

ExxonMobil Development Company

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Jim K. Flood

Vice President

ExxonMobil

October 3, 2016

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Office of the Governor
Anchorage

The Honorable Bill Walker
Governor of Alaska
550 West Seventh Avenue, Suite 1700
Anchorage, Alaska 99501

Dear Governor Walker:

ExxonMobil wants to take this opportunity to update you regarding various matters related to the Alaska LNG Project.

All of the Pre-FEED materials have been delivered to the Alaska LNG Project parties and the remaining draft Resource Reports have been provided to FERC. As a follow-up to the August testimony, we are also informing the Legislature that we achieved these milestones.

As directed, we are progressing handover to a state-led Alaska LNG project, as the Alaska Gasline Development Corporation (AGDC) believes it can reduce the Project's cost of supply in these challenging market conditions, improving the Project competitiveness, and ultimately providing a basis for commercializing North Slope gas.

ExxonMobil remains committed to make our natural gas available to a viable ANS gas project through bilateral negotiations of mutually agreed terms, including a predictable and durable fiscal agreement. We are prepared to enter these negotiations once the commercial structure of a state-led Alaska LNG project has been determined.

As you are aware, the Alaska LNG Project is not able to enter FEED in 2017 due to the Project's currently uncompetitive cost of supply and lack of progress on foundational commercial agreements, particularly mutually agreed and durable fiscal terms.

We appreciate your recognition of ExxonMobil's role as lead party and our efforts to provide information to AGDC to progress a state-led Alaska LNG project. As we collaborate to develop Alaska's natural gas, we look forward to staying in communication with you.

Sincerely,

