



**The Secretary of Energy**  
Washington, DC 20585

July 5, 2006

The Honorable Frank H. Murkowski  
Governor of Alaska  
Juneau, AK 99811-0001

Dear Governor Murkowski:

I am writing to encourage the leadership of the State of Alaska to complete the necessary legislative and contractual work required to facilitate construction of a transportation system to move Alaska's natural gas to markets. The current natural gas market appears to support the investment needed to construct the Alaska Natural Gas Pipeline. The Federal Government is ready to expedite the Federal permitting processes and has recently executed the Federal Interagency Memorandum of Understanding (MOU) for the Alaska Natural Gas Transportation Project. The MOU was signed by senior executives from fifteen departments and agencies of the Federal Government and establishes a project management framework for cooperation in completing the regulatory approvals that would be required for this major project.

The current forecasts call for dramatic increases in United States natural gas demand while U.S. and Canadian conventional natural gas production has reached a plateau. The Nation will need to find or import more than 13 billion cubic feet per day of new natural gas supplies to meet the Nation's needs by the next decade. Wellhead gas prices in the lower 48 States more than doubled from 2002 to 2005; that price increase has greatly increased consumer natural gas prices and has adversely affected gas intensive industries such as fertilizer production and petrochemicals, resulting in plant closures and job losses.

If the State of Alaska does not conclude necessary legislative and contractual work promptly, Alaskans may lose the opportunity to pursue this project for several years or even a decade. In the global marketplace, capital investment will seek the most attractive projects. Given the global constraints on personnel and other resources, energy companies may re-deploy their resources, resulting in significant delays of an Alaska project. In addition, the opportunity for Alaska natural gas to serve markets in the lower-48 States could be overtaken by LNG imports if Alaska gas is not perceived as a reality to meet demand. We believe strong efforts should be made to make use of American reserves of natural gas, which will promote both national security and domestic economic growth.



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I am certain the State of Alaska's elected leaders are seeking to act diligently and thoughtfully in pursuing the best interests of the State and its citizens. I commend the State's leadership for doing so. In performing that duty, I encourage recognition not only of the State's interests, but of the strong National economic and security interests in developing the State's natural gas resources. I strongly believe that the National interest is best served by a decision this summer on the critical legislative and contractual issues currently being considered by the State and its leaders.

Thank you for the work that you and the State of Alaska's other leaders have done and are doing on this important matter. If I can be of assistance as your work progresses, please contact me or Mr. Michael Richard, Deputy Assistant Secretary for Intergovernmental Affairs, at (202) 586-8877.

Sincerely,

A handwritten signature in black ink, reading "Samuel W. Bodman". The signature is written in a cursive style with a large, stylized initial "S" and "B".

Samuel W. Bodman