



September 19, 2016

The Honorable Bill Walker
Governor of the State of Alaska
Office of the Governor
P.O. Box 110001
Juneau, AK 99811-0001

Dear Governor Walker,

Our companies are working with the Alaska Gasline Development Corporation (“AGDC”) to enable a State-led project to commercialize North Slope natural gas resources. We have made considerable progress in advancing those discussions, and we are committed to helping AGDC move a State-led project forward. We are already aligned on:

- providing the work completed to date on the AKLNG Project to AGDC; and
- working with AGDC on structural and commercial concepts that could lower the project’s cost of supply and enhance its competitiveness in a difficult, low price environment.

We also are preparing plans to hand over ongoing regulatory and commercial work to AGDC. The plans include milestones to:

- transfer interests in the Alaska LNG Project LLC (which holds land rights and its Department of Energy Export License) to AGDC; and
- provide for a smooth and orderly transition of the ongoing work to AGDC targeting to begin by October 31, 2016 and end by December 31, 2016.

Importantly, our understanding is that AGDC intends to move forward with other project milestones, such as filing a FERC application to permit the project under Section 3 of the Natural Gas Act and progress other key enablers of a State-led project. They include:

- seeking confirmation of the project’s federal tax exempt status;
- evaluating the availability of tax-exempt financing; and
- exploring the possibility of EPC contractors accepting project cost overrun risk.

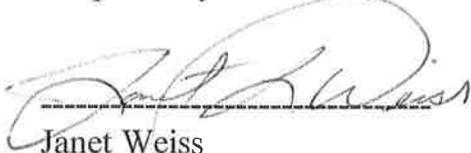
Our companies support, and will continue to support, these activities. Our understanding is that AGDC believes these activities could reduce the project's cost of supply, lead to improved project competitiveness and ultimately a State-led project moving forward, and we are prepared to support their efforts.

The parties are working to enable a State-led project and to determine how gas might be secured for a project; through the purchase of gas, tolling arrangements with gas owners or gas buyers or other commercial arrangements. Furthermore, our affiliates have supported a State-led project by committing to make gas available to a viable ANS gas project through bilateral negotiations of mutually agreed, commercially reasonable terms.

We understand AGDC also plans to promote the project with investors and gas/LNG buyers. These efforts could bring the investors and gas/LNG buyers together.

The appropriate parties are already discussing all these pertinent topics, including the sharing of relevant information. We appreciate your recognition of the support our companies' have provided and our commitment to efforts to help AGDC move a State-led project forward.

Respectfully Submitted,



Janet Weiss
on behalf of
BP Alaska LNG LLC



Joe Marushack *JEE R. 59*
on behalf of
ConocoPhillips Alaska LNG Company