



# ALASKA'S GASLINE

ANCHORAGE CHAMBER OF COMMERCE  
DECEMBER 19, 2016

[www.agdc.us](http://www.agdc.us)

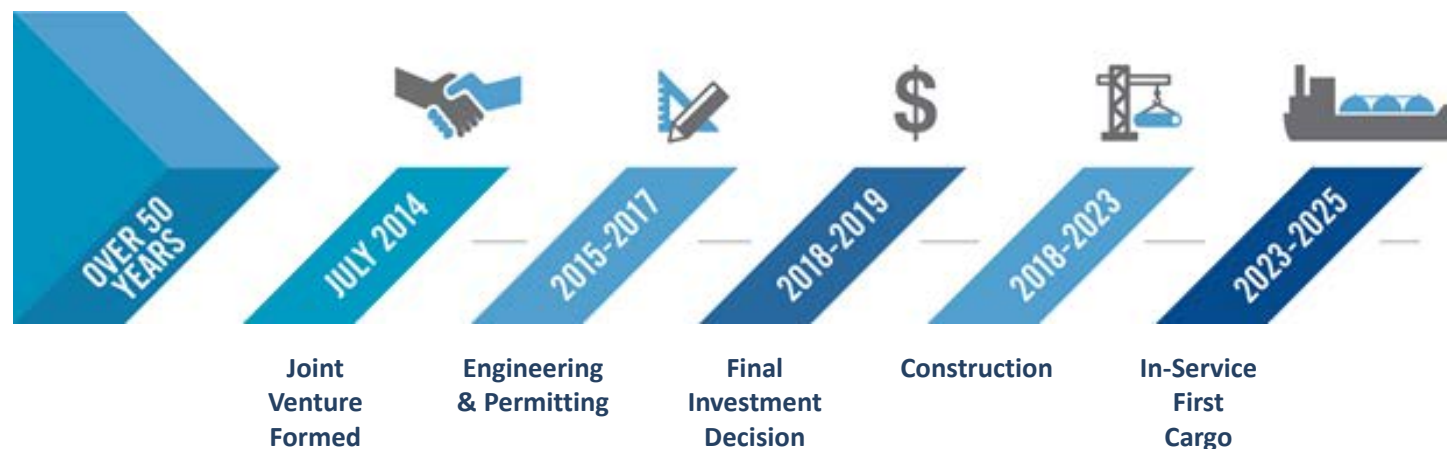
- **Alaska Gasline Development Corporation (AGDC)**

- ✓ Public corporation owned by the State of Alaska
- ✓ Empowered to expedite, finance, and build natural gas infrastructure.



- **Vision:**

Maximize the benefit of Alaska's vast North Slope natural gas resources through the development of infrastructure necessary to move the gas into local and international markets.



## **ALASKA MOVING FORWARD**

- 2009 - Early beginnings
- 2010 - House Bill 369 creating AGDC
- 2013 - House Bill 4 AGDC receives power, authority, and funding to advance the Alaska Stand Alone Pipeline (ASAP) project.
  - ✓ House Bill 4 also established AGDC as an independent, public corporation of the State of Alaska.
- 2014 – Senate Bill 138 expands AGDC’s mission and authority for an Alaska liquefied natural gas (LNG) project on the State’s behalf.
  - ✓ This legislation also directs AGDC to assist the Department of Revenue and the Department of Natural Resources in maximizing the value of the State’s gas.



# AGDC Board of Directors



**Dave Cruz**  
Chairman



**Hugh S. Short**



**Joey Merrick**



**Heidi Drygas**



**Marc Luiken**



**Warren Christian**



**David Wight**

# AGDC Executive Management Team



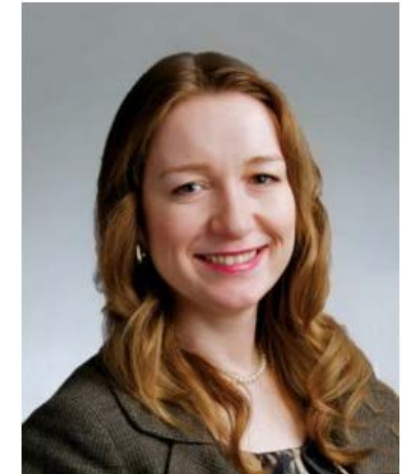
**Keith Meyer**  
President



**Frank Richards, PE**  
Senior VP Program  
Management



**Rosetta Alcantra**  
VP Communications



**Lieza Wilcox**  
VP Commercial and  
Economics



**Dave Haugen, PMP**  
VP Project Management



**Fritz Krusen**  
VP Alaska LNG

*Over 186 years of combined expertise in AGDC's executive management team.*



Tim Navarre (Chair), Jason Mayrand, Qaiyaan Harcharek, Gov. Bill Sheffield, Mayor Clay Walker, Dan Coffey, Don Dyer, Jim Sackett, Joe Bovee, Julie Duquette, Kathryn Martin, Matt Larkin, Rocky Riley, Ron Long, Sarah Obed, Terry Hinman





# AGDC'S TWO MAJOR PROJECTS



[www.agdc.us](http://www.agdc.us)

# AGDC's Two Major Projects

- AGDC is the owner of two Projects

Alaska LNG

- ✓ State's priority project
- ✓ \$45-\$65 billion LNG export project
  - Joint Venture with Exxon, BP, Conoco

ASAP

- ✓ State's back-up project
- ✓ \$10 billion in-state gas pipeline
  - Currently 100% state owned

- Either project is capable of delivering gas to Alaskans – but the projects vary significantly in size, scope and cost
- AGDC is also responsible for planning and developing gas off-takes within Alaska regardless of which project is built



- **ASAP Project Description**

- ✓ Lean natural gas with design capacity of 500 million cubic feet per day
- ✓ Buried pipeline except at bridge and fault crossings
- ✓ Gas conditioning facility (GCF) near Prudhoe Bay, built from large modules
- ✓ 36-inch, 733 mile-long mainline pipeline
- ✓ 12-inch, 30 mile-long lateral line connecting to Fairbanks
- ✓ Mainline generally parallels portions of TAPS, the Dalton Highway, and the Parks Highway; connects to ENSTAR's distribution system at MP 39 of the Beluga Pipeline southwest of Big Lake

# Alaska LNG Project

- **Integrated gas infrastructure project:**

- ✓ **Gas Treatment Plant:**

- 200 acre site at Prudhoe Bay
    - Deliver up to 3.5 Bcf/d

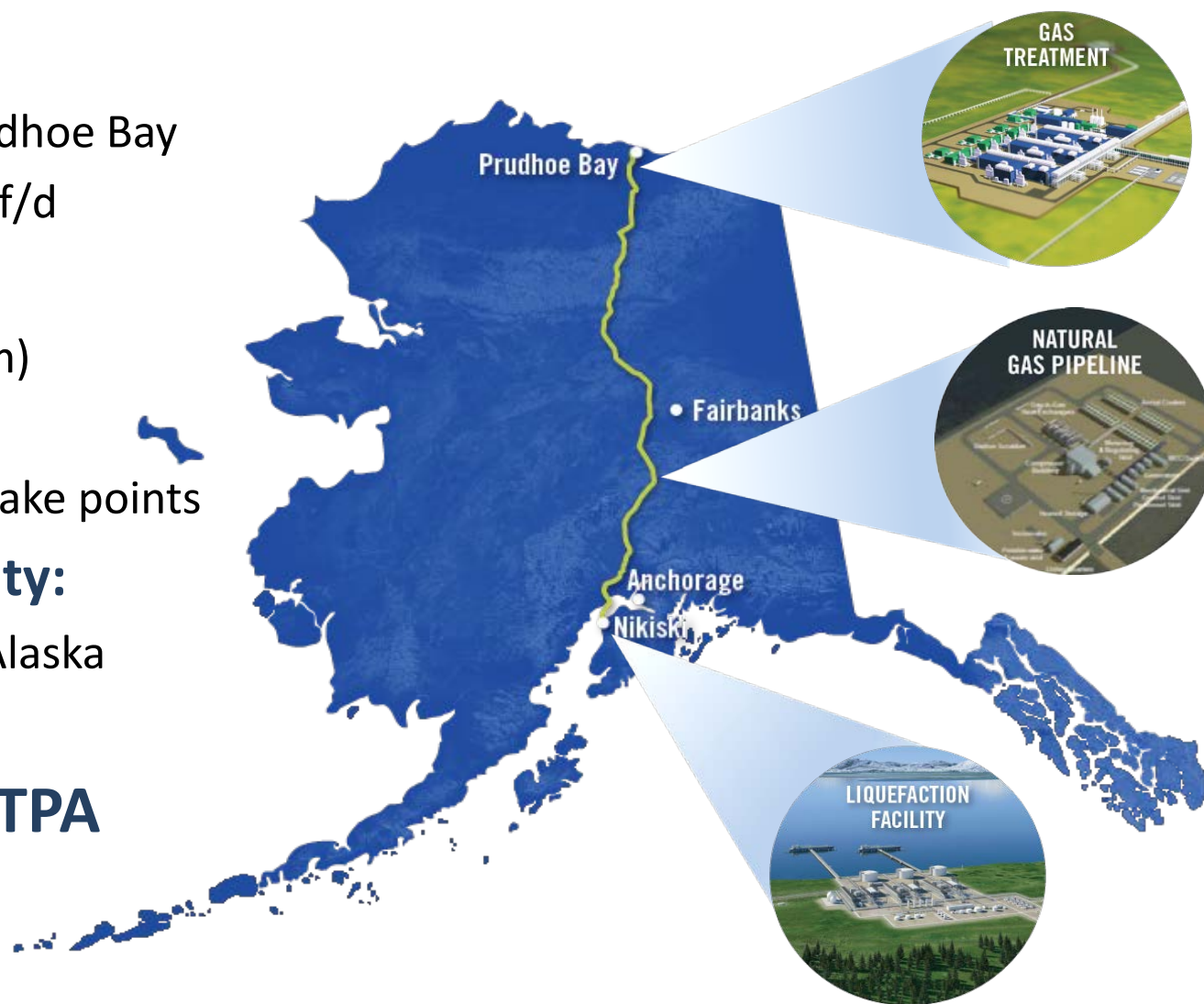
- ✓ **Pipeline:**

- 800-miles (1,287 km)
    - 42-inch pipe (1.1m)
    - Several in-state offtake points

- ✓ **LNG Production Facility:**

- Located in Nikiski, Alaska
    - 600 acre site

- **Produce up to 20 MMTPA**



Bcf = Billion cubic feet      MMTPA = Million Metric Tons Per Annum

*Fully-integrated natural gas pipeline and liquefaction system.*

- **Project has been thoroughly studied and analyzed:**

- ✓ Over 1 million man hours invested in pre-FEED
- ✓ World-renown contractors involved in pre-FEED
- ✓ More than 193,000 acres mapped
- ✓ Over 300 streams surveyed
- ✓ Thousands of boreholes (10-150 feet deep) researched along the proposed route
- ✓ Data gathered to guide decisions on pipeline routing, construction laydown areas, to mitigate risk, and support regulatory requirements
- ✓ Over \$360 million invested in project development
- ✓ Extensive data available; more than 33,700 pages submitted to FERC (NEPA Pre-File)





# JOINT KEY MESSAGES

As part of the effort to improve the project's competitiveness, the Parties (AGDC, BP, Conoco, Exxon) are **working collaboratively to transition the project to State leadership.**



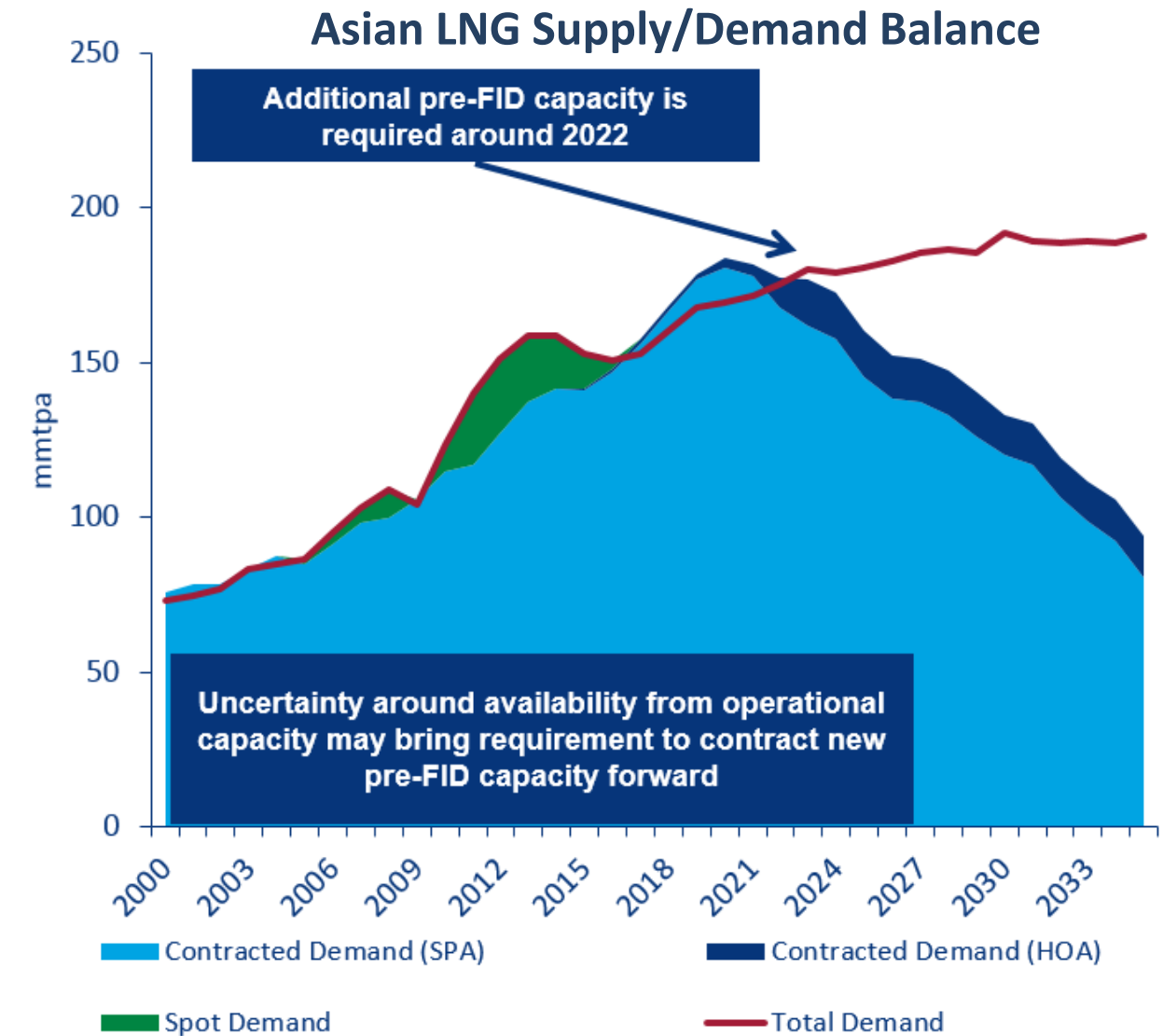
The parties are also **pursuing alternative commercial structures** that have been successfully used in global LNG projects to reduce the cost of supply of the project.

**The goal is to have a seamless continuation of the project, maintain project momentum, and reduce the cost of supply.**

- **AGDC is willing to lead, but that does not mean “go it alone”.**
- **AGDC has never said, nor will it advocate, the State building this project on its own.**
- **Lowering the cost of infrastructure through third-party financing and reduced federal taxes through State ownership will raise the netback received by the State and producer parties.**

**End Result: State control,  
Low cost infrastructure finance,  
Stable and competitive energy for customers.**

- Current global surplus.
- Equilibrium in early 2020's; new supply needed 2021-2025.
- Many supply projects chasing demand.
- Sellers must compete on more than just price.



Source: Wood Mackenzie

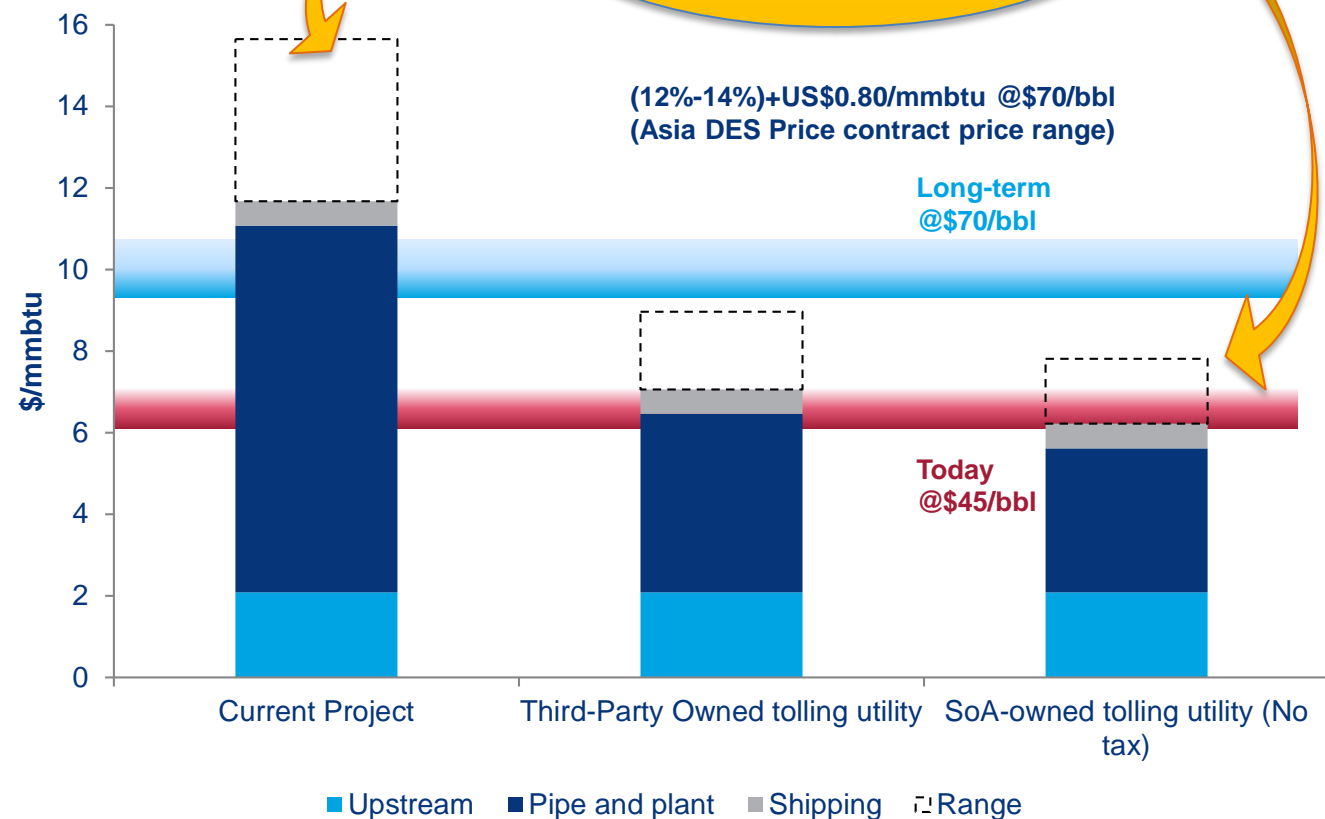


# REDUCING THE COST OF SUPPLY

Third party financing and tax exempt status will reduce the cost of service to a globally competitive level.

- ◆ In addition to a third party toller, the State of Alaska (SoA) could further reduce the cost of supply with a potential tax exemption
- ◆ SOA-ownership shown as fully tax exempt

From here...  
to there



# ALASKA'S STRATEGIC ADVANTAGE

- Location advantage; seven days to market.
- Temperature advantage: Cold temp provides efficient LNG production.
- Political stability.
- Proven conventional resource.



A position in Alaska provides for optimized logistics.

*Nikiski, Alaska is located on the North Pacific Ocean, and presents one of the most expedient routes to Japan.*

# BENEFITS - JOBS

Construction jobs.

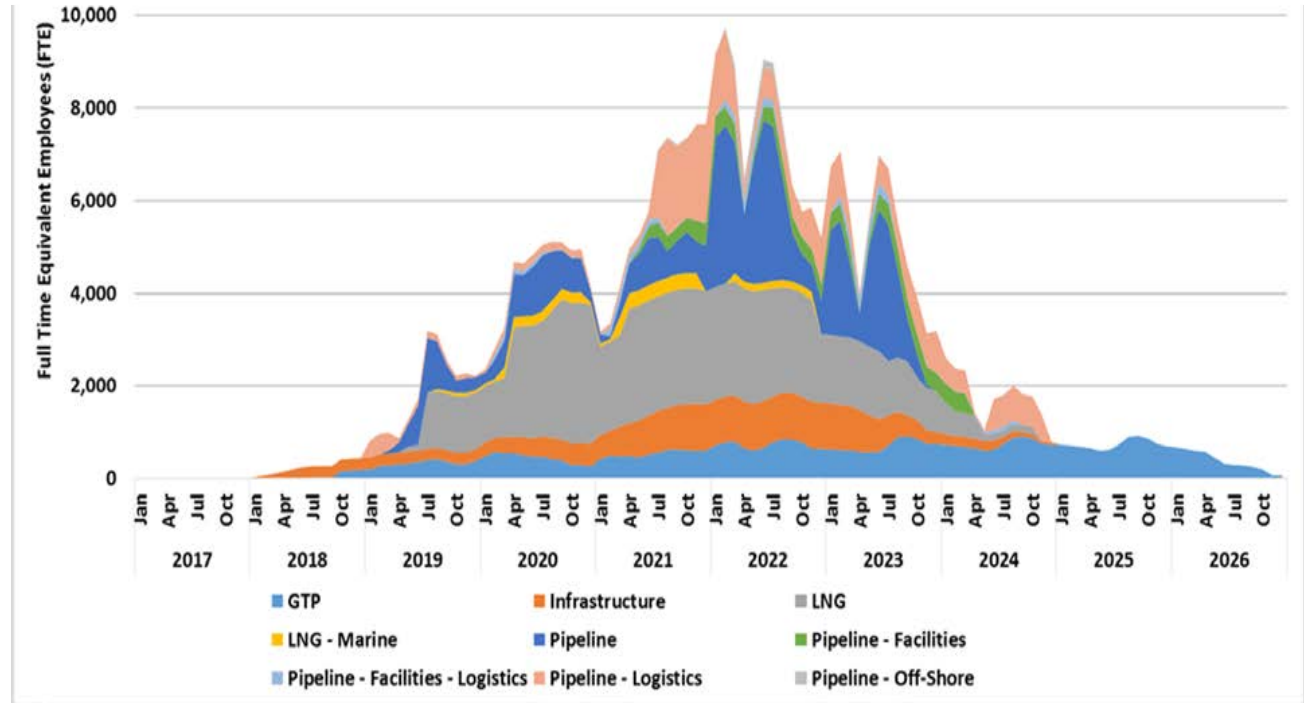
Support industries.

Operating positions.

Maintenance.

Gas distribution.

Increased exploration  
and production.



Doyon Drilling



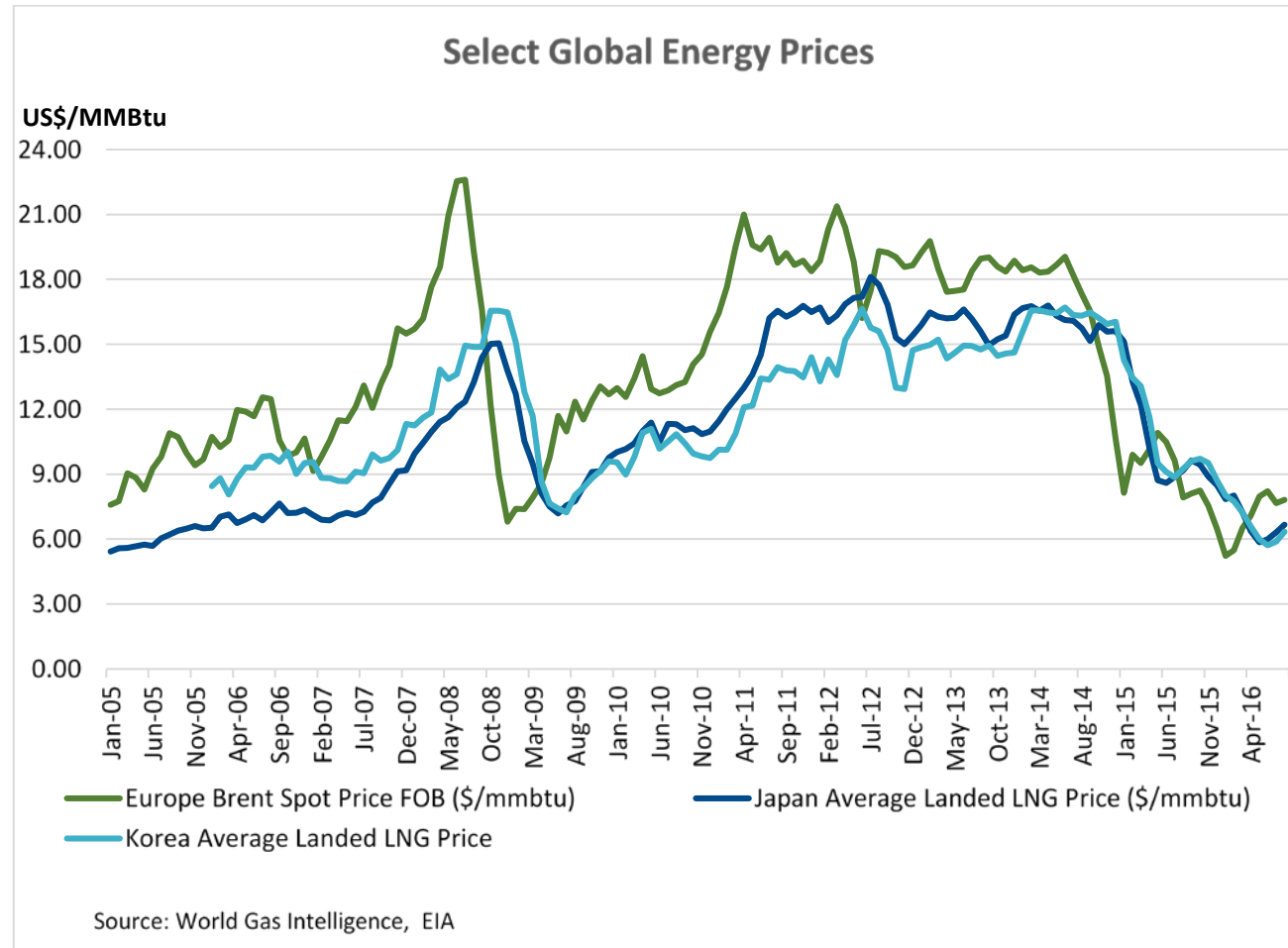


# BENEFITS – ENERGY COSTS

Natural gas is in a **useable form directly off the pipeline.**

Alaskan resource projects will have **stable and predictable supplies of natural gas.**

Resource and industrial projects can begin **contracting now for future gas supply.**



The integrated gasline and LNG project will provide multiple opportunities for stable infrastructure investment.

State led project opens the doors for diverse third party investors:

- Sovereign wealth funds,
- Infrastructure funds,
- Regional corporations,
- Other interested parties.



The Alaska LNG project is Alaska's project, it will be structured to be an attractive investment, and will welcome Alaskan investors.

# CONCLUSION

- ✓ **A project with major benefits for the State of Alaska**
  - ✓ Economic diversity.
  - ✓ Long term energy supply stability for homes and new industries.
  - ✓ Direct and indirect quality jobs.
  - ✓ Increased oil and gas production.
- ✓ **Competitive global landscape, but Alaska can compete.**
- ✓ **Will not be built at risk, the project must attract customers and investors.**
- ✓ **Alaska is now in the lead; focused on what is best for Alaska;**
- ✓ **Customers and investors now welcome!**





# CONTACT AGDC:

## HOW TO CONTACT AGDC:

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## FOR MORE INFORMATION

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