




Governor Michael J. Dunleavy
STATE OF ALASKA

MEMORANDUM

TO: Commissioner Corri Feige, DNR
Commissioner Jason Brune, DEC
Attorney General Kevin Clarkson, LAW
Commissioner Doug Vincent-Lang, ADF&G
Commissioner Tamika Ledbetter DOL&WD
Commissioner Julie Anderson, DCCED
Acting Commissioner Mike Barnhill, DOR
Brett Huber, Sr., Governor's Office Director of Policy & Communications

FROM: Mike Dunleavy 
Governor

DATE: December 27, 2019

SUBJECT: Establishing the Governor's Oversight Committee on the BP-Hilcorp Transaction

After 50+ years of successful operations in Alaska, BP announced the sale of their North Slope oil and gas production assets to Hilcorp on August 27, 2019. Following the announcement, state agencies began the statutorily required process of reviewing the BP-Hilcorp transaction (Transaction), drawing significant interest from members of the public and the Legislature.

Unlike the BP-ARCO merger that closed in 2000 and was subject to oversight from the Securities and Exchange Commission, this Transaction has been reviewed by the Federal Trade Commission and no antitrust or anticompetitive issues were identified. As a result, the Transaction review and approval is unequivocally the State's responsibility.

Understanding the review is underway, effective immediately, I hereby establish the *Governor's Oversight Committee on the BP-Hilcorp Transaction* (Committee) to ensure the Transaction receives a fair and thorough vetting, and to inform the Governor's Office and public of the Transaction proceedings.

Composition of the Committee will include the following Cabinet-level officials involved in the Transaction review:

1. Commissioner or designee of the Department of Natural Resources (Chair);
2. Commissioner or designee of the Department of Environmental Conservation;
3. Attorney General or designee of the Department of Law;
4. Commissioner or designee of the Department of Fish & Game;
5. Commissioner or designee of the Department of Labor and Workforce Development;
6. Commissioner or designee of the Department of Commerce, Community, and Economic Development;
7. Commissioner or designee of the Department of Revenue; and
8. Governor's Office Director of Policy & Communications.

Duties and responsibilities of the Committee include, but are not limited to:

1. Provide general oversight and updates to the Governor on the Transaction;
2. Brief the Governor on comments from the public and members of the Legislature;
3. Advise the Governor's Office on whether statutory and regulatory requirements are satisfied, including, but not limited to:
 - a. Fit, willing, and able determination, in conjunction with a third-party review;
 - b. Transfer of leases and various agency permits;
 - c. Financial Assurance Agreements associated with long-term dismantlement, removal, and restoration liabilities for both upstream and midstream assets;
 - d. Potential tax implications;
 - e. Prudhoe Bay Unit operator control; and
 - f. Discharge Prevention and Contingency Plan approvals, and certificates of financial responsibility;
4. Inform the Governor's Office of the potential benefits or impacts the transaction could have on the Alaskan workforce; and
5. Update the Governor on proceedings of the participating State independent quasi-judicial agencies, which include:
 - a. Regulatory Commission of Alaska regarding the transfer of common-carrier pipeline assets; and
 - b. Alaska Oil and Gas Conservation Commission on issues regarding bonding and transfer of well ownership.

It is critical that the Transaction is thoroughly vetted and executed in a manner that is beneficial to the State and stakeholders, and I am confident the Committee will serve a vital role to achieve this goal.