

AGDC Interim President's Report Joe Dubler

January 9, 2020



- Continue to represent State of Alaska in AKLNG:
 - Work with BP/ExxonMobil going well
 - On time/approximately 50% under budget
- BP sale to Hilcorp
 - Have begun meeting with Hilcorp to gauge interest in AKLNG
- FY 21 Budget proposal submitted by the Governor:
 - \$3,431,600 operating expenditures for AGDC;
 - \$97,400 operating expenditures for DEC;
 - \$521,700 operating expenditures for DNR; and
 - \$20 million in statutory designated program receipts for AGDC.

With the ability to receive funds from third parties, staff is comfortable that the requested appropriation will be sufficient to continue work at an appropriate level in FY21.

- Met with Mat-Su Borough Manager John Moosey about their objections to AKLNG expressed in multiple filings with FERC
- Attended RDC conference:
 - Darlene Gates (XOM), in her presentation to the conference, discussed Exxon's desire to monetize ANS gas
 - Qilak LNG presented their project concept

- Continue work on regulatory effort
- Ongoing work with BP & ExxonMobil:
 - Cost reduction work
 - Venture structure work
- Continue soliciting partners for participation in FEED
 - Significant work has been done over the past several years and several of those relationships are expected to continue, most likely subject to confidentiality agreements
 - With sufficient financial interest from third parties, AKLNG will be in a position to begin and complete FEED within the next two to three years

Financial Summary AFE

ALASKA GASLINE DEVELOPMENT CORPORATION			
Fiscal Year to Date Statement of Activities			
as of November 30, 2019 Unaudited			
AFE - Program Management			
6201	809,710		
6203	-		
6204	-		
6205	850		
6206	-		
6207	-		
6208	17,655		
6209	13,783		
6210	48,024		
6211	1,029,384		
6212	438,717		
6213	1,563		
Subtotal	<u>2,359,684</u>		
Total AFE	2,359,684		
Total Other	<u>2,812,456</u>		
Total	<u>5,172,140</u>		

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Alaska LNG Project Technical and Regulatory Update

Frank Richards, Senior Vice President of Program Management
January 9, 2020



FERC Milestones Achieved:

Milestone	Date
FERC Public Comment Meetings	September 9 - 12, 2019
BLM Public Subsistence Hearings	September 17 & 19, 2019
AGDC Post-Public Meeting Update Meeting	September 17, 2019
Draft EIS Comments Due to FERC by 5:00 PM EST	October 3, 2019

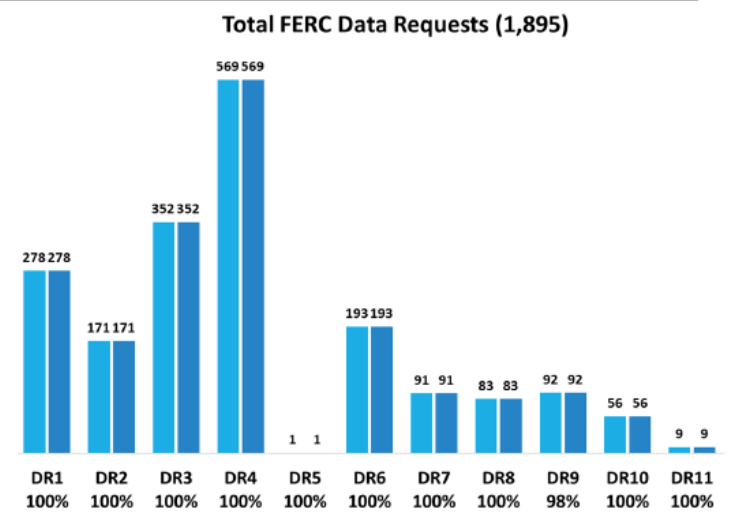
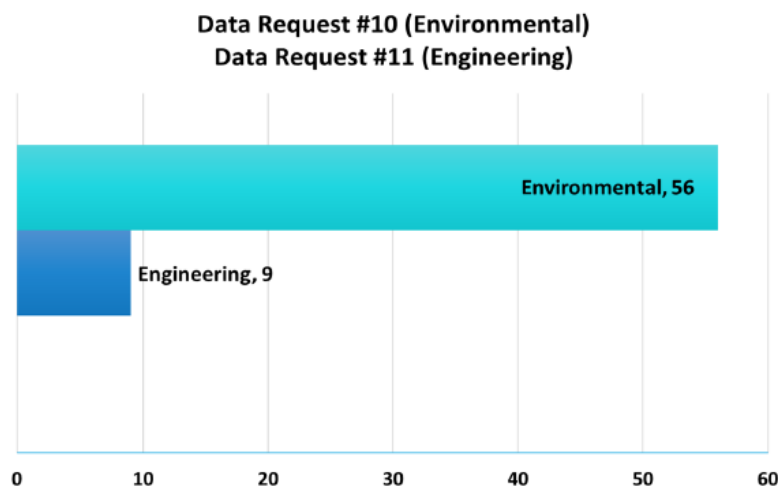
Future FERC Milestones:

Milestone	Date
Publication of Notice of Availability of Final EIS	March 6, 2020
Issuance of Final FERC Order	June 4, 2020

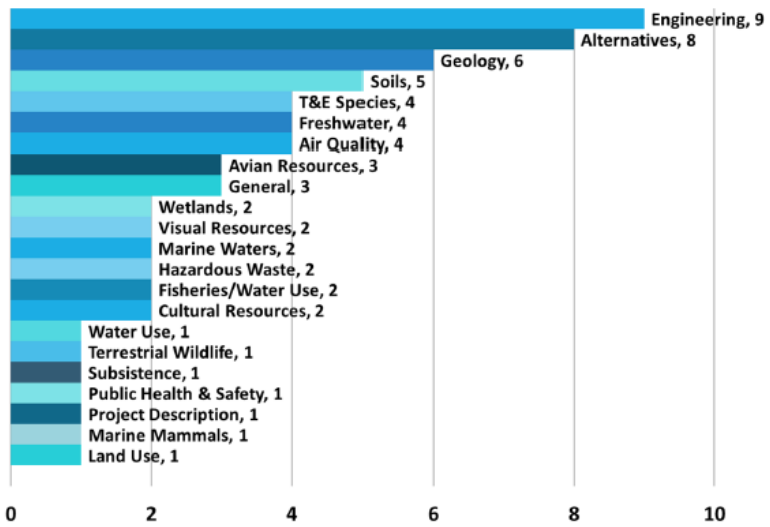
- FERC Data Request #9 (Engineering) completed November 27, 2019 (92 requests)
- FERC Data Request #10 (Environmental) received November 22, 2019 included 56 requests with a 10 day response request
- FERC Data Request #11 (Engineering) received November 22, 2019 included 9 requests with a 20 day response request
- AGDC completed and submitted 65 responses for 100% completion of DR#10 and DR#11 by December 23, 2019
- FERC Staff issued a total of 1,895 data requests (both environmental and engineering) since July 2017

Updated: January 2020

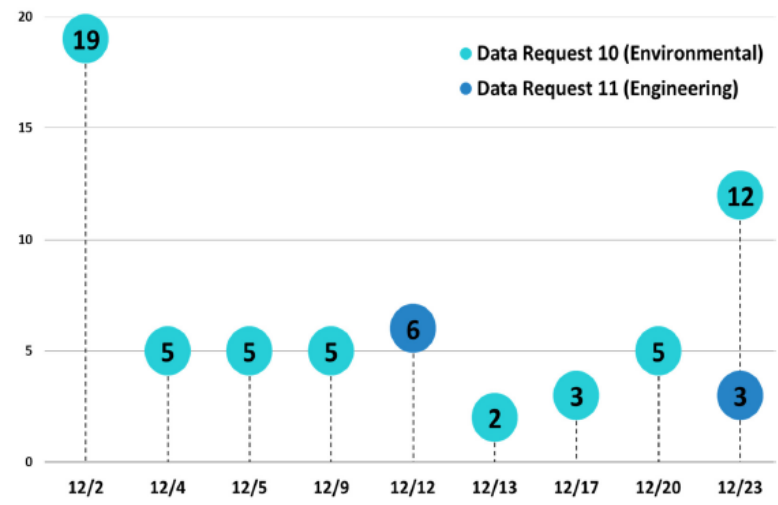
FERC Data Requests – Dashboard



Data Request 10 & 11 By Category



Schedule of Response



Major Permit Status – Complete

Permit	Agency	Status	Note
Letter of Recommendation	USCG	Issued	Complete
Natural Gas Export	DOE	Issued	Complete
Essential Fish Habitat Consultation	NOAA	Issued	Complete
Strain-Based Design	PHMSA	Issued	Complete
Crack Arrestor Spacing	PHMSA	Issued	Complete
Mainline Block Valve Spacing	PHMSA	Issued	Complete
Three Layer Polyethylene Coating	PHMSA	Issued	Complete

- ROW lease application through Denali National Park & Preserve (DNPP) advancing with National Park Service (NPS)
 - NPS provided comments December 23, 2019
 - Meeting held January 7, 2020 to discuss comments
 - Coordinating NPS wetland comments with Corps permitting effort
- ROW lease applications submitted to Department of Natural Resources (DNR) for Point Thomson Transmission Line (PTTL) on October 25, 2019 and GTP, Mainline Pipeline, & Liquefaction Facilities on October 31, 2019
 - 60 day public notice period ending January 14, 2020
 - Providing responses to DNR questions on application, Cook Inlet crossing, and storage tanks at the liquefaction facility
- PHMSA issued public notice of their assessment and draft conditions for the for Pipe-in-Pipe Special Permit in the Federal Register December 10, 2019
 - 60 day public comment period ending February 10, 2020

Major Permit Status – In Process

Permit	Agency	Status	Note
Prevention of Significant Deterioration - Air Permit - GTP	ADEC	In Process	Public comment closed; AGDC responding to RFI by Jan 8; anticipated Q1 2020
Pipe-in-Pipe	PHMSA	In Process	Public notice period; anticipated Q2 2020
Siting Review Letter of Determination	PHMSA	In Process	Due 30 days prior to FERC FEIS; anticipated Q1 2020
Right-of-Way - State	ADNR	In Process	Public notice period; anticipated Q3 2020
Section 106 Review	FERC	In Process	Misc. cooperating agencies; Programmatic Agreement anticipated Q1 2020; AGDC outreach meetings underway as agreed with SHPO, BLM, NPS
LNG Terminal/EIS	FERC	In Process	DEIS complete; FEIS anticipated March 6, 2020
Right-of-Way – Federal	BLM	In Process	Application submitted; anticipated June 2020

Major Permit Status – In Process

Permit	Agency	Status	Note
MMPA Incidental Take (Whale)	NMFS	In Process	Cook Inlet: Published in Federal Register; active ongoing negotiations regarding mitigation. Prudhoe Bay: Anticipated Q2 2020
MMPA Incidental Take	USFWS	In Process	Sea Otter: Published in Federal Register; Polar Bear anticipated Q2 2020
Endangered Species Act Consultation	NOAA	In Process	Package deemed complete; anticipated Q2 2020
Endangered Species Act	USFWS	In Process	Consultation request received; anticipated Q2 2020
Bridge Permits for original route	USCG	In Process	Public notice complete; anticipated Q3 2020
Right-of-Way - DNPP	NPS	In Process	Application submitted; anticipated June 2020
Section 404 Wetlands	USACE	In Process	Public comment period; anticipated Q3 2020
Section 401 Water Quality	EPA & ADEC	In Process	Application in progress

Major Permit Status – AGDC Action

Permit	Agency	Status	Note
Bald & Golden Eagle Protection Act	USFWS	AGDC Action	Application developed; submittal Q1 2020
Prevention of Significant Deterioration – Air Permit – LNG Facility	ADEC	AGDC Action	Application developed; public comment period anticipated Q1 2020

- Contracted with Fluor Corporation to evaluate cost reduction opportunities and update the Class 4 Cost Estimate to Q4 \$2019
- Scope of work includes 10 major tasks
- Updated Class 4 Cost Estimate will be provided as input into common economic model
- Objective is to provide decision support package if the Project is commercially and technically viable

Capital Costs:

- Task 1 A - Emerging Markets - Best Country Sourcing & Material Pricing Update, & Q4 2019 Escalation
- Task 1 B - Emerging Markets - Use of High Value Engineering Center's
- Task 2 - Technology - Use of High Efficiency Fin Fans
- Task 3 A - Market - Source line pipe as 80-foot spiral-welded steel pipe produced in USA
- Task 3 B - Market - Optimize Project Management Team
- Task 3 C - Market - Optimize Contracting Strategy
- Task 4 - Modularization - Optimize LNG Plant Modularization

Capital Cost (cont.):

- Task 5 A - Secondary - Reduce Nikiski Camp Size and related support costs
- Task 5 B - Secondary - Adjust Contingency to Q4 2015 Estimate Percentages
- Task 6 - AGDC Items - Reduce Prepare for FEED and FEED (ERL) cost estimate to account for AGDC major permitting earned value
- Task 7 - Partnering - Eliminate on Site Power Generation at LNG Plant

Operating Costs

- Task 8 - Opex Impact

Other

- Task 9 - Additional Reduction Opportunities Identified by Fluor
- Task 10 - Class 4 Cost Estimate Update

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The logo for Alaska Gasline Development Corp. features the text "ALASKA GASLINE DEVELOPMENT CORP." in a blue, sans-serif font. To the right of the text is a stylized outline of the state of Alaska, composed of several blue stars of varying sizes arranged to form the state's shape.

AGDC.us

