

Alaska LNG™

Fueling Alaska's Future



January 2016

Meet Alaska 2016

Accomplishments

- ✦ Filed first FERC draft resource reports, key to EIS, permits
- ✦ Received DoE export authorization for non-FTA countries
- ✦ Progressed project design - ~\$370M spent on pre-FEED
- ✦ Acquired ~ 600 acres of land in Nikiski to date
- ✦ Completed field data acquisition, geotechnical work scopes
- ✦ New/revised AOGCC rulings for gas offtake, CO₂ reinjection

Improved Alignment

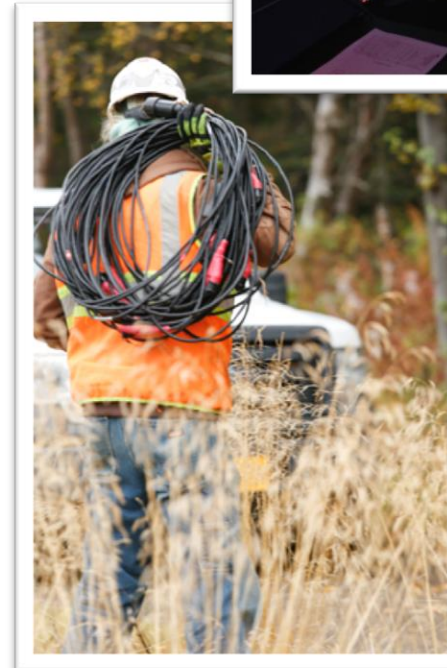
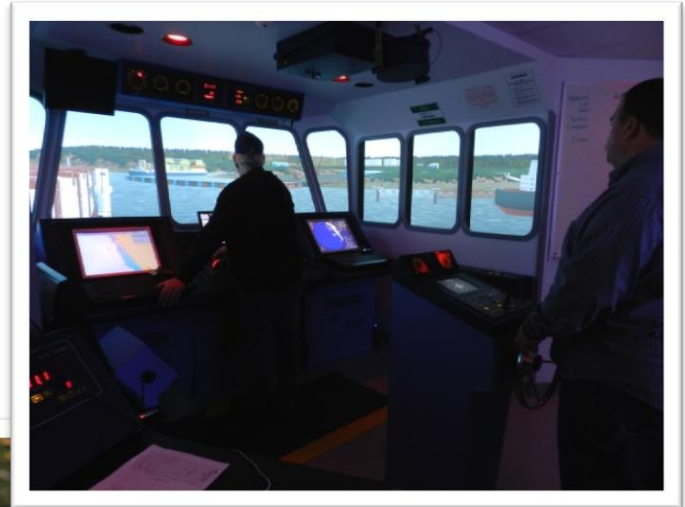
- ✦ First time NS gas resource “owners” have worked on an integrated LNG project together as one group
- ✦ Engaging local stakeholders, Native Corporations / groups
- ✦ Building contacts with Alaskan businesses (700 registered)

Reduce Risk

- ✦ Confirming project’s technical / execution feasibility
- ✦ Experienced team working project – “Hundreds of Years”

Reduce Cost

- ✦ LNG projects must produce globally competitive product
- ✦ Construction and operating costs drive ‘cost of supply’
- ✦ Now is the time to optimize costs



Project priorities

- ✦ Progress second draft resource reports, EIS application
 - All Alaskans should engage in process
 - Community meetings posted on 'ak-lng.com' website
- ✦ Optimize pre-FEED activities
 - Evaluate 48" pipeline option – April 2016 decision
 - Additional G&G field work
 - Labor and logistics strategy development
 - Provide owners with information for FEED decision
- ✦ Develop FEED contracting strategy

The Path to FEED

- ✦ Progress design, de-risk key uncertainties
- ✦ Confirm cost, schedule - lowest 'cost of supply' wins
- ✦ Work with State to identify in-state offtakes
- ✦ Complete key commercial agreements
- ✦ Develop durable, predictable fiscal terms (HoA, SB138)
- ✦ Continue building alignment between all parties
- ✦ Test higher levels of resource commitment



Pipeline full-scale bend test



AVTEC marine simulation

Alaska LNG™

Building the labor strategy

- ✦ Facilitate efficient sourcing of qualified construction craft labor
- ✦ Maximize direct / indirect opportunities for qualified Alaskans
- ✦ Provide access to all sources of Alaskan labor and contractors
- ✦ Minimize Alaska LNG impact on existing operations in Alaska
- ✦ Involving key stakeholders (labor unions, AGC, ABC, Alliance, State Officials, Alaska Native corporations and organizations)

Focus on construction-related craft labor

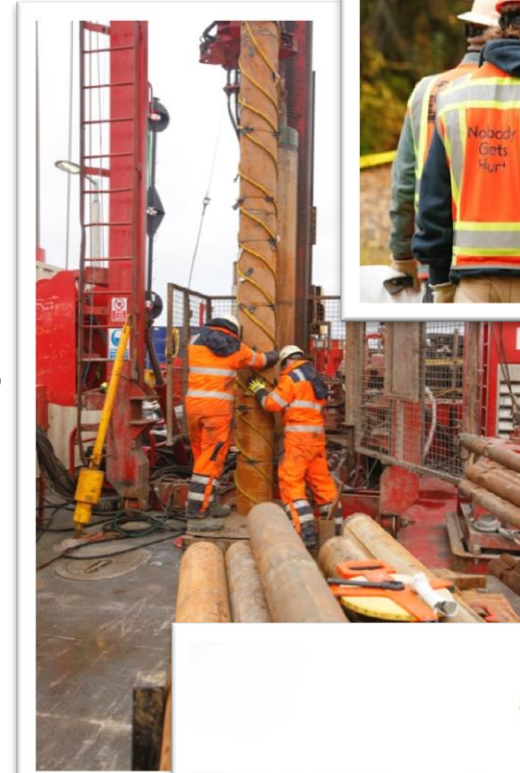
- ✦ Pipefitters, welders, ironworkers, carpenters, scaffolders, sheet metal workers, boilermakers, equipment operators, truck drivers, instrument technicians, insulators, electricians, laborers, etc.

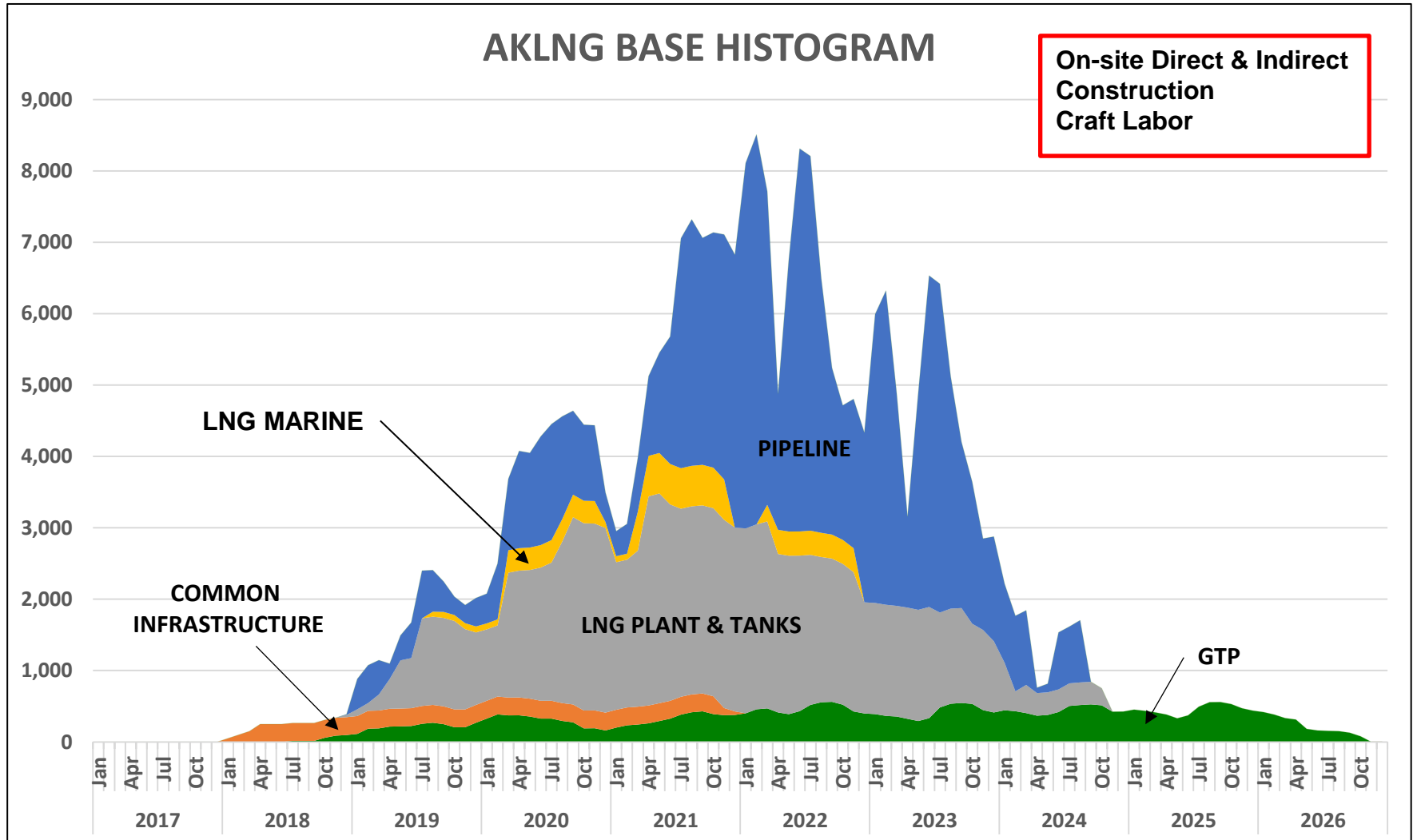
Assess gaps between supply / demand

- ✦ Alaska and L48 competing projects demand
- ✦ Supply/availability specific to Alaska, also testing L48
- ✦ Alaska training and skills development capacity and capability

Ongoing engagement and communication

- ✦ AKDOL&WD – progress and data updates
- ✦ Native Regional and Village Corporations – capability/capacity updates; project updates
- ✦ Training providers – project needs, capability/capacity updates, implementation planning





Contracting approach

Combine 'Global LNG' and 'Local Alaska' skills / experience

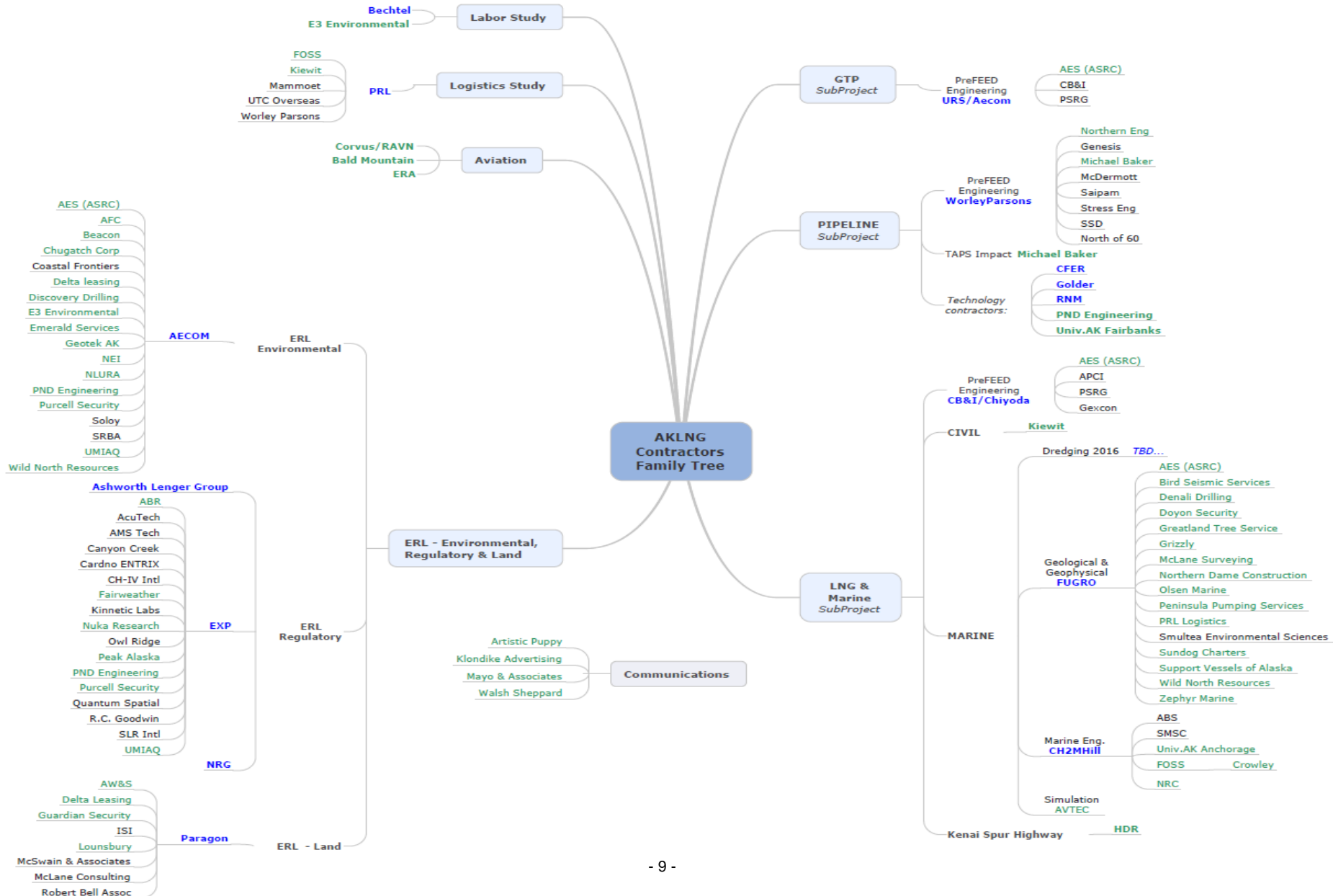
- * Prime Contractors required to work with qualified Alaskans
- * Alaskans know State regulations, requirements and processes
- * Ensure commitment to communities / environments where we work
- * Local businesses encouraged to register on "www.ak-lng.com"

Near Term Contracting Goals :

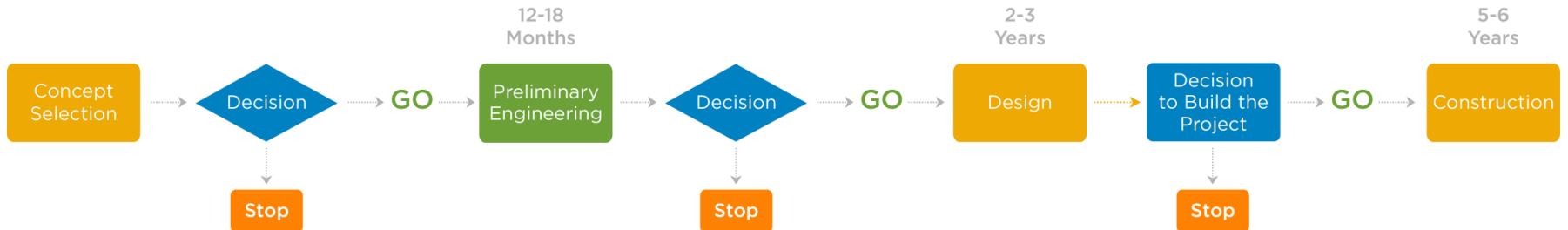
- * Complete 'Market Engagement", ensure we understand qualified FEED / EPC bidders' views on AKLNG
- * Continue public business information sessions
- * Request FEED bids from qualified prime contractors
- * Networking forums for Global / Alaska contractors (Q2-Q3)
- * Complete Alaskan "Focus Group" sessions on cost/execution plans
- * Complete Contractors FEED bid preparations
- * Test CoV support / approval for FEED plans



Alaska LNG PreFEED family tree



Alaska LNG – a business approach

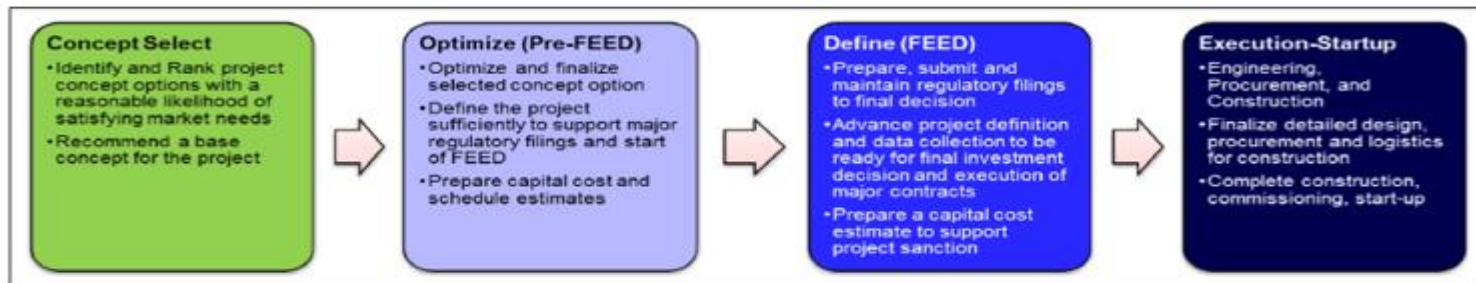


Gated development process

- * The phased approach is a proven best practice
- * Ensures success before increasing investment
- * Ensures alignment with producers/State

Key Issues

- * Focus on concrete milestones
- * Reduce risk; reduce cost; ensure competitive advantage
- * Ensure right commercial framework in place up front
- * Focus on Momentum – “Bumps in the Road” expected



Project Influence Curve

