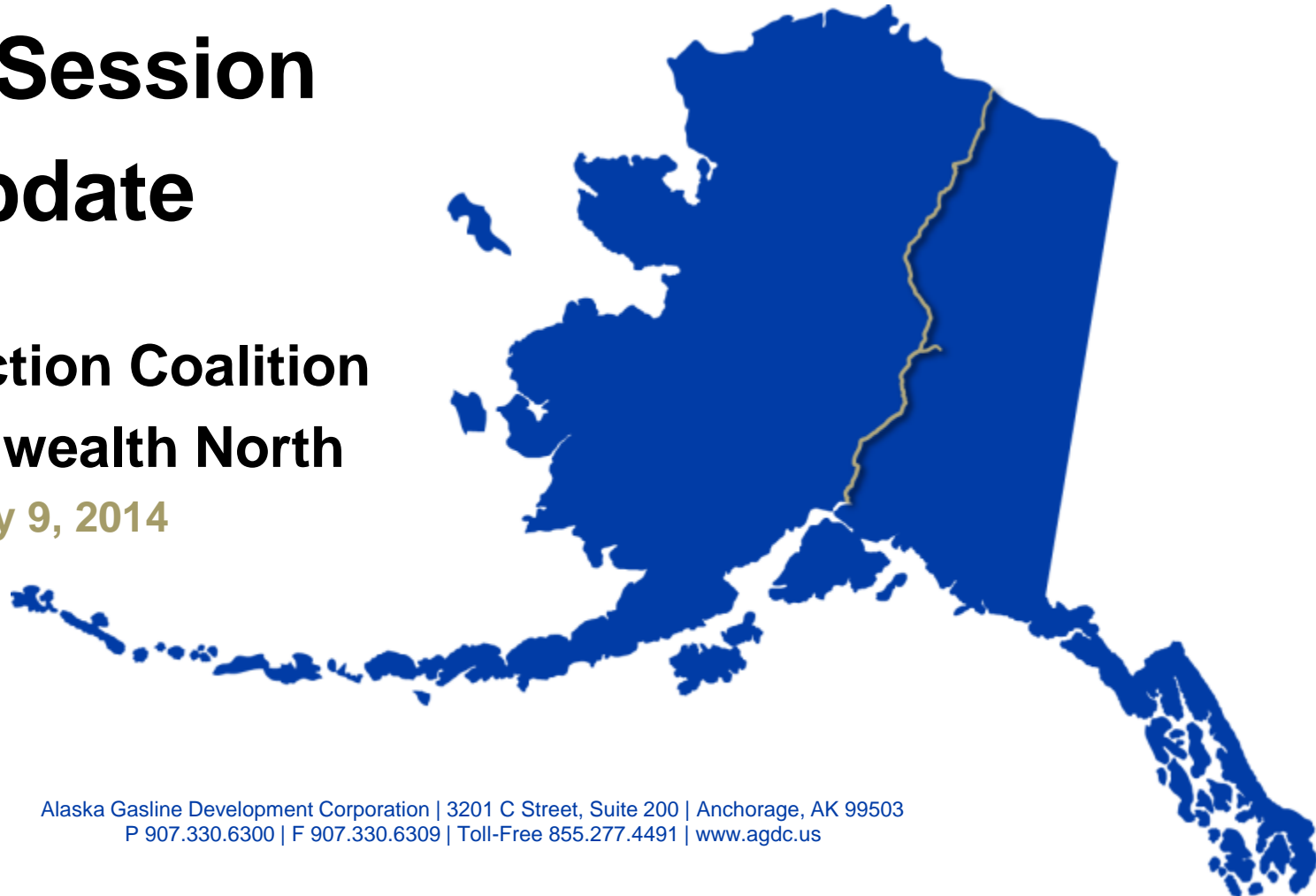


# Post Session Update

Energy Action Coalition  
Commonwealth North

May 9, 2014



# Alaska LNG Enabling Legislation

- SB 138 received broad legislative support. Gov Parnell signed it into law yesterday in Fairbanks
- Accompanying legislation appropriates \$87 mill in State GF to finance the State's participation through FY15



## **SB138 authorizes the State to:**

- Participate in the Alaska Liquefied Natural Gas Project (AKLNG)
- Take 25% equity interest in the project
- Establish gross, rather than net tax on gas
- Receive production taxes and royalty in kind, instead of in value
- Initiate preliminary Front End Engineering and Design (Pre-FEED)

# Expanded Mission for AGDC

SB 138 broadened the mission and authority of the Alaska Gasline Development Corp (AGDC) :

## On State's behalf:

- *“Primary Responsibility”* for developing natural gas pipeline projects for the *maximum benefit of Alaskans*
- Projects should provide in-state gas, economic benefits and revenue to the State
- Assist DNR and DOR in maximizing the value of the State's royalty & tax gas
- Deliver gas to Alaskans at the lowest possible cost



# AGDC will Advance Two Projects

Legislation enables AGDC to explore every option to get gas to Alaskans

Corporation now has the responsibility to advance two North Slope natural gas projects on the State's behalf:

- **Alaska LNG**
- **Alaska Stand Alone Pipeline (ASAP)**



AGDC Board has maximum flexibility to progress both projects in the most prudent and efficient manner

Ultimate Goal - to select the project that is in Alaska's long-term best interests

# Operational Impact on AGDC

- AGDC does not have enough information to make an either/or decision
- ASAP provides tremendous leverage & valuable assets to the State
- Slight modifications to existing organization required
- Collect data as quickly as possible, to better inform State's decisions
- Continue momentum on both projects next 18-24 months
- Maximize state resources to avoid duplication of costs, effort and work
- Firewalls to protect commercially sensitive information between projects



# Alaska LNG Project

Project Sponsors: ExxonMobil, ConocoPhillips, BP, TransCanada and the State of Alaska

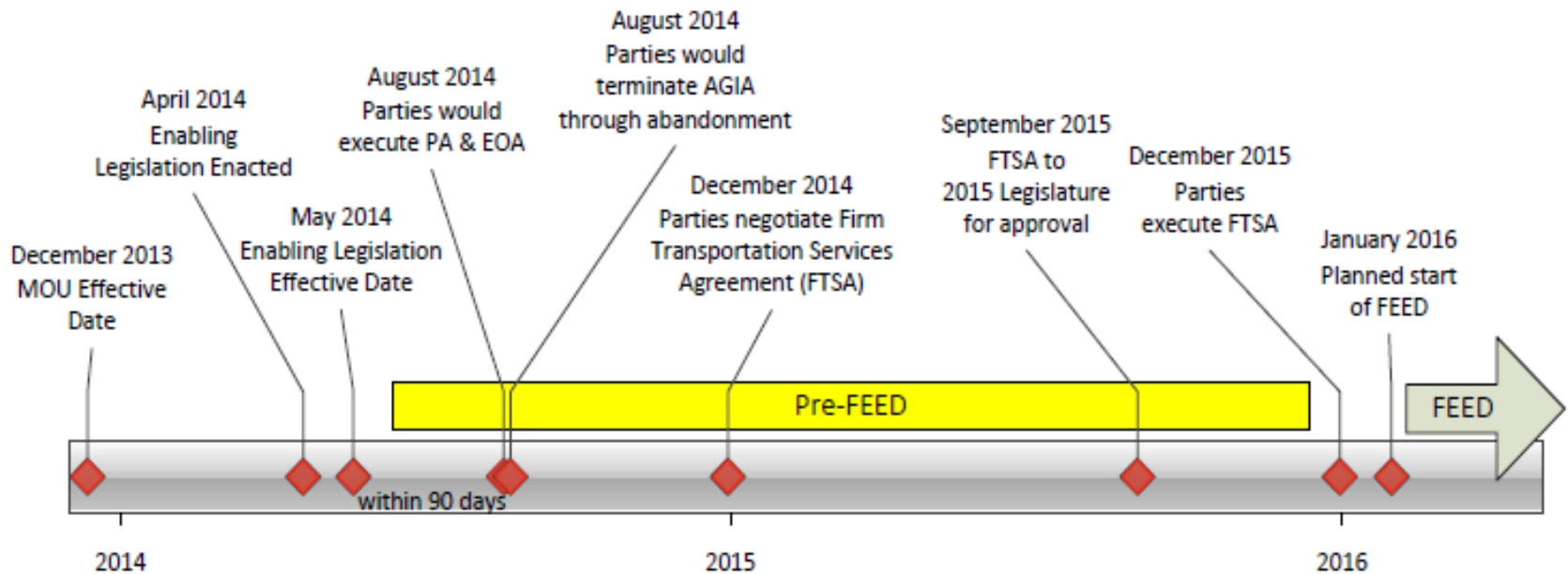
Construction Cost: \$45 billion to \$65 billion (2012 dollars)

## Project Components:

- 800 mile, 42-inch pipeline from the North Slope to LNG plant at Nikiski
- Gas Treatment Plant to remove carbon dioxide and other impurities to make gas ready for transport
- Eight compressor stations
- LNG plant total output capacity of ~2 to 2.4 billion cubic feet of natural gas per day - ***The plant would be among the world's largest***
- LNG storage tanks and two tanker berths at Nikiski
- At least five off-takes along the route for in-state use



# Alaska LNG Next Steps



## Next 90 days:

- Joint Venture Agreement (JVA) – All parties
- Precedent Agreement (PA) – State & TransCanada
- Equity Option Agreement – State & TransCanada



# ASAP Project Timeline

**2014**

**Extensive Summer Field Session**

**Total Installed Cost (TIC) estimate**

**Supplemental Environmental Impact Statement (SEIS) and Section 404 Wetland Permit w/U.S. Army Corps**

**2015**

**Open Season** –Gas capacity on the ASAP line will be offered to potential shippers and buyers

These long-term shipping contracts will finance construction

**2016**

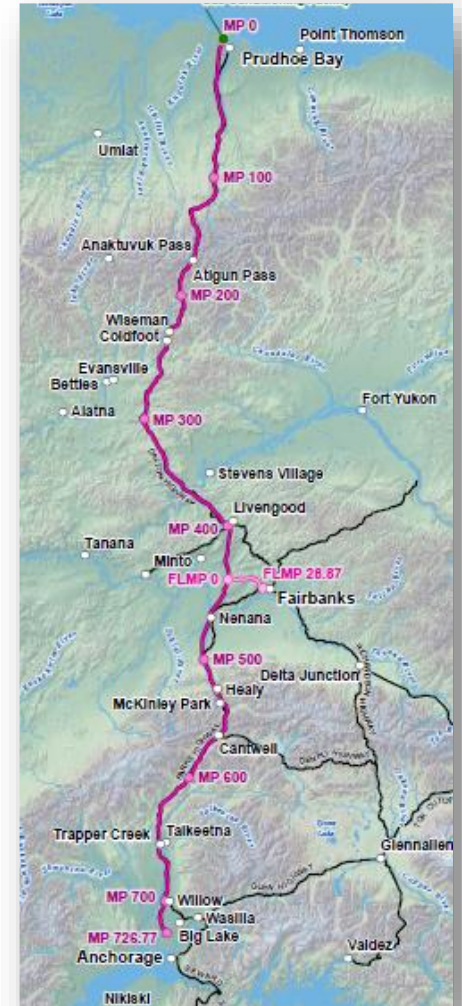
**Project Sanction**

**2017**

**Construction Begins** – 3-year winter & summer cycle

**2020**

**First Gas**





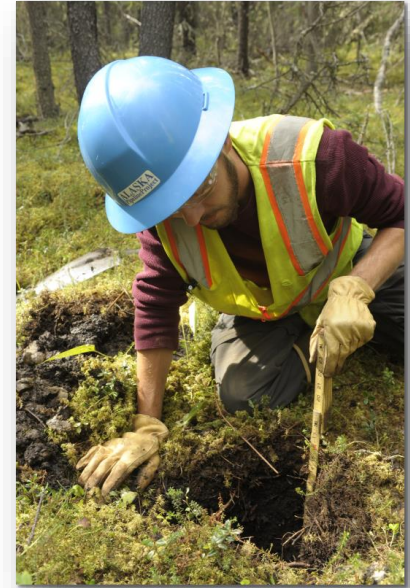
# ASAP - 2014 Summer Field Session

- Implementing Revision 6 of the pipeline right-of-way
- Geotechnical Program – approximately 400-600 boreholes
- Extensive waterways plan - estimated 270 stream visits
- Investigate material sites – narrow 128 potential sites down to 75
- Cultural & wetlands surveys to fill data gaps



# ASAP – Project Work Ahead

- Begin Strain Based Design line pipe testing
- Hazard & Operability review for Gas Conditioning Facility
- Recourse Tariff filing
- Permit interfacing with agencies and stakeholders
- Owner/Builder/Operator discussions



# Questions?

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Alaska Gasline Development Corporation  
3201 C Street, Suite 200  
Anchorage, Alaska 99503  
(907) 330-6300  
[www.agdc.us](http://www.agdc.us)

**Dan Fauske,  
AGDC President**

