

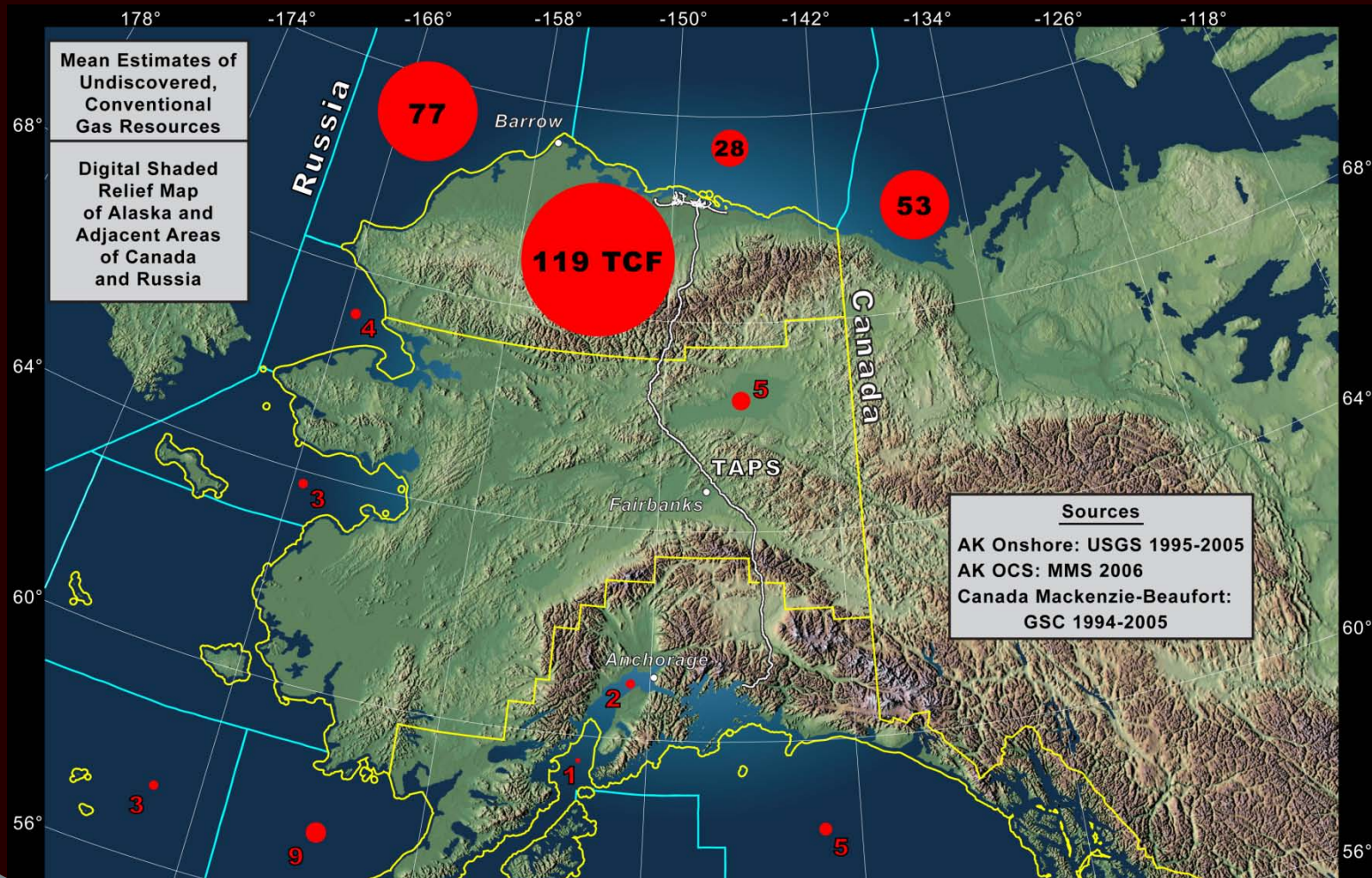
Alaska Natural Gas Pipeline Update  
Juneau Rotary Club  
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# The Resource

- Prudhoe Bay contains more than 24 trillion cubic feet
- Pt. Thomson contains more than 8 trillion cubic feet
- Reserves can support the development of a 48-inch high-pressure pipeline
  - 4.0+ Billion cubic feet per day initially

# The Prize



# Is Alaska's Gas Still Needed?

- Technology has unlocked new unconventional resources—a lot of it
- You have to look at both sides of supply and demand
- North American demand is growing
- Conventional supplies are declining
- That gap in supply must be met

# Is Alaska's Gas Still Needed? (cont'd)

- Total production: 70 Bcf/d
- Annual Decline: 13 Bcf/d
- Growth from new sources: 2 Bcf/d
- Decline that must be replaced: 11 Bcf/d
- Annual increase in demand: 1 Bcf/d
- “New” gas required to meet demand: 12 Bcf/d

# Phases of Development

- Development Phase (2009-2014)
  - Permitting
  - Customer Support
  - Financing/Sanction
- Construction Phase (2015-2019)
  - 3 Mega-Projects in 1
- Operation/Expansions (First gas: 2020)
  - 25 years and beyond



# Why AGIA?

- Get the project off of high-center
- Demonstrate Alaska's seriousness
  - Secure commitments to milestones
  - \$500 million matching reimbursement
- Protect critical state interests
  - Lowest reasonable tariff
  - Open access for new shippers
  - In-state gas
  - Alaska's businesses and workforce

# Project Momentum

- May, 2007: Passage of AGIA
- November, 2007: Applications made
- April, 2008: Denali—the Alaska Pipeline project announced
- December, 2008: Award of AGIA License
- June, 2009: Alignment of TC Alaska and Exxon: The Alaska Pipeline Project
- January, 2010: TC Alaska improves terms
- Summer & Fall, 2010: Open Seasons

# In-State Needs

- The best way to deliver natural gas to Alaskans is through a large-diameter pipeline
- AGIA requires licensee to provide in-state delivery rates
- In-state demand study conducted by Northern Economic, ISER, SAIC:
  - Found that residential/commercial demand will be 260 mmcf/d by 2020
- Under AGIA, the State made a commitment to licensee, but preserved the prerogative to develop a pipeline for in-state needs
  - Competing project is one that exceeds 500 mmcf/d

# In-State Pipeline Development

- 2009: Legislature appropriated \$6.7 million to develop permits and regulatory authorizations
- Alaska's "little" project is still world-class in scale
  - Development phase will take up to three years
- Engineering team assembled and working:
  - Four configurations: 250, 500, 750, and 1000 mmcf/d
  - Pipeline, GTP, NGL, and compressor stations for each configuration
  - Cost estimates expected to be complete June, 2010
  - Field data collection continuing over summer 2010
  - Permitting process begun with the Army Corps of Engineers
  - Commercial solicitation for private ownership in July, 2011
- Change in project leadership, but no change in Governor's commitment to examining all options
  - Bob Swenson: 15 years' experience in the oil and gas industry
  - Project engineering team remains in-place

# What's Next?

- Legislative decisions on appropriations
  - Could constrain progress on the Alaska Pipeline Project or the In-state pipeline
- Open Season results
  - Conditions likely—that's a good thing
- Statewide elections in November
  - Get out and vote!
- Application to FERC in 2012