

RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

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BREAKFAST MEETING

Thursday, February 21, 2013

1. Call to order – Tom Maloney, Past President
2. Head table Introductions
3. Staff Report – Rick Rogers, Executive Director
4. Program and Keynote Speaker:

Alaska Projects and Issues Update

Lt. Col. Bobby Stone, Deputy Commander
 Alaska District, U.S. Army Corps of Engineers

Upcoming Breakfast Meeting

Thursday, March 7: The Endangered Species Act in Alaska, Geoff Haskett,
 Regional Director, U.S. Fish and Wildlife Service

Please add my name to RDC's mailing list:

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Testimony of Resource Development Council for Alaska to
Senate Resource Committee,
Regarding SB21
February 18, 2013

Good evening, Madam Chair Giessel and members of the committee. My name is Rick Rogers, Executive Director of the Resource Development Council. RDC is a diverse statewide business association representing forestry, oil and gas, mining, tourism, and fishing industries.

Stop the give away! The real give away is the oil locked in the ground because we're simply looking at maximizing short-term tax revenue at the expense of encouraging investment and production. Consider that since 2007 we have lost over 210 million bbls. of production, with a gross value at point of production of over \$17 billion¹. If a less aggressive tax regime could cut our decline rate in half, over 8 billion new dollars would be circulating in our economy. The give away is giving away our future for short term and clearly unsustainable tax revenue.

Some of the most vocal proponents of production tax reform among our membership are from those not directly involved in the oil and gas industry. The business community is fearful what continued TAPS throughput decline will do to our economy as a whole.

The Governor has shown leadership in outlining four guiding principles that we firmly support: fairness to Alaskans; encouraging new production; simplification and durability over the long term.

¹ Production from table C-2a, real 2012 dollar values from tablesB-1a 2012 DOR Revenue Sourcebook

The discussion needs to be how to encourage more production, a more long-term view. Taxing ourselves to prosperity is not a strategy. We remain concerned that the legislative process will result in a tax policy that is too timid and does not encourage substantive investment. We urge you to keep your eyes on the prize, more investment leading to more production. It is of utmost importance that such a meaningful tax reform bill passes this session.

So in closing on this President's day I leave you with two quotes that I hope can help guide your deliberations, not from Washington or Lincoln, but from Lyndon Johnson and Calvin Coolidge.

LBJ said, "The most dangerous thing you can do to any businessman in America is keep him in doubt and to keep him guessing on what our tax policy is."

Coolidge said, "The method of raising revenue ought not impede the transaction of business, it ought to encourage it."

That concludes my comments, thank-you for hearing from me on behalf of RDC.



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February 19, 2013

The Honorable Pete Kelly
Co-chair Senate Finance Committee
State Capitol Room 516
Juneau, AK 99801

The Honorable Kevin Meyer
Co-chair Senate Finance Committee
State Capitol Room 518
Juneau, AK 99801

Re: CS SB 32, Feasibility Study for Hydroelectric site at Chikuminuk Lake

Dear Senate Co-Chairmen Kelly and Meyer,

The Resource Development Council is writing in support of CS SB 32, an act that will allow a feasibility study for the development of a hydroelectric site at Chikuminuk Lake.

RDC is a statewide, non-profit, membership-funded organization founded in 1975. The RDC membership is comprised of individuals and companies from Alaska's oil and gas, mining, timber, tourism, and fisheries industries, as well as Alaska Native corporations, local communities, organized labor, and industry support firms. RDC's purpose is to link these diverse interests together to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

The need for reliable and affordable energy in rural Alaska continues to be an increasing priority for businesses and individuals throughout the state. RDC supports the development of commercially viable energy from diverse sources, including both renewable and nonrenewable alternatives. The CS for SB 32 does not sanction a project at Chikuminuk Lake, it only allows for further studies to determine if a hydroelectric project is in fact an economically and environmentally sound energy solution for southwest Alaska.

RDC recognizes Chikuminuk Lake lies within Wood-Tikchik State Park where hydroelectric development at the lake is not currently considered 'compatible' with park purposes. However, given Alaska contains more than 148 million acres of federal conservation system units, as well as an abundance of state

Honorable Pete Kelly and Kevin Meyer, CS SB 32 February 19, 2013

conservation units, it is not unreasonable for the Legislature to exercise some flexibility in land management policies pertaining to state lands if such action is in the best interests of the public.

Many rural Alaskans are facing unprecedented energy costs and struggling to make ends meet in weak rural economies, threatening their way of life. Unemployment is extremely high in rural areas, schools are closing, and cultures are at risk. This project has the potential to benefit local residents and the regional economy.

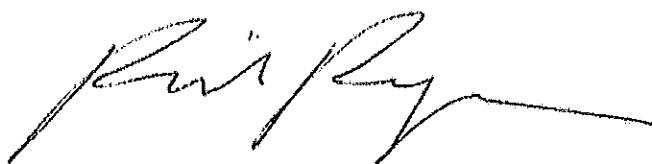
Should the studies advance to the point where to project is considered feasible, further action by the Legislature would be required before the project could move forward. The Legislature would need to weigh the project's merits and benefits with the impacts on competing sources of energy, State fiscal requirements, and wilderness values at Chikuminuk Lake. This is an appropriate role for the Legislature, especially when the greater public interest is front and center.

The recent decision by the U.S. Fish and Wildlife Service to not allow a road to be built between King Cove and Cold Bay in the Izembeck National Wildlife Refuge is an example of inflexible land management policies that defy what is in the best interest of Alaskans. Many would agree that a fair and reasonable outcome has not been reached in that case.

At this time, RDC is not specifically endorsing the project at Chikuminuk Lake. However, we strongly believe feasibility studies should move forward and that all options remain on the table, given the potential benefits of the project to rural Alaskans.

RDC appreciates the opportunity to share our views of this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Rogers", with a long horizontal flourish extending to the right.

Rick Rogers
Executive Director
Resource Development Council

CC: Senator Lesil McGuire, SB 32 Sponsor

Senate Finance Committee on HB 80
Feb. 7, 2013
Testimony of Rick Rogers, Executive Director,
Resource Development Council

Good morning co-chairs Myer, Kelly and members of the committee. My name is Rick Rogers, Executive Director of the Resource Development Council. RDC is a statewide business association representing forestry, oil and gas, mining, tourism, and fishing industries. Our mission is to grow Alaska through responsible resource development.

A top legislative priority of RDC is to encourage the state to promote and defend the integrity of Alaska's permitting process and advocate for predictable, timely, and efficient state and federal permitting processes based on sound science and economic feasibility.

RDC applauds the tireless work of the Cruise Ship Science Advisory Panel (SAP). I understand this group has met at least 15 times to help provide information that can help shape a more rational wastewater discharge policy for the cruise industry.

It is clear after reviewing the SAP findings, meeting current water quality standards at the point of discharge from cruise ships is not feasible and not necessary to protect public health and aquatic species. RDC would not be supporting this legislation if it jeopardized the health and productivity of our fisheries.

HB 80 establishes a policy that is based on sound science and economic feasibility. I am impressed by the technological and management advances the cruise industry has made to protect our environment. The advanced systems on the cruise ships are far cleaner than our municipal systems and other vessels plying our waters. Adjusting the statutory requirements for cruise ship discharge based on the findings of three years of objective study is good governance, and the type of permitting adjustments that lead to a stronger economy while protecting our renewable resources.

Many small businesses and communities rely on the business activity the cruise industry generates. RDC supports quick passage of HB 80 to ensure reasonable permit standards are in place for the upcoming 2013 season.

Thank-you for the opportunity to testify.

Moore Report: Down the drain

Ivan Moore | Posted: Thursday, February 14, 2013 11:49 am

Poop in the water! Poop in the water!

The hand-wringing on the leftover House Bill 80, the “rollback” of the 2006 cruise ship initiative, is tortured, anguished and kicking up all sorts of hyperbole in the fight to oppose it.

Let's be clear here. Wastewater that is produced by cruise ships is thoroughly treated before being discharged. The treatment is tertiary—that is, divided into three phases: first, the biodegrading of the wastewater; second, the filtration of it; and last, treatment with UV light. What emerges at the end of this process is clear and in all appearances like water, to the point where John Binkley, the head of the Alaska Cruise Association, felt comfortable enough to drink a glass of it. Rather him than me, but he made a powerful point in doing so.

The discharge is not, as *Anchorage Daily News* fisheries writer Laine Welch calls it, sewage. There are no turds bobbing around in the Inside Passage. So let's stop trying to cloud the debate with stuff that just isn't true.

Instead, let's state what is true. The 2006 voter initiative that created the current law mandated that cruise ships reduce the levels of certain contaminants in their wastewater, notably ammonia, copper, nickel and zinc, down to levels that the cruise industry has since struggled to achieve. It's clear that the levels mandated are on or close to the cusp that is achievable by today's “best available technology.”

Some, including me, argue that the mandated levels set an unreasonably high standard. Unreasonably high, not only because they are very hard and costly to attain, but also because they go far beyond what's necessary to protect Alaska's environment.

Yes, the government has gone too far. It's the government's job to regulate and ensure responsible practice by private industry, but not the government's job to impose onerous regulations that harm a single industry's ability to operate, especially when there isn't a compelling need.

The irony is that the “government” in this particular case was the people. It was a “citizen” initiative, crafted by the environmental lobby and passed into law by the voting public. But only after they’d seen enough 30-second TV ads to convince them that it was a good idea.

Now don’t get me wrong, it’s undeniable that the right to petition is a cherished one. Sometimes, however, it is used to circumvent the legislature. Other times it is used to advance special interests. And oftentimes, as in this case, it results in lousy, un-thought-out and unfair laws.

One of the sensible fixes that HB 80 proposes is allowing for a mixing zone after the discharge emerges from the pipe. The 2006 law specified that the contaminant levels be measured “at the point of discharge,” i.e. when the water emerges from the ship. However, the Science Panel studying the issue concluded that even if the discharge doesn’t quite meet standards coming out of the pipe, within seconds in the ocean, it does. Everything disperses and dilutes very quickly.

So no harm, reasonably enough, right?

That’s obvious to just about everyone, it seems, except the *Anchorage Daily News*. Leading the charge on the enviro-wackjobbery front, they suggest in a recent editorial that “dilution is debatable.” Presumably, the laws of physics are suspended to prevent it from happening.

And compounding the paranoia, our old friend Les Gara, in an editorial in these pages, is all worried about the fish he wants to catch not making it up his favorite stream because of copper levels in the wastewater. They negatively impact a salmon’s ability to navigate, don’t you know. Yet, Dr. Alan Mearns, armed with a Ph.D in Fisheries and a member of Governor Knowles 2001 Science Panel, has testified that even taking into account the cumulative effect of all cruise ship traffic in Alaska, copper levels are not raised above what occurs naturally.

But enough about the required standards. Enough about dilution and mixing zones. Here’s what Gara and the eight other Democrats who voted against HB 80 should really consider. The next time they settle in on the throne for a good Sunday morning constitutional, no doubt reinforcing their righteousness with a good read of the *Anchorage Daily News* at the same time, they should consider their hypocrisy when they reach to flush. The

editors of the *Daily News* can try this at home too.

Because most municipal wastewater treatment systems aren't tertiary. The treated wastewater from our Anchorage land-based toilets (250 fully-loaded, permanently-anchored cruise ships worth), piped day and night into Cook Inlet, doesn't come close to meeting the same kinds of standards that are required of cruise ships. And you guessed it, municipal wastewater gets the benefit of mixing zones in the assessment of those lower standards.

Indeed, if you took some of that municipal discharge and went and lobbed it off the side of a cruise ship, you'd be breaking the law, but our Democrats in the Legislature continue to flush with impunity, at the same time squawking hysterically and hypocritically about evil cruise ships and the harm they pose to the environment.

So enough already, the 2006 law went too far. The voters had good intentions, but were sold a very green bill of goods that places an unreasonable burden on one industry. The legislature is right to amend it, they're certainly well within their rights to do so six years after it was originally passed. Don't gut it, don't repeal it, just ratchet it back to a fairer and more equitable balance between demanding accountability from the industry, yet not restricting their ability to do business.

And leave it to the Legislature to figure out where that balance is. It's their job.

Ivan Moore is a public opinion pollster who lives in Anchorage and works for a variety of clients—political, corporate, public sector, or just plain curious—around Alaska. His opinions are his own and we give him a long leash. He can be reached at ivan@ivanmoorerresearch.com.



RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

February 14, 2013

Representative Charisse Millett
Alaska State Capitol
Juneau, AK 99801

Re: HJR 6, Urging the federal government to open new areas of the National Petroleum Reserve – Alaska to environmentally-responsible oil and gas development and requesting the Office of the Governor to increase nationwide awareness about legacy wells and well sites

Dear Representative Millett:

The Resource Development Council is writing in support of HJR 6, urging the federal government to open new areas of the National Petroleum Reserve – Alaska to environmentally-responsible oil and gas development and requesting the Office of the Governor to increase nationwide awareness about legacy wells and well sites.

RDC is an Alaskan business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, tourism, and fisheries industries. Our membership includes all of the Alaska Native regional corporations, local communities, organized labor, and industry support firms. RDC's purpose is to expand the state's economic base through the responsible development of our natural resources.

The Department of the Interior and other federal agencies require that private companies operating in the Arctic explore for and produce domestic energy and mineral resources in an environmentally responsible manner. Through federal laws, regulations, and permitting, federal agencies have set a high bar to mitigate impacts to the environment. As a result, industry has been held to the highest standards – among the most stringent in the world. When violations to federal laws or permitting requirements occur, companies are held responsible, often facing steep fines.

However, in the case of federal lands in the Arctic, the federal government has not held itself to the same standards. The U.S. Navy and the U.S. Geological Survey drilled approximately 137 wells on federal lands in northern Alaska between 1944 and 1981, all of which are now abandoned. Only 17 of the legacy wells were properly plugged and reclaimed. An additional ten wells were determined by the Alaska Oil and Gas Conservation Commission (AOGCC) to be of no concern because they were drilled to less than 50 feet in depth and did not encounter hydrocarbons. The remaining wells are out of compliance with regulations adopted by the AOGCC, posing a risk to surface vegetation, groundwater, and wildlife.

The AOGCC has repeatedly reminded the federal government of the obligation to plug legacy wells and properly reclaim well sites. The state cannot impose fines on the

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federal government, but if it could do so, the fines would exceed \$8 billion, and more than \$40 billion if the statute of limitations were disregarded.

HJR 6 points out the double standard that exists in the federal government's regulation and permitting of resource development activities in Alaska. Clearly, the Department of Interior has not held itself to the same standards it demands industry to meet in the responsible development of Alaska's resources.

The resolution rightfully urges the federal government to comply with the same laws and requirements it requires industry to follow. The federal government should lead by example and set even a higher standard for itself.

The resolution respectfully requests the Office of the Governor to disseminate information through appropriate national news outlets and by other means to increase awareness nationwide of the legacy wells and the federal government's failure to properly plug the wells and reclaim well sites.

The resolution also urges the Department of the Interior to open new areas of NPR-A for responsible oil and gas development and production, which would increase throughput in the Trans-Alaska Pipeline System (TAPS). Such action would be in line with the congressional intent establishing NPR-A and would further State of Alaska efforts in helping North America achieve energy independence.

HJR 6 is particularly timely, given Interior Secretary Ken Salazar has affirmed an NPR-A management plan that restricts access to domestic oil and gas resources. Ignoring input from those most knowledgeable about the petroleum reserve, the Obama administration chose the most restrictive management plan possible, which closes half of the reserve to development. This plan seriously jeopardizes the ability to access resources near the coast and north of the Barrow Arch, an area where all major North Slope discoveries have occurred. It also jeopardizes the ability to economically transport oil for delivery to TAPS. This decision occurred despite the fact that the area is designated as a petroleum reserve. In addition, past federal government promises assured access to allow resource development in this area and others not set aside through the Alaska National Interest Lands Conservation Act.

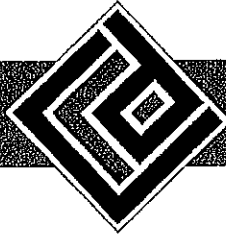
RDC commends you for introducing HJR 6. We strongly encourage its passage.

Sincerely,

Resource Development Council, Inc.



Carl Portman
Deputy Director



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February 7, 2013

The Honorable Eric Feige, Co-Chair
The Honorable Dan Saddler, Co-Chair
House Resources Committee
State Capitol Room 124
Juneau, AK 99801

Re: Support of HB 99, an act extending the termination date of the Alaska Minerals Commission

Dear Representative Feige and Representative Saddler:

The Resource Development Council for Alaska (RDC) is writing to support HB 99, an act extending the termination date of the Alaska Minerals Commission (Commission) to 2024.

RDC is a statewide, non-profit, membership-funded organization founded in 1975. The RDC membership is comprised of individuals and companies from Alaska's oil and gas, mining, timber, tourism, and fisheries industries, as well as Alaska Native corporations, local communities, organized labor, and industry support firms. RDC's purpose is to link these diverse interests together to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

Historically, the mining industry has been a cornerstone of Alaska's economy. Many roads, docks and other infrastructure throughout Alaska were originally constructed to serve the mining industry. RDC believes the Commission provides a necessary voice on issues, as well as providing recommendations for the betterment of the State of Alaska's mineral industry.

This appointed group makes recommendations to the legislature and the governor in an effort to promote Alaska's minerals and mineral exploration and development industry. The Commission continues to be an effective means of ensuring policy makers have the benefit of the collective input of lead practitioners in the industry.

This mining industry, consisting of exploration, development, and production, in Alaska provides for 9,000 direct and indirect jobs with a payroll of \$620 million.

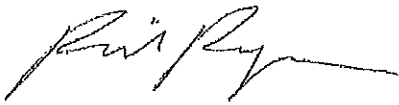
Representatives Eric Feige and Dan Saddler

February 7, 2013

These are some of Alaska's highest paying jobs with an average annual wage of \$100,000, significantly higher than the state average for all sectors of the economy. As the commission continues to effectively make recommendations in support of this important industry, it should be allowed to continue to do this work for the benefit of Alaskans.

RDC urges you to move HB 99 out of House Resources in a timely manner. Thank you for your consideration of these comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Rogers", with a long horizontal flourish extending to the right.

Rick Rogers
Executive Director



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February 7, 2013

The Honorable Fred Dyson, Chair
Senate State Affairs Committee
Alaska State Legislature
State Capitol Room 121
Juneau, AK 99801

Re: SB 2 - An Act enacting the Interstate Mining Compact and relating to the compact;
relating to the Interstate Mining Commission.

Dear Senator Dyson:

The Resource Development Council is writing in support of SB 2, an act that will allow the State of Alaska to join the Interstate Mining Compact Commission (IMCC) as a full member.

RDC is a statewide, non-profit, membership-funded organization founded in 1975. The RDC membership is comprised of individuals and companies from Alaska's oil and gas, mining, timber, tourism, and fisheries industries, as well as Alaska Native corporations, local communities, organized labor, and industry support firms. RDC's purpose is to link these diverse interests together to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

Historically, mining has been a cornerstone of Alaska's economy. Many roads, docks and other infrastructure throughout Alaska were originally constructed to serve the mining industry. Alaska should encourage a viable mining industry that will continue to help diversify our economy and improve infrastructure statewide.

In joining the IMCC, Alaska could show leadership in advocating for a healthy and stable permitting and regulatory system. The IMCC is a commission of states aligned to promote environmentally responsible resource development. Alaska can gain the experience of best practices from other member states to ensure an effective regulatory system. The IMCC recognizes the importance of mining nationwide and brings a collective voice to Washington D.C., advocating for states' rights.

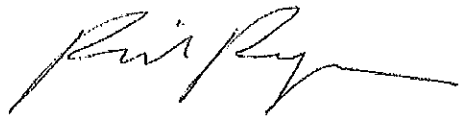
Furthermore, joining the IMCC as a full member will allow Alaska to benefit in many ways, including partnering with other states on federal issues, and building on successes that will promote the mining industry in Alaska and nationwide.

Senator Dyson, RE: SB2

February 7, 2013

RDC urges you to move SB 2 from the State Affairs Committee in a timely manner, and thanks you for your consideration of our comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Rogers", with a long horizontal flourish extending to the right.

Rick Rogers
Executive Director

CC: Senator Giesell, SB2 Sponsor

COMMITTEE ON APPROPRIATIONS

COMMITTEE ON
HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
COMMITTEE ON INDIAN AFFAIRS

MARK BEGICH
ALASKA

United States Senate

WASHINGTON, DC 20510

COMMITTEE ON
COMMERCE, SCIENCE, AND TRANSPORTATION

CHAIRMAN, SUBCOMMITTEE ON OCEANS,
ATMOSPHERE, FISHERIES AND COAST GUARD

COMMITTEE ON VETERANS' AFFAIRS

February 13, 2013

The Honorable Barack Obama
1600 Pennsylvania Ave NW
Washington, DC 20500-0005

Dear Mr. President:

I write to register the extreme disappointment and frustration I expressed directly with Interior Secretary Ken Salazar over the recent decision to ignore the life and safety needs of my constituents in the small rural community of King Cove, Alaska. Last week, the Fish and Wildlife Service recommended against construction of a short road providing King Cove residents access to an airport in case of life-threatening emergencies.

I am especially frustrated by the process which led to this misguided decision. In one of my first votes as a U.S. Senator in 2009, Congress approved a land exchange to accommodate a single-lane gravel road through just 206 acres of the 315,000-acre Izembek National Wildlife Refuge to provide access to the commercial airport in Cold Bay 25 miles away. As part of the approved land exchange, the community and the State of Alaska were willing to add an additional 60,000 acres to the refuge. Yet, during the years-long EIS process, despite repeated attempts, the residents of King Cove were denied an opportunity to meet face-to-face with Secretary Salazar to make their case. This is simply unacceptable.

I am troubled that this decision is part of a continuing trend to ignore the needs of Americans who live in the West, especially in some of the most remote parts of our nation such as Alaska. Life is especially challenging in these communities where the nearest hospital is an expensive airplane, boat or snow machine ride away. Yet these Americans deserve the same opportunities for basic health care and public safety as those who live in Chicago or elsewhere in our country. While the habitat values of the Izembek National Wildlife Refuge are indisputable, the residents of King Cove have taken good care of this area for generations.

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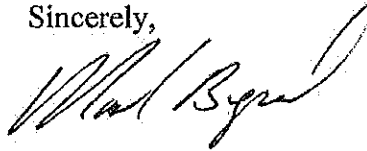
The Honorable Barack Obama
February 13, 2013
Page 2

How she addresses this troubling trend will be at the top of my list when I consider the confirmation of Interior Secretary-designee Sally Jewell. The Department of the Interior has more responsibility in my state than any other federal agency. So, I make two specific requests of you:

- As I already have requested of Secretary Salazar, please ensure that he meets with King Cove residents before he departs as secretary;
- Please direct Secretary-designee Jewell, if she is confirmed, to visit Alaska within her first 60 days on the job to see first-hand the challenges faced by residents of my state.

Thank you for your prompt attention to these important concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Begich". The signature is fluid and cursive, with a large initial "M" and "B".

Mark Begich
United States Senator

Contact: ExxonMobil Media Relations:
(972) 444-1107

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7 495 480 5650

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FOR IMMEDIATE RELEASE: February 13, 2013

Rosneft and ExxonMobil Expand Strategic Cooperation

- Companies to add seven Arctic license areas covering approximately 600,000 square kilometers (150 million acres) in the Chukchi, Laptev and Kara seas
- Rosneft is provided the option to acquire a 25 percent interest in Point Thomson natural gas and condensate project in Alaska operated by ExxonMobil
- Companies to jointly study potential for LNG project in Russian Far East

Moscow, Russia – February 13, 2013. Rosneft and ExxonMobil have agreed to expand their cooperation under their 2011 Strategic Cooperation Agreement to include an additional approximately 600,000 square kilometers (150 million acres) of exploration acreage in the Russian Arctic and potential participation by Rosneft (or its affiliate) in the Point Thomson project in Alaska. They have also agreed to conduct a joint study on a potential LNG project in the Russian Far East.

The agreements, which include plans to explore seven new blocks in the Chukchi Sea, Laptev Sea and Kara Sea, were signed by Igor Sechin, president of Rosneft and Stephen Greenlee, president of ExxonMobil Exploration Company, in the presence of Russian President Vladimir Putin.

The license blocks include Severo-Vrangelievsky-1, Severo-Vrangelievsky-2 and Yuzhno-Chukotsky blocks in Chukchi Sea, Ust' Oleneksky, Ust' Lensky and Anisinsko Novosibirsky blocks in Laptev Sea and Severo Karsky block in Kara Sea, which are among the most promising and least explored offshore areas globally.

A separate Heads of Agreement was signed providing Rosneft (or its affiliate) an opportunity to acquire a 25 percent interest in the Point Thomson Unit, which covers development of a remote natural gas and condensate field on Alaska's North Slope. It is estimated that Point Thomson contains approximately 25 percent of the known gas resource base in Alaska's North Slope.

Rosneft and ExxonMobil also executed a Memorandum of Understanding to jointly study the economic viability of an LNG development in the Russian Far East, including the possible construction of an LNG facility. The companies will form a joint working group, which is expected to commence work in the coming weeks to study the viability of an LNG project using available natural gas resources.

Commenting on the agreements signed, Igor Sechin said, "The agreements signed today bring the already unprecedented scale of the Rosneft and ExxonMobil partnership up to a completely new level. The acreage in the Russian Arctic subject to geological exploration and subsequent development increased nearly six-fold. That means the enormous resource potential of Russian Arctic offshore fields will be explored and developed in the most efficient manner with the application of cutting-edge technologies and expertise of our strategic partner, ExxonMobil, and using state-of-the-art environmental protection systems. Participation in the Point Thomson project will increase Rosneft's access to the latest gas and condensate field development technologies used in harsh climatic conditions."

Stephen Greenlee said the agreements build on the ongoing successful cooperation between the companies. "This expansion is an illustration of the strength of the partnership that exists between ExxonMobil and Rosneft," said Greenlee. "We look forward to working together on these new projects."

The companies are committed to using global best practices and state-of-the-art safety and environmental protection systems for the Arctic operations. The work will be supported by the recently signed Declaration on the Russian Arctic Shelf Environmental protection. Also, ExxonMobil and Rosneft will work together through an Arctic Research Center to provide a full range of research and design services to support their cooperation on Arctic projects.

Rosneft and ExxonMobil continue to implement a program of staff exchanges of technical and management employees to help strengthen relationships between the companies.

CAUTIONARY NOTE:

Statements of future events and conditions in this release are forward-looking statements. The Strategic Cooperation Agreement represents a binding outline of terms, and closing of the transactions contemplated by the agreement is subject to execution of definitive final agreements, receipt of necessary regulatory approvals, and other customary conditions. Actual future results, including potential costs and benefits realized by the parties as a result of the transactions, could differ materially depending on the outcome of future negotiations; the actions of governmental authorities and regulators, including legal and legislative uncertainties; the outcome of exploration programs; changes in prices and other market and economic factors affecting the oil and gas industries; future technological