

Gas Fiscal Testimony to House and Senate Resource Committees

David Van Tuyl, BP

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Madam Chair, members of the committee, for the record my name is David Van Tuyl and I am Regional Manager for BP here in Alaska. I've been working for BP in Alaska for over 31 years, the last several of which have been dedicated to working to get Alaska's gas to market.

Now I have the privilege of working in my current roles on the joint fiscal team, and on the Management Committee of the Alaska LNG project effort.

I am very pleased to be here along with my colleagues to provide an update on the progress of the Alaska LNG project. The success of Alaska LNG is critical to BP's business here in Alaska, and it's also critical to the future of the State of Alaska and to so many Alaskans who will benefit, both directly and indirectly, from a successful project.

As you are all aware, the project has taken several very important steps forward toward becoming the reality we are all working so hard to achieve, and I think it's worth reminding us just what we've achieved:

- In January 2014, we signed the Alaska LNG Project Heads of Agreement, which publicly mapped out our agreed way forward to commercialize Alaska's Gas. That's the path we continue on today.

- A few months later, you, the Alaska Legislature, approved SB-138, which defined the State's participation in the project and provided the way forward.
- The Governor signed SB-138 into law the next month.
- Then last June, the parties all signed the commercial agreement that allowed the parties to advance through the pre-FEED phase.
- The next month, in July, the project submitted its export license application to the Department of Energy.
- In September, the project initiated our Federal Energy Regulatory Commission, or "FERC" pre-filing process, which the FERC approved later that month.
- In November, we received DOE's approval of the export license application for Free Trade Agreement countries.
- In May of this year we received our non-FTA export approval from the DOE.
 - As we have said before, this approval sent an important message not only to Alaska, but to the world – the Alaska LNG project is real, and it's coming.
- Just last month, the FERC Chairman visited the Alaska North Slope to see the existing facilities and the location of the future Alaska LNG project facilities.

- I believe that's the first time ever that a sitting FERC Chairman has visited the Alaska North Slope.
 - Project momentum is building.
- Also last month, the Alaska Oil and Gas Conservation Commission heard our application to modify the Prudhoe Bay gas offtake rate, and allow for CO2 injection from the Alaska LNG Project into the main Prudhoe Bay reservoir.
 - Regulatory approval of Prudhoe Bay gas offtake is another critical step in this process.
 - Certainty of gas offtake underpins our upcoming FEED decision;
 - To support that huge financial commitment we want to reduce uncertainty wherever we can.
- And as you just heard from Steve Butt, the Project Team is making good progress on the pre-FEED deliverables.

So while there is still much work to be done, we continue to make progress. We understand the Governor's recent statements about the need for additional progress. We agree.

The agreements we are actively negotiating are complex, and will impact this multi-billion dollar project that will span decades. Given the complicated issues we are working through and the fact that each of the parties in the negotiations has its own needs and concerns, it shouldn't surprise you that the negotiations can be difficult. If we did not hit speed bumps along the way, you should be concerned. It would mean that we weren't driving down the road. We are driving down that road and continuing to make progress.

BP desires to get these agreements done as soon as possible, but we also recognize that it is essential to ALL parties that these agreements are done well.

BP is committed, just as we have been throughout this process, to working out our remaining issues as quickly and as fairly as possible.

We are encouraged that the project continues to make real, tangible progress, as measured by those key external milestones I mentioned.

BP remains actively engaged to continue progressing the Alaska LNG project, both with the technical work and the associated commercial work.

The project momentum is continuing.

BP looks forward to seeing the project through to its success.

Thank you, Madam Chair.