

ALASKA PipelineProject

An Unincorporated Joint Project

Alaska Pipeline Project
3201 C Street (Calais I), Suite 505
Anchorage, Alaska 99503

Ref No. LT-ETAK-0535

May 7, 2012

Mr. Robert L. Brean, General Manager
Din e'h LLC
22808 Green Garden Drive
Eagle River, AK 99567

Dear Mr. Brean:

I am writing regarding the Din e'h LLC letter of January 27, 2012 to the Alaska Pipeline Project (APP). We previously responded to you on February 1, acknowledging receipt of the letter. Since then, we have carefully reviewed the issues you raised. Attached is a summary of our perspective on a number of issues that we believe warrant clarification.

Over the past two years, APP has sought to build a long-term positive relationship with the communities of the Upper Tanana based on mutual understanding and respect. Since 2010, we have held and attended a series of meetings in the Upper Tanana communities where we shared information about our near-term activities and sought community input and feedback. We have expressed our interest in learning more about Din e'h's contracting and work experience, and have asked for specific information in order to best match the skills and interests of Upper Tanana community members with upcoming project opportunities.

We are pleased that Din e'h is supportive of APP moving forward. As you know, consistent with direction from the State of Alaska, APP is working with the North Slope Producers to evaluate an LNG-based alternative, which will delay the timing of some of the work related to the Alberta option. In general, field work and studies already completed will be retained for use should the work on the Alberta option be continued at a later time. Field programs originally planned for 2012 will generally be deferred. The U.S. Fish & Wildlife Service is continuing work on the Tetlin National Wildlife Refuge land exchange in an effort to complete this important component of the Alberta option.

Resumption of other work on the Alberta option will be contingent on the results of the LNG studies and future decision-making.

We believe APP and Din e'h share a number of common goals, and we remain committed to building a positive dialogue to determine a mutually beneficial path forward.

Sincerely,



Myron E. Fedak
U.S. Manager – Environment, Regulatory and Land

Cc: Senator Lisa Murkowski
Senator Mark Begich
Mel Johnson, Alaska Pipeline Project
Mike Boyle, Deputy Director, FERC
Larry Persily, Federal Coordinator ✓
Kurt Gibson, Alaska Department of Natural Resources
Kim Elton, Department of the Interior
Pat Pourchot, Department of the Interior
Jerry Isaac, Tanana Chiefs Conference

Attachment

APP Perspective on Din e'h Issues

Access to Din e'h Lands: There are several reasons why we are concerned with the Din e'h letter assertion that APP did not negotiate in good faith regarding access to Din e'h lands by referencing policies not to pay for access, despite knowing that these fees would be expenses qualified for reimbursement under the Alaska Gasline Inducement Act (AGIA), and knowing that similar reimbursable services agreements (RSAs) exist with the State of Alaska and The Conservation Fund.

APP does not pay for land access to conduct studies at the baseline stage of project planning. This approach is consistent with customary public practices for land development and also follows longstanding practices of its sponsoring companies, ExxonMobil and TransCanada.

APP's process is to first seek consent for access from landowners. When access is granted, field surveys and programs are conducted. Lands for which access is not granted are deferred from initial baseline field studies. Thus, when Din e'h declined to grant access for baseline work without compensation, studies on these lands were deferred.

Second, APP believes it would be irresponsible to expend funds and seek reimbursement under AGIA to acquire land access in this early phase of project development.

Third, while APP has RSAs with several state and federal agencies, as required by laws or regulations, these RSAs are unrelated to obtaining access to land. Instead, they are directed to reimbursing agencies for personnel time and expenses related to processing APP's permits and applications.

Din e'h as Representative of ANCSA Corporations: The Din e'h letter raises a question about why, in a 2011 meeting, APP sought written documentation that Din e'h spoke for the ANCSA corporations in the Upper Tanana.

The individual ANCSA Village Corporations hold title to the land in question. Land access may only be granted by parties holding title and thus APP could not negotiate land access issues until we received documentation of Din e'h's authority to represent these Village Corporation landowners. APP discussed the need for this documentation issue in meetings with Din e'h in 2009 and 2010, as well as in 2011.

We are pleased that such confirmation was resolved on May 26, 2011, when APP received letters indicating that Din e'h had non-binding authority, limited explicitly to land access issues.

Tetlin National Wildlife Refuge (NWR) Land Exchange: The Din e'h letter asserts APP did not involve Din e'h or its members in meaningful discussions on the land exchange involving the Tetlin National Wildlife Refuge.

After evaluating the various federal statutory mechanisms for obtaining a right-of-way through the Tetlin NWR, APP decided to pursue a land exchange with the U.S. Fish & Wildlife Service (FWS). Land exchanges involving refuge property are authorized under ANILCA Title XIII, as well as various other federal statutes.

The land exchange process is administered by the FWS, and not by APP. FWS statutes and regulations provide guidance as to the type of land that is appropriate for exchange, and establish the process for conducting such an exchange. APP acknowledges the importance of engaging with communities affected by the land exchange and is committed to meaningful discussions of the issues with those communities and with Din e'h. The FWS process provides opportunities for potentially impacted communities to participate in the evaluation process, and this process is now underway for the villages of the Upper Tanana.

Din e'h also questioned why a major donation in support of the land exchange was given to a non-profit organization rather than to a local Village Council. The FWS selected The Conservation Fund, a national non-profit organization well versed in facilitating land exchanges, to help with this land exchange. APP's payment to The Conservation Fund will be used to acquire appropriate lands for the Alaska refuge system, with priority given to lands in the Tetlin Refuge area.

Subsistence Studies: In its letter Din e'h questioned using State money to contract with a State agency, the Alaska Department of Fish and Game (ADF&G), to study the use of subsistence resources on Tribal lands in the region without offering Din e'h meaningful participation in the study.

The Subsistence Division of the ADF&G is conducting the subsistence studies for several reasons. ADF&G is generally recognized as the Alaska expert on this subject and is known for its consistent and high quality data collection practices in Alaska. ADF&G owns the existing subsistence databases and is the repository of most subsistence data in Alaska. The agency has the technical and logistical resources needed to implement and analyze subsistence harvest surveys for projects in Alaska in a timely manner.

It is APP's understanding that ADF&G has hired local residents in each community surveyed, has contacted Din e'h to discuss employment opportunities conducting surveys, and has offered Din e'h a cooperative agreement to conduct subsistence studies in Tanacross.

Participation in Project by Alaska Native Landowners: The letter stated that APP had agreed to organize a workshop focusing on participation in the project by the Alaska Native landowners in the Upper Tanana Region by the end of October 2011, and had not done so. It also noted that contracts were awarded to companies outside the region and the state for work in the Upper Tanana region at a time when Din e'h was seeking the opportunity to participate.

APP initiated contacts with Din e'h to organize the workshop in the Upper Tanana Region within the time frame discussed with Din e'h. However, APP's understanding was that schedule conflicts suggested that 2012 would provide better timing opportunities.

Regarding the issues about awarding contracts, APP requires specific information about an applicants' capacity to perform work needed at this stage of the project. To date, Din e'h has not submitted an application to provide vendor services. APP provided information on how to submit vendor applications at all APP community meetings and provided advance notice of the limited work that was forthcoming.

APP renews its commitment to work with Din e'h, specifically to better understand what services Din e'h can provide and has provided in the past, and to look for opportunities to utilize those services.

In 2009, APP contracted environmental consultants to collect baseline information in support of its FERC application, including URS, AECOM and ASRC Energy Services. These companies have utilized significant Alaska-based staff.

Upper Tanana Route Alternative: Din e'h expressed concern in the letter that APP did not notify and discuss the Upper Tanana Route Alternative with Din e'h despite numerous meetings with APP and Din e'h's attempts to engage APP in meaningful discussion.

The Upper Tanana Route Alternative was developed in late 2011 after consideration of engineering, construction, land and environmental issues. It was described in Resource Report 10 (Alternatives), which was released publicly in January 2012.

This route is one of several alternatives APP is considering. No field work has yet been conducted on this route. The appropriate studies, as well as consultation with potentially affected communities, will be addressed if this alternative is advanced in the future.