



Brian Wenzel
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April 1, 2008

Ms. Marty K. Rutherford
Deputy Commissioner
State of Alaska
Department of Natural Resources & Department of Revenue
AGIA License Office
550 West 7th Avenue, Suite 1820
Anchorage, AK 99501

Dear Ms. Rutherford:

This letter responds to your March 10, 2008 request for a copy of a memorandum by Kirkland & Ellis regarding liabilities arising out of TransCanada's interests in the Alaska Northwest Natural Gas Transportation Company ("ANNGTC") partnership. Our January 24, 2008 letter to Governor Palin, which requested the Administration collaborate with ConocoPhillips on our proposal for a pipeline project, advised that we had directed Kirkland & Ellis to prepare a memorandum to the Administration identifying many of the risks related to the ANNGTC partnership. However, on February 14, 2008 ConocoPhillips announced that we were reassessing our proposal and the best path forward for the project.

ConocoPhillips remains concerned that potential claims by ANNGTC withdrawn partners make it very difficult, if not impossible, for TransCanada to attract shippers, financiers or co-venturers for its proposed Alaska gas pipeline project. On two separate occasions we identified our concerns for your external legal counsel.

However, at this time we do not believe our provision of the Kirkland & Ellis memorandum is necessary or productive for several reasons. First, our discussions with your lawyers should have provided an adequate basis for the Administration to confirm our concerns with the withdrawn partner liability risks. Second, we are sensitive to our larger business relationship with TransCanada. Finally, at this time we are advancing our own gas pipeline project outside the State's process.

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ConocoPhillips remains focused on completing our 2008 summer field activities on the gas pipeline project and working with the appropriate federal agencies to obtain the necessary certificates and approvals to build the pipeline project. We will keep you abreast of progress on our project as more information becomes available.

Regards,



Brian R. Wenzel
Vice President
ANS Gas Development

c: The Honorable Lyda Green, Senate President, Alaska Senate
The Honorable John Harris, Speaker of the House, Alaska House of Representatives