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ALASKA'S INDEPENDENTLY OWNED NEWSPAPER

Governor feuds with Exxon over natural gas

Walker asks company not to 'thwart' state's efforts.

Alex DeMarban
Alaska Dispatch News

An October letter from Gov. Bill Walker to an ExxonMobil executive suggests the governor deeply distrusts the company when it says it will continue to support the \$55 billion Alaska liquefied natural gas project as the state takes it over.

"Please do not take steps to thwart Alaska's ability to monetize our gas," the governor says in the Oct. 14 letter to Jim Flood, an ExxonMobil vice president.

The governor also asks the Houston oil giant to be complimentary of the project when speaking with potential buyers of North Slope natural gas, as Walker says he has done with ExxonMobil.

The letter, obtained by Alaska Dispatch News under a public records request, was written amid negotiations among ExxonMobil, BP, ConocoPhillips and the state over Alaska's takeover of the project. The proposed deadline to have agreements signed, the end of October, still has not been met.

Though the oil companies have pursued the project since 2012, more recently they've been backing away, especially since a study in August raised doubts about its global competitiveness. But the study also said a state-led project could improve chances by lowering costs through tax exemptions and other advantages. The project has been led by ExxonMobil, but producers said they will support a state-led project.

As envisioned by the developers, the plans call for removing the vast store of gas from the North Slope and shipping it along an 800-mile pipeline to a liquefaction plant in Nikiski for

See Page A-7, **WALKER**

Oil companies help departing employees with home sales

Third-party companies will buy and then sell houses.

Jeannette Lee Falsey
Alaska Dispatch News

In the past year, departing oil company executives and employees have bumped up housing inventory in Anchorage, creating a state of stiffer competition among sellers.

But in many cases, those who have left or are leaving Alaska at the behest of Shell, ExxonMobil and other large corporations have been relieved of the inconvenience and risk of selling their homes themselves.

Like other large, globalized corporations, the giants of the Alaska oil patch use third-party relocation companies to assume ownership of employee homes and sell them, and provide other services to ease the stress of moving.

Relocation companies were busy this year handling the departure of oil industry employees from Alaska, many of whom worked for Royal Dutch Shell. The company announced in September 2015 that it would give up high-profile plans to drill in the Chukchi Sea.

Shell had built its Anchorage workforce from an office of two people in 2005 to about 300 in 2014, not including thousands of contractors, said spokesman Curtis Smith, who was moved from Anchorage to the Washington, D.C., area for a promotion three years ago. He declined to discuss the details of his own relocation.

And with oil entering a third year of depressed prices, other companies have also made use of relocation services for employees being transferred out of state.

An ExxonMobil relocation handbook details terms by which the company may compensate workers for losses on home sales through a relocation company. The handbook does not specify a geographic area and applies to employees with Ph.D.s and new employees with previous work experience.

"Since your home often represents one of the largest investments you make, this relocation policy was developed to encourage and

See Page A-7, **HOMES**

NATIVES CHEER ARMY DECISION DENYING PIPELINE ACCESS



ALYSSA SCHUKAR / The New York Times

Maida Le Beau from the Cheyenne River Sioux Tribe embraces Bobby Robedeaux of the Echohawk Bayhille family of the Pawnee Nation in Oklahoma after learning that permits would not be approved for a section of the Dakota Access pipeline, at the Oceti Sakowin protest camp, just outside the Standing Rock Sioux Reservation in Cannon Ball, N.D., on Sunday.

Protesters gain victory in fight over oil pipeline

Army won't approve permit for planned route within half-mile of reservation.

Jack Healy
The New York Times

CANNON BALL, N.D. — The Standing Rock Sioux Tribe won a major victory Sunday in its battle to block an oil pipeline being built near its reservation when the Department of the Army announced that it would not allow the pipeline to be drilled under a dammed section of the Missouri River.

The Army said it would look for

alternative routes for the \$3.7 billion Dakota Access pipeline. Construction of the route a half-mile from the Standing Rock Sioux reservation has become a global flash point for environmental and indigenous activism, drawing thousands of people to a sprawling prairie camp of tents, teepees and yurts.

"The best way to complete that work responsibly and expeditiously is to explore alternate routes for the pipeline crossing," Jo-Ellen Darcy, the Army's assistant secretary for civil works, said in a statement. The



Photo by BRIAN ADAMS

Fireworks erupt in celebration after the announcement.

See Page A-7, **PROTEST**

Death toll climbs in Oakland warehouse fire

Witnesses describe chaos inside structure where at least 33 died.

Michael Kranish, Tim Bontemps, Jasper Scherer and Kristine Guerra
The Washington Post

OAKLAND, CALIF. — One of the deadliest fires in recent U.S. history began amid a cluttered collective of artist studios known as the Ghost Ship and spread

quickly through the two-story warehouse that did not have fire sprinklers, killing at least 33 people and possibly many more, officials said Sunday.

"Help me!" shouted partygoers who had gathered at the warehouse for a Friday evening of music and dancing in East Oakland's Fruitvale district, only to find themselves trapped in an inferno.

Fire trucks arrived within three minutes, officials said, but nothing could be done to stop

the fast-spreading flames soon enough. The sky was lit with a huge fireball, ignited by an array of artisan works, guitars, pianos, bookshelves, bowls and countless other tinderlike pieces.

Bob Mule, a photographer who worked at the warehouse, told the local NBC-TV station that he saw the fire coming from the back left corner of the building. He heard a friend with a broken ankle calling for help. Mule said he raced to the friend, but "there was a lot of stuff

in the way and the flames were too much. ... I had to let him go."

Standing outside the warehouse as flames continued to pour through the walls and the roof, with an arm bandaged from wounds suffered during his flight from the fire, Mule said he had not heard whether his friend had made it out.

As the fire raged, city officials met with roomful of families who

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Community organizers hope to make Anchorage a friendlier place

Posters displayed in shops around the city say 'all are welcome here' in 10 different languages.

Suzanna Caldwell
Alaska Dispatch News

Around Anchorage, a small group of community organizers are trying to spread a culture of kindness with bright-yellow posters.

Over the last two weeks Anchorage resident Alyse Galvin and others have been sharing signs with a simple message: "All are welcome here."

Galvin decided to start posting the signs after struggling with what she called "divisive feelings" in the aftermath of the presidential election. Along with the welcome message in big, bold letters, there is a small statement of purpose.

"We respect ALL people. We stand united with our community and will not tolerate disrespect, uncivil discourse or discrimination. We encourage kindness.



LOREN HOLMES / Alaska Dispatch News

A sign at Healani's 808 shop in the Northway Mall

Hate has no business here."

The phrase "all are welcome here" is repeated in 10 languages.

She said in a phone interview last week that she's

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NATION & WORLD NEWS

Trump expands his search for secretary of state
The president-elect's transition team remains divided over how to fill the most prominent gap in his prospective Cabinet. The selection isn't expected to be made for at least several more days. **Page A-3**

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WALKER: Exxon's demand for 'fiscal agreement' remains a sticking point

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transport and sale to Asian utilities.

For about as long as oil has been pumped from state leases on the North Slope, Alaskans have dreamed of a gas pipeline operating in tandem with the trans-Alaska oil line. But gas-line proposals have come up against a single, huge obstacle — natural gas isn't as valuable a commodity as oil, and North Slope gas is even less valuable than gas from other places because of impurities.

Over the years, as gas came out of the ground with oil, it was pumped back to increase reservoir pressure and keep oil flowing, leading to much more production than was originally estimated. Meanwhile, its low value has posed problems for financing a gas pipeline. Walker has said he wouldn't attempt to use any of Alaska's savings to build a line, but would only finance it with promises of gas sales, such as to Asian utilities.

Walker, an advocate of a gas line long before he became

governor, has blamed the death of past pipeline projects on the producers' unwillingness to sell gas they produce with oil, preferring instead to pump it back into the ground. But in September he called their new commitment to provide gas to the state a golden opportunity.

Walker's letter shows he is skeptical of ExxonMobil's intentions, though he says he doesn't treat them differently than any other company.

Walker agreed to an interview Tuesday. In it, he repeated his fear that ExxonMobil might hinder the state. He said his concern was based, in part, on a comment a year earlier from Rex Tillerson, chief executive of ExxonMobil, who called Alaska "its own worst enemy." Tillerson blamed the state's failures to get a gas line on a series of governors who would each introduce a new project.

Tillerson's statement came shortly before Walker spoke at the large LNG Producer-Consumer Conference in Tokyo, where Walker had said

he would pitch the project and foster relationships with possible investors.

"It was not helpful," said Walker of Tillerson's statement.

In his letter to ExxonMobil, Walker noted that the company had embarked on a global expansion of gas-liquefaction projects in countries such as Mozambique and Tanzania. Yet in February, he added, ExxonMobil offered to slow the pace of gas-line development in Alaska, or hand over the project to the state.

The governor has indicated that ExxonMobil was the slowest mover of the partners in the Alaska LNG project even as it led the project. In his letter, Walker was emphatic: the "lead party must lead the project."

Walker also offered no sympathy for an ExxonMobil demand for a "fiscal agreement" — a euphemism for a long-term deal on taxes — before it will sell its natural gas to an Alaska project.

Keith Meyer, president of the Alaska Gasline

Development Corp., a state-owned corporation, said ExxonMobil's "desire" for a tax deal before gas sales can occur has not delayed transition of leadership to the state.

"I wouldn't say there's any significant issue that's holding them up that we know of," Meyer said of the negotiations.

The companies are currently providing thousands of project documents to the state as part of the handover, Meyer said. The partners have spent more than \$500 million studying the project, and studies and plans have been estimated to cost \$2 billion more before it can advance to construction.

Larry Persily, oil and gas adviser to Kenai Peninsula Borough Mayor Mike Navarre, said the request for a fiscal agreement before gas is sold does not surprise him.

"Politically, it doesn't endear them to the Alaska public, but it's nothing different than what we've heard for a long time," he said.

ExxonMobil is "progressing handover" to a state-led project, according to an email

from Hans Neidig, ExxonMobil's public and government affairs manager in Alaska. Neidig said the company wants "fiscal stability" and mutually agreed terms before making its gas available.

"Such terms are common practice within the industry," the statement said.

Such a deal has proven elusive. In 2006 former Gov. Frank Murkowski sought a fiscal agreement with the North Slope producers locking in taxes for three decades as part of yet another, \$25 billion project that would have moved gas overland through Canada to U.S. markets.

The idea was rejected by the Legislature. It was constitutionally questionable because it would have bound future lawmakers.

Walker said in his letter that a fiscal agreement has been associated with ExxonMobil's plans to own a piece of the project's hardware, but that is not in issue now.

"Since that is no longer the project structure, it is not necessary to proceed with fiscal

certainty," Walker wrote.

ExxonMobil says it has indeed made significant investments to support a gas project. It says it has spent more than \$275 million to study the current gas project in Alaska and two earlier ones. It also invested \$2.6 billion of the \$4.2 billion that companies have paid to develop Point Thomson — a North Slope field with huge gas reserves that could supply a gas line.

The Walker administration has estimated that the state, through tax subsidies to ExxonMobil and the other investors, would pay about half the Point Thomson project costs.

Before he was elected governor in 2014, Walker said the oil companies have held gas line projects hostage to thwart increase in oil production taxes.

Does Walker still hold that view of ExxonMobil? Walker, being diplomatic, wouldn't answer.

"What's important is what we do from this point forward to monetize Alaska's natural gas," Walker said.

HOMES: Shell impact

Continued from A-1

assist you in the sale of your primary residence for the best possible price in the shortest amount of time," the handbook says.

ExxonMobil reimburses closing costs and absorbs the broker's commission, according to the handbook. These particular employees also receive a general moving expense account, a relocation consultant, coaching in how to market a home and a vetted network of experienced brokers trained in corporate relocation.

Moving assistance is part of benefits packages across many sectors, including retail, health care, finance and government. In Alaska's oil industry, middle managers and above tend to qualify for home-sale assistance, selling bonuses and compensation for losses, according to several professionals who handle corporate moves. A larger pool of employees may receive reimbursement or a fixed amount of money to help cover moving costs.

Relocation companies are necessarily global in scope, shadowing the sprawling corporate clients they serve. The largest is Cartus. Its parent company, Realogy, is the largest franchiser of real estate brokerages in the world and owns brands including Coldwell Banker, Century 21 and Sotheby's. Others include Sirva, Weichert and Brookfield.

More work for less pay

The housing market in Anchorage was visibly affected as Shell's workforce left Alaska for redeployment to Houston, New Orleans, The Hague and elsewhere.

Housing inventory in Anchorage through October 2016 was 3,469, compared to 3,221 through the first 10 months of 2015, according to data from the Multiple Listing Service in Anchorage. The average home price for the same period dropped by less than half a percent.

"Shell was the biggest player and had the biggest impact with the number of people that they moved out because they shut down their office here completely," said Bethany Stamper, a realtor at Coldwell Banker. "We went from very low inventory last year until that announcement was made. Then we saw prices going down and days on the market going up. That was because the amount of inventory available was up."

Stamper and others said the properties sold by relocation companies range from modest condos to mansions in gated communities. There is no way to keep track from moment to moment how many such properties are in the market. Real estate brokers and others in the moving industry who handle them on a regular basis say they can make up anywhere between 5 to 15 percent of their business.

From a broker's standpoint, there is more paperwork and corporate protocol involved in such transactions, according to Michael Droege, co-owner and general manager of realty company Century 21 in Anchorage.

Brokers pay referral fees to the corporations and are subject to strict performance reviews, meaning they do more work while making less money on each sale. Droege said his firm is graded by the companies on a range of criteria: how well brokers manage the expenses of selling a home, how long the home sits on the market and how well they serve the employee.

"There is a much higher degree of scrutiny we have to handle in a relocation sale," Droege said during an interview at his Anchorage office.

The upside is a steady stream of business from influential and deep-pocketed corporations, not to mention the possibility of referrals from within that network.

When pricing homes, relocation companies must strike a balance. Their corporate clients are eager to

get the properties and the costs of maintenance, insurance and taxes off their books, but also want to avoid large losses in a sale.

If the difference in sales price and market valuation by the relocation company exceeds 5 percent, "we get a demerit," Droege said. Demerits are part of a grading system that impacts how much business his brokerage receives.

"We have a lot of other corporate eyes looking at us in a transaction," Droege said. "We work hard for all our clients anyway, but the bottom line is those guys are getting served big time."

For each of its corporate listings, Century 21 provides the seller with a detailed market update report every two weeks. The report includes all new listings, what properties are pending, which have closed and commentary on any other market conditions that would affect the sale of that property. Droege's brokers set up automatic emails to clients with analytics on how much interest a listing is receiving from other brokers through the Multiple Listing Service and from prospective buyers browsing real estate websites such as Zillow and Trulia.

Fair-priced homes for buyers

Trying to sell too quickly and aggressively can incur a loss on the property, according to Paige Hodson, who has appraised homes in Anchorage for more than three decades. Relocation companies use forward-looking appraisals to determine how long they can sit on a property before having to lower the price on behalf of corporate clients.

Buyers may find the sale process takes longer than normal because corporate sellers require more paperwork and due diligence and the relocation companies and the corporations they work for are making decisions outside the state.

But buyers can expect to find such homes in good shape because the corporations hold their employees accountable for getting them into market-ready condition, Droege said. And while a bargain isn't a guarantee, the house likely will not be overpriced.

Benefits for employees, corporations

Relocation sales are not generally the first choice of a company or an employee. They are pricey and risky for corporations, which is why many moving contracts give employees a bonus if they can sell the home themselves. In a healthy market, an employee might prefer to sell on their own because there is a chance they can make more money than they would make through a relocation sale.

Rather, the relocation sale is a backstop to bring peace of mind to employees. Despite the cost, corporations benefit by protecting against productivity loss and boosting employee loyalty.

"We know that moving is the second-most stressful thing a person goes through," said Greg Wakefield, CEO and owner of Allied Alaska, a moving company that is part of relocation corporation Sirva. "You know an employee can't be focused on their job if they are worried about their move."

Wakefield said business has been good this year with "all the majors moving people out to Houston, some going internationally and people retiring."

Still, he noted that while people are still moving to Alaska, he is handling more outbound than inbound moves.

"Are they good moves and the type we'd like to have? Yes. But moving people out and not in is not good for Alaska," Wakefield said. "And if it's not good for the state, it's not good for us."



Thousands of U.S. Army veterans arrived at Standing Rock Sioux Reservation in North Dakota to protest the construction of the Dakota Access pipeline.

PROTEST: Next test is possible Trump changes

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move could presage a lengthy environmental review that has the potential to block the pipeline's construction for months or years.

But it was unclear how durable the government's decision would be. Sunday's announcement came in the dwindling days of the Obama administration, which revealed in November that the Army Corps of Engineers was considering an alternative route. The Corps of Engineers is part of the Department of the Army.

President-elect Donald Trump, however, has taken a different view and said as recently as last week that he supported finishing the 1,170-mile pipeline, which crosses four states and is almost complete. Trump owns stock in the company building the pipeline, Energy Transfer Partners, but has said that his support has nothing to do with his investment.

Representatives for Trump's transition team did not immediately respond to requests for comment.

There was no immediate response from Energy Transfer Partners, but its chief executive, Kelcy Warren, has said that the company was unwilling to reroute the pipeline, which is intended to transport as many as 550,000 barrels of oil a day from the oil fields of western North Dakota to a terminal in Illinois.

Reaction was swift on both sides, with environmental groups like Greenpeace praising the decision. "The water protectors have done it," said Lilian Molina, a Greenpeace spokeswoman. "This is a monumental victory in the fight to protect indigenous rights and sovereignty."

But Craig Stevens, a spokesman for the MAIN Coalition, condemned the move as "a purely political decision that flies in the face of common sense and the rule of law."

"Unfortunately, it's not surprising that the president would, again, use executive fiat in an attempt to enhance his legacy among the extreme left," Stevens said in a statement. "With President-elect Trump set to take office in 47 days, we are hopeful that this is not the final word on the Dakota Access Pipeline."

Still, the announcement set off whoops of joy inside the Oceti Sakowin camp. Tribal members paraded through the camp on horseback, jubilantly beating drums and gathering around a fire at the center of the camp. Tribal elders celebrated what they said was the validation of months of prayer and protest.

"It's wonderful," Dave Archambault II, Standing Rock tribal chairman, told cheering supporters who



Atop his horse, Prophecy, JJ Stadel of the Cheyenne River Sioux of South Dakota celebrates after learning that permits would not be approved for a section of the Dakota Access Pipeline, at the Oceti Sakowin protest camp, just outside the Standing Rock Sioux Reservation in Cannon Ball, N.D.

stood in the melting snow on a mild North Dakota afternoon. "You all did that. Your presence has brought the attention of the world."

The decision, he said, meant that people no longer had to stay at the camp during North Dakota's brittle winter. The Corps of Engineers, which manages the land, had ordered it to be closed, but the protesters had built yurts, teepees and bunkhouses and vowed to hunker down.

"It's time now that we move forward," Archambault said. "We don't have to stand and endure this hard winter. We can spend the winter with our families."

Law enforcement officials and non-Native ranchers in this conservative, heavily white part of North Dakota would like little more than to see the thousands of protesters return home. The sheriff has called the demonstrations an unlawful protest, and officials have characterized the demonstrators as rioters who have intimidated ranchers and threatened and attacked law enforcement — charges that protest leaders deny.

But on Sunday, several campers said they were not going anywhere. They said there were too many uncertainties surrounding the decision, and they had dedicated too much time and emotion to leave now.

Regulators had issued the pipeline the necessary permits to proceed, but the Corps of Engineers had not yet granted it a final easement to drill under a stretch of the Missouri River called Lake Oahe.

The Standing Rock Sioux had objected to the pipeline's path so close to the source of their drinking water,

and said any spill could poison supplies for them and other reservations and cities downstream. They also said the pipeline's route through what are now privately owned ranches bordering the river crossed through sacred ancestral lands.

News of the government's denial came as the size of the camp had swelled with hundreds, perhaps thousands, of Native and non-Native veterans who had arrived to support the tribe. As word spread, people who have camped out in Cannon Ball for months, sometimes in bitter cold temperatures, and who have clashed violently with local law enforcement, linked arms and cheered and cried.

"Mni wiconi!" they screamed, the rallying cry of the movement, which means, Water is life.

Jon Eagle Sr., a member of the Standing Rock Tribe, said the announcement was a vindication for the people who had traveled here, and for the multitudes who have rallied to the fight on social media or donated. Millions of dollars in donations and goods have flowed into the camps for months as the tribe's fight and the scenes of protesters being tear-gassed and sprayed with freezing water stirred outrage on social media. (Law enforcement officials have insisted the entire time that they have acted responsibly and with restraint.)

"I don't know quite how to put into words how proud I am of our people," Eagle said. "And I mean our people. I don't just mean the indigenous people of this continent. I mean all the people who came to stand with us. And it's a beautiful day. It's a powerful day."