

# Subject: South Central Natural Gas Update



**Luke Saugier** [Redacted]

Sun, May 5, 5:33 PM (4 da

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I wanted to provide an update on Southcentral gas supply in light of the Senate Resources Committee unexpect advancing an S Corp Tax provision targeted at Hilcorp and other Cook Inlet gas producers.

As I've shared with you before, over the next five years, Hilcorp anticipates investing nearly a billion dollars or n on projects to maintain gas supply to Southcentral Alaska. In 2024 alone, we plan to spend several hundred mil dollars in the Cook Inlet, operate four rigs, and drill nearly 20 wells to produce gas for Alaska homes and busine

Due to this new tax's vague and uncertain language, as well as the provision not being sufficiently modeled, we unsure what the impact will be on our ability to meet your gas supply needs as we will need to re-examine the investment we had planned for Cook Inlet. Unfortunately, it will also negatively impact our ongoing negotiations related to gas storage options, jack-up rig availability, new gas supply contracts, and could harm our ability to m existing interruptible contracts.

It is my opinion this new S Corp Tax provision will lead to higher energy prices for Southcentral Alaska.

It's difficult to commit long-term dollars to Alaska when there's continued uncertainty in the fiscal regime – or ev worse, when the State penalizes a company for investing billions of dollars. As a company, all we can do is resp which, unfortunately, would likely mean significantly shifting our capital investment.

We will continue to monitor the situation and keep you updated.

Thanks,  
Luke

**Luke Saugier**  
**Hilcorp Alaska**

