

September 28, 2018

Sean Clifton
State of Alaska
Department of Natural Resources
550 W. 7th Avenue, Suite 1100
Anchorage, Alaska 99501
Email: Sean.Clifton@alaska.gov

Dear Mr. Clifton,

In response to your solicitation of interest, dated August 31, 2018, Alaska Gasline Development Corporation (AGDC) hereby expresses its interest in purchasing royalty in kind gas from the Prudhoe Bay Unit (PBU) and the Point Thomson Unit (PTU).

Under terms already in discussion with DNR, AGDC proposes to purchase the entire royalty in kind share of gas available from PBU and PTU for a major gas sale. Using your estimate, AGDC would purchase the royalty in kind share of an estimated 28 trillion cubic feet (28 tcf) of gas (22 tcf from PBU and 6 tcf from PTU). AGDC would also purchase any PBU or PTU gas made available by DNR if tendered as tax-as-gas by the PBU and PTU leaseholders.

The time-period for the purchase would begin during the commissioning period for the Alaska LNG System (currently expected to begin in 2024), encompass a build-up and a plateau period of 20 years, and include a decline period commensurate with the production declines of the two fields. Total duration of the proposed purchases would be 25-30 years. AGDC would reserve a portion of this gas to meet in-state needs, up to 500 mmcf depending on demand.


Under the AGDC basis of design, gas from PBU and PTU would be delivered to AGDC at the unit boundaries and transported via pipeline to a gas treatment plant near the Prudhoe Bay Central Gas Facility, where non-hydrocarbon byproducts would be removed. It would then enter a pipeline for transport to either in-state markets, or a liquefaction plant located in the Nikiski area. Gas that is not sold into in-state markets would be liquefied and transported via LNG tanker to other markets.

Please address notices or questions regarding this letter of interest to:

Lieza Wilcox
Vice President Commercial and Economics
Alaska Gasline Development Corporation
3301 C Street, Suite 100
Anchorage, AK 99503
Email: Lwilcox@agdc.us

On behalf of AGDC, thank you for the opportunity to express our interest.

Sincerely Yours,

A handwritten signature in black ink that reads "Lieza V. Wilcox". The signature is written in a cursive style with a large initial "L".

Lieza Wilcox
Vice President, Commercial and Economics
Alaska Gasline Development Corporation