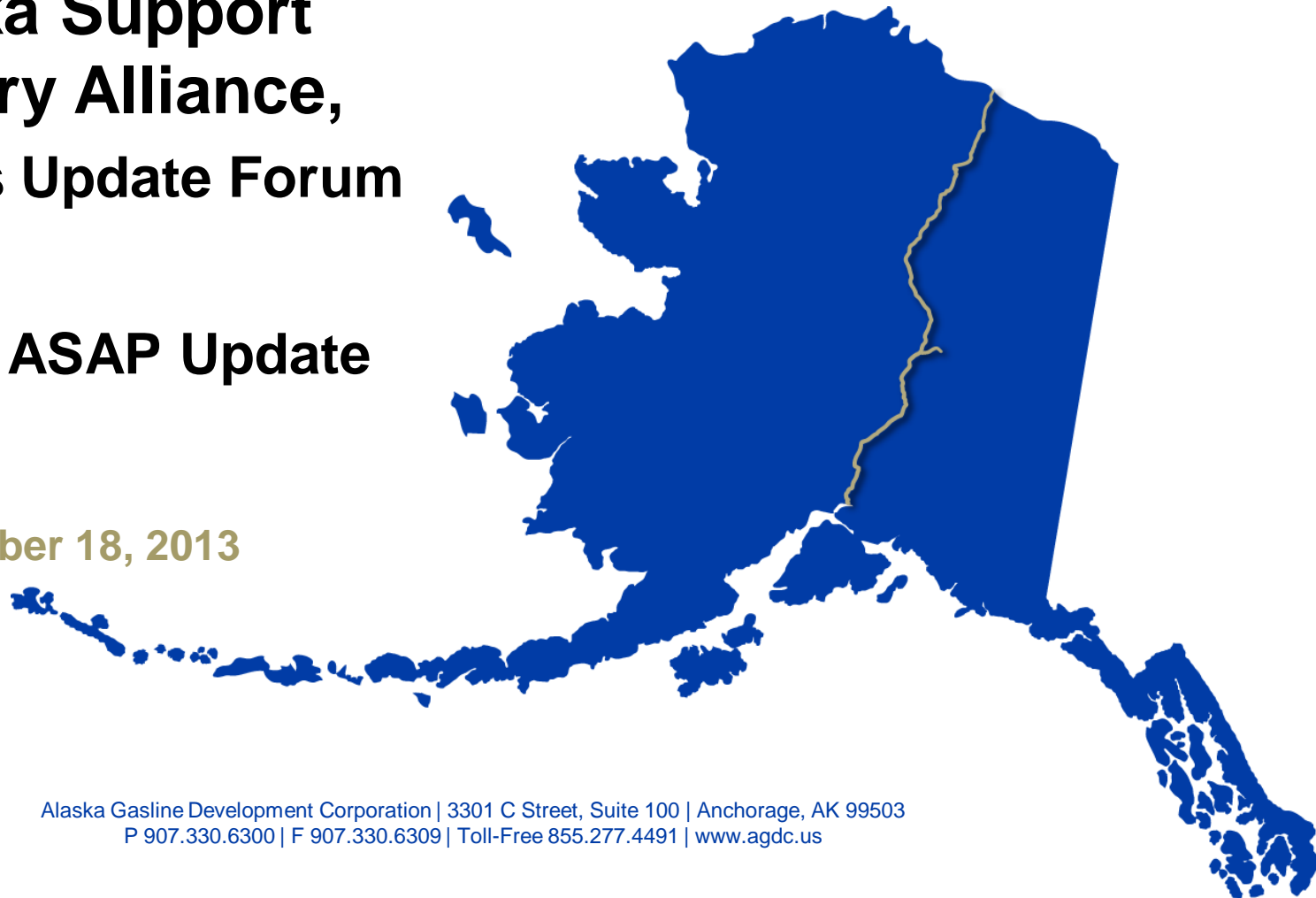




Alaska Support Industry Alliance, Fairbanks Update Forum

AGDC & ASAP Update

October 18, 2013



2013 Legislative Action – AGDC & HB4

- Establishes a new public corporation under the Dept. of Commerce
- Overseen by a 7 member board of directors – Our board appointments were announced on September 13. They are: Al Bolea, John Burns, Dave Cruz, Drue Pearce, and Richard “Dick” Rabinow, as well as Commissioner Susan Bell and Commissioner Dianne Blumer.
- Authorizes AGDC to work on ASAP plus other projects, issue bonds and determine ownership model
- Exempt from state procurement code and administrative procedures act
- Requires all state departments, agencies, and public corporations to work expeditiously with AGDC on permits and authorizations
- In 2013, the Alaska Legislature appropriated \$355 million to advance the **Alaska Stand Alone Pipeline/ASAP project** to open season and sanction

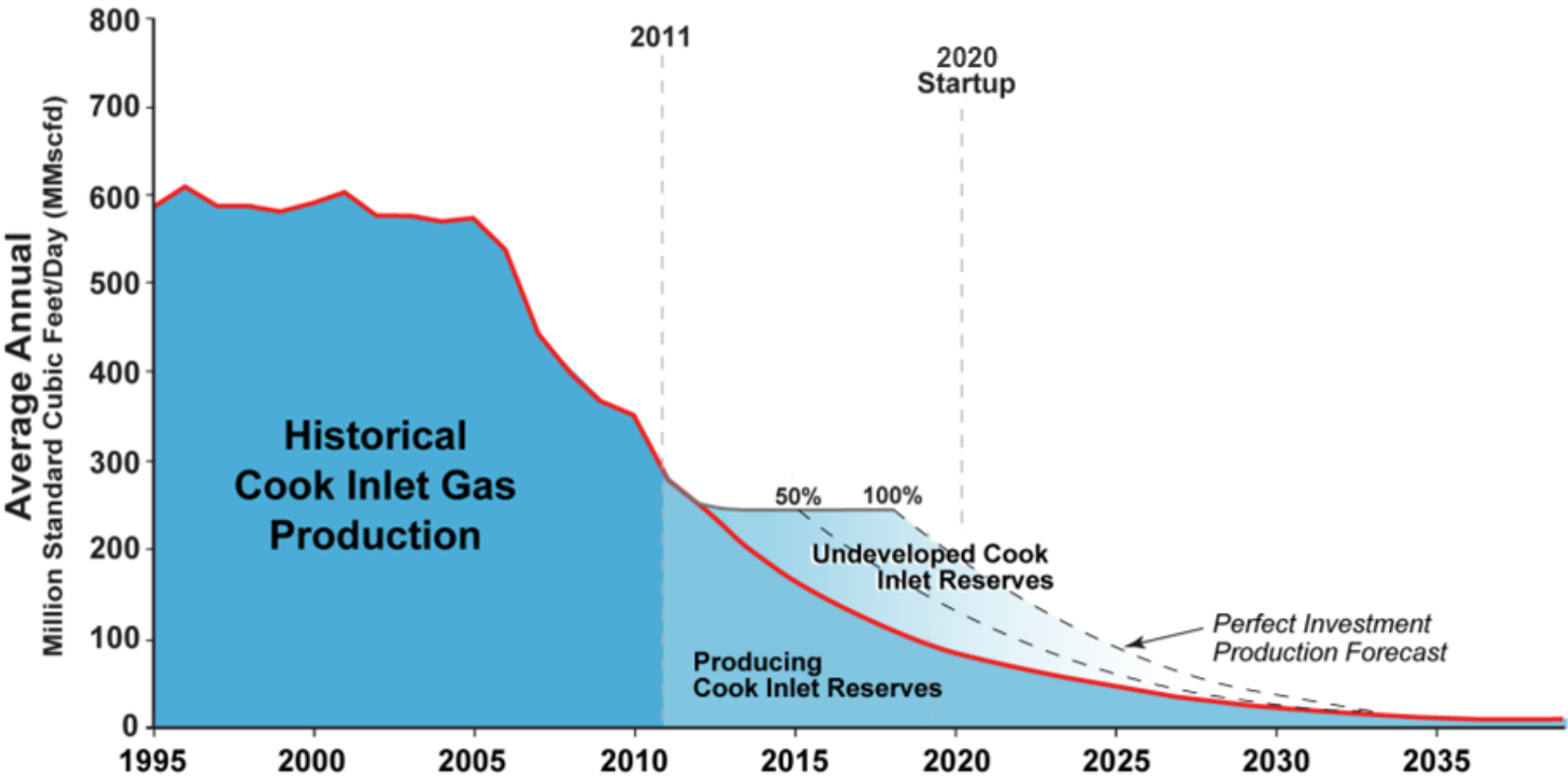


Alaska's Energy Situation

- North Slope energy rich
 - ✓ 30+ Trillion cubic feet of natural gas
- Cook Inlet Basin in decline
 - ✓ Creating uncertainty as early as 2018
- Cost of residential heat
 - ✓ Fairbanks heating oil ~\$30/MMBTU
 - ✓ Cook Inlet natural gas \$9 - \$10/MMBTU

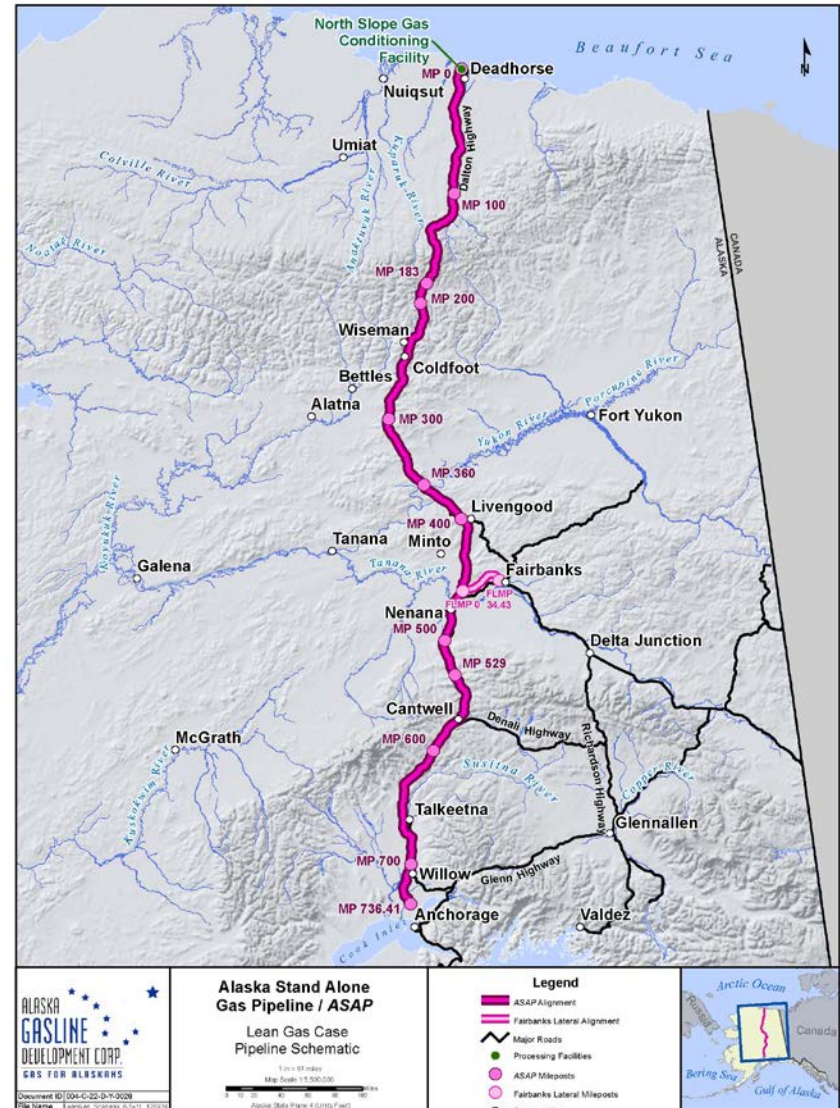


Cook Inlet Basin Production Forecast

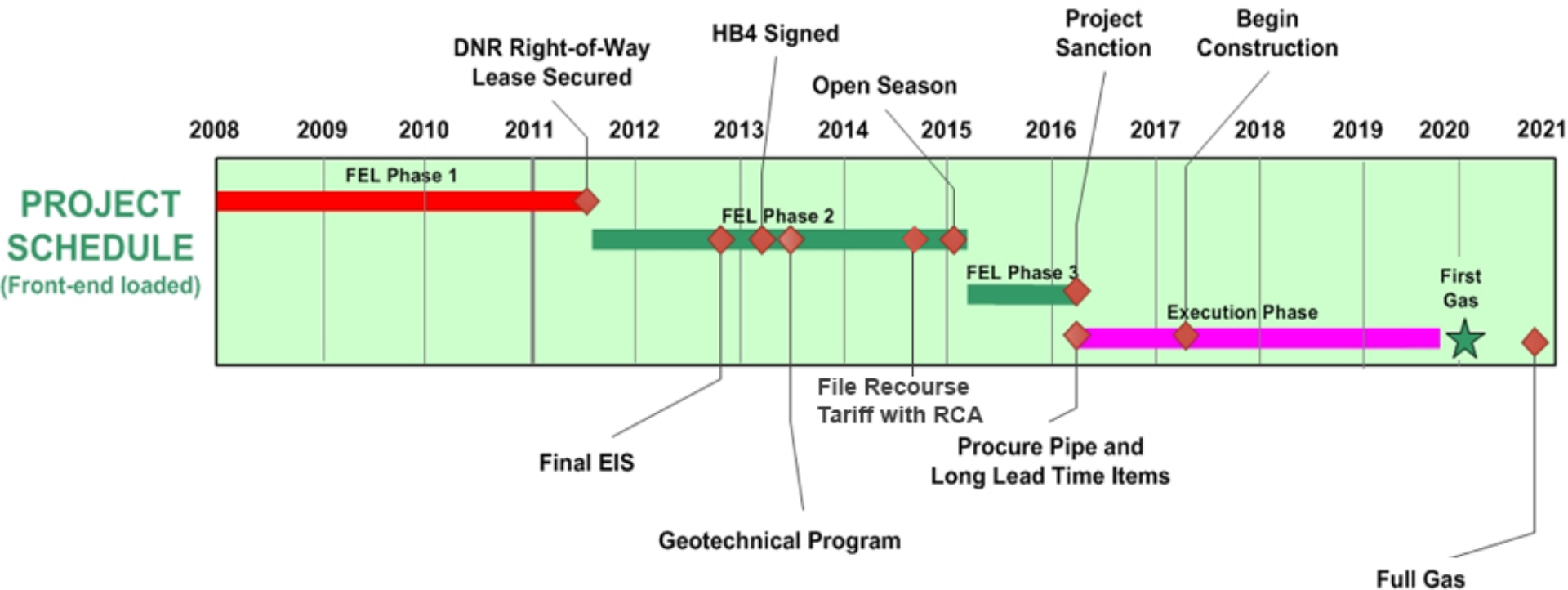


ASAP Project Scope

- Mainline
 - ✓ 36" diameter pipe
 - ✓ 737 miles long
 - ✓ 1,480 psi max operating pressure
- Fairbanks Lateral
 - ✓ 12" diameter pipe
 - ✓ 35 miles long
 - ✓ Tie-in w/mainline at MP 458
- 500 Mmscf/day – AGIA limit
- North Slope Gas Conditioning Facility (GCF) at Prudhoe Bay
- More off-takes possible

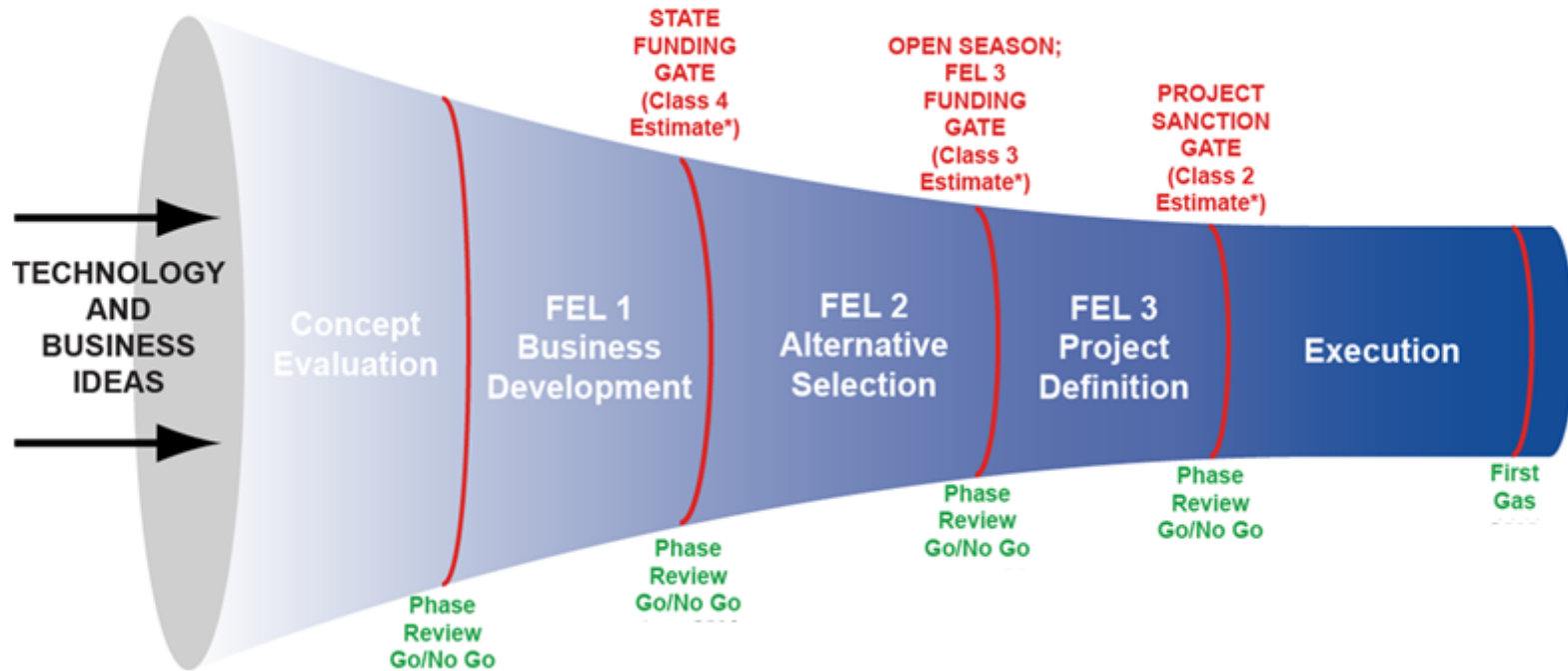


ASAP Schedule



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 Work Underway

- Preparing for new AGDC organizational structure
 - ✓ Project Execution Plans
 - ✓ Moved offices on October 21
 - ✓ First Board Meeting scheduled for October 30 in Anchorage
- Selected CH2MHill as the Program Management Contractor
- 2013 major work activities
 - Advancing FEL-2 (Pre-FEED) facilities and pipeline engineering
 - Open season management contractor selected
 - Construction planning and logistics
 - Regulatory engagement
 - PHMSA special permit
 - 2013 winter field programs



Field Program Continues Winter 2013-14

- 444 geotechnical boreholes from Yukon River to Point Mackenzie
- Geohazard investigation
- Stream crossing surveys
- Air monitoring – 18 month duration
- Terrain unit mapping
- Cultural resource surveys
- Routing surveys



ASAP Budget

- **Cost to Alaskans:** \$400M up-front budget (~5% of Total)
- **Cost Benefit:** Long term natural gas supply for Alaskans
- **Project Cost:** \$7.7 Billion* in 2012 dollars, +/- 30-40%

FACILITY	CAPITAL COST (2012\$ Billion)
Gas Conditioning Facility	\$2.8
Pipeline: GCF to Dunbar	\$3.03
Dunbar Off Take and Lateral to Fairbanks	\$0.07
Pipeline: Dunbar to Big Lake	\$1.8
Total Estimate ASAP Cost	\$7.7 billion

*Each year the project is delayed, 2.5% inflation (~\$210M) is added to the cost of the project



ASAP Cost to Consumers

- **Estimated Cost of Gas to Consumers** (burner tip in 2012 dollars)



Anchorage

- \$ 9 - \$11.25/MMBTU

Fairbanks

- \$ 8.25 - \$10/MMBTU

Scale of Construction Activities

- Considerable construction workforce
 - ✓ Over 8,000 direct jobs
 - ✓ Over 15,000 indirect jobs
- 335,000 tons of steel for the pipeline
- 9,000 truckloads of pipe travelling 4 million miles
- 10 million cubic yards of earthwork
- 15 construction camps
- 6 construction spreads
- 3 years to construct – Winter and summer construction



ASAP Community Advisory Council (CAC)

- **Volunteer** Council formed in April 2012
- ASAP works cooperatively with CAC to keep the public informed
- Representatives from communities across Alaska:



North Slope Borough, Fairbanks, Nenana, Minto Village, Healy/Denali Borough, Cantwell, Anchorage, Kenai Peninsula and Seward

- Goal is to educate Alaskans about the ASAP Project and represent their communities
- Dedicated to helping solve the energy crisis in Alaska

Thank You

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