



# THE NEWSLINE

**ALASKA MOVING FORWARD**

## 02 MAINTAINING MOMENTUM

AGDC transitions to lead the Alaska LNG Project.

## 03 MARKETING ALASKA'S GAS

AGDC and ConocoPhillips sign an MOU to negotiate the formation of a joint venture.

## 04 CALENDAR

Stay up to date with industry-related events and activities.

## LETTER FROM THE PRESIDENT

Alaska Gasline Development Corporation (AGDC) is taking positive steps towards making commercialized North Slope gas a reality for Alaska and the world.



KEITH MEYER, PRESIDENT

I am pleased to present the Q3 2016 newsletter for AGDC. This edition is intended to communicate and inform about the corporation's activities this past July, August, and September. I look forward to providing continual updates about the progress and successes of AGDC.

AGDC recently adopted the vision of "maximizing the benefit of Alaska's vast North Slope natural gas resource through the development of infrastructure necessary to move the gas into local and international

**VISION STATEMENT: MAXIMIZING THE BENEFIT OF ALASKA'S VAST NORTH SLOPE NATURAL GAS RESOURCE THROUGH THE DEVELOPMENT OF INFRASTRUCTURE NECESSARY TO MOVE THE GAS INTO LOCAL AND INTERNATIONAL MARKETS.**

markets." This vision encapsulates AGDC's mission of providing gas to the world, embraces the gas for Alaskans commitment, and recognizes that Alaska's project can also benefit the world. We appreciate the opportunity to highlight the accomplishments toward that vision.

Thank you for your continued support. If you have questions or want to learn more about the corporation's activities, please visit us at [agdc.us](http://agdc.us) or contact our office at 1-855-277-4491.

**OUR NEW WEBSITE IS LIVE.  
VISIT US AT [WWW.AGDC.US](http://WWW.AGDC.US) TO PREVIEW THE UPDATED DESIGN.**



ALASKA MOVING FORWARD

## MAINTAINING MOMENTUM

This past summer, a major announcement was made that the State of Alaska would become the leader for the Alaska LNG project. Wood Mackenzie, a world-renown energy analyst, concluded the project could be competitive under a third party financing structure. Governor Walker accepted the opportunity to lead the project and enable the stranded natural gas on the North Slope to move to Alaskans and international markets.

The Alaska LNG project transition is expected to take place in late October and continue through the end of the year. AGDC, BP, ConocoPhillips, and ExxonMobil are currently holding transition meetings with the goal of enabling a seamless continuation of the project. AGDC is committed to maintaining momentum for the Alaska LNG project and has been working diligently on the efforts to market this project to potential investors, users, and buyers.

AGDC will become responsible for managing the project going forward and has targeted an in-service date of 2023-2025. AGDC will maintain its focus to file the Federal Energy Regulatory Commission (FERC) Section 3 application in early 2017.

The goal of transitioning to a State-led project is to reduce cost and ensure the project is competitive worldwide. The biggest potential cost reduction shown by the Wood Mackenzie study is re-structuring the project into a tolling model where users pay predictable fees to the infrastructure owner(s). This would enable the project to involve investors that will accept a relatively low utility rate of return in exchange for a secure and predictable cash flow. Federal taxes also play a large role in the overall cost of a project. As a tax-exempt entity, the State of Alaska may be uniquely positioned to deliver one of the most impactful levers to improve this project's visibility. Therefore, to make the project more competitive, State ownership of the project may provide a successful path forward. If properly structured, the Alaska LNG project should be attractive to infrastructure investors, private equity funds, retirement funds, and other investment organizations.

We absolutely have a chance for the Alaska LNG project to succeed, but we have steep global competition ahead of us amongst the biggest players in the industry. Therefore, we need to be prepared. We need to secure unified state support and we need to maintain momentum.

“AGDC IS TAKING STEPS TO MAKE COMMERCIALIZED NORTH SLOPE GAS A REALITY FOR ALASKA AND THE WORLD.”

## MARKETING ALASKA'S GAS



AGDC AND GOV. WALKER MEET WITH THE MINISTRY OF TRADE AND INDUSTRY IN SINGAPORE.

## MEMORANDUM OF UNDERSTANDING

On September 21, AGDC announced a Memorandum of Understanding (MOU) with ConocoPhillips to negotiate the formation of a joint venture (JV) that will bring the buyers and sellers of gas together for Alaska LNG. This is a significant step forward in building support of the market for Alaska LNG under State leadership.

This MOU is part of AGDC's broader plan to move the project towards completion. That plan includes key elements such as:

- Securing customers for LNG or related service;
- Advancing low-cost financing and investor options;
- Structuring for federal and state tax efficiencies – including seeking a federal ruling on tax exempt status; and
- Engaging engineering, procurement, and contracting companies with the ability to shoulder a significant part of the construction risk.

In late September, AGDC commenced an international awareness and marketing campaign for the Alaska LNG project in Asia Pacific. The campaign started with the CWC Asia-Pacific LNG conference in Singapore, where Governor Walker gave a keynote address. The first leg of the campaign ended with a series of meetings with government and industry officials.

President Meyer was pleased with the interactions and the enthusiastic reception from potential customers. Alaska's project has several global advantages including a strong reputation for exporting natural resources and a history of reliably supplying the Asia-Pacific market. With over 35 trillion cubic feet of proven, conventional gas resources, a geographic

advantage, and strong support from the State of Alaska, AGDC is confident Alaska LNG will be well-suited to a market that is seeking high reliability and reduced volatility.

AGDC is planning additional marketing trips in the region and plans to invite international customers to visit Alaska in the near future.



**Alaska Gasline Development Corp.**

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# 2016 Q3 CALENDAR

## JULY

Alaska LNG Project Community Meeting	July 14	Bettles/ Evanville
AEDC Three-Year Outlook Luncheon	July 27	Anchorage

## AUGUST

Coffee With Alaska LNG	August 15	Nikiski
FERC Meeting	August 23	McKinley Park Village
Alaska LNG Project Community Meeting and FERC Gov-To-Gov	August 23	Allakaket
Alaska LNG Project Community Meeting	August 23	Houston
Alaska LNG Project Tikahtnu Forum	August 26	Anchorage

## SEPTEMBER

Alaska LNG Project Community Council Meeting	September 5	Nikiski
RDC Breakfast Forum Series	September 15	Anchorage
CWC World LNG and Gas Series: Asia Pacific Summit (AGDC Attended)	September 20-23	Singapore
Alaska LNG Project Community Meeting	September 27	Cantwell
Alaska LNG Project Community Meeting	September 28	Healy
Commonwealth North Forum (AGDC Presented)	September 29	Anchorage

VISIT [AGDC.US](http://AGDC.US) FOR UPCOMING EVENTS AND ACTIVITIES.

# BOARD OF DIRECTORS APPOINTMENTS



WARREN CHRISTIAN



DAVID WIGHT



HUGH SHORT

On September 19, Governor Walker announced three appointments to the AGDC Board of Directors. Warren Christian of North Pole and David Wight of Anchorage will fill vacancies. Hugh Short of Girdwood was also reappointed.

“These three Alaskans possess experience, knowledge, and resources that will prove vital as AGDC takes the lead to bring North Slope gas to the world market,” Governor Walker said. “I look forward to seeing the contributions they make to the AGDC board.”

Upon confirmation by the Legislature, the three appointees will join Dave Cruz of Palmer, Joey Merrick of Anchorage, Department of Labor and Workforce Development Commissioner Heidi Drygas, and Department of Transportation and Public Facilities Commissioner Marc Luiken on the board. Full bios are available on our website.

[WWW.AGDC.US](http://WWW.AGDC.US)