



June 21, 2011

Alaska State Legislature
Alaska State Capitol
Juneau, AK 99801

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

Dear Members of the Alaska Legislature:

Pursuant to HB369, the Alaska Stand Alone Gas Pipeline/**ASAP** (ASAP) is submitting the May ASAP project report for legislative consideration and review.

The project staff, contractors and the cooperating agencies continued developing the Preliminary Draft Environmental Impact Statement (PDEIS) due in June, 2011. ASAP worked with the U.S. Corps of Engineers (USACE) to review and finalize sections of the submittal prior to publishing the PDEIS in June. In May, USACE notified the ASAP office that they are transitioning the ASAP project from Serena Sweet to Ben Soiseth; Serena has worked on the project two years. ASAP expects a smooth transition and will do everything possible to work with our new USACE representative during this transition to ensure the ASAP project schedule is maintained.

A major focus of the project work in the month of May was further development of the July 1 deliverable. ASAP worked to complete the first draft for edits and review by the staff and the executive team.

Commercial and financial work continued on the tariff analysis to be submitted in the July 1 report. Draft work and edits on the July 1 deliverable continued on the feasibility submittals for Liquid Natural Gas, Gas to Liquids, and Natural Gas Liquids as results from these findings were finalized.

ASAP held a successful non-binding **Expression of Interest** meeting on May 18th at the Dena'ina Center in Anchorage. As a result of the meeting, ASAP expects to receive letters of interest from interested parties.

Fieldwork planning and coordination continued as ASAP awaited funding to determine what work could be accomplished with existing funding to keep the project momentum on track. The ASAP 2011 fieldwork desktop analysis continued in May in preparation of commencing the 2011 program. Desktop analysis included work on cultural data, streams, and wetland data gaps. In support of the 2011 fieldwork ASAP is requesting current landowner status information and GIS information from the State of Alaska. Execution of the fieldwork on cultural resources, lakes,

streams, birds, air, and upland vegetation surveys remains on hold until ASAP receives word on funding for the project.

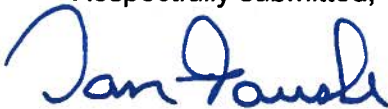
Permitting work escalated in May for coordination on Tier 2 major permits and securing permits for the 2011 fieldwork. ASAP sent letters to BLM and State Pipeline Coordinator's Office (SPCO) confirming the proposed field studies. ASAP continued work on coordinating the air permitting strategy and providing a cost estimate for the work to be done in 2011.

ASAP held a series of community meetings to coordinate with the SPCO Public Hearing schedule. SPCO and ASAP held the meetings in Fairbanks, Barrow, Nenana, Healy, Cantwell, Willow, Wasilla and Anchorage. ASAP provided a project roll-out for communities which had not received a project presentation and SPCO provided information on the state lease requirements and explained the public comment period related to the state lease. As the applicant, ASAP attended the meetings to provide answers to questions and discuss the project alignment with residents in the affected communities. Public comment was generally supportive of the in-state pipeline as residents welcome the economic possibilities and a long-term, stable supply of affordable energy. Concerns raised at the meetings included questions about the exact alignment related to land ownership, recreational land use and possible disruption during construction, safety of the line, route and alternative route questions and at every meeting numerous questions were asked about the ASAP project schedule. The ASAP office advised the pipeline is in early engineering and design phase. ASAP advised the public of the upcoming July 1 report and further advised the public that ASAP intends to publish detailed project information as it becomes available. ASAP responded in writing to specific questions on safety and recreational land use.

Project meetings in May included: meetings with the U.S. Corps of Engineers, CardnoENTRIX, Baker, Inc., ASRC Energy Services, cooperating state and federal agencies, and a host of other meetings to include: a meeting with PHMSA in Washington D.C., a meeting with the Alaska congressional delegation in D.C., a meeting in Fairbanks with the BLM northern region office, a meeting with David Gottstein of Dynamic Capital Management; and a meeting with executives of Anadarko and Suncor.

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