



STATE OF ALASKA
OFFICE OF THE GOVERNOR

LNG Producer Consumer Conference

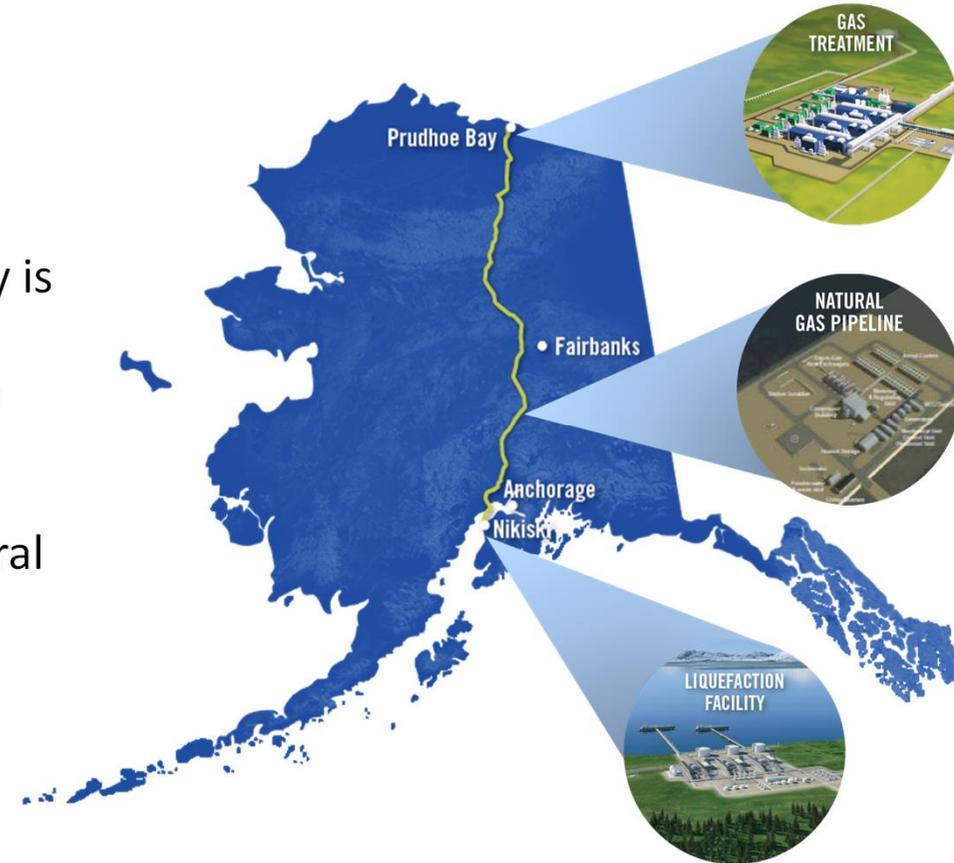
Tokyo, Japan • November 24, 2016

Presentation by Governor Bill Walker



Alaska Moving Forward

- Alaska is taking the lead to move a major gas infrastructure project forward.
- Alaska is motivated as a sovereign:
 - ✓ Seeks to monetize its resources; over 8 Bcf per day is reinjected on the North Slope.
 - ✓ Focused on developing a project for the long-term benefit of its people, not simply on quarterly earnings/profit margins.
 - ✓ Able to provide tax advantages e.g. potential federal tax exemption.
 - ✓ Can provide a streamlined regulatory process and leverage its strong relationship with the federal government.

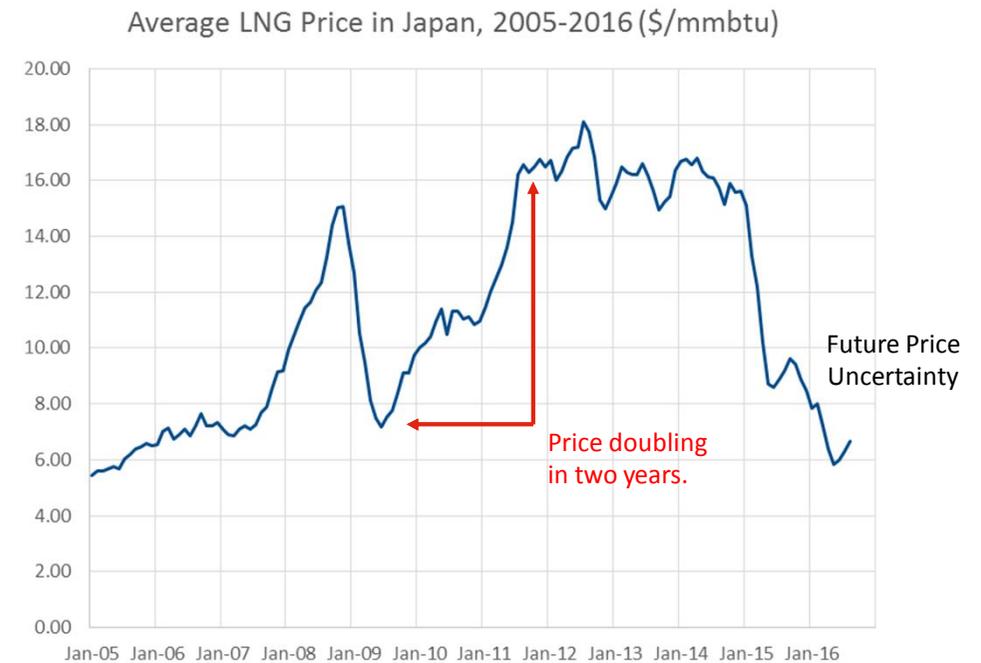


Bcf/d = Billion cubic feet per day



Price Volatility Creates Challenges

- Under historical pricing, utilities and ratepayers absorb world price fluctuations.
- Volatility causes economic, budgetary, and investment uncertainties for both consuming and producing sovereigns.
- A direct relationship between sovereigns to develop energy supply infrastructure can provide stability and predictability.



Source: World Gas Intelligence



Alaska – A Stable Investment Partner

- Proactive and innovative regulatory process in regards to land availability and right-of-way.
- Pursuit of third party infrastructure financing.
- Continuous promotion of upstream development of oil and gas resources:
 - ✓ Annual oil and gas lease sales to facilitate new field exploration investment,
 - ✓ Provide technical reports and geologic maps on oil and gas resources on state land to the public,
 - ✓ Previously set aside lease tracts for methane hydrate field production tests (in collaboration with U.S. DOE and JOGMEC),
 - ✓ Additional opportunities for partnership in current and future oil and gas development projects.

Alaska's Sedimentary Basins



Source: Alaska Department of Natural Resources



Alaska – A Stable Regional Supplier

- Alaska is a stable supply source in the region with a direct route to major Asian markets.
- Alaska has the ability and flexibility to offer innovative pricing contracts.
 - ✓ Stability plus index to local hub if desired.
- Low cost, proven conventional reserves.
- Value chain integration and investment opportunity.
- Complete destination flexibility.



Alaska Moving Forward