


AGDC

Board Meeting

December 7, 2017



ALASKA
GASLINE
DEVELOPMENT CORP.



AGENDA
ALASKA GASLINE DEVELOPMENT CORPORATION (AGDC)
REGULAR BOARD MEETING

December 7, 2017 AGDC Board Room, 3201 C St Suite 604 Anchorage, AK 9:00am

- I. CALL TO ORDER
- II. ROLL CALL
- III. CHAIRMAN'S CHOICE
- IV. APPROVAL OF AGENDA
- V. APPROVAL OF MINUTES – October 23, 2017
- VI. PUBLIC COMMENTS - Boardroom _____ Statewide _____
- VII. PRESIDENT'S UPDATE
- VIII. AGDC MANAGEMENT/OPERATIONAL
 - A. Committee Chair Updates
 - B. External Affairs Update
 - C. Project Update
 - D. Approval of Year End June 30, 2017 Financial Audit
- IX. FINANCIALS
- X. EXECUTIVE SESSION
- XI. ANY OTHER ITEMS TO COME BEFORE THE BOARD
- XII. BOARD COMMENTS
- XIII. ADJOURNMENT

The Chair may announce changes in the Order of Business during the meeting.

ALASKA GASLINE DEVELOPMENT CORPORATION REGULAR BOARD OF DIRECTORS MEETING

October 23, 2017

09:00am

A regular Board of Directors Meeting of the Alaska Gasline Development Corporation (AGDC) was held at the Alaska Gasline Development Corporation Board Room, 3201 C Street, Suite 604, Anchorage, Alaska, on October 23, 2017, convening at 09:00am.

The following board members were present at the meeting (or attended via teleconference) except as otherwise noted:

DAVE CRUZ
Anchorage, AK

Chair of the Board

HUGH SHORT
Absent

Vice Chair of the Board

Joey Merrick
Telephonic

Secretary/Treasurer

COMMISSIONER MARC LUIKEN
Anchorage, AK

Member of the Board

COMMISSIONER HEIDI DRYGAS
Juneau, AK - Telephonic

Member of the Board

WARREN CHRISTIAN
Anchorage, AK

Member of the Board

DAVID WIGHT
Anchorage, AK

Member of the Board

Meeting Minutes

- I. CALL TO ORDER: Chair Cruz convened the meeting at 9:05am.
- II. ROLL CALL: A quorum was declared present and the meeting was duly and properly convened for the transaction of business.
- III. CHAIRMAN'S CHOICE: Chair Cruz explained the difference between a Memorandum of Understanding (MOU) and a Letter of Intent (LOI).
- IV. APPROVAL OF AGENDA: Warren Christian moved to approve the agenda and Commissioner Luiken second. The approval of the agenda passed unanimously (6-0).
- V. MINUTES: David Wight moved to approve board meeting minutes from August 10, 2017. Warren Christian second. The approval of the board meeting minutes from August 10, 2017 passed unanimously (6-0).
- VI. PUBLIC COMMENTS: Boardroom – None; Statewide – None
- VII. PRESIDENT'S REPORT: AGDC President Keith Meyer called in to the board meeting from Beijing, China. President Meyer announced that AGDC recently contracted with Perkins Coie for General Counsel legal services, and that Perkins Coie attorney Elena Romerdahl, who previously worked at the Department of Law (DOL), will serve as the primary point of contact between Perkins Coie and AGDC. DOL recently assigned Lindsey Holmes to serve as the lead DOL attorney for AGDC.

President Meyer stressed in the commercial update that a successful execution of the Alaska LNG project would balance three primary objectives: clearing the LNG market in the Asia-Pacific region; getting acceptable pricing in the debt and equity markets; and getting acceptable netback for the State of Alaska. He also stated AGDC is making commercial progress by raising project awareness, engaging LNG buyers, and signing initial agreements with major LNG buyers. Also, most Asian LNG buyers are now aware that Alaska is developing an LNG project and know that supply from Alaska would be strategic.

President Meyer also touched on Alaska LNG cost competitiveness, structure and financing options, State of Alaska investment opportunities, and the value of Alaska LNG to Alaska.

VIII. NEW BUSINESS – AGDC MANAGEMENT/OPERATIONAL ISSUES:

A. Committee Chair Update

Technical Committee – Warren Christian said the technical committee discussed permitting and answering FERC questions. Committee members also discussed global, APC, and other types of contracting strategies.

Communications Committee – Commissioner Luiken said the entirety of its time was spent reviewing the AGDC opinion poll results, which he preferred that Rosetta Alcantra discuss.

B. External Affairs Update: AGDC VP of Communications Rosetta

Alcantra stated that her team had been busy working on presentations to update the Joint House and Senate Resources Committee on October 16, 2017. Her team continues to provide the legislators with semi-monthly reports. Community outreach is on going, with AGDC participation in the Alaska State Fair for Energy Day, UAA Fairbanks Career Day, Kodiak Forum, and Anchorage Assembly. The EAGR team launched the new AGDC Facebook page. AGDC also saw the completion of its opinion poll, which showed that 76% of the respondents were very supportive of Alaska LNG.

C. PROJECT UPDATE: In regards to AGDC, Vice President of Engineering and Program Management Frank Richards gave status updates on the Fixing America's Surface Transportation Act (FAST-41) and the relevant Presidential Executive Order that establishes discipline and accountability in the environmental review and permitting process for infrastructure projects. Concerning Alaska LNG, Mr. Richards gave an update on the current regulatory, pipeline, LNG plant, and marine facilities. Concerning ASAP, he gave an update on the environmental, regulatory and land, and the pipeline.

Meeting Minutes

- IX. FINANCIAL UPDATE: Philip Sullivan, Finance Manager, gave an update on the operating and capital budget through September 2017.
- X. EXECUTIVE SESSION: None
- XI. ANY OTHER ITEMS TO COME BEFORE THE BOARD: None
- XII. COMMENTS: Commissioner Luiken thought the big value of the AGDC opinion poll was to help the communications team target where to put its efforts in the coming months. He also will continue to encourage AGDC to work on its environmental message and really push on the FAST-41. He hopes the President's relevant Executive Order will get agencies to work together and expedite timelines.
- XIII. ADJOURNMENT: Commissioner Luiken moved to adjourn, Warren Christian second, none opposed. The meeting adjourned at 10:51am.


Dave Cruz, Chair

12-7-17

Date

Alaska LNG

President's Report
December 7, 2017

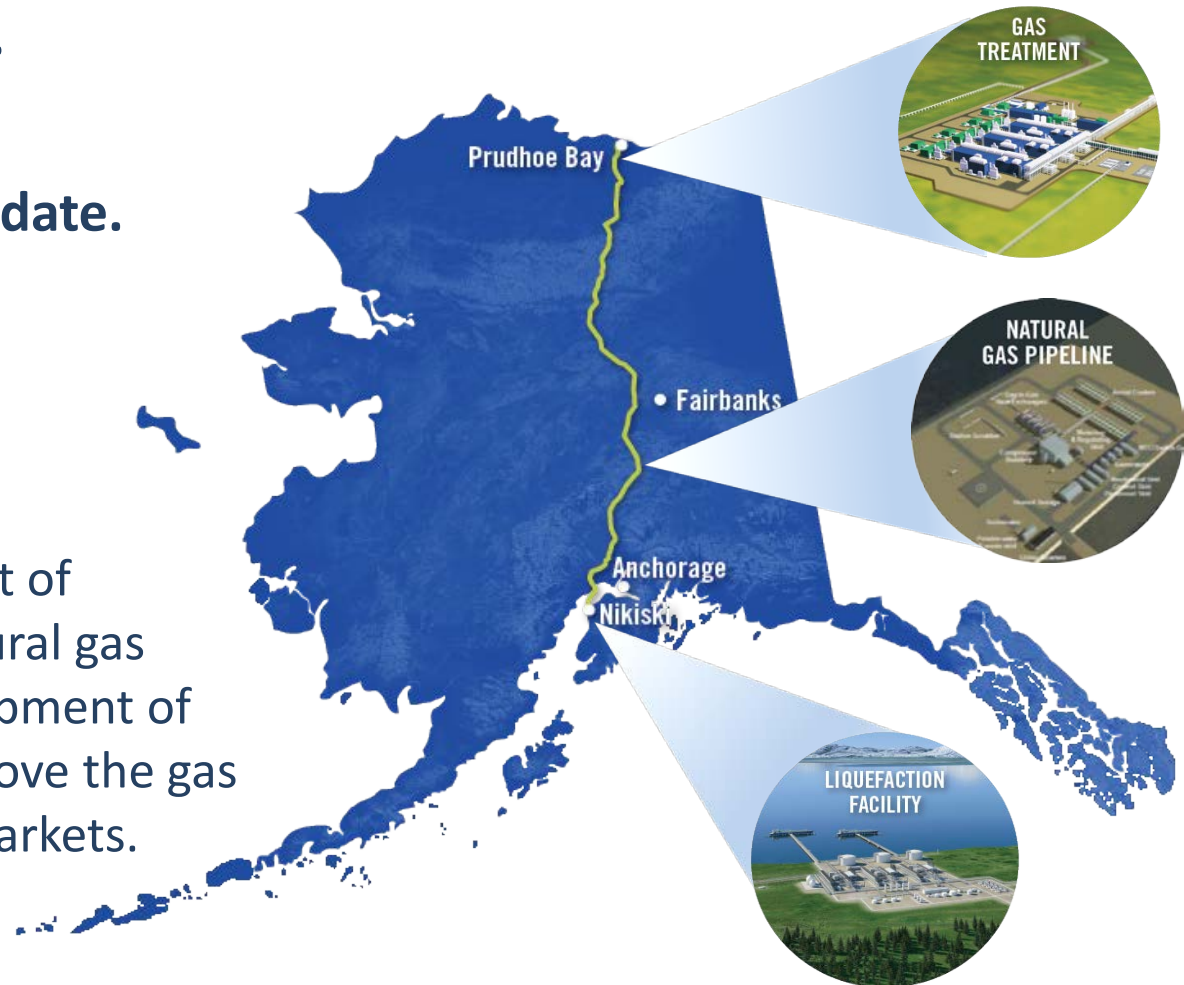
Keith Meyer, President



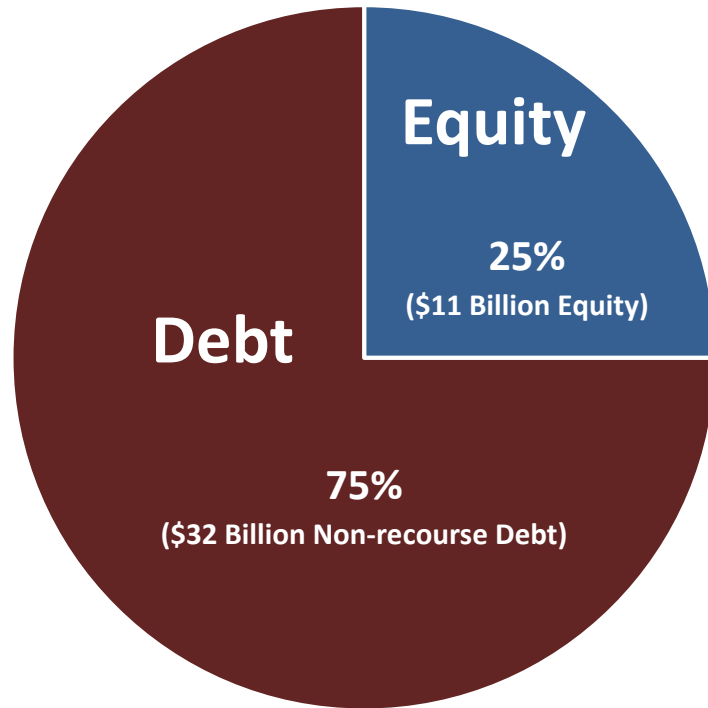
Presentation Overview

- Alaska LNG system – economic overview.
- Commercial update.
- Regulatory update.
- Communications update.
- Next Steps.

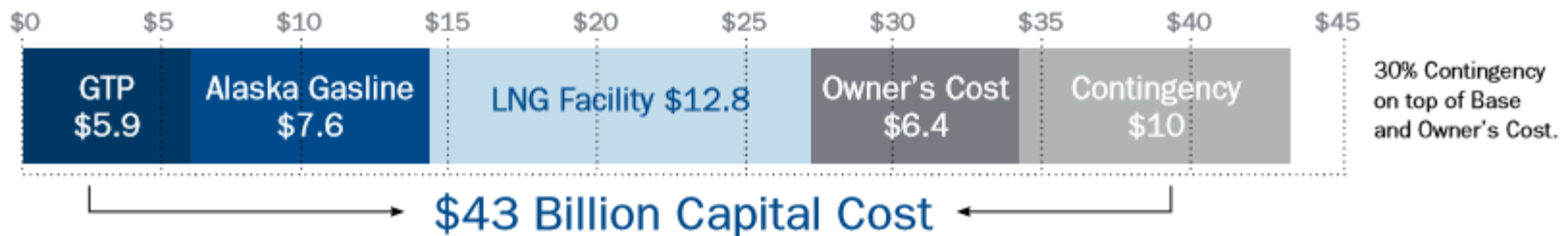
Mission: Maximize the benefit of Alaska's vast North Slope natural gas resources through the development of infrastructure necessary to move the gas into local and international markets.



Alaska LNG Capital Structure

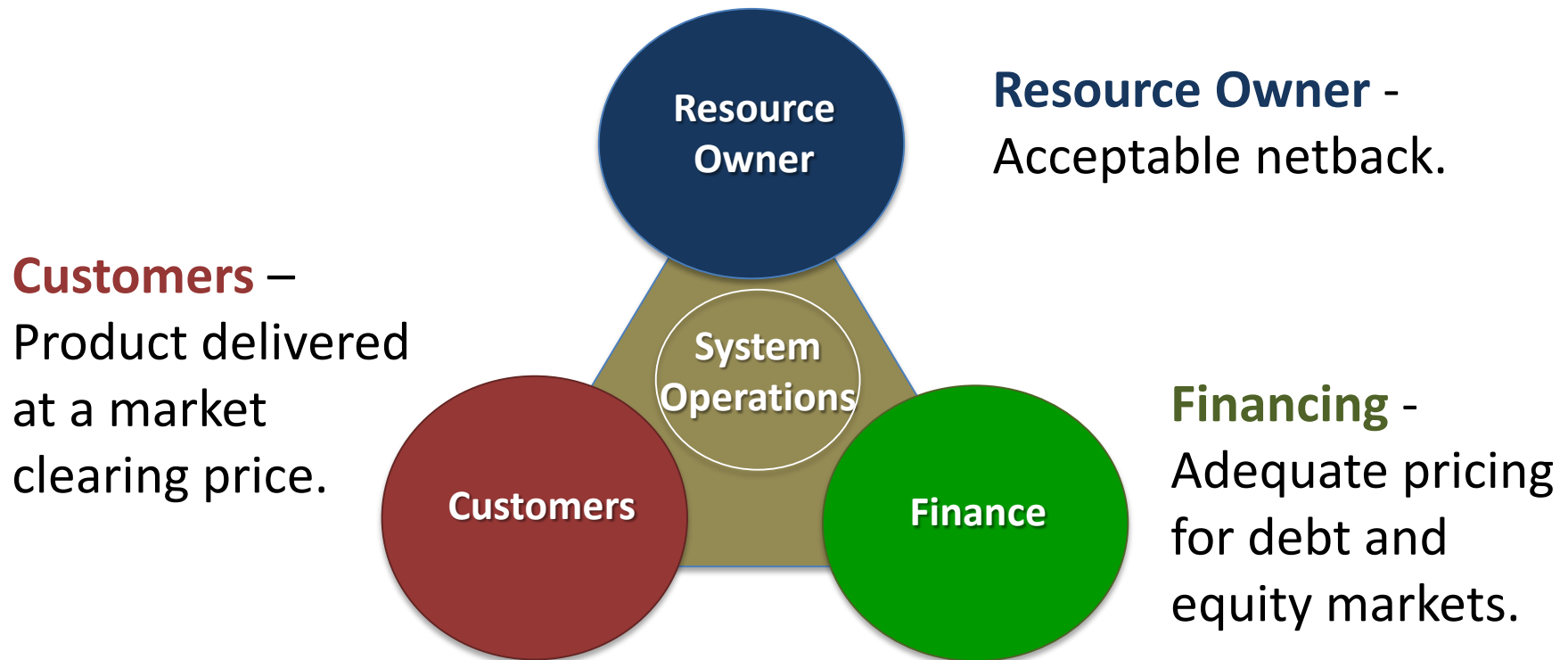


- Base case: 42-inch, three train, 20 Mtpa design.
- Total Capital Cost = \$43 Billion.
- Potential for phased development.



Balancing Three Drivers

- All infrastructure and resource development projects have similarities.
- Three key drivers have to be balanced to make the project economic.



Asia Pacific LNG Market

U.S. Competition

Henry Hub + \$5.00

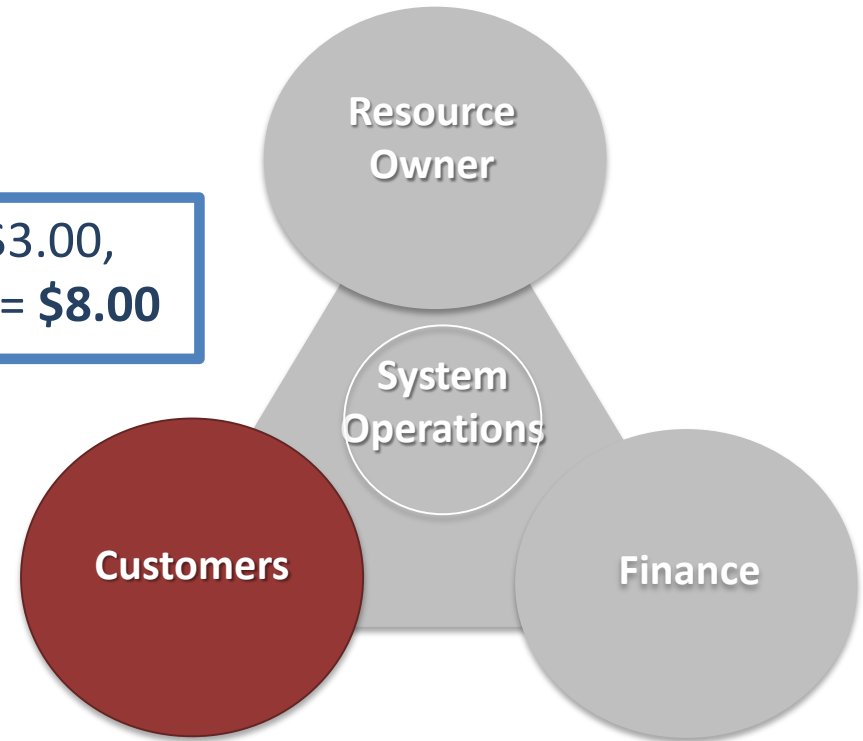
HH currently \$3.00,
 $\$3.00 + \$5.00 = \$8.00$

International

12-14% x Oil per Barrel

Other emerging pricing

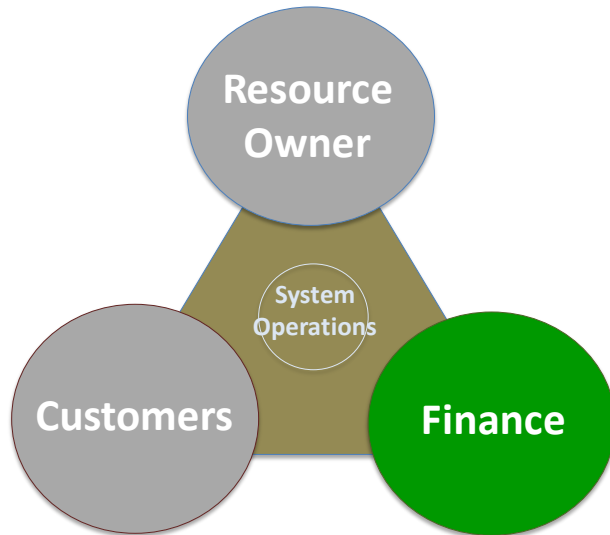
Brent currently \$63,
 $\$63 \times 12\% = \7.56



US Gulf Coast LNG Delivered to Asia			
	\$/MMBtu		
Gas supply	\$ 3.00	<== Henry Hub market price	
Liquefaction	\$ 3.20	<== US Gulf Coast Liquefaction	
Shipping	\$ 1.80	<== Gulf to Asia + Panama	
Total Delivered	\$ 8.00		

Market Price
\$8.00/MMBtu

Alaska LNG Infrastructure



Annual Financing Costs				
	Ratio	Capital	Price	\$Billions
Equity	25%	\$ 10.8	10%	\$ 1.1
Debt	75%	\$ 32.3	5%	\$ 3.5
Total Annual				\$ 4.6
Equity	50%	\$ 21.5	20%	\$ 4.3
Debt	50%	\$ 21.5	5%	\$ 2.3
Total Annual				\$ 6.6

\$2.00 /MMBtu Savings

System Operations & PILT

- \$1.4 Billion Annually

\$/MMBtu

**O&M
\$1.45**

Financing

- Debt service - \$3.5 Billion/yr (20 yr; 5%)
- Equity - \$1.1 Billion/yr

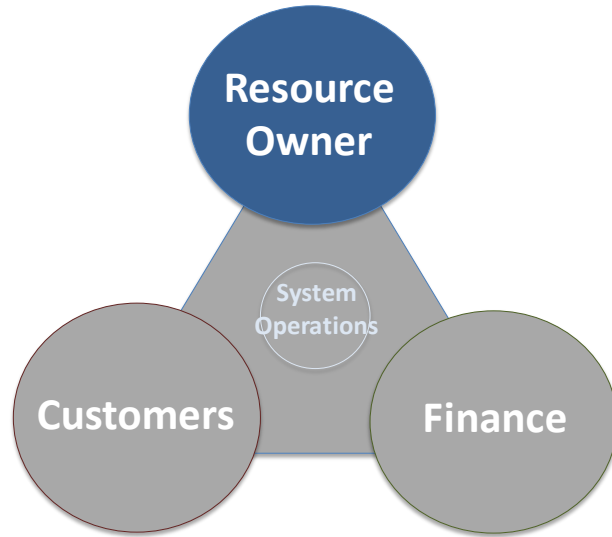
**Debt
\$3.60**

**Equity
\$1.15**

Alaska LNG System

**Total
\$6.20**

Netback to North Slope



\$1 Billion annually for gas supply; plus

\$1.4 Billion for Alaskan workers and communities.

US Gulf Coast LNG Delivered to Asia			
	<u>\$/MMBtu</u>		
Gas supply	\$ 3.00	<== Henry Hub market price	
Liquefaction	\$ 3.20	<== US Gulf Coast Liquefaction	
Shipping	\$ 1.80	<== Gulf to Asia + Panama	
Total Delivered	\$ 8.00		

\$/MMBtu

**Asia Market
\$8.00**

**Less:
Shipping
\$.80**

**Nikiski
\$7.20**

Selling into an \$8.00/MMBtu Asian market means LNG at Nikiski needs to be \$7.20; less O&M, Debt Service, and Equity Return, leaves \$1.00 Netback to the North Slope.

Alaska LNG System: \$6.20/MMBtu

**O&M
\$1.45**

**Debt
\$3.60**

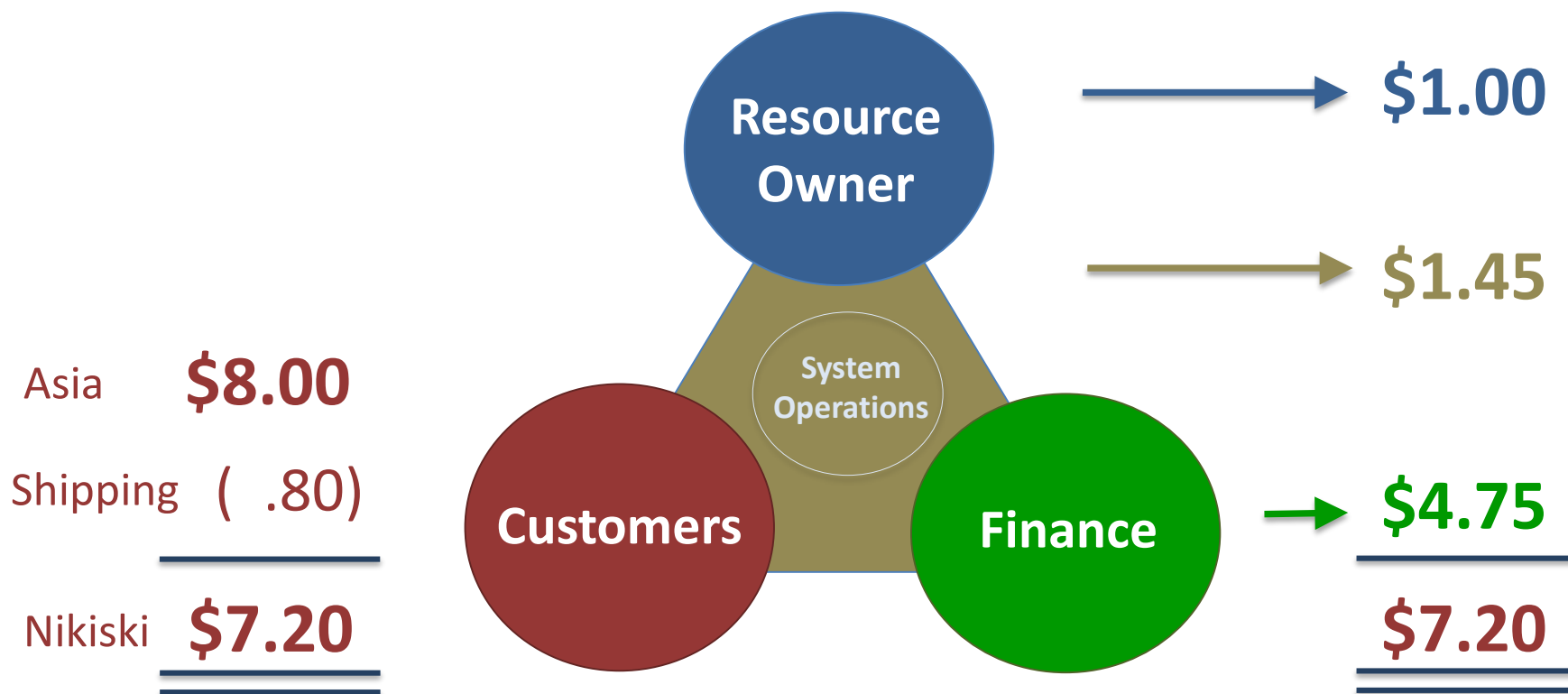
**Equity
\$1.15**

**Netback
\$1.00**

Alaska LNG Unit Cost at 19.7 Mtpa			
	<u>\$Billions</u>		<u>\$/MMBtu</u>
Raw Gas Supply	\$ 1.0	\$ 1.00	
Shipping	0.8	0.80	
Equity Return	1.1	1.15	
Debt Service	3.5	3.60	
O&M + PILT	1.4	1.45	
Total Delivered	\$ 7.8	\$ 8.00	

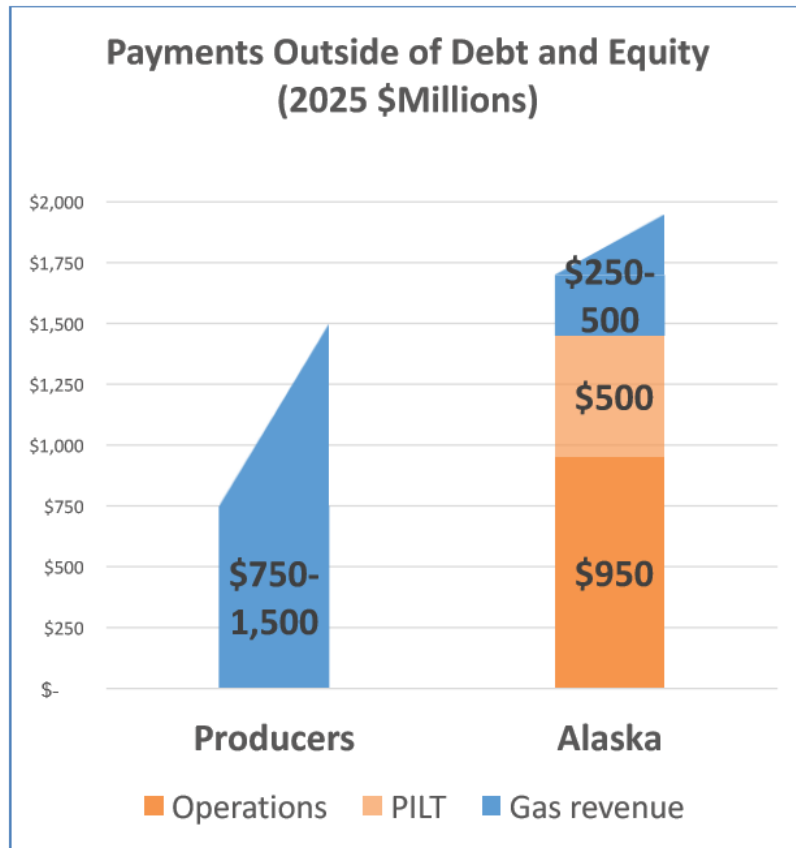
Balancing Three Drivers

- The project is economic to all stakeholders under the current structure.



Non-Equity Benefits to Alaska

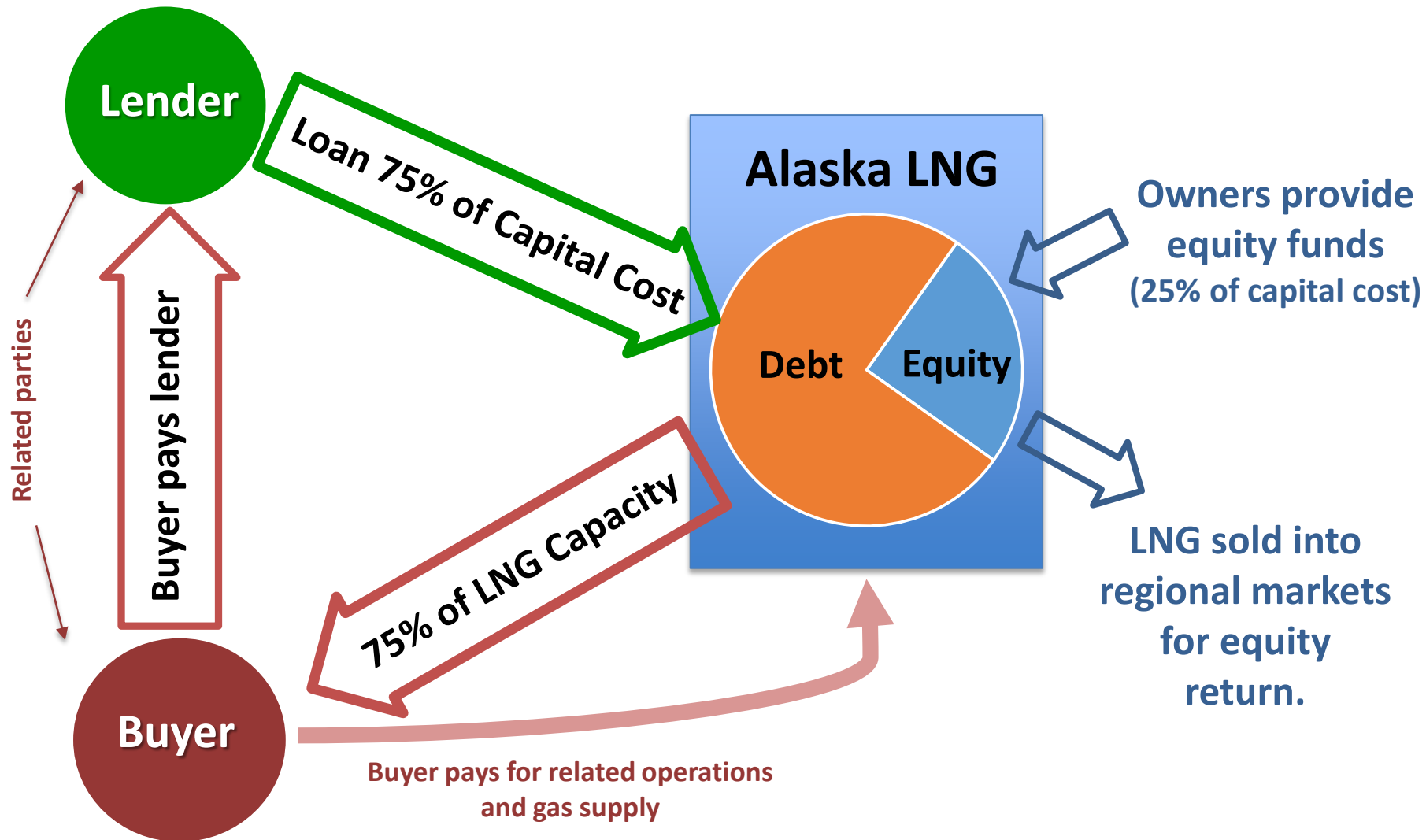
The gasline and LNG infrastructure provides enormous value to Alaska; there is a significant opportunity cost of not developing the project.



Item	Annual Value	State's Share/yr	
Gas Resource	1 TCF/yr @ \$1-2/Mcf =\$1-2 Billion	25%	\$250-500+ MM
PILT	\$450-500 MM	100%	\$450-500 MM
Operations	\$950 MM	100%	\$950 MM
Equity Return	\$1.1 Billion	0 to 100%	
Net Revenue After Debt Retirement	\$6 Billion	0 to 100%	

- Opportunity for the State to generate \$1.6-\$2.0B per year upon project completion.
- Alaska can elect to be an equity investor.
- Significant upside opportunity given long-term LNG price forecasts.

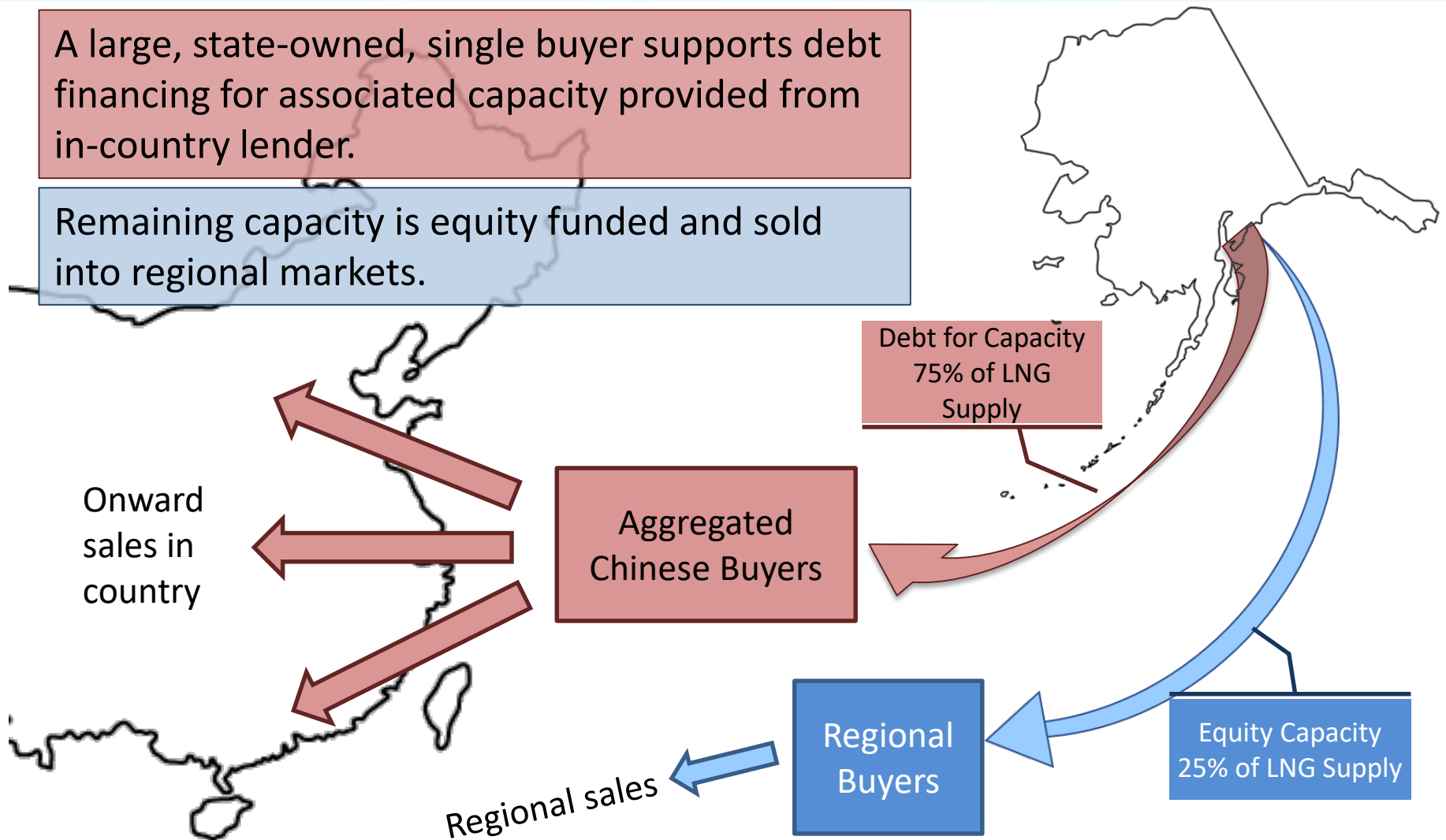
“G2G” Transaction Simplified



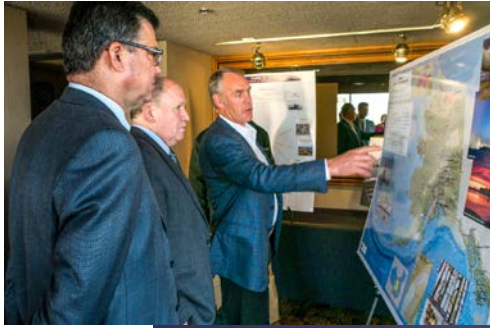
Unified Buyer/Lender Proposal

A large, state-owned, single buyer supports debt financing for associated capacity provided from in-country lender.

Remaining capacity is equity funded and sold into regional markets.

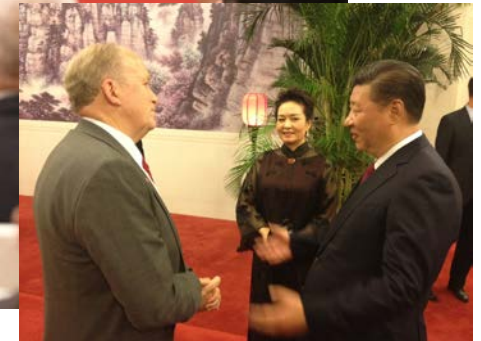
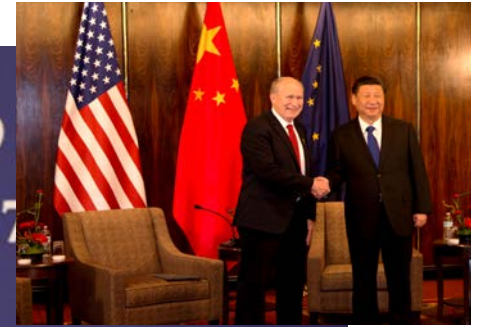


AGDC Joint Agreement



• 北京
• China

2017年11月9日
Nov 9, 2017



Joint Development Agreement



- 75% of project debt financing from China in exchange for 75% of capacity for life of loan; O&M plus gas is additional.
- Remaining 25% of capacity held for sale by Alaska LNG to markets.
- Potential for Chinese companies to invest in minority interest.
- Potential for engineering and fabrication.
- Specific roles and terms defined by end of May, definitive documents by December 31, 2018.
- Parties not obligated to sign definitive agreements or expend funds.

PetroVietnam Gas

- Wholly owned by nation of Vietnam.
- Responsible for all oil and gas resources.
- Developing two LNG receiving terminals in Vietnam.



AGDC and PetroVietnam gas sign MOU in front of US President Trump and Vietnam President Tran Dai Quang; November 10, 2017

From PetroVietnam Press Release:

The LNG import projects including Son My LNG terminal project play a significant role to PetroVietnam/PV GAS in specific and to the energy industry of Vietnam in general by diversifying the gas sources as well as meeting the growing demand of LNG/ gas and electricity in Vietnam in the years to come for the benefit of the national energy security and food security.

The MoUs signing ceremony is part of the remarkable collaborative activities during the very first visit to Vietnam of the US President Donald Trump, setting the milestone for a tighter collaboration in economic development between the US and Vietnam in the coming time.



Korea Gas Corporation (KOGAS)

- **MOU sets framework for cooperation in several areas of Alaska LNG, including:**
 - Korean investment.
 - KOGAS cooperation on EPC of project components and operation.
- **Represents KOGAS' active effort to learn more about the current project plan and assess project economics.**
 - First working session occurred in Daegu, South Korea, July 2017.
 - KOGAS technical team meetings and inspections Anchorage and Nikiski, November 2017.
 - KOGAS commercial team will meet with AGDC in Alaska, early 2018.



AGDC and KOGAS sign MOU in Washington, D.C.; June 28, 2017



KOGAS technical team inspects Nikiski LNG site; November 6, 2017

Tokyo Gas Co., Ltd.

- One of the largest energy utilities in Japan.
- Letter of Intent sets forth the basic principles upon which AGDC and Tokyo Gas Co., Ltd. agree to collaborate on the following matters:
 - To explore potential purchase of LNG from AGDC.
 - To evaluate the possibility of other opportunities to advance Alaska LNG.
- Continuation of decades-long relationship between Alaska and Tokyo Gas.
- Helps round out sales volumes from Alaska LNG.



AGDC and Tokyo Gas Co., Ltd. sign LOI in Tokyo, Japan; December 4, 2017

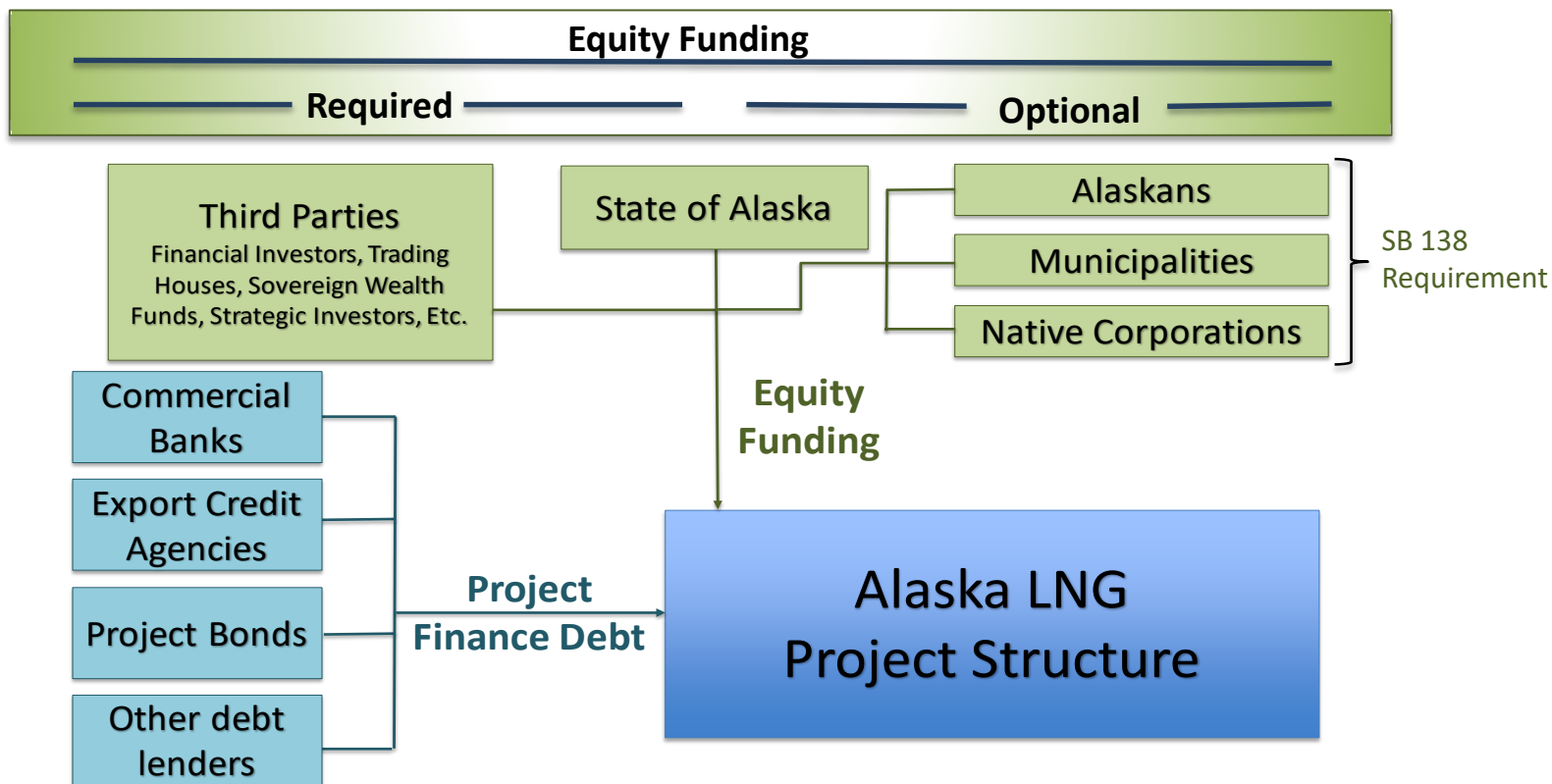
Next steps - Commercial

- Sinopec JDA plus regional LOI's/MOU's provide sufficient potential volume to anchor a two or three train LNG development.
- Commercial focus now turns to definitive agreements.
 - LNG Sale and Purchase Agreement
 - Equity offering
 - Debt arrangements
- Base document developed using an accepted industry base document that underpinned a successful project finance.
- Significant interface with various stakeholders.
- Gas supply agreements to be completed.

Next Steps - Financing

Equity investment in the project will be required; pursue a development path to provide the State with an ability to invest, but not the requirement to invest; Alaskans also to have investment option.

- Structure to receive third-party funds.
- Equity road shows.
- Debt term sheets.



Next Steps – Engineering & Regulatory

- Engineering
 - Engage with engineering and construction firms to refine proposals to develop a lump sum turnkey (LSTK) cost estimate.
 - Prepare for LSTK work and expenditure.
- Regulatory
 - Engage with the Federal Energy Regulatory Commission (FERC) to expedite Environmental Impact Statement (EIS) schedule.
 - Continue to address FERC comments regarding AGDC's application for a Section 3 Natural Gas Act permit.



www.agdc.us

[Facebook.com/AKGasline DevelopmentCorp.](https://www.facebook.com/AKGaslineDevelopmentCorp)

Communications Update

December 7, 2017



GOVERNMENT RELATIONS

House Resources Committee Hearing

- Dec. 4 at the Anchorage Legislative Information Office.

Legislative semi-monthly reports

- Oct 13, Oct 31, Nov 15, Nov 30.

Individual meetings with Legislators

- Meetings held with House Resources co-chairs, Geran Tarr and Andy Josephson.



COMMUNICATIONS INITIATIVES

Joint Press Conference with Governor Walker:

- Nov. 21: Shared details related to signing with Sinopec, CIC Capital, and Bank of China.

Issues press releases regarding:

- Dec. 4: Tokyo Gas signing.
- Nov. 22: Interstate Oil & Gas Resolution
- Nov. 12: PetroVietnam signing.
- Nov. 9: Sinopec, CIC Capital, and Bank of China signing.



COMMUNICATIONS INITIATIVES

Newspaper insert placed in Anchorage Daily News, Fairbanks News Miner, Peninsula Clarion, and Alaska Journal of Commerce.

NOVEMBER 2017

ALASKA GASLINE DEVELOPMENT CORP.

Alaska Gasline and LNG Project 2 The Right Companies to Advance the Project 3 Gas for Alaska and LNG for Asia 4 Your Questions Answered 5

Alaska and China Sign Historic Joint Development Agreement
Developing America's Largest Energy Export Project



ALASKA GASLINE DEVELOPMENT CORP.

SINOPEC

中国投资有限责任公司
CHINA INVESTMENT CORPORATION

中国银行
BANK OF CHINA

Alaska is the closest U.S. export point to China, and holds one of the largest sources of proven, conventional, but stranded natural gas. China is an ideal partner for Alaska LNG.



ALASKA GASLINE DEVELOPMENT CORP.

What is Alaska LNG?

Gas Treatment Plant
The gas treatment plant will be located at Prudhoe Bay, processing natural gas from the Prudhoe Bay field. The entire system will be designed to produce gas and deliver it to the LNG facility via a dedicated pipeline.

Alaska Gasline
The Alaska Gasline will be a 1,500-mile pipeline connecting the gas treatment plant to the LNG facility. The pipeline will be constructed in two phases: Phase 1 from the coast to the interior, and Phase 2 from the interior to the LNG facility.

LNG Facility
The LNG facility will be located at the coast, where natural gas will be liquefied into LNG. The facility will have a capacity of 3.6 million cubic meters per day.

LNG Carriers
A fleet of LNG carriers will transport the liquefied natural gas to markets in Asia.

\$43 Billion Capital Cost

How Does Alaska LNG Work?

Natural Gas is Primarily Methane
Methane is the simplest and most abundant of the hydrocarbon gases. It is colorless, odorless, and non-toxic. Methane is the primary component of natural gas.

North Slope Natural Gas
The North Slope of Alaska is rich in natural gas. The gas is produced from the Prudhoe Bay field and is transported via a pipeline to the coast.

Alaska Gasline
The Alaska Gasline will transport natural gas from the coast to the interior. The gas will be transported via a pipeline that will be constructed in two phases.

Asia LNG Markets
Alaska LNG will be a valuable source of natural gas for Asia. The gas will be transported via a fleet of LNG carriers to markets in Asia.

ALASKA GASLINE DEVELOPMENT CORP.

The Right Companies to Advance the Project

The Alaska Gasline Development Corporation (AGDC) is a joint venture between the State of Alaska, Sinopec, and CIC Capital Corporation. AGDC is the owner and operator of the Alaska Gasline and LNG project.

ALASKA GASLINE DEVELOPMENT CORP.

Alaska Gasline and LNG are part of a well planned and responsible development future for Alaska.

Energy Resources

Oil	Gas
Oil: 1.2 billion barrels	Gas: 1.2 billion cubic feet

Mineral Resources

Gold	Coal
Gold: 1.2 billion ounces	Coal: 1.2 billion tons

Did you know?
The Arctic Strategic Transportation and Resource Project (ASTAR) would create a road system used to further explore and develop northern Alaska. Past exploration projects have shown incredible potential that could add valuable oil and gas to the national projects.

Did you know?
Most cargo vessels between Asia and North America transit through the Aleutians.

Did you know?
Every day more than twice the amount of gas needed for Alaska LNG is produced at Prudhoe Bay and transported into the ground.

Did you know?
China has 1.4 billion people, or about 25% of the world's population.

Existing corridors
Existing corridors are utilized to continue driving growth and a thriving economy in Alaska while preserving the natural beauty of our protected places.

Legend

- Alaska Gasline
- Alaska LNG
- Alaska LNG
- Alaska LNG

Growing with the Gasline

COMMUNICATIONS INITIATIVES

Messaging updates:

- Talk Radio (Nov. 27 – Dec. 1):
 - Dave Cruz and Hugh Short interviewed on Dave Stieren Show.
 - Joey Merrick and Hugh Short interviewed on the Bob & Chad Show
- Opinion Pieces to be scheduled:
 - Elizabeth Rensch, AJOC
 - Jeff Gregory, Fairbanks News Miner
 - Craig Dahl, Juneau Empire

Menu

ANCHORAGE DAILY NEWS

Alaska NewsAlaska LifePoliticsOutdoor/Adventure

Opinions


Alaskans will have reason to remember Nov. 9 gas line deal with China

✍ Author: Gov. Bill Walker | Opinion ⌚ Updated: 20 hours ago 📅 Published 20 hours ago

Mid-June 1970: One of the most important days in my life. It rained as I waited in line outside a trailer in Johnson's Trailer Court in Valdez to receive my first dispatch. That day, I received my first dispatch ticket from Laborer's 341 business agent Jim Robinson to begin work on the trans-Alaska Pipeline System (TAPS).

At 19, I knew that beginning that day my life would never be the same. That dispatch, and others as a Teamster and a Journeyman Carpenter in Local 1281, to work on the oil pipeline opened educational opportunities I never would have dreamed of, and later brought into my world the woman of my dreams.

At that time, I had just finished my first year at community college in Oregon, made possible by a \$400 basketball scholarship and housing with the family of a former elementary school teacher. However, after that first summer working on TAPS, with my oil pipeline paychecks in hand, I transferred to a full 4-year college. That pipeline construction also drew a young woman named Donna Pyle (now the state's first lady) to Alaska.



Gov. Bill Walker, center left, smiles after the signing of the Joint Development Agreement for an Alaska gas line in Beijing on Nov. 9. (Photo provided by Office of the Governor)

I now have another important date to remember: Nov. 9, 2017. The day that all the entities needed to build the Alaska LNG Project signed the Joint Development Agreement (JDA). The U.S. and Chinese governments, at the highest level, vetted and deemed qualified the JDA. All five signers of the JDA have formally committed to work to monetize Alaska's stranded natural gas.

COMMUNITY OUTREACH

Reaching a variety of audiences with the AGDC/Alaska LNG message:

- Oct. 19-21: Alaska Federation of Natives
- Nov. 7-9: Alaska Miners Association
- Nov. 8-9: Alaska General Contractors
- Nov. 15-16: Alaska Resources Conference
- Nov. 15: Alaska Municipal League
- Nov. 20: “Make it Monday” Forum
- Nov. 20: Nikiski Community Council
- Dec. 1: UAF Society of Petroleum Engineers

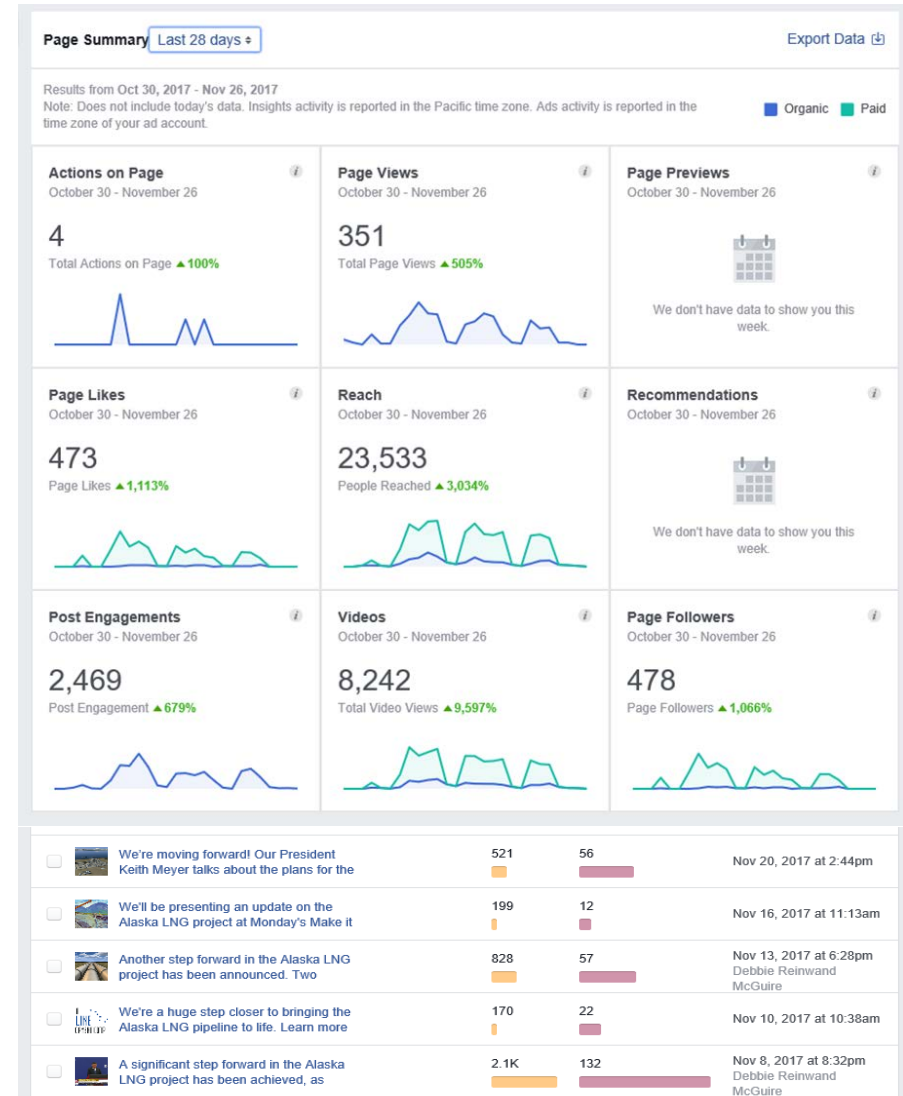


SOCIAL MEDIA

Facebook

- Post information that informs Alaskans about AGDC and the Alaska LNG project.
- Place ads to increase reach.
- Track results to determine which posts generate the highest reach and clicks/actions.

	LIKES	TOTAL REACH	ENGAGED USERS	TOTAL IMPRESSIONS
SEPTEMBER	56	3,557	158	5,325
OCTOBER	96	2,710	228	4,613
NOVEMBER	688	70,748	2,580	85,721



DIGITAL COMMUNICATION



LNG World Market Update:

- Feature LNG news from around the world.
- Distributed weekly.

Website:

- Traffic to AGDC.US continue to grow.

MONTH	TRAFFIC VISITS
July 2017	1,942
August 2017	2,268
September 2017	2,182
October 2017	2,756



ALASKA MOVING FORWARD:
DELIVERING NATURAL GAS TO THE WORLD

LNG WORLD MARKET UPDATE

■

November 30, 2017


Strong China demand drives spot Asia LNG prices to highest since Jan 2015; Pakistan in LNG talks with France, Italy and Spain; NLNG Asset Base Hits \$11Bn, To Make Final Investment Decision On Train 7+; Golar expects first LNG from Cameroon FLNG in December. Subscription options for this report are available at the bottom of this email. Please contact AGDC External Affairs at externalaffairs@agdc.us with questions.

Natural Gas

HH Spot Price
\$2.88 (\$/MMBtu)
November 27 close

Weekly Change
↓\$0.16 (5.26%)

Trend



Aug Sept Oct Nov

Source: EIA

[Strong China Demand, Oil Drive Spot Asia LNG Prices to Highest Since Jan 2015](#)

(Platts, November 27) - Iraq Asia LNG spot prices surged to a near three-year high Monday as surging Chinese demand and robust oil prices coincided with persistent supply anxieties. The Platts JKM for January was assessed at \$9.85/MMBtu Monday, the highest price since January 9, 2015, and up about 8% since the start of the month. China imported 28 million mt of LNG in January-October 2017, up 47% from 19 million mt in the same period last year, closing the gap to the world's second-largest importing nation, South Korea. [Read more.](#)

[Pakistan in LNG Talks with France, Italy and Spain](#)

(Reuters, November 30) - Pakistan is in liquefied natural gas (LNG) supply talks with France, Italy and Spain, a senior Pakistani source said, which could lead to contracts for Engie, Eni and Gas Natural Fenosa. Intergovernment agreements (IGAs) could help Pakistan speed up its ambitious plans to bolster LNG imports as it aims to end the country's chronic

LNG Import Price

Japan
\$8.10 (\$/MMBtu)
November 2017

Q4 NEWSLETTER

In production to be distributed this month.

- Sharing the AGDC/Alaska LNG story with subscribers.
- Q4 will feature a refreshed design.
- Content focused on signings with Sinopec, CIC Capital, Bank of China and other commercial agreements (PetroVietnam, Tokyo Gas).



ALASKA GASLINE DEVELOPMENT CORP.
THE NEWSLINE
ALASKA MOVING FORWARD

Q1 2017

02 LETTER FROM THE PRESIDENT
Learn about AGDC's recent accomplishments.

03 ALASKA LNG COMMIT
AGDC's national LNG event and invites popular Q&A session, meeting, and today's companies.

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

BE PART OF THE TEAM

The Alaska Gasline Development Corporation (AGDC) has taken the lead of Alaska's natural gas and LNG infrastructure project, but taking the lead does not mean going it alone. In fact, AGDC has entered into agreements with BP and ConocoPhillips to continue working together on bringing Alaska's gas to market. The next eighteen months are crucial to project success. Similar to a sled dog team, it takes everyone moving in the same direction to pull the sled. AGDC is taking the lead for the Alaska LNG project. We are communicating the direction, setting the pace, and taking positive steps forward. The project will be competitive in the international market and will provide Alaska with a significant economic base for the future.

Local support is critical to the future of the Alaska LNG project. We can bring gas to Alaskans, improve the state's economy, and deliver LNG to the world market. Working together, we can make it to the finish line.

01

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ALASKA GASLINE DEVELOPMENT CORP.
THE NEWSLINE
ALASKA MOVING FORWARD

Q2 2017

02 LETTER FROM THE PRESIDENT
Learn about the recent work accomplished at AGDC.

03 AGDC & INDUSTRY MOVE FORWARD
AGDC signed a memorandum of understanding with the Korea Gas Corporation.

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

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 security 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.

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ALASKA GASLINE DEVELOPMENT CORP.
THE NEWSLINE
ALASKA MOVING FORWARD

Q3 2017

02 LETTER FROM THE PRESIDENT
Learn about the recent work accomplished at AGDC.

03 LNG BUYERS VISIT ALASKA
Major LNG buyers across the Asia-Pacific region are increasingly recognizing Alaska LNG as a clean energy partner.

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

ALASKA LNG IS ON THE FAST TRACK

FAST41, signed into law on December 4, 2015 by former President Barack Obama, is designed to improve the timeliness, predictability, 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 FERC's website.

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

FERC will set deadlines for specific agency actions and convene periodic during the National Environmental Policy Act (NEPA) process and create an online dashboard to provide greater transparency regarding agencies' progress. Additionally, FAST41 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 FAST41 is that any delays in the permitting process caused by government agencies must be reported to Congress.

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- **SIGN UP** for announcements at agdc.us.
- **INVITE** AGDC to share information with your company or organization.
- **SHARE INFORMATION** with your network.
- **FOLLOW US** on Facebook for regular updates: facebook.com/AlaskaGaslineDevelopmentCorp/

Questions?



Project Update

December 7, 2017



▪ Regulatory

- AGDC continues discussions with key regulatory agency staff in Washington, D.C.
 - NOAA Fisheries, DOI, CEQ, White House, EPA, PHMSA, FPIC
 - CODEL
- FERC Section 3 Application & EIS Process
 - FERC Data Responses
 - Approximately 584 / 801 complete to date (73%)
 - Awaiting comments on RR13 (final data request not received)
 - Submitted letter to FERC on November 16th
 - Requesting they publish NEPA schedule
 - Requesting they rely on ASAP SEIS and defer to USACE expertise on wetlands regulation
 - ERM continues to draft the Preliminary Administrative EIS (PAEIS)
- USACE 404 Application
 - Corps suspended application in June and provided 117 data requests (target completion date is end of January 2018)
 - Sediment Sampling and Analysis Plan (SAP) developed for Nikiski MOF
 - Sampling to occur December 4th – 6th; Analysis results by January

- **Regulatory – continued**

- NOAA Fisheries – Petition for Incidental Harassment
 - In addition to agency meetings in Washington, D.C., Fairweather Science has facilitated discussion on acoustics methodology for Cook Inlet
 - Submitted final petition November 13th; now responding to NOAA questions
 - 1.5 year process for a Letter of Authorization w/ 2 public comment periods
- Air Permits
 - Continuing discussions with federal land managers regarding project impacts on Class 1 and Class 2 airshed impacts and mitigation
 - Modeling protocols submitted to ADEC in September
 - Major source permit applications to be submitted December 8th (GTP) and December 15th (LNG)
- PHMSA
 - Anticipating new, focused contracts to answer PHMSA detailed technical questions on fracture, valve spacing, etc.

■ Engineering

- Pipeline Engineering is continuing to respond to FERC comments
- Pipeline team is attending kickoff meeting for Zero Base Engineering (ZBE) Study
 - Meeting is to identify potential cost and schedule opportunities
 - Follows a similar meeting focused on the GTP and will be followed by the LNG team meeting
- Major studies underway:
 - Update Construction Execution Plan (as per FERC filing basis)
 - Update workpad justification and collate former related responses into a single targeted document for FERC
 - Develop Hydrotest Plan esp. with specific water sources and disposal areas
- Recommendations for Kenai Spur Highway
 - Alternatives analysis complete in December; preference towards least expensive and having the least number of parcels for acquisition
 - The Traffic Impact Analysis study resulted in elimination of the 3rd alternative which required co-use (public & project) of some roads
 - Meetings to discuss alternatives planned with DOT&PF, Kenai Peninsula Borough, Nikiski Community Council and public

- **LNG Plant & Marine Facilities**

- H110 Gas Turbine Full-Load Test & Shop Visits
 - Current preferred LNG Plant driver for refrigerant compressors
 - A compelling alternative to the GE Frame 7, establishes bid scenario
 - Validate current air quality permitting plan
- PHMSA Activity (typically, required to complete before FERC issues Schedule Notice)
 - Pipe-in-Pipe Special Permit Application “redacted report” request status
 - Design Spill Package data request status
- Commenced FEED-Entry Design Change Register
 - Styled after AKLNG Pre-FEED “Major Engineering Decisions Register”
 - Examples:
 - LNG Storage Area Tertiary Berm
 - Additional Jetty Sump Surveillance in support of 1-minute design spill
 - Need to discuss governance once prototype is agreed
- Team continues to complete responses to FERC data requests

- **Environmental, Regulatory and Land (ERL)**

- USACE has delayed the schedule for the FEIS by 90 days to issue ROD in July. USACE dates are worst case and will work to improve them.
- ASAP responded to 28 RFIs on the DSEIS
- AGDC submitted 11 minor alignment changes in response to public and agency comments
- The EPA did not send its second letter on the Yukon River Watershed Aquatic Resource of National Interest (ARNI), thereby mooting this designation and the EPA/USACE evaluation process
- The Corps of Engineers continues consultation with NOAA Fisheries / USFWS under Section 7 of the Endangered Species Act
- Draft Programmatic Agreement (PA) developed for Cultural Resources; stakeholder meetings with agencies and tribes
- After discussions with USF&WS, no separate NEPA process will be required for ASAP Bald/Golden Eagle permits

- **Engineering and Project Development**

- Completed responses to USACE comments under ERL leadership
- Providing mapping and documentation for minor alignment changes to the ASAP pipeline in response to public and agency comments
- Notified PHMSA that no Special Permit is required for ASAP

Financials Update

December 7, 2017



AGDC EXPENDITURES AND PROJECTED FUND BALANCE

Forecasted Spend Estimate

\$-Millions

Major Activities	Spent									Total
	(Jan-Oct 2017)	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	
Communications	0.95	0.10	0.10	0.13	0.06	0.06	0.06	0.08	0.11	1.63
Commercial (Agreements and Marketing)	4.76	0.51	0.49	0.48	0.53	0.53	0.53	0.53	0.53	8.87
Project Finance	-	-	-	0.07	0.06	0.21	0.21	0.24	0.43	1.19
Regulatory (FERC Effort)	14.89	1.49	1.49	1.49	1.49	1.49	1.49	1.49	1.49	26.81
Class 3 Work (Prepare for FID)	-	-	-	1.83	1.86	1.89	2.06	2.12	2.51	12.28
AGDC Corporate (Operating)	7.44	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87	14.37
Total Expenditures	28.05	2.96	2.94	4.86	4.86	5.04	5.21	5.32	5.92	65.15

Forecasted Balance Estimate

Projected Fund Balance	(Dec 2016)	Fund								
	Balance	Draw Down (Jan-Oct 2017)	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
AKLNG 1235 Total	79.72	(21.27)	56.24	54.06	50.16	46.28	42.23	38.03	33.73	28.90
ASAP 1229 Total	26.41	(6.78)	18.88	18.13	17.16	16.19	15.20	14.19	13.17	12.09
Remaining Balance	106.13	(28.05)	75.12	72.18	67.32	62.46	57.43	52.22	46.90	40.98

Note: Numbers are rounded to the nearest million.

OCTOBER FISCAL YEAR (FY) 2018 OPERATING BUDGET VARIANCE ANALYSIS

Operating Expenditures by Account Fiscal Year

(\$000s)	Full FY18 Budget	FY18 YTD Actuals	FY18 YTD Budget	FYTD Variance (Under)/Over	Percent Spent
Personal Services	6,365	1,615	2,122	(507)	25%
Travel	600	184	200	(16)	31%
Services	2,771	751	924	(172)	27%
Commodities	650	171	217	(45)	26%
Depreciation		19	-	19	-
Operating Total	\$ 10,386	\$ 2,740	\$ 3,462	\$ (722)	26%

Operating Variance Commentary:

Variance Drivers:

- Personal Services- AGDC current In-House PCN headcount is 22 verses budgeted headcount of 27.
- Services –General Counsel position vacancy.

Operating Expenditures by Dept. Fiscal Year

(\$000s)	Full FY18 Budget	FY18 YTD Actuals	FY18 YTD Budget	FYTD Variance (Under)/Over	Percent Spent
Executive	3,111	801	1,037	(236)	26%
Commercial	872	252	291	(39)	29%
External Affairs	1,129	257	376	(119)	23%
Legal	200	47	67	(19)	24%
Finance	1,390	345	463	(118)	25%
Admin Services	2,201	587	734	(146)	27%
IT Data Mgmt.	1,483	451	494	(44)	30%
Operating Total	\$ 10,386	\$ 2,740	\$ 3,462	\$ (722)	26%

Vacant positions need to be filled. As project activity intensifies the need will become more acute.

OCTOBER 2017 CAPITAL BUDGET VARIANCE ANALYSIS (CALENDAR YEAR)

Capital Expenditures

(\$000s)	Jan 2017 to Oct 2017		YTD Variance
	YTD Actuals	YTD Budget	
Regulatory/Program Management	14,894	30,798	(15,904)
Commercial	4,762	14,294	(9,532)
Communications	950	1,205	(255)
Capital Total	\$ 20,607	\$ 46,297	\$ (25,690)

Total Expenditures by Fund (Capital and Operating)

(\$000s)		Jan 2017 to Oct 2017		YTD Variance
		YTD Actuals	YTD Budget	
AKLNG (1235)		18,338	40,580	(22,241)
ISG (1229)		2,269	5,718	(3,449)
Capital Total		\$ 20,607	\$ 46,297	\$ (25,690)
AKLNG (1235) 40% of Operating		2,976	3,462	(486)
ISG (1229) 60% of Operating		4,464	5,193	(729)
Total Operating		\$ 7,440	\$ 8,655	\$ (1,215)
AKLNG (1235)		21,314	44,042	(22,727)
ISG (1229)		6,733	10,911	(4,179)
AGDC Total		\$ 28,047	\$ 54,952	\$ (26,905)

Capital Variance Commentary:

Variance Drivers:

Regulatory

- Timing – Related to AFE activity ramp up and vendor engagement
- Elected Deferrals including:
 - EPC Contractor Selection
 - Legal Counsel
- Efficiency Gains
 - Use of internal resources for FERC comment responses
 - Continuity of effort with no work stoppages

Commercial

- Timing – Related to AFE activity ramp up and vendor engagement
- Elected deferrals including:
 - Financial Advisor Selection
 - Legal Counsel
- Efficiency Gains
 - Use of internal resources for drafting of term sheets and LOIs
 - Continuity of effort with no work stoppages

Deferred activity will be executed as needed.


OCTOBER 2017 CAPITAL EXPENDITURE DETAILS (CALENDAR YEAR)

			October				
Authorization for Expenditure (AFE) (\$0,000)	AFE Activity Group	AFE Activity Element	Actuals CY17 1Q	Actuals CY17 2Q	Actuals CY17 3Q	Actuals CY17 4Q	Total
Regulatory	Regulatory Core Activities	FERC	1,338	3,195	2,427	1,515	8,474
		AK LNG Cash Calls	1,179	55	0	0	1,234
		AKLNG Physical Asset Mgmt.	34	49	11	7	102
		Core Embedded Technical Team	966	1,160	956	301	3,383
		In State Gas Delivery	120	3	0	40	164
		SEIS	345	741	302	149	1,537
Regulatory Total			3,981	5,203	3,696	2,013	14,894
Commercial	Business Development	Agreements	698	151	1,113	268	2,230
		In-State-Gas	29	16	32	28	105
		Project Marketing	829	534	520	198	2,081
		Regulatory Support	28	1		0	30
	Business Development Total		1,584	702	1,665	494	4,446
	Project Finance	Equity Investor	0	97	0	0	97
		Project Financing / Analysis	71	64	75	9	220
		Project Finance Total		71	161	75	9
Commercial Total			1,655	864	1,740	503	4,763
Communications	Collateral	Marketing Material	0	28	65	11	104
	Outreach	Engagement	158	(7)	107	60	317
	Tradeshows	AGDC LNG Promotions & Outreach	102	134	217	75	529
Communications Total			260	154	390	146	950
Grand Total			5,897	6,221	5,826	2,662	20,607

AGDC

Board Meeting

December 7, 2017



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