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LOWPER  
VERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

March 18, 1987

The President  
The White House  
Washington, DC 20500

Dear Mr. President:

As Governor of the State of Alaska, I am writing to ask you to consider Presidential action to clear away impediments to the export of Alaskan North Slope natural gas consistent with the governing legal requirements. The Yukon Pacific Corporation is asking your Administration for permission to export North Slope natural gas to Japan and other Pacific Rim markets. A Presidential finding is required before those exports can occur, pursuant to the requirements of Section 12 of the Alaska Natural Gas Transportation Act of 1976 and related provisions of law, and is necessary before the next stage of development activity can proceed.

The source of gas for the proposed export is Alaska's Prudhoe Bay field which has been developed under leases granted by the State of Alaska. The Prudhoe Bay field, which is the source of nearly twenty percent of our nation's domestic crude oil production, also contains at least twenty-six (26) trillion cubic feet of natural gas. Today that gas lies fallow, despite substantial earlier efforts to bring it to domestic markets. The Yukon Pacific proposal, if successful, would expand the use of Alaska Natural Gas in Far Eastern markets. Besides enhancing trade with our trading partners in the Pacific Rim, export gas sales would significantly contribute to reducing our balance of trade deficits.

As Governor of Alaska, I can express our appreciation of your Administration's efforts to open up markets for Alaskan resources. The studies the Administration has commissioned with Prime Minister Nakasone to examine thoroughly the possibilities for joint development of Alaskan natural gas have been very helpful. The authorization of Cook Inlet oil exports last year was another step of great benefit to Alaska and the nation. A decision to permit the export of

W. Card

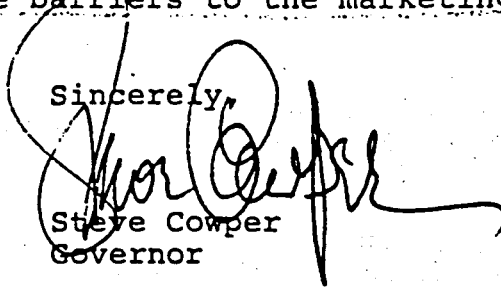
where are they?

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North Slope gas, if it can be made consistent with legal requirements, would figure prominently toward the healthy development of new free markets for Alaskan resources. Alaska believes that Yukon Pacific's request should be granted, not because Alaska necessarily favors the Yukon Pacific project over the Alaska Natural Gas Transportation System, but because it believes that the export authorization process should not serve as an unnecessary impediment to alternative systems for bringing Alaska natural gas to market. Alaska believes that ultimately the market should and will decide if Alaska North Slope reserves can be developed.

I am confident that the Yukon Pacific application will address the legal requirements that must be satisfied before the necessary finding for export of North Slope natural gas can be made. Technical legal considerations aside, a Presidential export finding could remove one hindrance to such a market determination. I ask that you give every consideration to lifting the barriers to the marketing of these resources.

Sincerely,

  
Steve Cowper  
Governor