

## Notes from January 4 and 11 Gasline Study Group

(Unedited and not approved or agreed upon by participants)

### January 4 Meeting

Attendees: Rich Wilson, Dayle Lyke, Paul Wilcox, Karen Hunt, Bob Bulmer, Jack Roderick, Gov. Hickel, Malcolm Roberts, James Strong, Mary Ann Pease, Jerry Strang, Harold Heinze, Grant Hunter

**Discussion:** (Primarily information and questions from Harold Heinze)

- There was an “agreement” in 2005 between State and ConocoPhillips. Might be a good place to start at looking at what an agreement in future might be. (This agreement has not been released.)
- Drue Pearce is now on the job- we need to involve her with our group
- How does LNG Valdez option affect gas coming into southcentral?
- What is the “Project”? Interested firms could build LNG plants and ships, or gasline companies that could build in-state or other pipeline.
- Need balance in process- have various players involved, including Trans Canada, etc, working with and providing balance to the Producers.
- Size- what is the right size? State and explorers asked for expanded line, Producers wanted a large line. Timing of the project may be more important than size.
- In-state use is higher on the list of priorities for new Admin. New Admin is more open.
- What is Federal timeline:
  - 18 months- expired, then allows Federal Gov't to be involved
  - Loan guarantee is somewhat resilient
- LLC- majors were not able to reach agreement. Control issues were unresolved.
- Pt. Thomson has owners other than Exxon, including BP. Different from Exxon. Could possibly be developed roughly as:
  - 6 trillion tcf of reserves
  - 1 bcf line (maybe 24”)
  - cost a few billion
- Gas liquids and gas line- 2 lines, maybe use small pipe for liquids and Canadian line for gas
- Still plenty of gas on NS for a pipeline to Canada, even with line to SouthCentral

### January 11 Meeting

Attendees: Rich Wilson, Dayle Lyke, Paul Wilcox, Bob Bulmer, Jack Roderick, James Strong, Mary Ann Pease, Jerry Strang, Harold Heinze, Grant Hunter, Joe Farrell, David Wight

**Discussion:** (from all members, without identifying specific members)

- Should Admin just ask for interest in the gasline, or should it lay out a bottom line?
- Public acceptance is what Gov. Palin will try to get
- Oil and gas are tied together, physically. Reservoir management is critical to attain highest yields.

- Oil & Gas Commission is responsible for balancing resource extraction. State lost “control” in last proposed contract, will need to get this back in future deal.
- The process: even though negotiations are private, need to engage public periodically- keep them informed.
- Need to keep separate:
  - Pipeline building- guaranteed returns
  - Shipping commitment- high risk
  - Upstream investments
- ConocoPhillips agreement with state was done in October, 2005.
- Let's go forward, use prior testimony to determine what CWN wants to recommend.
- Is it necessary to have all 3 Producers involved? At open season, could one or more say no?
- Generally build pipeline sized for known reserves. The proposed line is twice that big. Should consider a smaller project?
- Open season determines the size of pipe.
- If producers or others want to ship gas, need to step up at open season and reserve the space. Should not expect to see a surplus size line.
- Smaller pipe may be economic, but larger has more economies of scale.
- Econ One did a study of pipeline size economics.
- Independent pipeline company (whether Producers/State or others) will set size of line based on open season commitments.
- Producers spent \$125 million engineering.
- Each company has a different yardstick for profit and profit requirements from a project.
- For ConocoPhillips, Alaska gas is a big resource. Other companies have different global portfolios.
- Possible agenda items for future meetings:
  - Legislation tracking (as it is introduced and moves along)
  - Update from one of the owners
  - Evaluate big issues- determine if CWN wants to take a position
  - Technical issues of oil/gas
  - Chuck Logsdon
  - Mark Hanley
  - Marty Rutherford