

BP COMMENTS

PROPOSED AGDC CONFIDENTIALITY REGULATIONS

OCTOBER 21, 2015

BP offers the following comments and observations to the proposed confidentiality regulations. BP understands AGDC will soon be providing responses to questions posed by BP and other interested parties regarding the proposed regulations, and extending the time period for additional comments once the responses are issued. BP may provide further comments based on those responses.

1. BP is concerned that confidential Alaska LNG Project information already disclosed to AGDC under the May 9, 2014 confidentiality agreement would be made public under the new regulations, without the consent of BP and the other project participants. Our goal is to have a competitive project that provides the highest possible return from LNG sales. Alaska LNG is competing against projects across the globe. Information that reveals costs, commercial terms, or similar information would allow a competitor to gain an advantage when negotiating with buyers. It would also give buyers critical information that would give them additional leverage in negotiations resulting in a lower price for Alaska's LNG.

It would also deter third parties from disclosing their confidential information to the Alaska LNG Project participants and impair the ability of the project participants to share technical and commercially sensitive information with each other. This issue could be addressed through an exemption from the disclosure provisions for any Alaska LNG Project confidentiality agreement.

2. The proposed regulation requiring public disclosure of the entirety of any contract provided to the AGDC Board for approval, even if that contract contains sensitive commercial, financial or technical information, would seriously harm the competitive advantage of the Alaska LNG Project. This issue could be addressed a number of ways, including: (a) disclosure of the entirety of any contract to the AGDC Board during executive session; the contract parties would prepare an agreed summary of non-confidential contract terms for public disclosure, or (b) the redaction or removal of confidential commercial, financial and technical information from any contract released to the public.

3. The proposed regulations allow for the disclosure of previously agreed confidential information to be released to the public without the consent of the disclosing party. The issue could be addressed by adding language to the proposed regulations that requires (a) consent by the disclosing party to release the information to the public, or (b) notice to the disclosing party of the intent to disclose the confidential information, and an opportunity to take appropriate legal action to protect the confidential information should the disclosing party choose to do so.

4. Public disclosure of confidential information could have a chilling effect in the market place. Buyers of LNG want assurance that their commercial terms remain confidential. If commercially sensitive terms are not protected in this instance, buyers may be less willing to enter into contracts, or may seek an even lower price as a result. This could hurt the viability of the project.