



March 18, 2011

Alaska State Legislature
Alaska State Capitol
Juneau, AK 99801

Subject: March Progress Report on the Alaska Stand Alone Gas Pipeline/**ASAP**

Esteemed Members of the Alaska Legislature:

Pursuant to HB369, the Alaska Gasline Development Corporation (AGDC) is submitting the following monthly project report on the Alaska Stand Alone Gas Pipeline/**ASAP** for legislative review.

AGDC awarded RFP#2010-AGDC-004 February 16, 2011 to Citigroup/Ramirez. The intent of the contract is to acquire comprehensive financial services related to developing a financial plan which may include an equity investment by the State of Alaska or related entities, equity investment from other parties, issuance of taxable or tax-exempt debt and other appropriate financing options. Representatives from AGDC will finalize the contract for signature and expect that the work will commence immediately upon executing the contract.

Consistent with the Environmental Impact Statement (EIS) process, AGDC is currently performing Stakeholder Engagement work where appropriate to inform the public about the progress and the status on the ASAP project. During the month of February, AGDC traveled to Nenana and met with community leaders and members of the Toghothele Corporation in addition to residents of the area to provide a project update and discuss the winter borehole drilling program that commenced in February. Discovery Drilling is contracted to do the borehole drilling on the Tanana River. Discovery Drilling is working with members of the community to secure housing, meals, warm equipment storage and possibly parts for equipment while working in the Nenana area. Nenana officials and residents expressed strong support for the ASAP project. Flyer attached explaining drilling program.

AGDC entered into an agreement with Alyeska Pipeline Service Company for the purpose of data sharing with Alyeska regarding exact locations of the TransAlaska Pipeline to establish ASAP proximity points.

A project update meeting was held with Anchorage Mayor, Dan Sullivan February 1, 2011 to discuss the project status. Mayor Sullivan was pleased to receive the update and invited Dan Fauske, President of AGDC to address the Mayor's Energy Task Force in March. AGDC will coordinate with Mayor Sullivan's office to schedule the presentation for the Task Force. Moving

forward, AGDC will add Mayor Sullivan to the distribution of the monthly progress reports to keep the Mayor's office abreast of on-going work as the project moves forward.

March 9, 2011 a teleconference was held with Wyoming Gas Authority for the purpose of learning about similarities between the two organizations. Wyoming Natural Gas Pipeline Authority was established to promote the development of intrastate and interstate pipeline infrastructure necessary to enhance natural resource development within Wyoming. Their work also includes the opportunity of national export of natural resources.

AGDC engaged in an organizational strategy session on February 11, 2011 for the purpose of identifying and addressing any/all primary areas of concern within the organizational structure. The session identified that the organization is clearly lean, albeit it was agreed that AGDC is covering all of the necessary critical components with the assistance and industry expertise of nationally and statewide recognized contractors. AGDC is a dynamic organization which is expected to encounter a significant rise in work production and coordination during the period from March 1 through July 1. Milestones are in constant review for timely submittal and coordination into the final product deliverable.

AGDC met with Lieutenant Governor Treadwell on February 14 to provide a project update and inform Lt. Governor Treadwell of the on-going work related to the Alaska Stand Alone Gas Pipeline/**ASAP**. AGDC informed Lt. Governor Treadwell that although the forecast includes substantial work to be completed prior to July 1, 2011, AGDC is confident of meeting the deliverable date as outlined in HB369.

On February 16th, Dan Fauske and other members of AGDC presented a project overview to the semi-annual meeting of Certified Residential Specialists at the Petroleum Club in Anchorage. Realtors expressed interest and support for in a state pipeline to deliver gas to the residents and businesses in Southcentral Alaska stating concerns over the obvious potential negative impact on the area if natural gas demand outweighed supply. Members of the audience asked AGDC to note their support for the project.

Meetings were held all month with contractors to discuss on-going work, budgets and percentage of tasks complete. Project work is being assessed, compiled, edited and reviewed daily for quality assessment and milestone review.

All data gaps identified from the United States Army Corps of Engineers (USACE) and the cooperating agencies have been identified and information was submitted to the USACE for publishing the Plan of Development on the USACE website the first week in March. Information submitted to the USACE will also be used in the newsletter going out to the 800+ stakeholders identified along the proposed route.

AGDC continues to refine the data management process associated with the project. Currently AGDC is interviewing vendors for implementing a prospective data management and document control process to include a policy roll-out in March. AGDC believes the State will benefit from a more precise plan which outlines policy to AGDC and all contractors. In order to proceed with data sharing requests between AGDC and AGIA and other entities, data management and compliance is essential.

Thank you for your continued support and interest in the progress of the Alaska Stand Alone Gas Pipeline project. Please call either 907.330.8452 or 907.277.4432 with any questions on information in this report or to request more information on the Project.

Respectfully submitted,



Dan Fauske
Chair, Joint In-State Gasline Development Team

cc: Honorable Governor Parnell
Lieutenant Governor Treadwell
AHFC Board Members
AGDC Team Members

Encl: 1 – Nenana borehole drilling Project White Paper



INSTATE NATURAL
GAS PIPELINE PROJECT

GEOTECHNICAL DRILLING AT NENANA, ALASKA

WHO

- Alaska Gasline Development Corp. (AGDC)
- Michael Baker Jr., Inc.
- Discovery Drilling, Inc.

WHAT

Representatives of Michael Baker Jr., Inc and our subcontractor Discovery Drilling, Inc. will mobilize geotechnical exploration equipment from Anchorage to Nenana to collect soil samples and rock core to characterize subsurface conditions beneath the Tanana River at Nenana. The field crew will drill one borehole near the barge ramp at the Tanana/Nenana confluence and then move out onto the river ice to drill additional boreholes on the Tanana River and on the North Channel. The drill rig will be mounted on a Nodwell track carrier. A sled mounted enclosure will travel with the drill rig to protect the field crew. Two full crews will be mobilized so the work can progress without stopping. The field crews will rely on local Nenana area providers for food and lodging and other services. The field program is expected to commence mid-February and last about **15 days** after which the equipment will be demobilized.

WHEN

The geotechnical program will include winter and summer drilling activities. The winter explorations are planned for February to March 2011 when river ice can reliably support the drilling equipment for test holes located in the river channel. Baker monitored river ice thickness on January 18, 2011 and provided thickness measurement data to Discovery Drilling, Inc. Discovery will review ice thickness data and/or supplement the data with their own assessment before mobilizing equipment onto the river. The start date may be delayed if insufficient ice has formed to safely support on-river operations.

WHY

The purpose of this investigation is to determine the feasibility of using horizontal directional drilling (HDD) to install the Instate Natural Gas Pipeline under the Tanana River at Nenana. HDD is one method under consideration for the river crossing. Information obtained from field investigation will aid in determining if the HDD method is possible for this crossing and support defining the best starting and ending locations for this method.

WHERE

