

Unknown

From: Frye, Ivy J (DOA) [ivy.frye@alaska.gov]
Sent: Tuesday, February 05, 2008 10:24 AM
To: Balash; Joseph R (GOV); Perry; Kristina Y (GOV); Leighow; Sharon W (GOV); ExternalEmailgsp; 'ftb907@yahoo.com'; 'fek9wnr@yahoo.com'
Cc: Tibbles; Michael A (GOV); Cockrell; Robert A (GOV); Wheeler; Gary R (GOV); Cooper; George F (DPS); Lopez; Thomas M (GOV); Nizich; Michael A (GOV)
Subject: RE: Halcro

Well, what do you suggest Joe?

Redacted

-----Original Message-----

From: Balash, Joseph R (GOV)

Sent: Tuesday, February 05, 2008 10:22 AM

To: Perry, Kristina Y (GOV); Leighow, Sharon W (GOV); ExternalEmailgsp; Frye, Ivy J (DOA); 'ftb907@yahoo.com'; 'fek9wnr@yahoo.com'

Cc: Tibbles, Michael A (GOV); Cockrell, Robert A (GOV); Wheeler, Gary R (GOV); Cooper, George F (DPS); Lopez, Thomas M (GOV); Nizich, Michael A (GOV)

Subject: Re: Halcro lies again

Redacted

----- Original Message -----

From: Perry, Kristina Y (GOV)

To: Leighow, Sharon W (GOV); ExternalEmailgsp; Frye, Ivy J (DOA); Frank Bailey <ftb907@yahoo.com>; Perry, Kristina Y (GOV); Todd <fek9wnr@yahoo.com>

Cc: Tibbles, Michael A (GOV); Cockrell, Robert A (GOV); Wheeler, Gary R (GOV); Cooper, George F (DPS); Lopez, Thomas M (GOV); Nizich, Michael A (GOV); Balash, Joseph R (GOV)

Sent: Tue Feb 05 09:58:25 2008

Subject: RE: Halcro lies again

Redacted

-----Original Message-----

From: "Leighow, Sharon W (GOV)" <sharon.leighow@alaska.gov>

To: "ExternalEmailgsp" <gov.sarah@yahoo.com>; "Frye, Ivy J (DOA)" <ivy.frye@alaska.gov>; "Frank Bailey" <ftb907@yahoo.com>; "Perry, Kristina Y (GOV)" <kris.perry@alaska.gov>; "Todd" <fek9wnr@yahoo.com>

Cc: "Tibbles, Michael A (GOV)" <mike.tibbles@alaska.gov>; "Cockrell, Robert A (GOV)" <robert.cockrell@alaska.gov>; "Wheeler, Gary R (GOV)" <gary.wheeler@alaska.gov>; "Cooper, George F (DPS)" <george.cooper@alaska.gov>; "Lopez, Thomas M (GOV)" <tom.lopez@alaska.gov>; "Nizich, Michael A (GOV)" <mike.nizich@alaska.gov>; "Balash, Joseph R (GOV)" <joe.balash@alaska.gov>

Sent: 2/5/2008 9:45 AM

Subject: RE: Halcro lies again

Redacted

Thoughts?

-----Original Message-----

From: gov.sarah@yahoo.com [mailto:gov.sarah@yahoo.com]

Sent: Tuesday, February 05, 2008 9:40 AM

To: Frye, Ivy J (DOA); Frank Bailey; Perry, Kristina Y (GOV); Todd

Cc: Leighow, Sharon W (GOV); Tibbles, Michael A (GOV); Cockrell, Robert A (GOV); Wheeler, Gary R (GOV); Cooper, George F (DPS); Lopez, Thomas M (GOV); Nizich, Michael A (GOV); Balash, Joseph R (GOV); Tibbles, Michael A (GOV)

Subject: Re: Halcro lies again

Ivy- Have you EVER shuttled my kids on state time, ever? I know you have not. Halcro is a liar. The mainstream media going to him as a credible source is pathetic.

Security has shuttled my kids from point A to point B, with their insistence that it's their job to work for/protect the First Family and they did it for other governors. If Halcro wants to gripe about that, let him take it up with Security.

(Maybe I need to get that in writing?) Even with Security I don't ask much of them so I can't be accused of "using state personnel" to assist with First Family logistics.

Sharon, if there's anything you can do here shedding light on Halcro's continued lies, pls do.

And Ivy, your AGIA piece was great!

Sent from my BlackBerry® device from Cellular One

-----Original Message-----

From: "Frye, Ivy J (DOA)" <ivy.frye@alaska.gov>

Date: Tue, 05 Feb 2008 09:14:31

To: gov.sarah@yahoo.com, Frank Bailey <ftb907@yahoo.com>, "Perry, Kristina Y (GOV)" <kris.perry@alaska.gov>, Todd <fek9wnr@yahoo.com>

Subject: Halcro took a shot at me on his blog today

Feb 5: AGIA. What is the baby sitter's opinion?

On Monday, emails were flying about a weekend opinion column published in the Valley Frontiersman by a former campaign volunteer for Governor Palin, turned state employee and baby sitter for the governor.

Ivy Frye, who was appointed to head up the State Boards & Commissions Office and then was

replaced a few months into the job last year, has become known as the governor's baby sitter who shuttled kids to school on state time.

Her opinion column offers us more baseless and simplistic Palin-esq rhetoric when it comes to AGIA. We have added our comments in italics.

Conoco blows hot air about gas production

By Ivy Frye

The Alaska Gasline Inducement Act (AGIA) remains the subject of a lively debate. While many see it as a brilliant strategy, some critics assure us that no project can move forward without the consent of North Slope producers. (Fact: The only AGIA applicant has stated the project cannot move forward without the "agreement & support" of the producers)

Time will prove AGIA's merits and one thing is for certain: During her first year in office, Governor Palin has blazed the trail for Alaska's first truly open and competitive process for building a natural gas pipeline. (Fact: One year later and this process has given us only one applicant. Even ardent supporters of AGIA are upset because it hasn't delivered any competition and they accuse Palin of promoting "form over substance".)

In the broadest sense, AGIA is designed to do two things: move a project forward on a predictable timeline and ensure an open-access pipeline. (Fact: The project won't move forward, regardless of the state's timelines until the producers agree to commit to pay for the \$30 plus billion pipeline.)

Nothing prevents ConocoPhillips from building a gasline, nor has anything prevented this for the past several decades. And yet, it has chosen not to. (Fact: The price of natural gas wasn't even high enough to justify costing out a pipeline project let alone building it, until just six years ago.)

In the company's current public relations tour, Conoco makes it very clear that it does not require any of the incentives offered under AGIA. Why would the state want to give away \$500 million when ConocoPhillips will consider moving a project forward right now? (Fact: The only reason the state is offering a \$500 million inducement is a carrot for companies like Transcanada who have no gas, no financing and little hope of pulling off the project. AGIA was written to exclude Conoco and other producers.)

Never mind that this is all contingent on a number of preconditions. (Fact: A legal opinion released last week stated that Transcanada's AGIA application should have been rejected due to including contingencies.)

ConocoPhillips only wants one thing for this seemingly irresistible offer — to sit down again and discuss fiscal terms. (Fact: Even Transcanada in their AGIA application (2.2.52) demands the state sit down and discuss fiscal terms.)

But, company officials do not suggest this in their proposal of what these terms might be. When this was pointed out in the governor's recent letter to CEO James Mulva, ConocoPhillips responded that it

does have some terms in mind and would be happy to share these in private just as soon as the governor is ready to sit down and negotiate.

Although the governor goes on to explain in her letter why this is no longer a viable alternative, Conoco chooses to ignore it. (Fact: The reason the governor gave for not discussing fiscal terms in her letter to Conoco was that AGIA proved they didn't need to. However, the governor was wrong. TransCanada clearly told the governor in their AGIA bid that she needed to discuss fiscal terms with Conoco and others.)

The governor also asks in her letter why Conoco chose not to commit gas to its proposed project. What is interesting about Conoco's answer is that officials do not answer the question. Instead, Conoco takes the opportunity to point out that TransCanada hasn't committed gas in its AGIA license application. Never mind the fact that TransCanada is not a gas producer and has no gas to commit, and never mind the fact that a gas commitment is the single-largest thing Conoco could do to lessen the project risk and move a project forward. (Fact: Conoco cannot responsibly commit to supplying gas for twenty five years or more in ship or pay contracts without knowing more about the fiscal regime that will govern the \$30 plus billion project.)

The questions people should be asking begin with "why?" Why would ConocoPhillips choose to keep the project risk high? (Fact: At \$30 plus billion and the largest oil & gas project in the world, the risk is already high. Conoco is attempting to limit the projects risk by trying to understand the economic modeling which is impossible until you understand the fiscal framework of the project including your tax liability)

Why, if ConocoPhillips needs none of the state incentives to move forward, would it make no effort to do so? Why would ConocoPhillips choose to make its "proposal" public just the day before AGIA's application deadline? (Fact: Conoco doesn't need the state's \$500 million because they have the tools to make the project work. They have gas reserves, deep balance sheet and relationships with North Slope producers. TransCanada needs to accept the \$500 million because they have no gas reserves and thus no certainty for project financing. If they were to undertake AGIA without the state's \$500 million, every dime they spend would be their own and a very risky move.)

In my mind, the answer to all is clear: fear. Conoco does not want the state to issue an AGIA license. It does not want a project to move forward on the state's aggressive timeline and does not want an open access pipeline. (Aggressive timeline? Under AGIA, Alaska could be locked in with TransCanada for up to ten years, pay them \$500 million and still not have a natural gas pipeline.)

In reality, I do not believe Conoco is at all surprised its "proposal" has not been taken seriously. It would be quite clear to anyone who has actually taken the time to read the document. Compared to any of the serious AGIA applications received by the state, it is a grade-schooler's guide to gasoline risk. (Fact: The AGIA process has delivered one applicant whose application is not a real application. They have placed contingencies on everything, even saying they had to get final approval from their board before going ahead. In addition, Revenue Commissioner Pat Galvin testified there may be "complications" with TransCanada's AGIA application.)

ConocoPhillips is engaged in nothing more than an expensive campaign to obfuscate the AGIA process and fuel the public's hope that after so many failed negotiations and stonewalling, the producers are finally ready to build us a gasoline.

Unfortunately, ConocoPhillips' effort has been quite successful in its attempt to take attention from

the AGIA process. Radio hosts, former statewide candidates and other critics are swept along in the frenzy, using their positions to level personal attacks on AGIA supporters rather than debate the true merits of public policy. (Fact: We have argued factually since day one. We predicted this process would fail to deliver an applicant that could build the project without the producers and so far we have been absolutely correct. Even the sole AGIA applicant agrees with us on the issue of needing a fiscal framework.)

As this chapter continues to unfold, I would encourage Conoco to work with the Palin administration toward our mutual goal of getting Alaska's North Slope gas to market. And as for the rest, let's keep our dialogue civilized. (We agree. Lets start by telling the truth instead of fairy tales and recognize that the AGIA applicant has said the governor needs to negotiate a fiscal framework to get this project moving forward.)

Ivy Frye is a lifelong Alaska and Palmer resident. She resides in Juneau and serves in Gov. Sarah Palin's administration.