January 14, 2014

HEADS OF AGREEMENT

By and Among

THE ADMINISTRATION OF THE STATE OF ALASKA

ALASKA GASLINE DEVELOPMENT CORPORATION

TRANSCANADA ALASKA DEVELOPMENT INC.

EXXONMOBIL ALASKA PRODUCTION INC.

CONOCOPHILLIPS ALASKA, INC.

BP EXPLORATION (ALASKA) INC.

FOR THE ALASKA LNG PROJECT

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THIS HEADS OF AGREEMENT is made this 14th day of January, 2014 ("Effective Date") by and among:

(1) The Administration of the State of Alaska, by and through the Commissioner of the Department of Natural Resources ("DNR") and the Commissioner of the Department of Revenue ("Administration" or "Commissioners");

(2) Alaska Gasline Development Corporation ("AGDC");

(3) TransCanada Alaska Development Inc. ("TADI");

(4) ExxonMobil Alaska Production Inc. ("EMAP");

(5) ConocoPhillips Alaska, Inc. ("ConocoPhillips"); and

(6) BP Exploration (Alaska) Inc. ("BP").

The Administration, AGDC, TADI, EMAP, ConocoPhillips, and BP may hereinafter be collectively referred to as the "Parties" and separately as a "Party". TADI, EMAP, ConocoPhillips, and BP (and their respective Affiliates participating in the Alaska LNG Project) and AGDC are collectively referred to as the "Alaska LNG Parties" and EMAP, ConocoPhillips and BP (and their respective upstream Alaska Affiliates) are collectively referred to as the "Producer Parties".

RECITALS

(A) Each of the Producer Parties owns natural gas resources on the Alaska North Slope and each Producer Party has explored and pursued, individually and jointly, various means of bringing ANS natural gas to market in previous projects, including the Alaska Natural Gas Transportation System project, liquefied natural gas export projects, gas-to-liquids conversion projects, the Alaska Gas Producers Pipeline Team project, the Denali Gas Pipeline project and the Alaska Pipeline Project.

(B) The Parties are currently undertaking work to evaluate a project to potentially commercialize ANS natural gas resources through the Alaska LNG Project (as that term is defined below). The Administration and AGDC believe that the Alaska LNG Project may provide an opportunity for AGDC to provide gas to Alaskans at the lowest possible cost.

(C) In October 2011, in response to changed circumstances, including a substantial increase in U.S. shale gas reserves in the Lower 48 states, Governor Parnell requested the Licensee under the Alaska Gasline Inducement Act ("AGIA") to work cooperatively with the Producer Parties to evaluate the economic feasibility of an LNG alternative, which would include LNG export volumes and the opportunity for deliveries of in-state gas. The Licensee (an Affiliate of TADI) had previously (with an Affiliate of ExxonMobil) been focused on a project to transport Alaska gas to Alberta for further delivery to North American markets.

(D) In January of 2012, the CEOs of ExxonMobil, BP and ConocoPhillips met with Governor Parnell and on March 30, 2012, the CEOs issued a letter informing the Governor of their progress and planned activities in pursuit of an LNG export project utilizing ANS gas resources, which would also provide the opportunity for in-state gas deliveries, and noting the importance of establishing appropriately structured and stable fiscal arrangements (see Exhibit I-A).

(E) In October of 2012, ExxonMobil, BP, ConocoPhillips and TADI informed the Governor of the significant early efforts to progress what is now known as the Alaska LNG Project, including the establishment of an integrated team with specialized skills to further pursue and advance the work. Numerous potential options to commercialize the ANS gas resources were analyzed due to the complex nature of developing the vast ANS gas resources. The letter also described the challenges facing development of the Alaska LNG Project and the need for a healthy, long-term oil business, underpinned by a competitive fiscal framework (see Exhibit I-B).

(F) In February of 2013, the Producer Parties and TADI agreed on a concept for the potential Alaska LNG Project and began to undertake initial Pre-FEED activities which is an important and substantial step in major project developments. Those Parties are currently considering ramping up Pre-FEED activities (see Exhibit I-C).

(G) The Alaska LNG Parties are currently negotiating commercial agreements for Pre-FEED to move to the next phase of the Alaska LNG Project based on the concept development and successful 2013 summer field season work performed by the Producer Parties and TADI.

(H) Funding by the State of Alaska ("State") under AGIA has supported some key activities including the 2013 summer field season. Now that it is evident that an LNG export project (along with the opportunity for in-state delivery of gas), rather than a pipeline to Alberta, Canada, is the leading case to commercialize ANS gas resources, the Administration, the AGIA Licensee and TADI have concluded that it is appropriate to transition from the AGIA license and to focus efforts on the Alaska LNG Project.

(I) In 2013, the Legislature passed and Governor Parnell signed legislation for AGDC to pursue an in-state gas pipeline, the Alaska Stand Alone Pipeline ("ASAP") project. The Administration and AGDC intend that AGDCS would participate in the Alaska LNG Project, and AGDC would establish membership on the board of AGDCS which may include the Commissioners, to the extent permitted by law. The Administration also intends to seek funding for AGDC (or AGDCS, when formed) participation in the Alaska LNG Project. AGDC will also continue to pursue the ASAP project. AGDC and the Alaska LNG Parties intend to cooperate with one another on technical and engineering matters to achieve efficiencies and share technical data to effectively manage resources.

(J) The Alaska LNG Parties wish to ramp up the Pre-FEED phase of the Alaska LNG Project, which is estimated to cost over $400 million, but are seeking understandings with the State concerning the State's and the Producer Parties' desire for State participation in the Alaska

LNG Project, consistent with certain fiscal and commercial principles described in this HOA, prior to ramping up the Pre-FEED phase. Similarly, the Administration is seeking understandings from the Alaska LNG Parties to advance the Alaska LNG Project.

(K) The Administration has determined that State participation in the Alaska LNG Project could yield significant overall benefits for the State. The Parties recognize that enabling legislation to facilitate State participation in advancing an LNG export project to develop Alaska gas resources is desirable.

(L) The Producer Parties and the Administration have developed guiding objectives to progress the Alaska LNG Project, which include creating an environment to: (a) enable the Alaska LNG Project to be completed in an expedited and reasonable fashion; (b) maximize the value of ANS resources to the State, Producer Parties and other stakeholders; and (c) expand the contribution of ANS resource development to Alaska's economic growth.

(M) The Parties have entered into discussions as to how they may cooperate with each other to jointly pursue the Alaska LNG Project. Accordingly, this HOA establishes certain guiding principles and understandings to support advancement of the Alaska LNG Project and that would lead to important commercial and operating arrangements between the Parties.

NOW, THEREFORE, the Parties agree as follows:

ARTICLE 1: DEFINITIONS

1.1. ***"Affiliate"*** means,

a. In relation to TADI or a Producer Party, any company, corporation, partnership or other legal entity (in this definition, each such entity and each Party are sometimes referred to as a "Company"), that:

   (i) Is directly or indirectly owned or controlled by such Party;

   (ii) Directly or indirectly owns or controls such Party; or

   (iii) Is directly or indirectly, owned or controlled by a Company that also, directly or indirectly, controls such Party; and

b. In relation to AGDC, those State entities that otherwise meet the requirements of the definition above, when acting only in the State's proprietary capacity, including other independent State corporations.

For the purpose of this definition, a Company is directly owned or controlled by another Company that owns or controls shares or other interests carrying in the aggregate more than 50 percent of the voting rights exercisable at a general, shareholders, or members meeting of the first-mentioned Company, or the right to appoint or dismiss a majority of the directors thereof, or the power to direct or cause the direction of the management or policies through the ownership of securities, by contract or otherwise. A Company is indirectly owned or controlled by a

Company or Companies (the "parent Company or Companies") if a series of Companies can be specified, beginning with the parent Company or Companies and ending with the particular Company, so related that each Company of the series, except the parent Company or Companies, is directly controlled by one or more of the Companies in the series.

1.2. "***AGDC***" means the Alaska Gasline Development Corporation as set forth in AS 31.25.

1.3. ***"AGDCS"*** means a wholly-owned subsidiary of AGDC to be formed for the specific purpose of participating in the Alaska LNG Project.

1.4. ***"Alaska LNG Project"*** means, collectively, the project components consisting of the LNG Plant, the Gas Pipeline, the Gas Treatment Plant, the PBU Gas Transmission Line, and the PTU Gas Transmission Line.

1.5. ***"Alaska North Slope"*** or ***"ANS"*** means that part of Alaska that lies north of 68 degrees North latitude.

1.6. ***"Enabling Legislation"*** means legislation enacted by the Alaska Legislature that has become effective as provided in AS 01.10.070, and that at a minimum:

a. Provides for a confidential process that would allow the Administration to participate in developing terms for contracts associated with a project, including but not limited to (1) project-enabling contracts, which contracts are subject to subsequent legislative ratification, (2) the front-end engineering and design work agreements and (3) other project implementation contracts; and

b. Allows for contract terms which could include terms that address: State participation; a State share of gas (royalty in kind and gas in lieu of production taxes); property taxes; upstream costs and lease expenditures; in-state gas deliveries; ownership interests; operating agreements; gas treatment, transportation, and liquefaction services agreements; State LNG or gas sales contracts; contract duration and durability; periodic project reporting; Alaska hire; Alaska contracting; and other terms necessary to advance projects to commercialize Alaska's natural gas resources.

1.7. ***"FEED"*** means a front-end engineering and basic engineering design study, which, without limitation, would include the following:

a. Sufficiently detailed basic engineering packages for the components of the Alaska LNG Project and a contracting strategy to enable contractor bidding for the Engineering, Procurement and Construction ("EPC") contracts;

b. A resourcing, commissioning and start-up plan;

c. The finalization of the key project agreements required to implement the Alaska LNG Project;

d. A technical and commercial definition of the Alaska LNG Project;

e. A detailed update of the Alaska LNG Project economics, financing and commercial assumptions, including an updated estimate of capital costs sufficient for a final investment decision;

f. A final assessment of environmental, social and health impacts of the Alaska LNG Project;

g. Long-lead procurement activities;

h. Other activities necessary to enable a final investment decision to be taken by the Alaska LNG Parties such as but not limited to financing, permitting and registration; and

i. The bidding and internal selection of EPC contractors, as applicable.

The detailed work plan and deliverables of FEED will be developed during Pre-FEED.

1.8. ***"FEED Agreement"*** means the agreement or agreements under which FEED would be undertaken for the Alaska LNG Project.

1.9. ***"FERC"*** means the Federal Energy Regulatory Commission.

1.10. ***"Gas Pipeline"*** means the Alaska LNG Project component consisting of a main natural gas pipeline from the outlet flange of the GTP on the Alaska North Slope to the inlet flange of the LNG Plant, including the structures, equipment, underlying land rights and all other associated systems, but excluding any other gas pipelines taking gas from any Offtake Point.

1.11. ***"Gas Treatment Plant"*** or ***"GTP"*** means the Alaska LNG Project component consisting of facilities, including the structures, equipment, underlying land rights and all other associated systems and related activities to receive natural gas from the PBU Gas Transmission Line, the PTU Gas Transmission Line, or other facilities, treat the natural gas to pipeline quality specifications, dispose of or deliver by-products, deliver liquid products for further transportation, and deliver treated natural gas for transportation through the Gas Pipeline.

1.12. ***"HOA"*** means this Heads of Agreement, including its Recitals and Appendix A.

1.13. ***"Initial Project Term"*** has the meaning provided in Section 9.2.

1.14. ***"Joining Party"*** has the meaning provided in Section 13.6.

1.15. ***"Licensee"*** means, collectively, TransCanada Alaska Company, LLC, a Delaware limited liability company, and Foothills Pipe Lines Ltd.

1.16. ***"LNG"*** means any hydrocarbon or mixture of hydrocarbons consisting predominantly of methane in a liquid state at or below its boiling point at a pressure of approximately one atmosphere.

1.17. ***"LNG Plant"*** means the Alaska LNG Project component consisting of an LNG plant facility, including the structures, equipment, underlying land rights and all other associated systems, for pre-processing and liquefaction of natural gas, and storage and off-loading of liquefied natural gas, including terminal facilities and auxiliary marine vessels.

1.18. ***"MOU"*** has the meaning provided in Section 5.4.

1.19. ***"NGA Section 3"*** has the meaning provided in Section 6.1.

1.20. ***"Offtake Point(s)"*** has the meaning provided in Section 6.5.

1.21. ***"PBU Gas Transmission Line"*** means the Alaska LNG Project component consisting of a natural gas transmission line from the outlet flange of the Prudhoe Bay Unit Central Gas Facility to the inlet flange of the GTP including the structures, equipment, underlying land rights and all other associated systems.

1.22. ***"PILT"*** means a payment in lieu of property tax as set forth in Section 9.3.1.a.

1.23. ***"Pre-FEED"*** means pre-front-end engineering and design work and activities on the approved concept in preparation for FEED for the Alaska LNG Project, including technical and execution studies and optimization and FEED / EPC invitation to tender development including sufficient design detail and environmental field work to support FERC applications and filings.

1.24. ***"PTU Gas Transmission Line"*** means the Alaska LNG Project component consisting of a natural gas transmission line from the outlet flange of the Point Thomson Unit production facility to the inlet flange of the GTP including the structures, equipment, underlying land rights and all other associated systems.

1.25. ***"RIK"*** means royalty in kind as provided in Section 8.1.1.

1.26. ***"RIV"*** means royalty in value as provided in Section 8.1.1.

1.27. ***"State Gas Share"*** means, collectively, the State's share of RIK gas and Tax as Gas as provided in Section 8.3.

1.28. ***"Tax as Gas" or "TAG"*** has the meaning provided in Section 8.2.

1.29. ***"Transfer"*** means any sale, assignment, contribution or other disposition (a) by an Alaska LNG Party of all or part of its participating interests in the Alaska LNG Project or (b) by an Alaska LNG Party or its Affiliates of all or part of its rights and obligations in any ANS lease from which gas would be produced into the Alaska LNG Project, to a transferee (including without limitation by merger or consolidation).

1.30. ***"Transmission Lines"*** means the Alaska LNG Project components consisting of the PBU Gas Transmission Line and the PTU Gas Transmission Line.

ARTICLE 2: PRINCIPLES

2.1 This HOA sets out the guiding principles upon which the Parties wish to progress work for evaluation of the Alaska LNG Project. It is understood and agreed that if the Legislature passes Enabling Legislation that is acceptable to the Parties, the Parties would negotiate contracts, which would incorporate the principles contained in Articles 5 through 12. In entering into this HOA, it is the intent of the Parties that this HOA provide Alaskans with a roadmap for how the Parties intend to advance the Alaska LNG Project.

ARTICLE 3: BENEFITS OF THE ALASKA LNG PROJECT

3.1 A successful Alaska LNG Project would provide substantial benefits to the State, Alaska LNG Parties, and other stakeholders, including, but not limited to:

a. The opportunity for competitively priced, reliable in-state gas supply;

b. Commercialization of ANS gas resources through the sale of LNG to global markets and access for in-state gas demand;

c. Creating jobs for Alaskans in the exploration, development, production and transportation of natural gas;

d. Increased opportunities for Alaska-based contractors;

e. Additional revenues to the State and Alaska LNG Parties; and

f. Infrastructure for development of onshore and offshore state and federal lands to enhance Alaska oil and gas exploration and production opportunities for the Producer Parties and other explorers and producers.

ARTICLE 4: ALASKA LNG PROJECT WORK

4.1 Execution of the Alaska LNG Project involves a phased development process. To date, one or more of the Alaska LNG Parties have accomplished certain work, and the Alaska LNG Project is poised to ramp up the Pre-FEED phase. The purpose of Pre-FEED is to progress technical work that would provide each of the Alaska LNG Parties with sufficient information for evaluating the technical, cost and schedule aspects of the Alaska LNG Project. The Pre-FEED work, when used with other information regarding the commercial, legal, economic, financial, marketing, timing and other necessary aspects of the Alaska LNG Project, will assist the Alaska LNG Parties in determining how to proceed with the phased project development process, including whether to proceed to the FEED phase of the Alaska LNG Project. The FEED phase would involve the expenditure of billions of dollars to progress the Alaska LNG Project to the final investment decision ("FID").

4.2 Subject to the Alaska LNG Parties executing a new commercial agreement for ramping up Pre-FEED work, the Alaska LNG Parties will continue that work through completion, provided Enabling Legislation acceptable to the Parties is passed and other support referenced in Article 10 is maintained or progressed. The Pre-FEED work is expected to ramp up in the second quarter of 2014, and is anticipated to take between 18 and 24 months to complete, with a determination on proceeding to the FEED phase expected to occur within approximately 36 months after ramp up of Pre-FEED. During Pre-FEED, the Alaska LNG Parties will continue to provide regular Alaska LNG Project updates to the Administration, the Alaska Legislature and the public.

4.3 Upon completion of Pre-FEED deliverables for the Alaska LNG Project, the Alaska LNG Parties will decide whether to proceed with FEED for the Alaska LNG Project. Each Alaska LNG Party will make that decision in its sole discretion.

4.4 A decision by the Alaska LNG Parties to advance the Alaska LNG Project to FEED is subject to, among other things:

a. Enabling Legislation and other laws and regulations of the State to advance the Alaska LNG Project, including necessary fiscal and commercial terms as set forth in this HOA;

b. Approval by the management or approving authority of the Parties, as applicable;

c. Determination of Alaska LNG Project component sizing, gas quality specifications, and expansion terms; and

d. Execution of contracts as contemplated by Section 7.4, as well as gas treatment, transportation, and liquefaction services agreements, and the execution of the FEED Agreement.

4.5 During the Pre-FEED phase, each of the Producer Parties and the State would initiate preliminary, individual LNG or gas sales or shipping efforts. During the FEED phase, each of those Parties would seek to execute individual LNG (or gas) sales and shipping agreements.

4.6 During the Pre-FEED phase, the Parties would work to develop mutually agreeable gas offtake and balancing agreements to facilitate gas offtake by each of the Parties with regard to their rights to capacity in the Alaska LNG Project.

ARTICLE 5: STATE PARTICIPATION IN THE PROJECT

5.1 The Administration has determined that State participation in the Alaska LNG Project could yield significant overall benefits for the State, including:

a. Protecting the State’s mineral interests and maximizing the value of its resources;

b. Improving alignment of interests between the State and the Producer Parties;

c. Transparency for the Administration (when acting in its proprietary capacity in regards to the State Gas Share, and with relevant confidentiality protections) regarding the Alaska LNG Project;

d. Access and pro-expansion principles for the Alaska LNG Project;

e. Creating an opportunity for delivering gas to Alaskans;

f. An opportunity for additional State revenues; and

g. Reducing valuation and other potential disputes between the Producer Parties and the State.

5.2 The Producer Parties believe that State participation in key aspects of the Alaska LNG Project, including its investment and sharing of other costs, in balance with a share of gas from the Alaska LNG Project, is a significant enabler of a successful project of that size and complexity. Accordingly, the Producer Parties support State participation in the Alaska LNG Project.

5.3 Subject to the passage of Enabling Legislation and execution of project-enabling contracts, including satisfactory arrangements for disposition of the State's share of LNG, the State would participate in the Alaska LNG Project at a participating interest share in the Alaska LNG Project components consistent with the State Gas Share in those components. The Parties anticipate the State's participating interest share in each component would be approximately 20% to 25%.

5.4 The Administration intends to enter into project implementation agreements with one or more parties to hold the State's participating interest in the Alaska LNG Project, which could include TADI and AGDC, recognizing that the Administration has entered a memorandum of understanding ("MOU") with TADI and certain of its Affiliates. The Administration, with the concurrence of TADI and certain of its Affiliates, plans on publicly releasing the MOU contemporaneously with the public release of this HOA.

5.5 During the Pre-FEED phase, the Producer Parties, TADI, and AGDC (including representatives of the Administration when those representatives are acting in a proprietary capacity in regard to the State Gas Share, and with relevant confidentiality protections) would negotiate in good faith to enter into the agreements for FEED for the Alaska LNG Project. To support those negotiations, the Alaska LNG Parties would provide for reasonable disclosure of information related to the State's participating interest in the Alaska LNG Project to representatives of the Administration when those representatives are acting in a proprietary capacity in regard to the State Gas Share, and with relevant confidentiality protections.

5.6 The Alaska LNG Parties support the principle of providing access to information related to the components of the Alaska LNG Project in which that Alaska LNG Party has an ownership interest or, prior to ownership being established, a participating interest. With respect to AGDC, access to information would include access for those representatives of the Administration associated with AGDC when those representatives are acting in a proprietary capacity in regard to the State Gas Share, and with relevant confidentiality protections. Disclosure of such information would be in accordance with applicable law, subject to relevant confidentiality protections and sufficient to allow each Alaska LNG Party to meet its reasonable business needs, including obligations to customers, in respect of the Alaska LNG Project. The Alaska LNG Parties would negotiate in good faith to implement these principles in subsequent project implementation agreements.

ARTICLE 6: REGULATORY FRAMEWORK, ACCESS AND EXPANSION

6.1 The Parties have discussed a tailored regulatory framework for the Alaska LNG Project under Section 3 of the Natural Gas Act, 15 U.S.C. § 717b ("NGA Section 3"), and recognize the availability of this framework to meet the needs of all Parties.

6.2 During Pre-FEED, the Alaska LNG Project will be advanced under NGA Section 3.

6.3 Access and Pro-Expansion Principles.

a. The Parties will advance development of a commercial structure that is consistent with the regulatory framework.

b. AGDC and TADI shares of capacity in the Alaska LNG Project components would be owned and operated, in whole or in part, on terms that would provide access for third-parties, for both in-state and export volumes. These access terms would be developed by the State, AGDC and TADI and would utilize contract carriage principles.

c. Each Producer Party's individual capacity in the Alaska LNG Project components would be owned and operated on a proprietary basis.

d. The Parties would jointly develop acceptable terms regarding firewalls and FERC adjudication, where appropriate.

e. Expansion terms consistent with the "Pro-Expansion Principles" set forth in Appendix A would also be agreed by the Parties.

6.4 Prior to entering FEED, the following will be pursued in interactions with the FERC:

a. The Parties will support, including holding discussions (as permitted by FERC rules) with the FERC staff regarding the application and implementation of NGA Section 3 to the Alaska LNG Project.

b. Based on those discussions, the Parties will meet to consider the joint filing of a petition for declaratory order with FERC to confirm these principles.

Each Party must be satisfied with the commercial terms and regulatory framework prior to the execution of the FEED Agreement for the Alaska LNG Project.

6.5 To assist in addressing in-state gas demand, the Alaska LNG Project would include at least five in-state offtake points ("Offtake Point(s)"), with the specific locations determined by the Administration in consultation with AGDC. Any Party may deliver gas to an Offtake Point. Any facilities taking gas from an Offtake Point, including facilities associated with odorization, reduction of gas pressure, or control of gas heating value or gas quality, are not part of the Alaska LNG Project and would need to be funded, installed and maintained by third parties.

6.6 Third-party gas to be delivered into any component of the Alaska LNG Project must meet the gas quality specifications of the applicable Alaska LNG Project component, and must not adversely affect the cost of service, technical aspects or LNG quality from the Alaska LNG Project facilities.

ARTICLE 7: GENERAL ENABLING LEGISLATION

7.1 Alignment among parties is critical to the success of a project of the scope and magnitude necessary to develop Alaska gas resources. General legislation to allow State participation and gas share in any such project is critical for the progression and implementation of a project. Depending on the scope, size and other factors associated with a particular project, the level of State participation may vary. For projects that qualify under the general law, a mechanism to provide project-enabling terms would be needed.

7.2 To facilitate Alaska gas development and help advance the Alaska LNG Project and other qualifying projects, the Administration will submit proposed general legislation to the Alaska Legislature in the 2014 regular legislative session to:

a. Establish terms for State participation and State gas share consistent with Articles 5, 8 and 9;

b. Provide for a confidential process, subject to subsequent legislative ratification, to develop terms for project-enabling contracts; and

c. Allow for inclusion of contract terms which could include and address: State participation; a State share of gas (royalty in kind and gas in lieu of production taxes); property taxes; upstream costs and lease expenditures; in-state gas deliveries; ownership interests; operating agreements; gas treatment, transportation, and liquefaction services agreements; State LNG or gas sales contracts; contract duration and durability; periodic project reporting; Alaska hire; Alaska contracting; and other terms necessary to advance projects to commercialize Alaska's natural gas resources.

7.3 During the term of the HOA, and to the extent permitted by law, each Party agrees to include and support the provisions of Articles 5 through 12, inclusive, in any future legislation or contractual arrangements that could apply to the Alaska LNG Project.

7.4 Depending on the enactment of Enabling Legislation acceptable to the Parties, the Administration and the Alaska LNG Parties would use commercially reasonable efforts to negotiate project-enabling contracts consistent with that legislation and this HOA.

7.5 The Administration will submit to the Alaska Legislature, and the Parties will support, to the extent permitted by law, legislation in a 2015 legislative session to ratify any Alaska LNG Project-enabling contracts developed by the Parties under the process authorized in the 2014 legislation and address any other matters the Parties mutually agree are necessary for advancement of the Alaska LNG Project.

7.6 The Administration recognizes that projects proposed under the general law will have different needs, reflecting the complexity and magnitude of the investments required for the project, and that the corresponding duration of any such project contracts may vary.

ARTICLE 8: ROYALTIES AND PRODUCTION TAXES

8.1 **Royalty.**

8.1.1 Alaska law, as set forth in AS 38.05.182(a), provides that "royalties on oil and gas shall be taken in kind unless the commissioner determines that the taking in money would be in the best interest of the state." Thus, absent a finding by the Commissioner of DNR that the taking of its royalty in money (commonly referred to as royalty in value, or "RIV") for royalties generated as a result of the Alaska LNG Project would be in the best interest of the State, the royalties generated as a result of the Alaska LNG Project must be taken in kind ("RIK").

8.1.2 The November 2013 "Alaska North Slope Royalty Study" performed by Black & Veatch ("Royalty Study") at the direction of the Commissioner of DNR identifies several potential issues relating to the State taking RIK for an LNG export project including the State's current lack of LNG marketing expertise.

8.1.3 Subject to the passage of Enabling Legislation and execution of project-enabling contracts including satisfactory arrangements for disposition of the State's share of LNG:

8.1.3.1 The State will take as RIK the full royalty percentage permitted under the leases from which gas will be produced into the Alaska LNG Project for the Initial Project Term.

8.1.3.2 At least 36 months prior to the expiration of the Initial Project Term, the State will provide the Producer Parties advance written notice of any intention to elect to receive RIV, which election could only take effect after the Initial Project Term. If the State so elects to receive its royalty share in value at any time after the Initial Project Term, the relevant parties will need to agree on the terms for royalty valuation and corresponding impacts, if any, on the ownership in and capacity access to the Alaska LNG Project components.

8.1.3.3 The State and Producer Parties will modify any sliding scale royalty and net profits share royalty provisions in State leases from which gas will be produced into the Alaska LNG Project to provide for a fixed percentage royalty and the State will take as RIK as provided in Section 8.1.3.1.

8.2 **Gas Production Tax.** With regard to gas production taxes, which, assuming Enabling Legislation is enacted, could be taken by the State either in cash or as gas (the latter being referred to herein as “Tax as Gas” or “TAG”), and subject to Section 8.1.3.1 and execution of project-enabling contracts including satisfactory arrangements for disposition of the State’s share of LNG:

8.2.1 For the Alaska LNG Project contemplated under this HOA, the State will provide each Producer Party with the right to exercise a one time, irrevocable election, with no sunset requirement, to make gross gas production tax payments that are equal to a fixed percentage of that Producer Party’s taxable gas. Each Producer Party’s fixed percentage gas payments will be made in lieu of the production tax payments due by that Producer Party on gas produced under Alaska law.

8.2.2 Upon an election by a Producer Party under Section 8.2.1, the State will receive a fixed percentage of that Producer Party’s gas at a fixed rate of its taxable gas, delivered to the State at each delivery point into a Transmission Line. The Parties anticipate that TAG would be approximately 7% to 13%.

8.2.3 The TAG would be structured to allow the gas volumes to remain bookable as reserves by the Producer Parties.

8.3 **State Gas Share**

8.3.1 All RIK gas and TAG provided by the Producer Parties and received by the State, (collectively “State Gas Share”), will be delivered with custody and title transferring to the State at the delivery point into a Transmission Line.

8.3.2 The State will be responsible for disposition of the State Gas Share beyond the delivery points, including the State share of LNG made from the State Gas Share.

8.3.3 Consistent with advice from antitrust counsel, the Producer Parties are willing, in conjunction with a fiscal arrangement for an Alaska LNG Project under which the State has a State Gas Share, to agree that each Producer Party, if asked by the State, would offer to negotiate separately with the State in good faith to enter into an agreement with the State regarding the purchase or other disposition of a portion of the LNG that is made from the State’s deliveries of natural gas to the Alaska LNG Project, with each Producer Party negotiating a potential agreement regarding the purchase or other disposition of a portion that equals or exceeds that Producer Party’s respective proportionate share of the total of the Producer Party’s capacities (i.e., exclusive of the capacity owned or used by the State) in the LNG Plant component of the Alaska LNG Project.

ARTICLE 9: OTHER PROJECT-ENABLING TERMS

9.1 Alignment of the Parties is critical to the success of an LNG export project of this scope and magnitude. Alaska LNG Project fiscal terms are based on the principle of a fair and transparent balance of risk and reward.

9.2 Project-enabling contracts negotiated between the Parties will need to be of sufficient duration to support investment decisions of the Alaska LNG Parties, to permit realization of a competitive economic return, to enable necessary financing, and to support gas and LNG sales agreements ("Initial Project Term").

9.3 The Parties intend that the following fiscal terms, subject to them being commercially acceptable to all Parties, would be included in the project-enabling contracts for the Alaska LNG Project.

9.3.1 Subject to consultation by the Administration with local governments:

a. Payments in lieu of property tax ("PILT") would be paid by the Alaska LNG Parties on each component of the Alaska LNG Project. For the Alaska LNG Project, the PILTs would be on a unit rate per throughput basis (e.g., cents per thousand cubic feet, etc.) and could be level or escalating dollar payments for the Alaska LNG Project components.

b. The Parties would establish a series of impact payments to be paid by the Alaska LNG Parties to help offset increased service and other costs borne by the State and local governments during construction of the Alaska LNG Project.

9.3.2 Other terms that the Parties may mutually agree are necessary to support a commercially viable qualified project, including provisions to make the contractual terms predictable and durable.

ARTICLE 10: ADDITIONAL STATE SUPPORT FOR THE ALASKA LNG PROJECT

10.1 The Administration acknowledges that State support for the Alaska LNG Project is needed in a number of areas to progress a successful Alaska LNG Project. These include, but are not limited to, support for:

a. Use of eminent domain rights to facilitate implementation of the Alaska LNG Project design, permitting, financing, funding approval, construction and operation of the Alaska LNG Project, including drafting, introducing and supporting legislation where necessary;

b. Any DOE export license application and any related DOE regulatory process for the Alaska LNG Project;

c. Appropriations and permitting for the construction of necessary in-state infrastructure (e.g., roads, bridges), including drafting, introducing and supporting legislation;

d. Other local, State and federal permitting requirements for the Alaska LNG Project;

e. A healthy, long-term oil business; and

f. Other areas, including drafting, introducing and enacting legislation in the 2015 legislative session to clarify State regulatory authority, if and to the extent required to effect the Alaska LNG Project regulation provided in Article 6 (e.g., amendment of the Alaska Right-of-Way Leasing Act to address common carrier pipeline and other requirements, if required).

ARTICLE 11: ALASKA HIRE AND CONTENT

11.1 For the Alaska LNG Project, the Alaska LNG Parties will, within the constraints of law:

a. Employ Alaska residents and contract with Alaska businesses to the extent they are qualified, available, ready, willing, and cost competitive;

b. Use, as far as is practicable, job centers and associated services operated by the State Department of Labor and Workforce Development;

c. Participate with the State Department of Labor and Workforce Development to update the training plan for an LNG export project including marine operations;

d. Advertise for available positions locally and use, as far as practicable, Alaska job service organizations to notify the Alaska public; and

e. Work with the State Department of Labor and Workforce Development and other organizations to provide training.

11.2 Prior to construction, the Alaska LNG Parties commit to negotiate in good faith project labor agreements for the Alaska LNG Project.

ARTICLE 12: OTHER UNDERSTANDINGS

12.1 The Parties recognize that this HOA does not address all of the matters that must be dealt with or all of the terms and conditions needed to finalize project-enabling contracts among the Parties concerning a potential project. The Parties intend to work together and use commercially reasonable efforts to reach agreement on additional terms and conditions acceptable to all of the Parties.

12.2 In addition, the Parties will reasonably support cooperation between the Alaska LNG Project and the ASAP project on a technical and engineering basis so the State's options to connect the ANS gas resource to Alaskans are efficiently progressed.

ARTICLE 13: MISCELLANEOUS

13.1. Term and Termination

a. This HOA will become effective as of the Effective Date.

b. This HOA terminates December 31, 2015, unless extended by mutual agreement of the Parties.

13.2. Amendment and Modification

No amendment, modification, supplement or variation of this HOA will be effective unless in writing and signed by or on behalf of each Party.

13.3. Survival

The provisions of Articles 1 (Definitions) and 13 (Miscellaneous) will continue in full force and effect notwithstanding termination of this HOA.

13.4. No Liability or Damages

13.4.1. Nothing in this HOA requires any Party to reach or execute any legally binding or enforceable agreement(s) or to refrain from engaging in any business whatsoever, nor does any Party have any liability in connection with the subject matter of this HOA.

13.4.2. No Party is liable to any other Party or its Affiliates, officers, employees or agents, for any direct, indirect, special, incidental, consequential or punitive damages or otherwise liable for any loss of actual or potential profits, loss of production or business interruption arising out of or in any way connected with this HOA, including any breach of the terms of this HOA.

13.5. Governing Law

The laws of the State of Alaska, without giving effect to its conflicts of laws principles, will govern all questions concerning the construction, validity and interpretation of this HOA.

13.6. Transfer and Joinder

If an Alaska LNG Party, or its Affiliate, makes a Transfer during the term of this HOA, then the transferee ("Joining Party") may join as a Party to this HOA by executing a written instrument acceptable to the Parties. A Joining Party is considered both an Alaska LNG Party and a Party under this HOA.

13.7. **Counterparts**

This HOA may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of the HOA.

IN WITNESS WHEREOF, the Parties caused this HOA to be executed by their duly authorized representatives on the date below their respective signatures but effective on the Effective Date.

State of Alaska Department of Natural Resources

By: ____________________

Printed Name: Joe Balash

Title: Commissioner

Date: 1/14/14

State of Alaska Department of Revenue

By: Angela M Rodell

Printed Name: Angela M Rodell

Title: Commissioner

Date: 1/14/2014

Alaska Gasline Development Corporation

By: D R Fauske

Printed Name: DANIEL FAUSKE

Title: PRESIDENT

Date: 1-14-14

TransCanada Alaska Development Inc.

By: ____________________

Printed Name: ____________________

Title: ____________________

Date: ____________________

By: ____________________

Printed Name: ____________________

Title: ____________________

Date: ____________________

IN WITNESS WHEREOF, the Parties caused this HOA to be executed by their duly authorized representatives on the date below their respective signatures but effective on the Effective Date.

State of Alaska Department of Natural Resources

By: ______________________

Printed Name: ______________________

Title: ______________________

Date: ______________________

State of Alaska Department of Revenue

By: ______________________

Printed Name: ______________________

Title: ______________________

Date: ______________________

Alaska Gasline Development Corporation

By: ______________________

Printed Name: ______________________

Title: ______________________

Date: ______________________

TransCanada Alaska Development Inc.

By: [signature]

Printed Name: Tony Palmer

Title: President

Date: January 14, 2014

By: [signature]

Printed Name Annie C. Belecki

Title: Assistant Secretary

Date: January 14, 2014

ExxonMobil Alaska Production Inc.

By: ______________________ c/f

Printed Name: R.L. Broiles

Title: President

Date: 1/13/2014

ConocoPhillips Alaska, Inc.

By: ______________________

Printed Name: ______________________

Title: ______________________

Date: ______________________

BP Exploration (Alaska) Inc.

By: ______________________

Printed Name: ______________________

Title: ______________________

Date: ______________________

ExxonMobil Alaska Production Inc.

By: ______________________________

Printed Name: ____________________

Title: ___________________________

Date: ___________________________

ConocoPhillips Alaska, Inc.

By: T. E. Johansen

-BJJ Printed Name: TROND-ERIK JOHANSEN

Title: PRESIDENT

Date: JANUARY 14, 2014

BP Exploration (Alaska) Inc.

By: ______________________________

Printed Name: ____________________

Title: ___________________________

Date: ___________________________

BJJ 1/7

ExxonMobil Alaska Production Inc.

By: ______________________________

Printed Name: ______________________

Title: ____________________________

Date: ____________________________

ConocoPhillips Alaska, Inc.

By: ______________________________

Printed Name: ______________________

Title: ____________________________

Date: ____________________________

BP Exploration (Alaska) Inc.

By: Janet L Weiss

Printed Name: Janet Weiss

Title: President

Date: January 14, 2014

Appendix A
Pro-Expansion Principles

The following principles are for the Alaska LNG Project regulated under NGA Section 3. These principles apply to any component of the Alaska LNG Project.

A.1 **Alaska LNG Project Expansion.** The potential expansion of any component of the Alaska LNG Project (excluding the modification of an installed Alaska LNG Project liquefaction train, or installation of a new liquefaction train) would be addressed in the agreements to be developed during Pre-FEED, reflecting the following principles.

A.1.1 Following start-up of the Alaska LNG Project, any Alaska LNG Party may initiate the process for an expansion of any component of the Alaska LNG Project in which that Alaska LNG Party has an interest, unless that expansion would:

a. Materially and adversely affect or alter the Alaska LNG Project facilities or operations, including technical aspects, or scheduling or quality of deliveries from the Alaska LNG Project facilities;

b. Diminish service to the existing shippers or users of the Alaska LNG Project;

c. Cause the Alaska LNG Project to be in violation of any applicable environmental or safety laws or regulation; or

d. Cause a violation of the Alaska LNG Project right-of-way agreements or any other contractual obligations with respect to the Alaska LNG Project facilities.

Subject to Section A.2 regarding modification of an existing LNG Plant liquefaction train and Section A.3 regarding installation of new LNG Plant liquefaction trains, if an Alaska LNG Project expansion is proposed, all Alaska LNG Parties with an interest in the Alaska LNG Project component being expanded will have the right, but not any obligation, to participate in the proposed expansion ("Expansion Party"). Any Expansion Party may request additional volumes thereby increasing the capacity of the proposed expansion. If, however, as a result of the review of the design and cost of the proposed expansion, all the Expansion Parties determine that they wish to reduce the size of the proposed expansion, then they may do so. An Alaska LNG Party's ownership interest in the post-expansion Alaska LNG Project component would be equivalent to the proportion of its capacity to the aggregate capacity on the post-expansion Alaska LNG Project component.

Expansions can proceed if they meet the criteria in Section A.1.1 above.

A.1.2 The Expansion Parties will pay all costs related to the expansion and will have access to and share the incremental capacity developed by the expansion, provided terms related to impacts on fuel use for an expansion would be addressed during Pre-FEED by the Parties. Those Alaska LNG Parties that do not elect to participate in the proposed expansion ("Non-Expansion Parties"), will be kept whole and will not bear any costs related to the expansion, will not have access to or share in the incremental capacity developed by the expansion, and will not bear any risks or adverse impacts of the expansion or that may result from the expansion, including construction, operation, commercial viability of the capacity expansion or level of capacity utilization.

A.1.3 Both the Expansion Parties and the Non-Expansion Parties will share in the benefits of an expansion of an Alaska LNG Project component (other than access to or sharing of the expansion capacity). For example, if incremental capital costs of expansion on a unit of capacity basis are lower than the average pre-expansion capital costs per unit of capacity, the capital cost would be equalized, which could include some reallocation of past costs. In addition, both Expansion Parties and Non-Expansion Parties would share proportionately in any reduction in unit operating costs.

A.2 **Modification of Installed Liquefaction Trains.** The principle for any modification (e.g., debottlenecking) of the installed LNG Plant liquefaction trains is that any proposal for the modification would be subject to agreement of the Alaska LNG Parties with an interest in the LNG Plant liquefaction trains, as would be set forth in the LNG Plant operating agreement(s) among those Alaska LNG Parties.

A.3 **New Liquefaction Train Installation Principles.** The potential installation of a new liquefaction train would be addressed in the agreements to be developed during Pre-FEED, reflecting the following principles.

A.3.1 Following start-up of the Alaska LNG Project, any Alaska LNG Party with an interest in the LNG Plant may initiate the process to install a new LNG Plant liquefaction train, unless that installation would:

a. Materially and adversely affect or alter the Alaska LNG Project facilities or operations, including technical aspects, or scheduling or quality of deliveries from the Alaska LNG Project facilities;

b. Diminish service to the existing shippers or users of the Alaska LNG Project;

c. Cause the Alaska LNG Project to be in violation of any applicable environmental or safety laws or regulations; or

d. Cause a violation of the Alaska LNG Project right-of-way agreements or any other contractual obligations with respect to the Alaska LNG Project facilities.

A.3.2 All Alaska LNG Parties with an interest in the LNG Plant will have the right, but not any obligation, to participate in a proposed liquefaction train installation at the LNG Plant location. Any Alaska LNG Party electing to participate in the new installation may request additional volumes, thereby increasing the capacity of the proposed liquefaction train installation. If, however, as a result of the review of the design and cost of the new proposed installation, all of the Alaska LNG Parties that have elected to participate in the new liquefaction train installation determine that they wish to reduce the size of the new proposed installation, then they may do so. Each Alaska LNG Party that participates in a new proposed liquefaction train installation would have an ownership interest in that new liquefaction train equivalent to its equity interest in that new liquefaction train.

Installation of a new liquefaction train can proceed if it meets the criteria in Section A.3.1. above.

A.3.3 Any use, including expansion, of existing LNG Plant property, utilities, storage and marine terminal in conjunction with a new liquefaction train installation will be subject to the expansion principles set forth in Section A.1 above.

A.4 **Alaska LNG Project Gas Quality.** Notwithstanding anything to the contrary, all gas entering any component of the Alaska LNG Project must meet the gas quality specification applicable to that Alaska LNG Project component.

EXHIBIT I

Exhibit I-A
CEO Letter

CEO Letter to Governor Parnell dated March 30, 2012

ExxonMobil ConocoPhillips bp

March 30, 2012

Governor Sean Parnell
550 West 7th Avenue, Suite 1700
Anchorage, Alaska 99501

Dear Governor Parnell,

Our three corporations, collectively and individually, value our relationship with Alaska and believe that its citizens across the state, as well as our shareholders around the world, share a common interest in responsible resource development. We write today to inform you of our progress in working together on the next generation of North Slope resource development.

Alaska's vast North Slope holds over 35 trillion cubic feet of discovered natural gas. To date, this gas has been used to enhance North Slope oil production, adding several billion barrels to Prudhoe and Kuparuk recoveries. However, under the right business climate, the full commercial potential of this world-class resource can be unlocked. North Slope gas commercialization will bring new job opportunities, increased state revenues, reliable in-state energy supplies and new exploration opportunities, which will further the development of North Slope oil and gas. This will be key toward reaching your goal of one million barrels of oil per day through the Trans-Alaska Pipeline System.

Serious discussions between our companies have taken place over the past several months, along with the Alaska Pipeline Project (APP) parties who are supporting the AGIA License. We have aligned on a structured, stewardable and transparent approach with the aim to commercialize North Slope natural gas resources within an AGIA framework. As a result of the rapidly evolving global market, large-scale liquefied natural gas (LNG) exports from south-central Alaska will be assessed as an alternative to gas line exports through Alberta. In addition to broadening market access, a south-central Alaska LNG approach could more closely align with in-state energy demand and needs. We are now working together on the gas commercialization project concept selection, which would include an associated timeline and an assessment of major project components including in-state pipeline routes and capacities, global LNG trends, and LNG tidewater site locations, among others.

Commercializing Alaska natural gas resources will not be easy. There are many challenges and issues that must be resolved, and we cannot do it alone. Unprecedented commitments of capital for gas development will require competitive and stable fiscal terms with the State of Alaska first be established. Appropriately structured, stable fiscal arrangements have opened new opportunities around the world, and will play a pivotal role in making Alaska competitive in the global market and unlocking the economic potential of North Slope resources.

Point Thomson is an excellent example of a challenged, world-class resource. With approximately 25% of known North Slope natural gas, Point Thomson development is an important element in consideration of North Slope gas commercialization. However, economic models must span decades into an uncertain future to estimate economic returns. Your Administration has taken the lead in forging a Point Thomson settlement that will bring long-term resources, revenues and jobs to help Alaska's economy. With settlement now finalized, our companies are moving forward, as participating co-venturers, with the initial development phase at Point Thomson with confidence that North Slope gas development will ultimately bring the Point Thomson resource to market.

We agree the next generation of North Slope resource development is achievable, working together with the APP parties, as well as with the State of Alaska. Thank you for your leadership and your confidence in us to take on these challenges. We join you in a vision of prosperity and promise. There is much work to do and opportunities yet to discover.

Sincerely,

Rex W. Tillerson J. J. Mulva Bob Dudley

Rex Tillerson Jim Mulva Bob Dudley

Exhibit I-B
Alaska LNG Project Update Letter

Alaska LNG Project Sponsor Letter to Governor Parnell dated October 1, 2012

- Project Update

ExxonMobil ConocoPhillips bp TransCanada

October 1, 2012

Governor Sean Parnell
550 West 7th Avenue, Suite 1790
Anchorage, Alaska 99501

Dear Governor Parnell:

On March 30, 2012, ExxonMobil, ConocoPhillips and BP submitted a letter informing you of progress in working together on the next generation of North Slope resource development. Since that time, the three producer companies and TransCanada, through its participation in the Alaska Pipeline Project (APP), have maintained momentum and executed important early work to select leading concepts for a potential project. We are writing to update you on the progress that has been made to date.

We established an integrated team, depicted on Attachment 1, committing significant resources and the efforts of over 200 professionals to date to progress this work. This allowed us to combine our respective talents and experience to advance a collective understanding of what would be required for liquefied natural gas (LNG) exports from Southcentral Alaska. Our team has advanced extensive work to refine and understand the opportunities and challenges associated with North Slope natural gas development.

Our companies bring together specific expertise in Arctic operations, pipeline design and construction, and in LNG plant design and operation. Since our joint work began at the end of March, we have built upon more than $700 million in past work by our collective companies, including the joint Alaska Gas Producer Pipeline Team effort in 2001-02, the Denali Project, and APP (including the State's contribution through AGIA). As a result, our work on an LNG development project has been advanced to a new level of understanding. Specifically, the focus of our work includes:

- Developing a design basis for the pipeline, including areas of continuous and discontinuous permafrost
- Investigating multiple ways to remove and dispose of CO_2 and other contaminants
- Assessing use of existing and addition of new Prudhoe Bay field facilities
- Mapping multiple pipeline routing variations
- Assessing multiple pipeline sizes
- Providing for at least five in-state gas off-take points
- Completing preliminary geohazard and marine analysis of 22 LNG site locations
- Developing a design basis for the required LNG tanker fleet
- Evaluating multiple LNG process design alternatives
- Confirming a range of gas blends from the Prudhoe Bay and Point Thomson fields can generate a marketable LNG product

We have narrowed the broad range of alternative development concepts and assessed major project components, including the gas pipeline, gas treatment to remove CO_2 and other impurities, natural gas liquefaction, LNG storage, and marine terminal facilities as described on Attachment 2. Individually, each of these components would represent a world-class project. Combined, they result in a mega-project of unprecedented scale and challenge; up to 1.7 million tons of steel, a peak construction workforce of up to 15,000, a permanent workforce of over 1,000 in Alaska, and an estimated total cost in today's dollars of $45 to $65+ billion.

Additional accomplishments include TransCanada's recently completed non-binding solicitation of interest in accordance with AGIA. TransCanada has publicly reported interest from potential shippers and major players from a broad range of industry sectors and geographic locations. Additionally, TransCanada, on behalf of the APP parties, has advised that a cooperative framework has also been established with the Alaska Gasline Development Corporation for information exchange.

We are encouraged by the synergies and efficiencies identified by our integrated team. While good progress has been made, significant environmental, regulatory, engineering and commercial work remains to reach upcoming decisions to bring North Slope gas to market. A diagram indicating work plans and key decision points is provided on Attachment 3. This attachment describes ranges and durations for engineering and technical work. However, these durations could be extended by external factors including resolution of fiscal terms, regulatory and permitting delays, and legal challenges, among others. As the concept selection technical work reaches closure, additional commercial agreements as well as support from the State of Alaska will be required in order to progress this world-class opportunity.

This opportunity is challenged by its cost, scale, long project lead times, and reliance upon interdependent oil and gas operations with declining production. The facilities currently used for producing oil need to be available over the long-term for producing the associated gas for an LNG project. For these reasons, a healthy, long-term oil business, underpinned by a competitive fiscal framework and LNG project fiscal terms that also address AGIA issues, is required to monetize North Slope natural gas resources. The producers look forward to working with the State to secure fiscal terms necessary to support the unprecedented commitments required for a project of this scope and magnitude and bring the benefits of North Slope gas development to Alaska.

Our next steps are to complete the concept selection phase and work with the State to make meaningful progress on the items detailed above. This work is critical as we consider decisions to progress the next phases of an LNG development project.

Alaska's North Slope natural gas resources must compete in the global energy markets in order to deliver state revenues, in-state energy supplies, new job opportunities and other economic benefits to Alaskans. While North Slope gas commercialization is challenging, working together, we can maintain the momentum toward our shared vision for Alaska. We will continue to keep you advised of our progress and stand committed to work with the State to responsibly develop its considerable resources.

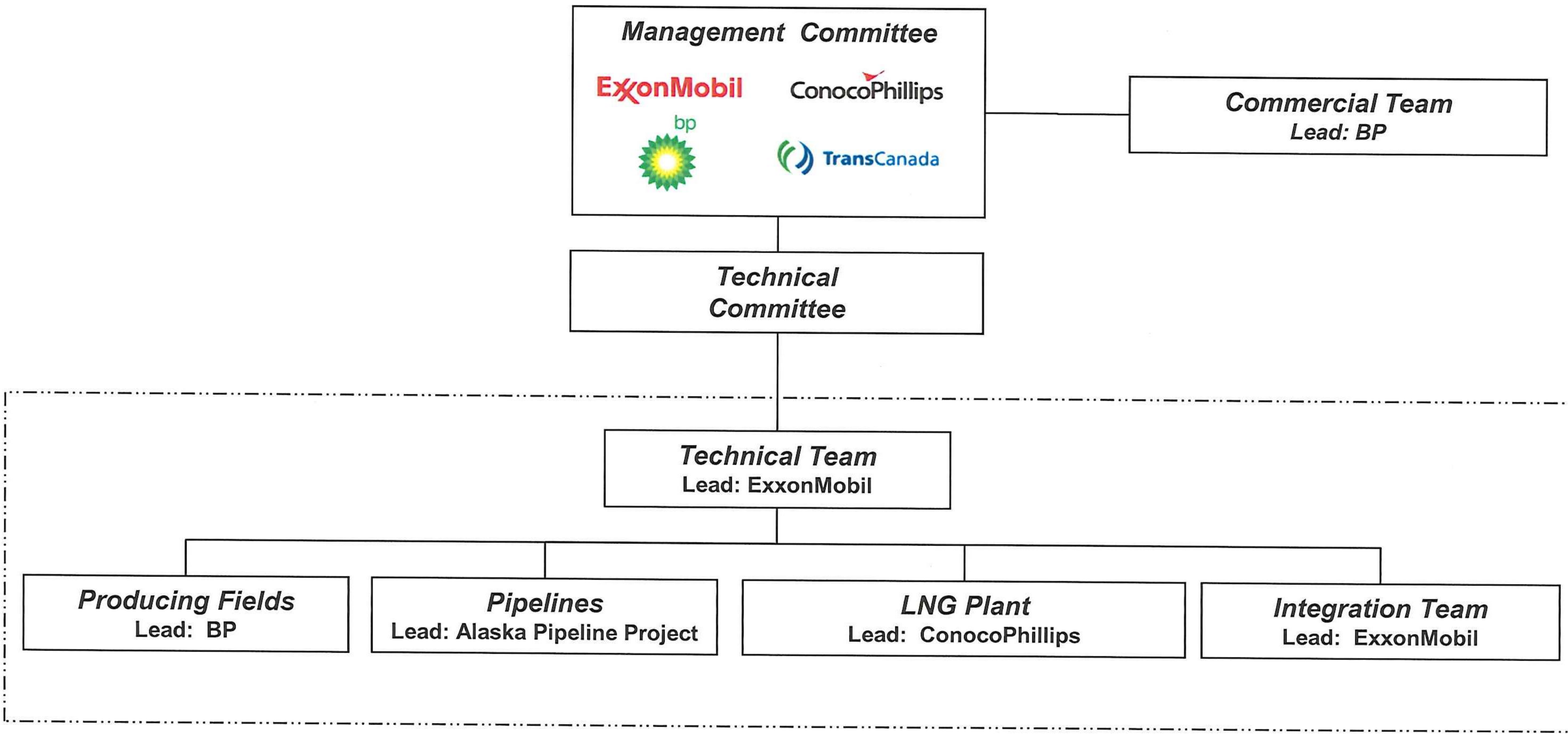
Sincerely,

Randy Broiles ExxonMobil Production Company	Trond-Erik Johansen ConocoPhillips Alaska, Inc.	John Mingé BP Exploration Alaska	Tony Palmer TransCanada

Attachments

Attachment 1

Southcentral Alaska LNG – Integrated Team



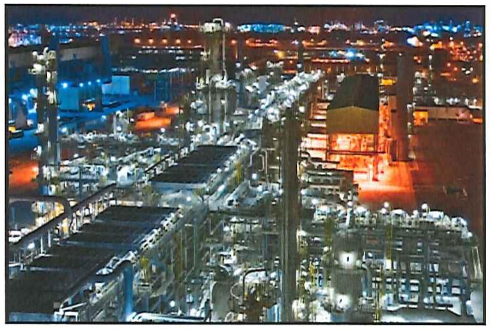
Multimillion Dollar, Four-Company Effort – 125+ Employees, 100+ Contractors

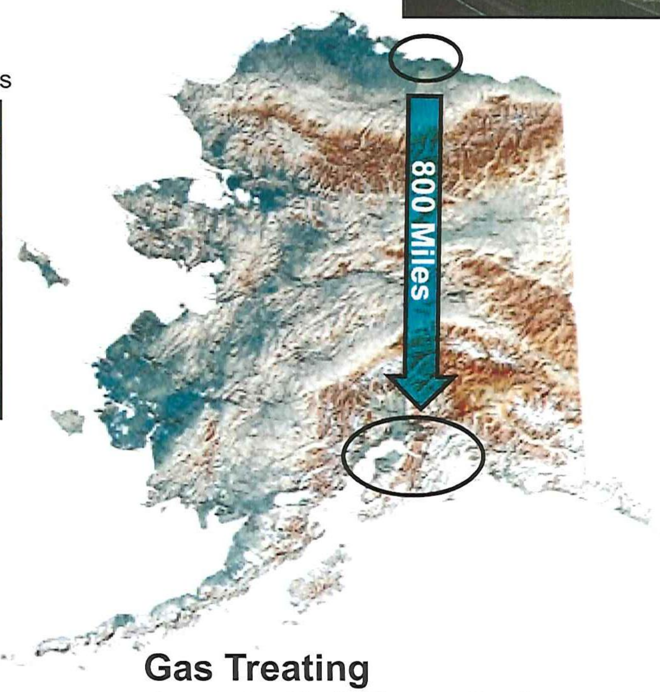
- Joint work commenced March 31, 2012 after completion of the Pt. Thomson Settlement / joint work agreements
- Cooperative effort among the leading North Slope producers and a leading North American pipeline company
- Identified potentially viable LNG project options to monetize ANS natural gas
- Used company strengths, shared information / expertise; built upon past efforts, sought out new ideas

Attachment 2

Alaska Southcentral LNG – Project Concept Description

Liquefaction Plant
- Capacity: 15 – 18 million tonnes per annum (MTA)
  3 trains (5-6 MTA / train)
- Potential areas: 22 sites assessed in Cook Inlet, Prince William Sound and other Southcentral sites
- Footprint: 400 - 500 acres
- Peak Workforce: 3,500 - 5,000 people
- Required Steel: 100,000-150,000 tons





Producing Fields
- ~35 TCF discovered North Slope resource
- Additional exploration potential
- Anchored by Prudhoe Bay and Pt. Thomson with ~20 years supply available
- Use of existing and new North Slope facilities
- Confirmed range of gas blends from PBU/PTU can generate marketable LNG product
- Peak Workforce: 500 – 1,500 people

Storage / Loading
- LNG Storage Tanks, Terminal
- Dock; 1 - 2 Jetties
- Design based on 15– 20 tankers
- Peak Workforce: 1,000-1,500 people

Gas Treating
- Located at North Slope or Southcentral LNG site
- Remove CO_2 and other gases and dispose / use
- Footprint: 150 - 250 acres
- Peak Workforce: 500 - 2,000 people
- Required Steel: 250,000 - 300,000 tons
- Among largest in world

Pipeline
- Large diameter: 42"- 48" operating at >2,000 psi
- Capacity: 3 - 3.5 billion cubic feet per day
- Length: ~800 miles (similar to TAPS)
- Peak Workforce: 3,500 - 5,000 people
- Required Steel: 600,000 - 1,200,000 tons
- State off-take: ~5 points, 300-350 million cubic feet per day, based on demand

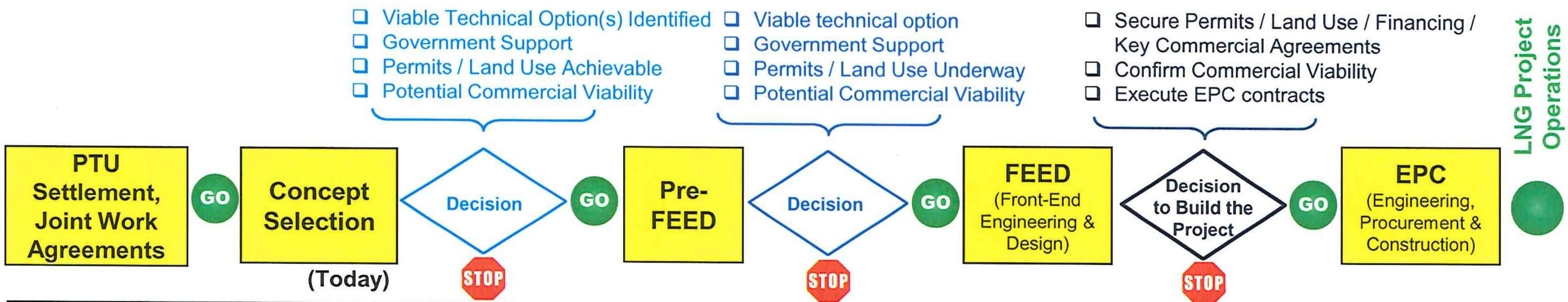
Estimated Total Cost: $45 – $65+ Billion **Peak Construction Workforce: 9,000 – 15,000 jobs**
Operations Workforce: ~1000 jobs in Alaska

Descriptions and costs are preliminary in nature and subject to change. Cost range excludes inflation.

Attachment 3

Southcentral Alaska LNG – Work Plans / Key Decision Points

Requirements to Take Next Step:



Peak Staffing:	~200	400 - 500	500 – 1,500	9,000 – 15,000
Cost ($):	Tens of Millions	Hundreds of Millions	Billions	Tens of Billions
Est. Engineering / Technical Duration*:		*12 - 18 Months*	*2 - 3 Years*	*5 - 6 Years*

Activities

Evaluate: • Range of technically viable options for major project components • Business Structure • In-state gas / export LNG demand	Progress: • Preliminary engineering to refine concept • Business structure • Financing plan	Complete: • Front-end engineering & design • Major contract preparation • Business structure • Financing arrangements	Execute: • Final engineering • Financing • Procurement • Fabricate / Logistics / Construct • Prepare for Operations
Solicit Interest of Others		**Solicit Interest of Others**	
Establish Government Support and Advance Regulatory Issues: • Competitive oil tax environment; predictable / durable LNG project fiscal terms; AGIA Issues • Assure ability to secure regulatory approvals / permits / land use • Environmental activities / Technical data collection • Stakeholder engagement • File DOE Export License		**Advance Gov't / Reg. Issues:** • Key permit / land use approvals • Stakeholder engagement • Secure DOE Export License	**Complete Gov't / Reg. Issues:** • Secure remaining construction / operating permits • Stakeholder engagement
	Start individual gas / LNG sales / shipping efforts	**Execute individual gas / LNG sales / shipping agreements**	**Implement business structure & agreements**
Screen commercial viability	**Assess commercial viability**	**Confirm commercial viability**	**Commission / start-up**

* **NOTE: Duration of various phases may be extended by protracted resolution of fiscal terms, permitting and regulatory delays, legal challenges, changes in commodity market outlook, time to secure long-term LNG contracts, labor shortages, material & equipment availability, weather, etc.**

Exhibit I-C
Alaska LNG Project Concept Selection Letter

Alaska LNG Sponsor Letter to Governor Parnell dated February 15, 2013

- Concept Selection

ExxonMobil ConocoPhillips bp TransCanada

February 15, 2013

Governor Sean Parnell
550 West 7th Avenue, Suite 1790
Anchorage, Alaska 99501

Dear Governor Parnell,

On October 1, 2012 we updated you on the progress ExxonMobil, ConocoPhillips, BP and TransCanada had made to advance North Slope natural gas development. At that time, we described our plans for progressing concept selection. Today, we are pleased to inform you we have completed the concept selection phase.

Attached is a summary of the major project components, including the gas pipeline, gas treatment facilities and the liquefaction, storage and terminal facilities. The project design also includes five off-take points along the pipeline route to ensure Alaskans access to a cleaner-burning and dependable energy source. Capacity ranges reflect the expected seasonal variability. The conceptual design reflects the integrated teamwork of over 300 people on behalf of our companies.

Our companies are now working toward the next decision points. As outlined in our letter of October 1, 2012, a competitive, predictable and durable oil and gas fiscal environment will be required for a project of this unprecedented scale, complexity and cost, to compete in global energy markets.

A successful Alaska LNG project would result in thousands of jobs and the opportunity for decades of domestically-produced natural gas for homes and businesses in Alaska. We remain committed to responsibly developing the State's considerable resources and will keep you advised of our progress. We also have plans to update the Legislature at a Lunch and Learn on February 19.

Sincerely,

Randy Broiles	Trond-Erik Johansen	Janet Weiss	Tony Palmer
ExxonMobil Production Company	ConocoPhillips Alaska, Inc.	BP Exploration Alaska	TransCanada

Attachment

Proposed Alaska LNG Project Concept

Pipeline	**Diameter**: 42”
	Design Rate[1]: 3 – 3.5 billion cubic feet
	Length: ~800 miles (primarily underground)
	Compressor Stations: up to 8
Gas Treatment Plant	**Location**: North Slope, near Prudhoe Bay
	Footprint: 150 – 250 acres
Liquefaction Plant	**Capacity**[1]: 15 – 18 million tons per annum (MTA)
	Facility: 3 trains
	Footprint: 400 – 600 acres
Storage and Loading	**LNG Storage Tanks**: 2 tanks @ 160,000 cubic meters per tank
	Terminal: 1 loading jetty with 2 berths
State Off-takes	**Off-takes**: 5 points along pipeline route
	Design Rate: 250 – 500 million standard cubic feet per day, based on demand
Capital Investment	**Estimate**[2]: $45 – $65 USD-Billion

[1] Capacity range reflects seasonal variability
[2] Does not include inflation