



ALASKA
GASLINE
DEVELOPMENT CORP.

THE NEWSLINE



ALASKA *MOVING FORWARD*

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Major LNG buyers across the Asia-Pacific region are increasingly recognizing Alaska LNG as a prize worth pursuing.

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IN AUGUST, THE FEDERAL PERMITTING IMPROVEMENT STEERING COUNCIL (FPISC) GRANTED “COVERED PROJECT” STATUS TO ALASKA LNG UNDER TITLE 41 OF THE FIXING AMERICA’S SURFACE TRANSPORTATION ACT (FAST-41).

ALASKA LNG IS ON THE FAST TRACK

FAST-41, signed into law on December 4, 2015 by former President Barack Obama, is designed to improve the timeliness, predictably, and transparency of the Federal environmental review and authorization process for covered infrastructure projects and requires the lead agency to develop a concise, coordinated project plan for each covered project.

AGDC applied for covered project status based on guidance that the FAST Act, originally designed for surface transportation infrastructure, can now be applied to the Alaska LNG project.

The Federal Energy Regulatory Commission (FERC), as the lead agency overseeing AGDC’s application to obtain a Natural Gas Act Section 3 permit to build Alaska LNG, will develop a concise, coordinated project plan and publish the environmental review schedule to FPISC’s website

(<https://www.permits.performance.gov/permitting-projects/alaska-lng-project>).

FERC will set deadlines for specific agency actions and comment periods during the National Environmental Policy Act (NEPA) process and create an online dashboard to provide greater transparency regarding agencies’ progress. Additionally, FAST-41 enables federal agencies to adopt state environmental documents to satisfy federal laws and provides mechanisms for resolving disputes among federal agencies regarding the review and permitting of Alaska LNG.

A central requirement of FAST-41 is that any delays in the permitting process caused by government agencies must be reported to Congress.

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LETTER FROM THE PRESIDENT

Fellow Alaskan,

It has been a significant third quarter for the Alaska Gasline Development Corporation (AGDC). The Alaska LNG project has advanced well over the past three months, through a number of regulatory and commercial accomplishments.

We continue to move forward with the regulatory permitting process for both the Alaska LNG and the Alaska Stand Alone Pipeline (ASAP) projects. With Alaska LNG, our staff has been busy responding to additional data requests from the Federal Energy Regulatory Commission as they review our application to obtain a Natural Gas Act Section 3 permit. With ASAP, we concluded a busy summer of public meetings across Alaska in conjunction with the U.S. Army Corps of Engineers.

Our three primary focus areas continue to be: completing the regulatory process, pursuing binding commercial agreements to underpin the financing of Alaska LNG, and financial structuring.

In July, senior level representatives from major Chinese companies visited Alaska to meet with AGDC and learn more about Alaska LNG. While we arranged a number of meetings, presentations, and facility tours, the representatives paid all of their own travel and lodging expenses.

The commitment shown by this travel and attention is a testament to their serious consideration of Alaska LNG as a potential source for long-term, reliable, clean energy. We are continuing the conversation with these companies in a series of follow up meetings.

Momentum toward reaching binding commercial agreements continues to grow. To date, AGDC has signed 20 confidentiality agreements and is currently reviewing 13 draft letters of intent involving entities from a number

of different countries across the Asia-Pacific region. Additionally, two memorandums of understanding have been fully executed. Though none of these represent binding agreements, they are all critical steps in the commercial process as we work to secure long-term, multi-billion dollar contracts.

In addition to recent advancements on the commercial front, my optimism in Alaska LNG continues to grow as a result of support on the Federal level. We recently received word from the Internal Revenue Service that AGDC qualifies as a political subdivision of the State of Alaska and will not be subject to federal income tax and can issue tax-exempt debt. Furthermore, in August, the Federal Permitting Improvement Steering Council granted “covered project” status to Alaska LNG under Title 41 of the Fixing America’s Surface Transportation Act (FAST-41), which will improve the timeliness, predictably, and transparency of the Federal environmental review and authorization process.

We capped Q3 off with the successful conclusion of the Alaska LNG Foundation Customer Capacity Solicitation, where an Alaskan producer as well as AGDC secured foundation customer status on the transportation and liquefaction system. Additionally, all three of Alaska’s major North Slope producers expressed interest in selling gas to AGDC for further sale to the global LNG markets.

Going into the final few months of 2017, I am optimistic AGDC has what it takes to develop the infrastructure necessary to liberate Alaska’s vast North Slope natural gas resource. I believe today, more than ever, that Alaska LNG is needed, competitive, and achievable – now is the time to take Alaska LNG across the finish line.

Sincerely,



Keith Meyer



PHOTO: Representatives from one of Asia’s largest oil & gas companies meet with AGDC and State of Alaska officials in Anchorage in July 2017. (Photo courtesy of Office of the Governor Bill Walker)

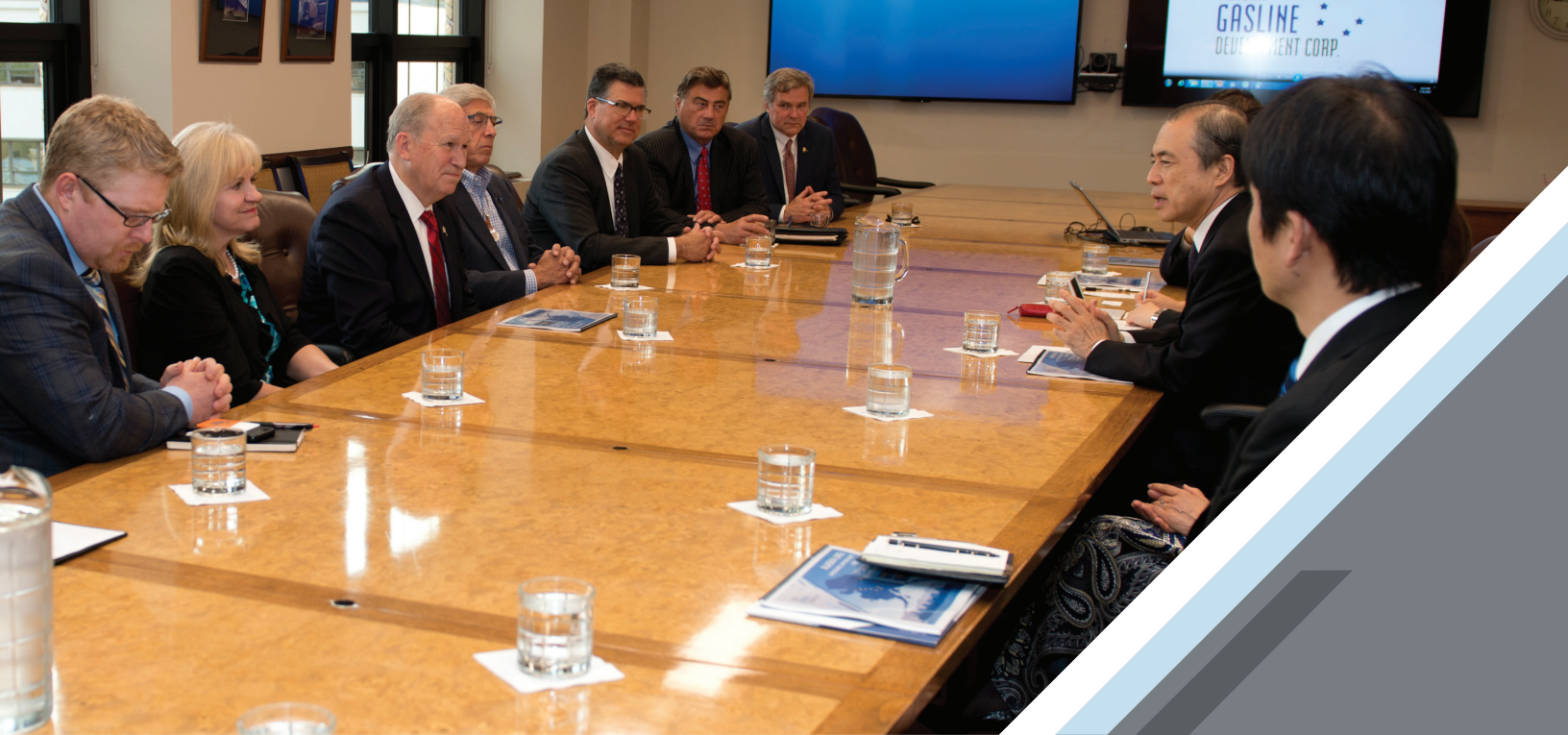


PHOTO: Tokyo Gas President Michiaki Hirose and Tokyo Gas America President Shunjiro Yamashita meet with Governor Bill Walker, AGDC, and other State of Alaska officials in Juneau on July 31, 2017. (Photo courtesy of Office of the Governor Bill Walker)

LNG BUYERS VISIT ALASKA

MAJOR LNG BUYERS ACROSS THE ASIA-PACIFIC REGION ARE INCREASINGLY RECOGNIZING ALASKA LNG AS A PRIZE WORTH PURSUING. ON THREE SEPARATE OCCASIONS THROUGHOUT Q3, SENIOR OFFICIALS REPRESENTING MANY NATIONS VISITED ALASKA TO SEE FIRSTHAND HOW ALASKA LNG CAN BE THEIR REGIONAL SUPPLIER FOR RELIABLE, LOW-COST, CLEAN ENERGY.

In July, senior officials from one of China's national oil & gas companies came to Anchorage for a number of meetings, presentations, and facility tours that included a trip to see existing facilities on the North Slope.

Later that same month, Tokyo Gas President Michiaki Hirose and Tokyo Gas America President Shunjiro Yamashita traveled to Juneau to discuss Alaska LNG with AGDC and other State of Alaska Officials. Tokyo Gas, which is Japan's largest distributor of natural gas, has a relationship with Alaska that dates back to 1969 when the state sent the first LNG shipment to Japan from North America.

ALASKA LNG FOUNDATION CUSTOMERS CONFIRMED

On August 31, AGDC concluded the capacity solicitation process for foundation customers on the Alaska LNG system. In addition to AGDC and an Alaska producer submitting a conforming intent to subscribe for capacity on the system, each of the three major producers expressed interest in selling gas to AGDC for further sale to the global LNG markets. Once the agreements are completed, AGDC will have gas supply and foundation customer capacity that will allow the organization to provide an attractive bundled LNG sale to global customers.

In addition to providing a clear pathway for LNG sales, AGDC will now be able to better determine the potential phased development of the system to meet market demand. Phasing has the potential to reduce initial capital cost without sacrificing long term capacity.

2017 Q3 CALENDAR

OCTOBER

AGDC Board Meeting	October 12	Anchorage, AK
LNG Producer-Consumer Conference	October 18	Tokyo, Japan
Alaska Federation of Natives Conference	October 19-21	Anchorage, AK
Anchorage Chamber of Commerce – “Make it Monday” Forum	October 23	Anchorage, AK

NOVEMBER

Alaska Miners Association 2017 Fall Convention & Trade Show	November 8-10	Anchorage, AK
Associated General Contractors of Alaska Annual Conference	November 8-11	Anchorage, AK
AGDC Board Meeting	November 9	Anchorage, AK
Alaska Municipal League 2017 Winter Legislative Conference	November 13-17	Anchorage, AK
Resource Development Council Annual Alaska Resource Conference	November 15-16	Anchorage, AK

Visit www.agdc.us
for upcoming events
and activities.

AGDC GAINS FAVORABLE IRS TAX EXEMPTION STATUS

IN A RECENT RULING, THE U.S. INTERNAL REVENUE SERVICE DETERMINED AGDC QUALIFIES AS A TAX-EXEMPT POLITICAL SUBDIVISION OF THE STATE OF ALASKA UNDER NEW AND MORE STRINGENT PROPOSED IRS REGULATIONS.

As a political subdivision, AGDC will not be subject to federal income tax and can issue tax-exempt debt. The federal tax exemption can further reduce the cost of service on the system and can increase the competitiveness of the project while also improving overall returns to project stakeholders.

AGDC was not dependent on this ruling to make Alaska LNG economically viable; however, the ruling creates the opportunity, under the right conditions, for lower cost debt financing and makes the project even more competitive.