

ASAP

Alaska Stand Alone Gas Pipeline/**ASAP**



# ASAP Project Update

## Fairbanks Alliance Industry Update

September 28, 2012

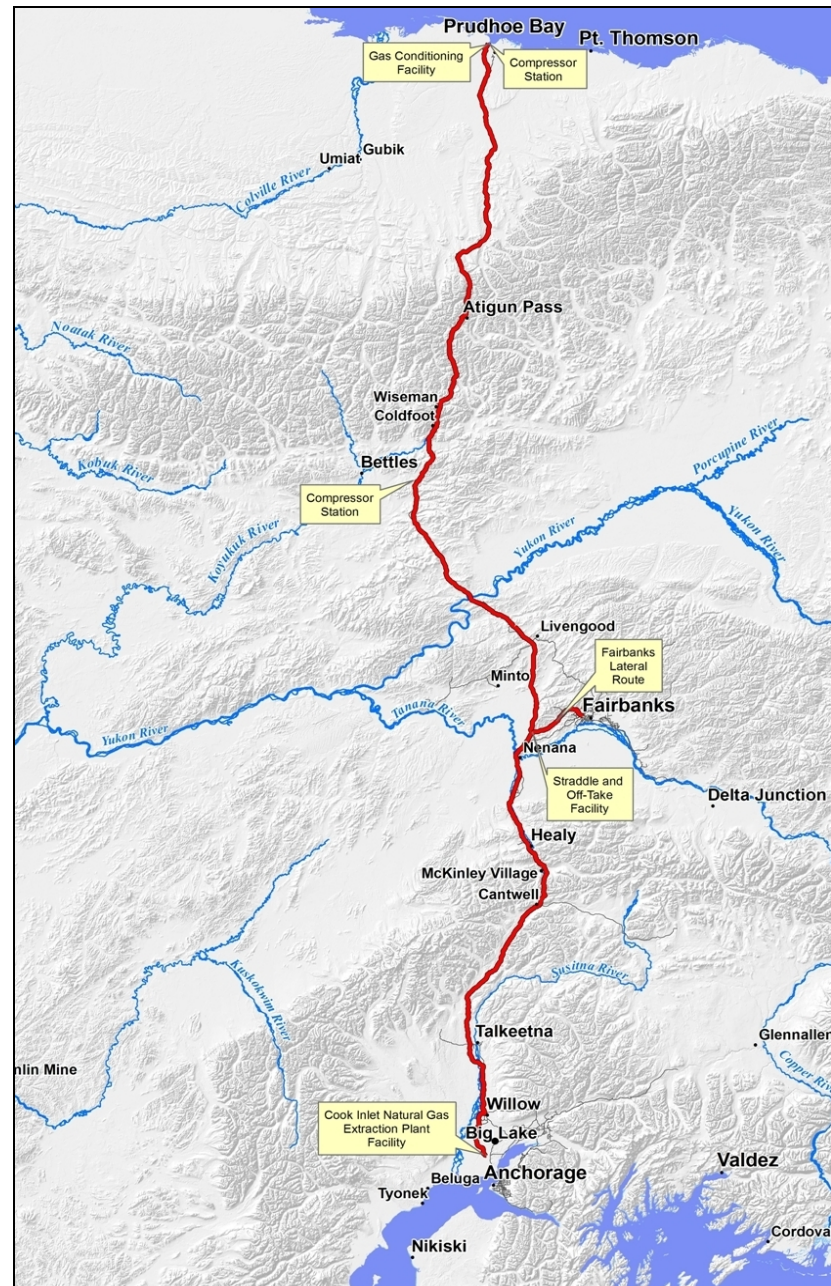
# The AGDC Mission

Deliver natural gas from the North Slope to the Fairbanks and Cook Inlet areas at the lowest possible cost to the consumer. Allow for connections to serve industrial, residential and utility customers along the route as practicable and use state land and existing state highway and railroad rights-of-way to the maximum extent feasible.

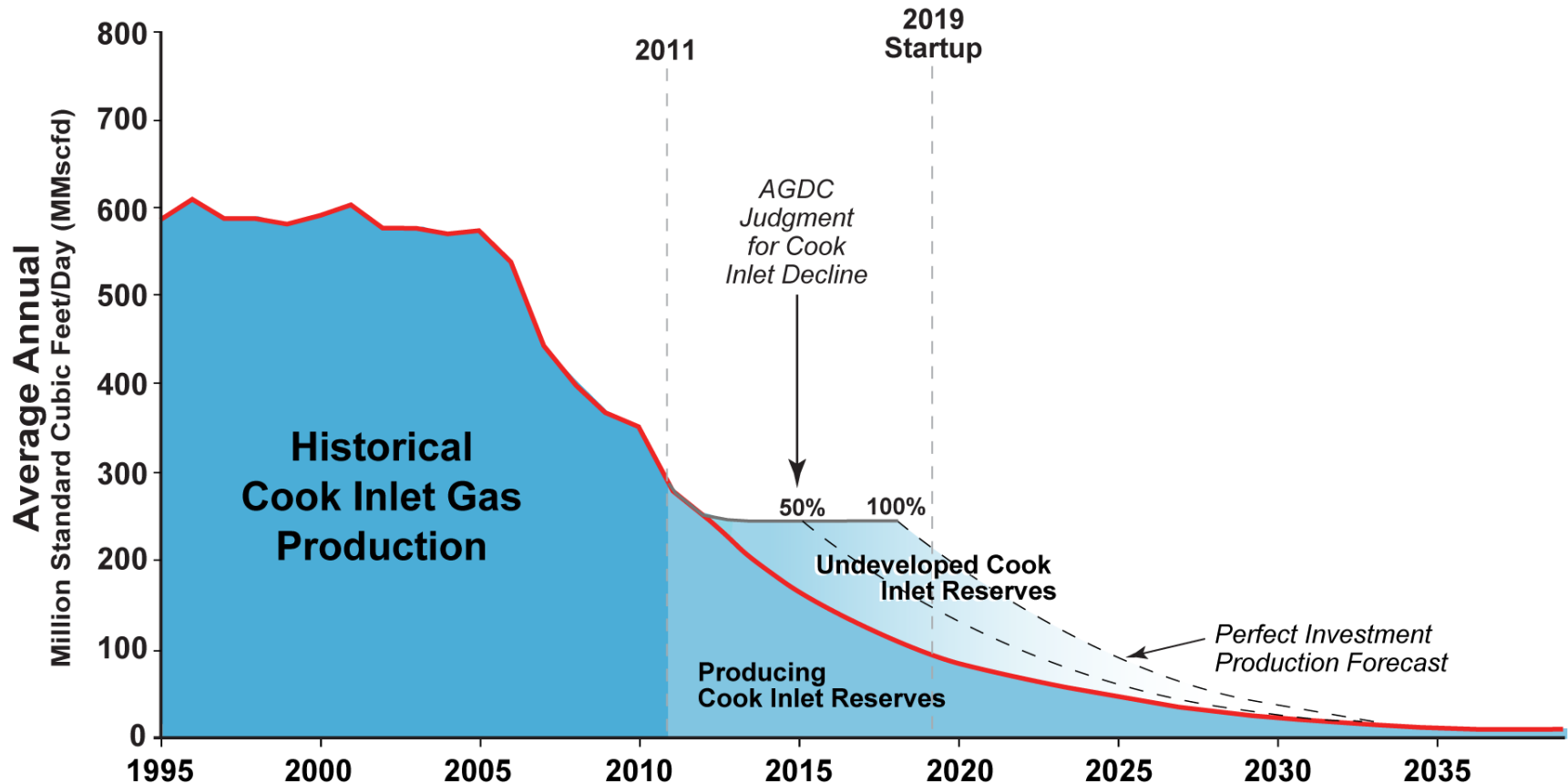
- ASAP was designed to address the high cost of energy in Fairbanks and the forecasted shortage of natural gas in Cook Inlet

# ASAP Route

- Mainline:
  - 737 miles long, 24” buried pipe
  - 2,500 psi max operating pressure
- Fairbanks Lateral:
  - 35 miles long – 12” diameter
  - Tie-in with mainline at MP 458
- North Slope Gas Treatment Facility
- Gas Take-off Facility/NGL Straddle Plant at Dunbar
- Two Compressor Stations
- Cook Inlet NGL Extraction Plant



# AGDC/DNR Cook Inlet Production Forecast



# Supply vs. Demand

- PRA report delivered to Anchorage Mayor's Energy Task Force - Shortfall predicted in 2015
- Infield drilling: Recent history of activity level predicts that activity will not meet demands past 2015
- Timing for first gas production likely to be 3-5 years after discovery due to offshore permitting and construction lead time
- **Prudhoe Bay - 26 Trillion Cubic Feet of natural gas!**

# Two Pipeline Projects on Table

- **ASAP – the in-state, stand alone gas pipeline project**
  - The rail-belt energy solution if a large LNG export project does not happen or will not happen within a reasonable timeframe
- **Large LNG export project**
  - The Liquefied Natural Gas (LNG) Export study being considered by ExxonMobil, BP, ConocoPhillips, & TransCanada is due by end of 3<sup>rd</sup> Quarter 2012
- **Alignment/Merger/Consolidation**

Governor Parnell, “the next step is for the producers and TransCanada to get together with AGDC to determine whether there is interest and value in merging, combining those efforts”. These efforts have been hampered by concerns over confidentiality of shared information.

# Projects are Compatible

- AGDC's primary mission - Deliver long-term, reliable, affordable energy solution to Alaskan's
- Large LNG Export project mission – Commercialize Alaska's North Slope natural gas
- Work on projects to mitigate redundancies (spending and work performed)
- If large LNG project is not commercially viable – ASAP work is the energy solution
- Ultimately, only ONE project will be built

# The Regulatory Work

- Environmental Impact Statement (EIS) expected fall 2012
- Record of Decision 30 days after Final EIS
- Federal BLM Right-of-Way fall 2012
- Completed Section 404 Permit (wetlands) application – early 2013
- ASAP will submit an estimated 2,200+ permits prior to and during construction



# FY 13 ASAP Work Effort

\$21M Capital Budget approved for ASAP to continue project work to secure critical pipeline project assets

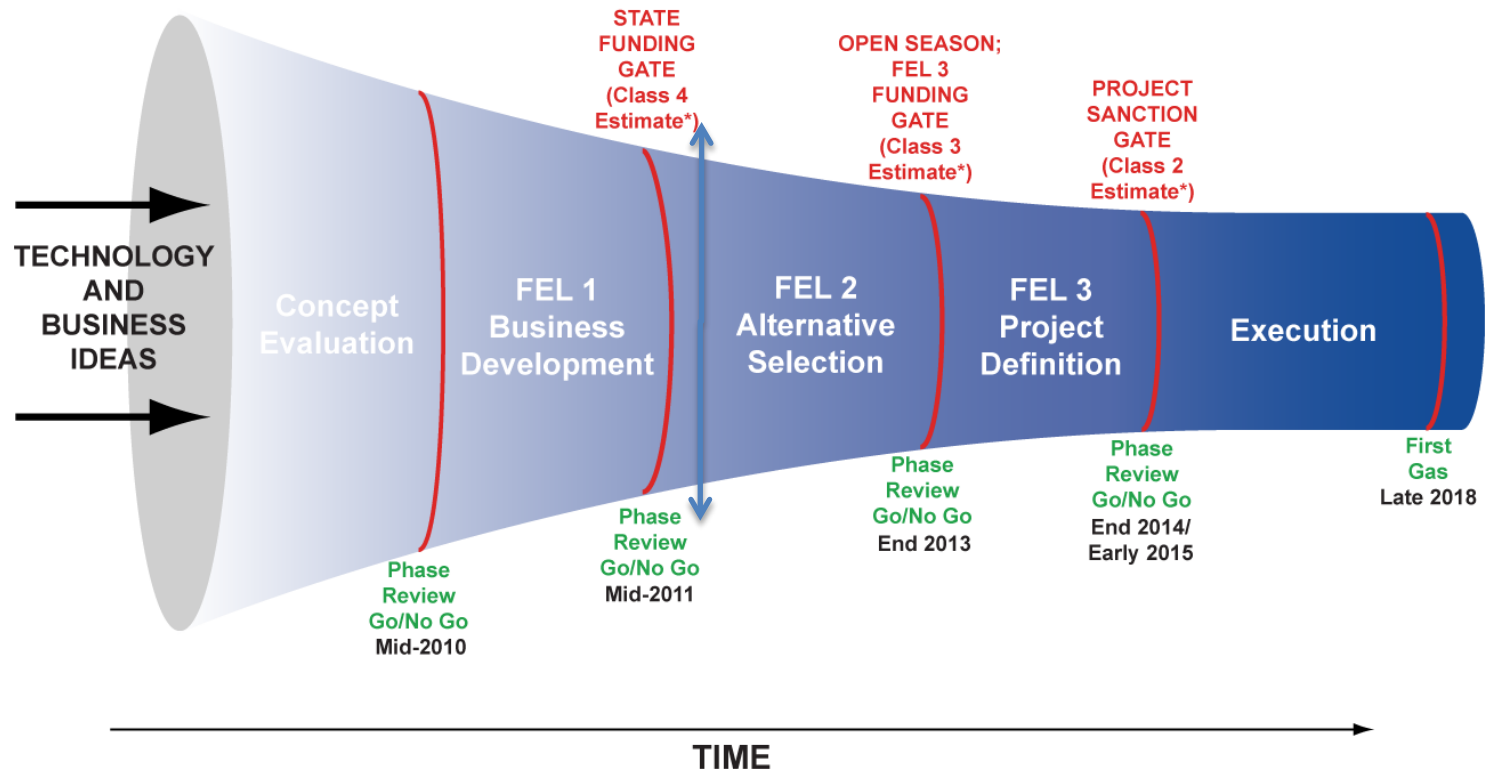
- 2012 summer field work – continue wetlands & borehole work
- Facilities engineering and design work continues
  - RFP for gas treatment facility this fall
- Pipeline design and engineering work in progress
- Upcoming Legislative Package
  - Legislation is necessary to secure funding and support for moving ASAP project to next phase

# Legislation Needed to Advance Project

- Secure sufficient funding to complete an open season
- Allow AGDC to enter into confidentiality agreements as necessary to move work forward
- Decide how ASAP pipeline would be owned and operated
- Provide regulatory framework for contract carrier status for transmission of natural gas

# Stage Gate Approach

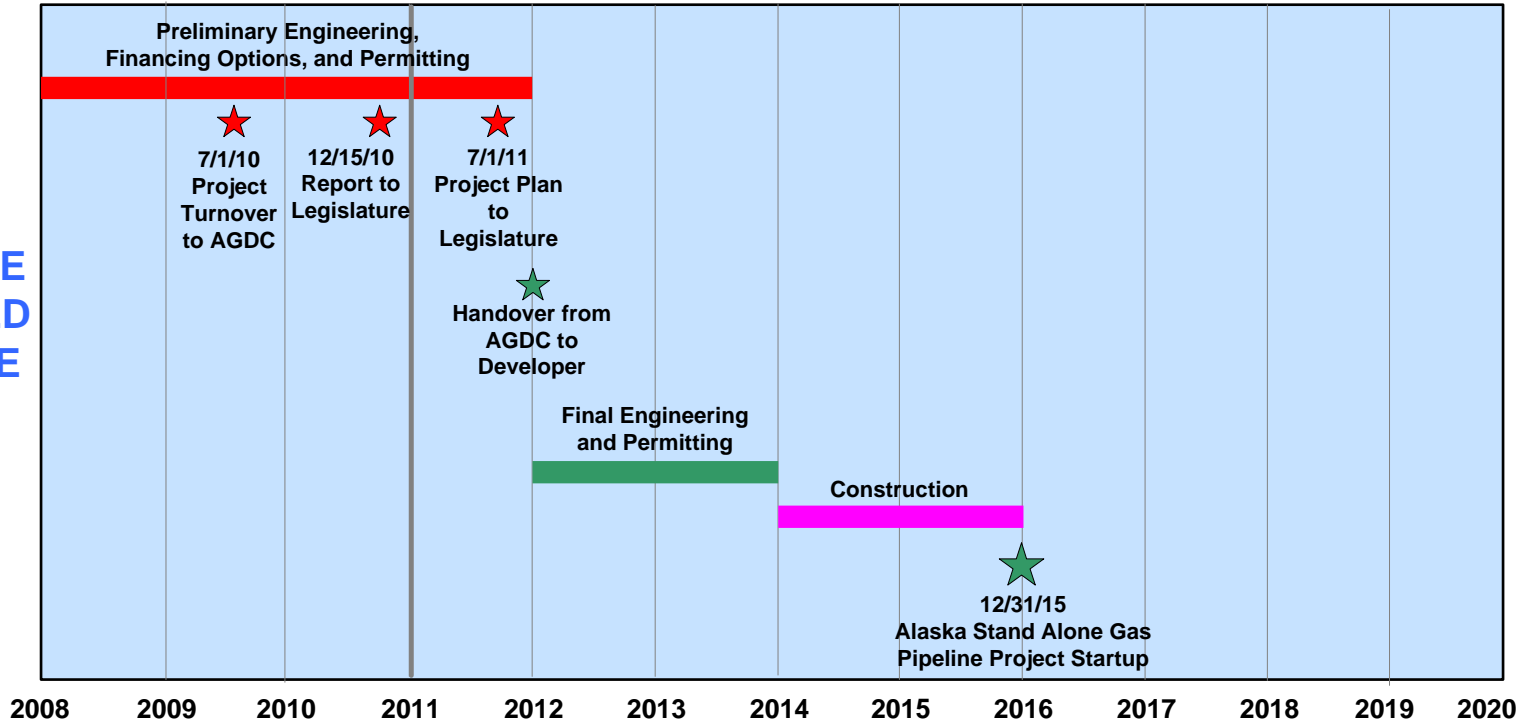
*Front-End Development Progressively Narrows Uncertainty of Cost and Schedule*



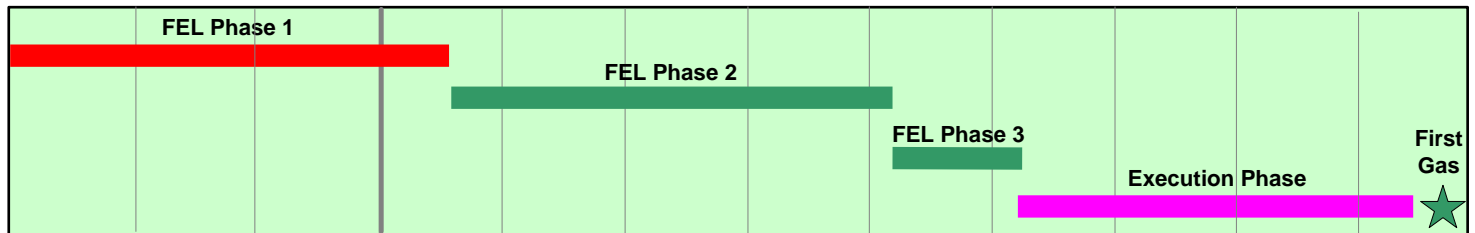
\*Refers to AACE cost estimate classes (Association for the Advancement of Cost Engineering). The lower the class number, the higher the confidence in the accuracy of the estimate.

# ASAP Updated Schedule

**SCHEDULE  
MANDATED  
BY HOUSE  
BILL 369**



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



Rev. 9/24/12

# ASAP Asset Portfolio

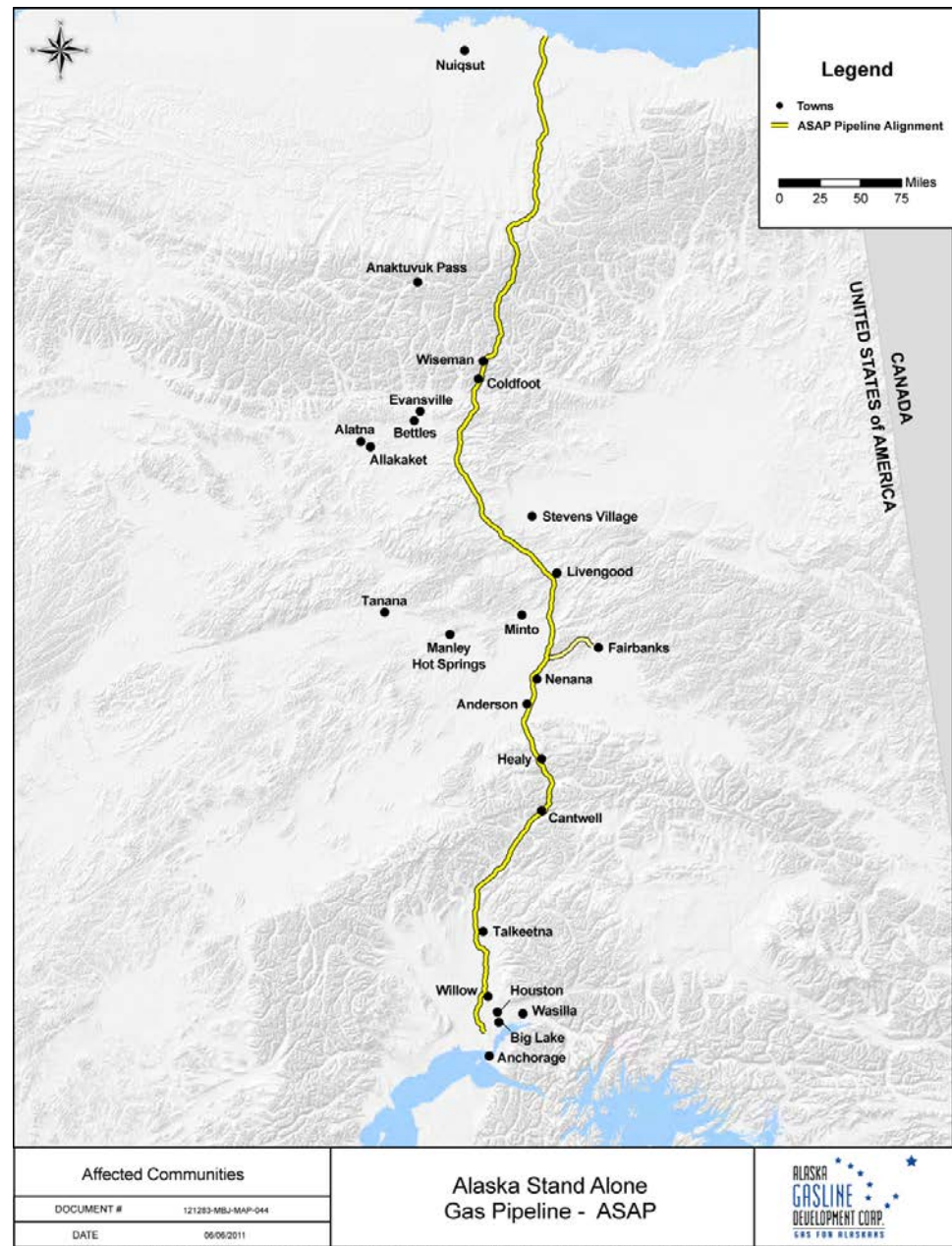
- ASAP route is identified as least environmentally damaging practicable alternative (LEDPA)
- 604 mile State ROW along alignment (includes lateral line)
- ASAP FEIS and ROD
- Preliminary tariff models on record
- Feasibility studies in hand on LNG, NGL, GTL and Propane
- Reports on record: POD, Project Plan 2011,
- Detailed GIS and robust LiDar data and maps

# ASAP Construction Activities

- Preparation for impacts is ongoing
  - Over 8,000 jobs during construction
  - Over 15,000 indirect jobs from start to gas transmission
- 335,000 tons of steel for the pipe
- Approximately 9,000 truckloads traveling 4 million miles to distribute pipe
- 10 million cubic yards of earthwork
- 15 construction camps
- 37+ million gallons of fuel for construction & camps

# Stakeholder Outreach

- Public Meetings continue along alignment in 2012
- Mission - educate all stakeholders
- Goal – keep project momentum maximized
- Community Advisory Council formed to increase project visibility
- ASAP committed to open, transparent communication with stakeholders



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# Alaska Gasline Development Corporation

## Developing an energy solution for Alaska!

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