someone else?

Marty signed the agreements as reassurance to Lummus that funding was available for Pingo's contract to cover expenses. The scope of work was determined by the Governor's Office with assistance from consultants. Pingo reports to Marty, Lummus reports to Pat Anderson.

4. The proposal references "DNR NSG requirements" (Technical submission by Lummus, page 2). Were these related only to submission form, or were there other written requirements (like an RFP) related to these contracts?

A request was sent to three companies identified by contractors as capable of performing the work and Lummus was selected. I believe Lummus was the only company that responded to the request.

5. A final report deliverable was due in November 2015. Was this received? If not, has the deadline been extended, and if so, what is the new deadline? Is this deliverable publicly available?

The report is being finalized now and we hope to have it publicly available by March.

