

ALASKA
GASLINE
DEVELOPMENT CORP.

THE NEWSLINE

ALASKA MOVING FORWARD

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AGDC FILES APPLICATIONS TO DEVELOP ALASKA LNG

ON APRIL 17, AGDC FILED AN APPLICATION TO OBTAIN A NATURAL GAS ACT SECTION 3 PERMIT WITH THE FEDERAL ENERGY REGULATORY COMMISSION (FERC) FOR THE ALASKA LNG PROJECT.

FERC is the lead federal agency that authorizes siting, construction, and operation of liquefied natural gas (LNG) export projects, and will lead the National Environmental Protection Act (NEPA) review process. The agency will prepare an environmental impact statement (EIS) for the project as well as coordinate permit applications with other federal agencies. Advancing the project

through the federal environmental process will reduce the permitting risk and provide surety to project investors, financiers, and customers. FERC will soon publish a schedule for the NEPA process in the federal register that outlines the time to develop a draft EIS (likely 12 months) and a final EIS (another 6 months). The outcome of this NEPA process will be a FERC order that authorizes AGDC to construct the Alaska LNG project.

COMMUNITY OUTREACH

Throughout Q2 AGDC held community outreach meetings in eleven villages, towns, and cities across the state. A presentation and Q&A session was held at each gathering in order to provide community members an opportunity to learn more about AGDC and the Alaska LNG project, as well as address specific questions unique to each area of Alaska. Additional community meetings are tentatively scheduled for this fall.

- **Sign up for announcements** at agdc.us.
- **Invite** AGDC to share information with your company or organization.
- **Share information** with your network.

LETTER FROM THE PRESIDENT

Fellow Alaskans,

The Alaska Gasline Development Corporation (AGDC) is moving forward at full speed. Throughout the second quarter of 2017, AGDC advanced Alaska's integrated gas infrastructure and LNG export project significantly, particularly in project awareness and interest.

In early April, I had the pleasure of meeting with the President of the People's Republic of China, Xi Jinping, in Anchorage. Our conversation centered on the mutually beneficial advantages that Alaska LNG offers both our countries. During our meeting, President Xi said, "China has 100 years of demand for natural gas," to which I replied, "Alaska has 100 years of supply." My meeting with President Xi has already led to productive engagements at senior levels with a number of Chinese LNG buyers and financial institutions.

As Alaska LNG continues to garner international interest from governments, LNG buyers, and financial institutions across the Asia-Pacific region, the project is gaining momentum at home with growing support from the Trump Administration. Over the past few months, I have had productive discussions with Vice President Mike Pence and Secretary of the Interior Ryan Zinke in Anchorage. I also had an opportunity to speak with Secretary of Commerce Wilbur Ross while participating in an invitation-only infrastructure summit at the White House. All of these conversations centered on how the Federal Government can help expedite Alaska LNG. It is evident the administration recognizes Alaska's vast, proven natural gas resources are a vital component to the nation's energy security.

In an address to a gathering in Anchorage, Secretary Zinke may have put it best, "The only path for energy dominance is a path through the great state of Alaska."

On April 17, AGDC moved America further down the path toward energy dominance when we filed an application to obtain a Natural Gas Act Section 3 permit with the Federal Energy Regulatory Commission (FERC) for Alaska LNG. Again, on June 15, AGDC continued to progress the project when we commenced a capacity solicitation for foundation customers to reserve volume on the Alaska LNG system.

The event that resonates with me as the strongest indicator Alaska LNG is on the right path is AGDC's signing of a memorandum of understanding (MOU) with the Korea Gas Corporation (KOGAS) in Washington, D.C. on June 28. This MOU, though non-binding, is a significant step forward in the commercial arena. (See AGDC & KOGAS Move Forward Together on page 3.)

As AGDC charges into Q3, I'm excited to build on the momentum we have marshalled over the past few months. AGDC is going to demonstrate to the global LNG community, as well as to Alaskans, that Alaska LNG will clear the natural gas and financial markets as well as provide an acceptable netback. KOGAS already appreciates Alaska LNG as a prized resource. Moving forward, I expect an increasing number of LNG buyers and investors to recognize Alaska LNG as a golden opportunity to secure stable, low-cost, clean energy for generations.



Keith Meyer, President



PHOTO U.S. Secretary of Commerce Wilbur Ross discusses expediting infrastructure projects such as the Alaska gasline with AGDC President Keith Meyer and other attendees at a private summit hosted at the White House in Washington, D.C. on June 8, 2017.

PHOTO U.S. Vice President Mike Pence discusses the strategic importance of Alaska LNG with AGDC President Keith Meyer in Anchorage on April 15, 2017.

AGDC & KOGAS MOVE FORWARD TOGETHER

ON JUNE 28, AGDC SIGNED A MEMORANDUM OF UNDERSTANDING (MOU) WITH THE KOREA GAS CORPORATION (KOGAS) IN WASHINGTON, D.C. THE MOU ESTABLISHES A FRAMEWORK FOR AGDC AND KOGAS TO COOPERATE IN SEVERAL AREAS OF ALASKA LNG, INCLUDING PROJECT INVESTMENT, DEVELOPMENT, OPERATIONS, AND OTHER ARRANGEMENTS.

KOGAS is a state-run, natural gas giant. The organization is the primary LNG buyer in the Republic of Korea as well as the second-largest corporate LNG buyer in the world. The company operates four regasification terminals and thousands of miles of natural gas pipeline across South Korea and is an investor in natural gas infrastructure across the globe.

The MOU establishes a joint committee with decision making authority and sets the framework for AGDC and KOGAS to collaborate on the potential for

KOGAS to participate in all aspects of the development of Alaska LNG. Specific areas addressed in the MOU include Korean investment in the project, KOGAS cooperation on the engineering, procurement, and construction of the project components and operations. MOUs have preceded essentially every major LNG sales and purchase agreement in the world. They constitute a significant step down the path toward a final commercial agreement.

FOUNDATION CUSTOMER CAPACITY SOLICITATION

Toward the end of Q2, AGDC commenced a foundation customer capacity solicitation. The capacity solicitation will determine the foundation customers who wish to reserve capacity on the Alaska LNG system segments. The capacity solicitation presents an opportunity for North Slope gas resource owners and other qualified parties to subscribe to capacity and also serve to determine the most viable initial size and configuration of the project. The solicitation will gauge the level of interest from North Slope gas resource owners, AGDC, and downstream buyers.

Throughout the capacity solicitation process, AGDC will continue to directly market to LNG buyers in the Asia-Pacific region. AGDC will reserve transferrable capacity on the Alaska LNG system to accommodate those volumes for customers that prefer to purchase LNG at the jetty rather than become a capacity holder.



PHOTO AGDC President Keith Meyer and Korea Gas Corporation President and CEO Dr. Seung-hoon Lee at the signing of a memorandum of understanding between the two organizations in Washington, D.C. on June 28, 2017.

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CHINA'S GROWING INTEREST IN ALASKA LNG

On April 7, the President of the People's Republic of China (PRC), His Excellency Xi Jinping, met with AGDC president, Keith Meyer, and other State of Alaska officials in Anchorage. President Xi and Mr. Meyer's conversation focused on the potential Alaska LNG has to provide China with clean, reliable, and competitively priced energy for generations.

Following the meeting in Anchorage, AGDC staff traveled to China to follow up with potential LNG buyers, investors, and government officials.

Currently, China is the world's third-largest LNG importer, behind Japan and Korea. However, as the country increasingly turns to natural gas as its preferred energy source, China is expected to become one of the world's largest LNG importers by 2020.

As Chinese demand continues to rise, the North Slope's vast, proven natural gas resources and close proximity to Asia make Alaska LNG increasingly attractive.

2017 Q3 CALENDAR

VISIT AGDC.US
FOR UPCOMING
EVENTS AND ACTIVITIES.

AUGUST

AGDC Board Meeting	August 10	Anchorage
Alaska State Fair <i>Energy Day</i>	August 24	Palmer

PHOTO The President of the People's Republic of China, His Excellency Xi Jinping, and First Lady Peng Liyuan, disembark in Anchorage on April 7, 2017.

