

The logo for the Alaska Stand Alone Gas Pipeline (ASAP) project. The letters 'A', 'S', 'A', and 'P' are rendered in a large, blue, hand-drawn style. To the right of the letters is a blue silhouette map of the state of Alaska, with a yellow line tracing a path through the state. The background of the top section is a photograph of a wetland landscape with a body of water and green grass under a cloudy sky.

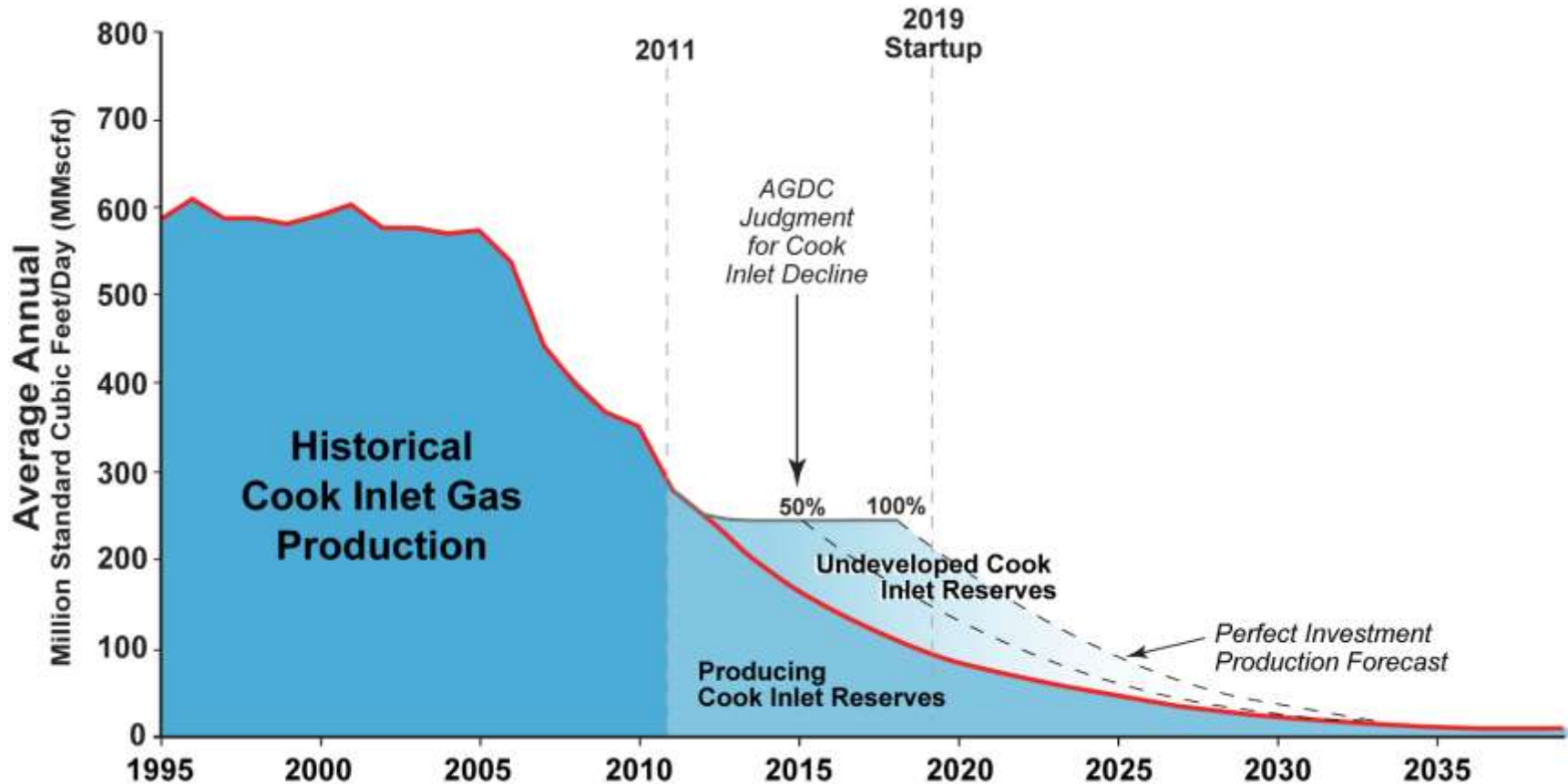
ASAP

Alaska Stand Alone Gas Pipeline/**ASAP**

ASAP Project Update

Commonwealth North
December 2, 2011

AGDC/DNR Cook Inlet Production Forecast

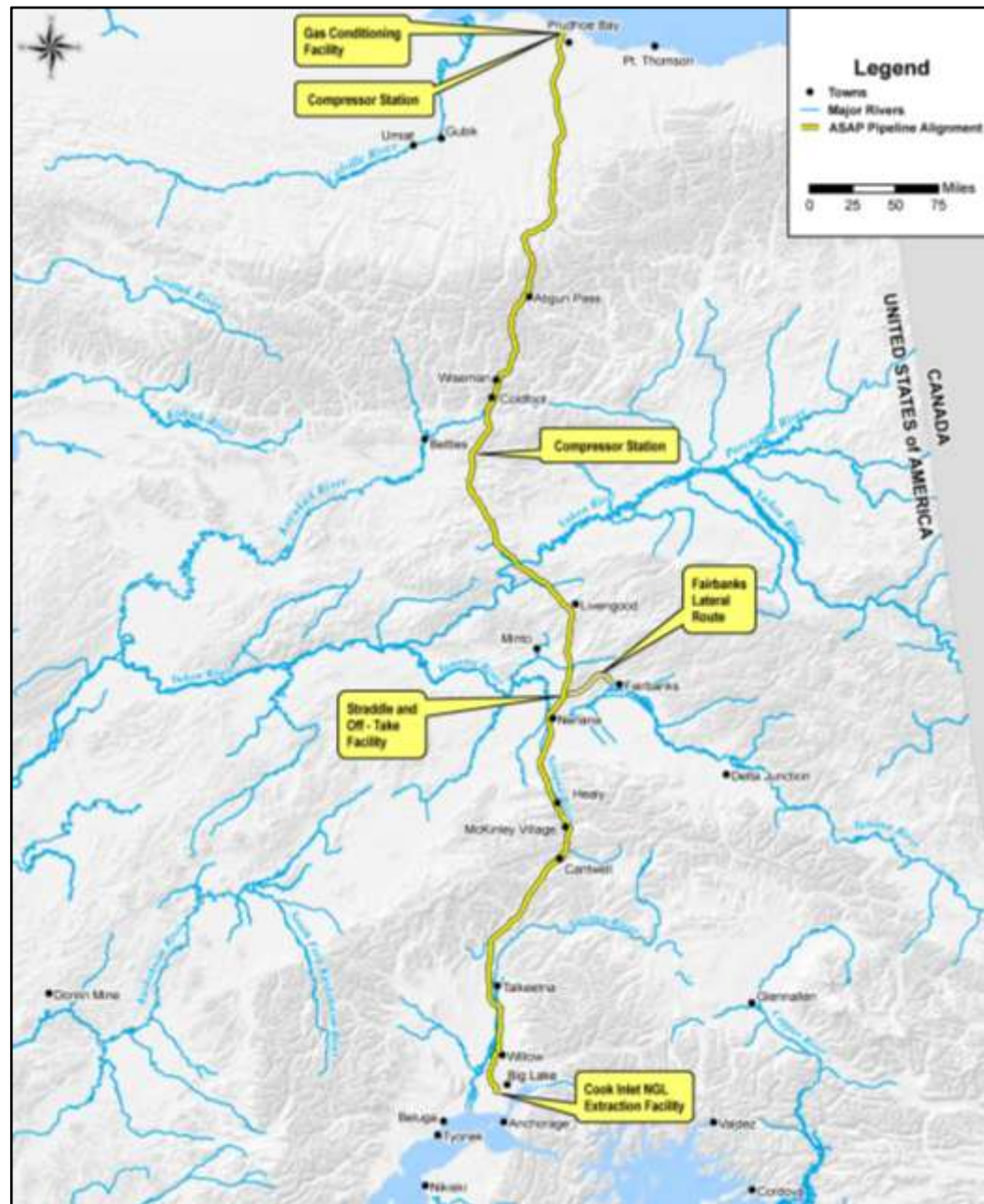


ASAP Origin & Purpose

- 2010 House Bill 369
 - Forms Alaska Gasline Development Corporation
- Deliver natural gas to Alaskans
- Mandate to produce comprehensive Project Plan
- Maintain the momentum to secure the environmental impact statement and conduct successful open season

ASAP Project Features

- Mainline: (underground)
737 miles long, 24" diameter
2,500 psi max operating pressure
- Fairbanks Lateral:
37 miles long – 12" diameter
Tie-in with mainline at MP 458
- North Slope Gas Treatment Facility
- Gas Take-off Facility/NGL Straddle Plant
- 2 Compressor Stations
- NGL Extraction Plant near Port MacKenzie



ASAP Project Plan Findings

- **Cost of Gas to Consumers** – based on reasonable assumptions the tariff models support further ASAP Project work
 - Anchorage \$ 9.63/MMBtu in 2011 dollars
 - Fairbanks \$10.45/MMBtu in 2011 dollars
- **Project Cost** - \$7.52 Billion, in 2011 dollars - plus/minus 30%

Findings, continued (2)

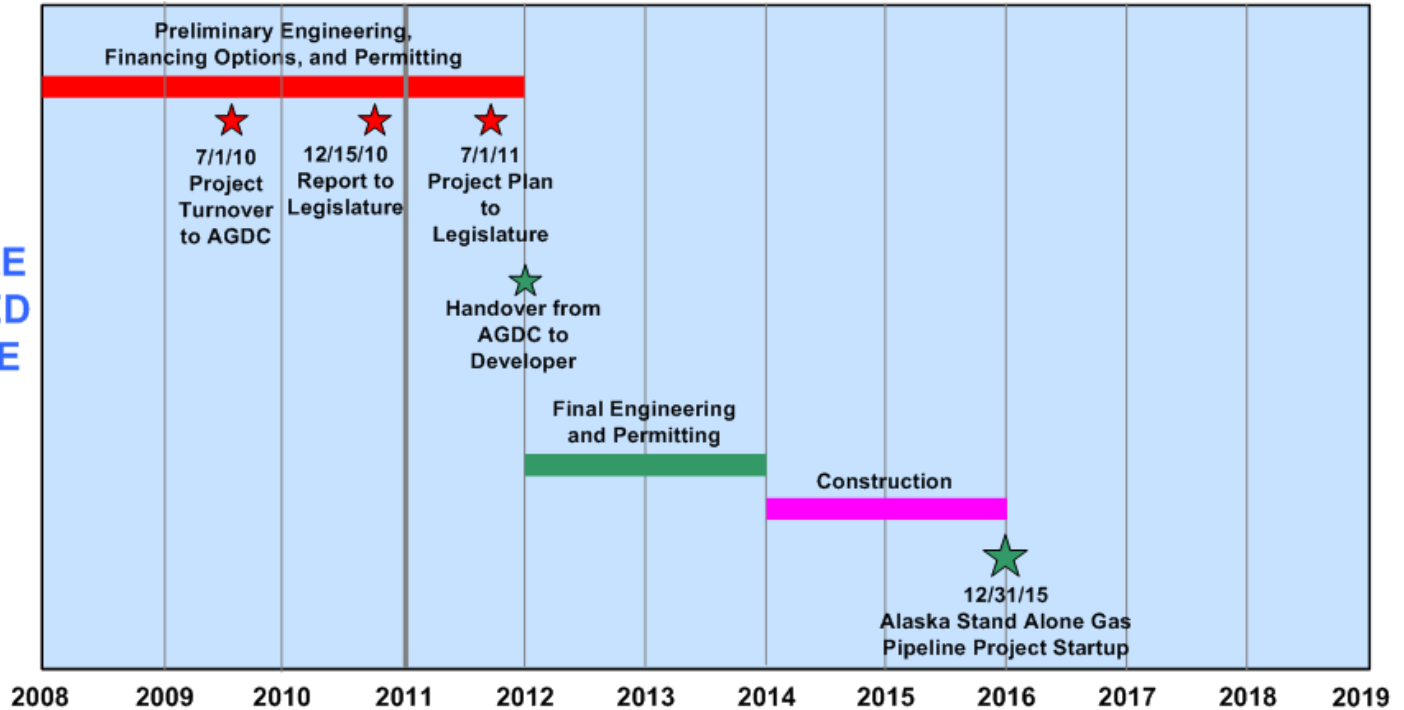
- **Public Ownership Model** – provides lowest tariff due to lower cost of debt and zero equity
- **Builder/Owner/Operator** – there is interest among Builder/Owner/Operators if private ownership model is selected
- **Anchor Tenants** – An anchor tenant appears commercially feasible
- **Business Risks** –
 - Failed open season; increased construction costs; or project delay caused by regulatory/environmental permitting

Findings, continued (3)

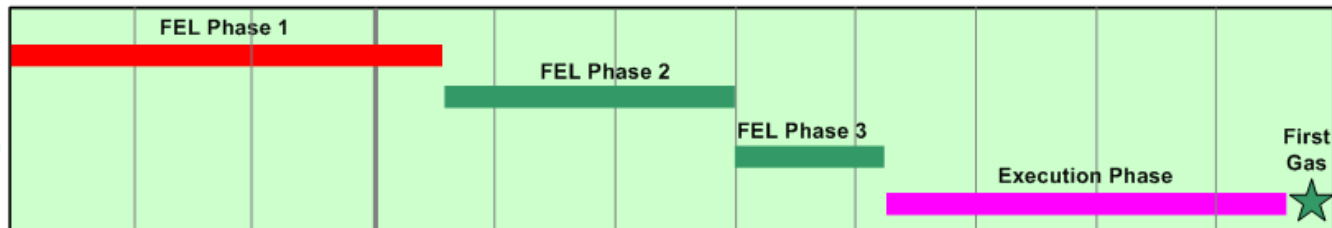
- **Route Selection** – Parks meets HB369 requirements and criteria of environmental impact statement
- **Project Schedule** – Optimized to successfully execute an open season and procure financing
- **State Lease ROW** – ASAP granted first non-conditional pipeline right-of-way by the State for the purpose of transporting North Slope natural gas to market

Project Schedule

**SCHEDULE
MANDATED
BY HOUSE
BILL 369**



**OPTIMIZED
SCHEDULE
(Front-end loaded)**



Commercial Viability

- Consistent set of study assumptions
- Market prices tied to \$82.40 (2011\$) WTI Crude
- 12% ROE required for pipeline owner
- Feasibility Studies Completed
 - LNG
 - NGL
 - GTL
 - Propane
- Other energy projects
 - Hydroelectric
 - Cook Inlet exploration
 - Coal
 - Natural gas storage

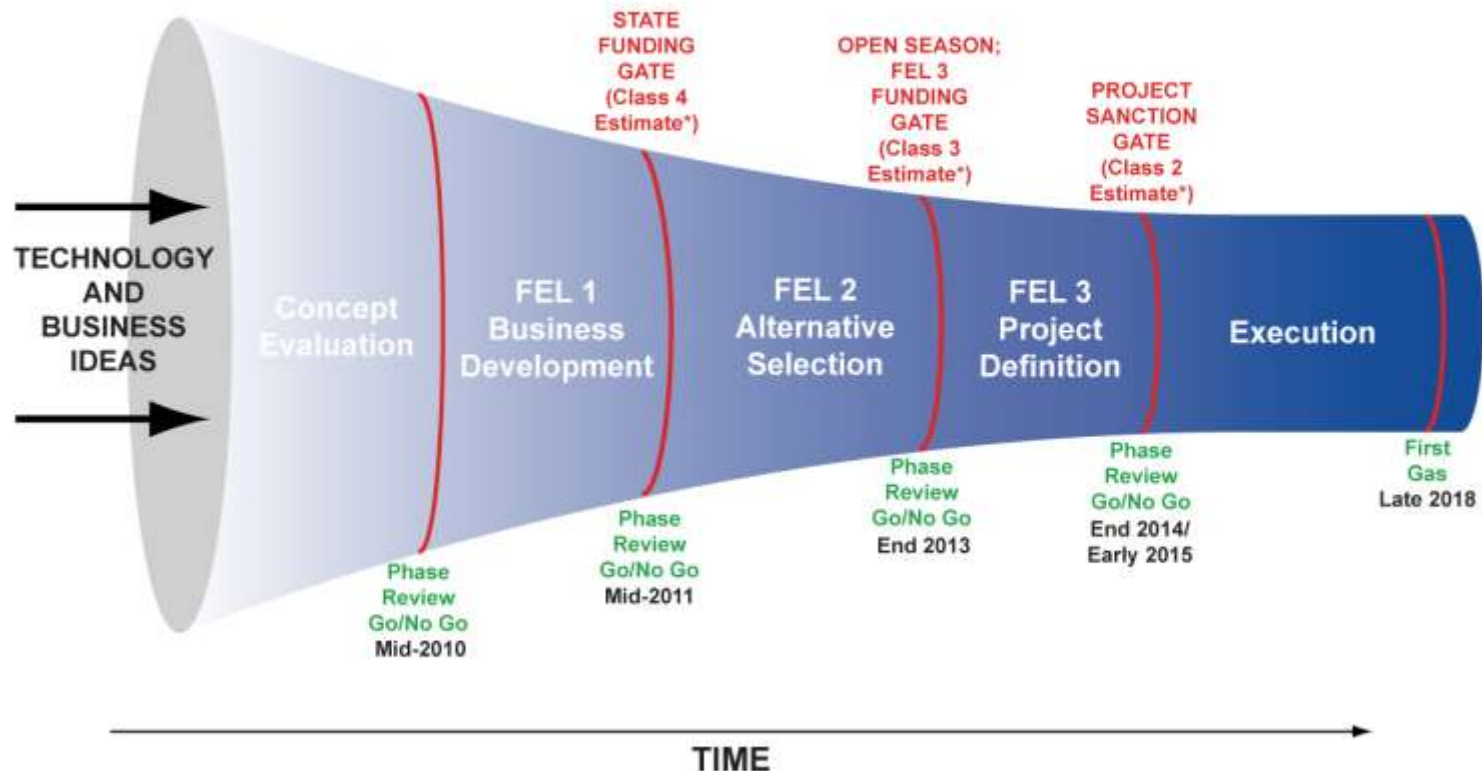
Today, introducing:

- **Leslye Langla**, Public Affairs Manager for the ASAP Project (Stakeholder Relations)
- **Daryl Kleppin**, Commercial Manager for the Alaska Stand Alone Gas Pipeline/ASAP
- **Elizabeth Benson**, Project Manager, Arctic Slope Energy Services – responsible for the Environmental, Regulatory and Permitting on the ASAP Project.
- **Shawn Snisarenko**, Project Manager, Michael Baker Jr, Inc. - responsible for the engineering and facilities design work on the ASAP Project
- **Dave Haugen**, Project Manager for ASAP project

Both AES and Baker have been performing work on the ASAP project since 2009 when the project was funded under DNR. Their work continues to provide consistency and maintain the project momentum.

Stage Gate Approach

Front-End Development Progressively Narrows Uncertainty of Cost and Schedule



*Refers to AACE cost estimate classes (Association for the Advancement of Cost Engineering). The lower the class number, the higher the confidence in the accuracy of the estimate.

Going Forward

- **Adjust Project schedule** – first gas 2018, full transmission 2019
- **Initial Budget projection** of ASAP Project –
 - FEL 1 **\$30M**, FEL 2 **\$240M**, FEL 3 **\$130**
- **Select Ownership Model**
- **Execute Plans** included in ASAP Project Plan
- **Refine Alignment**

Thank you!

www.gasline.us.com

ASAP

Alaska Stand Alone Gas Pipeline/ASAP

