ALASKA GASLINE DEVELOPMENT CORP.
GAS FOR ALASKANS

July 30, 2012

Members of the Alaska State Legislature
Alaska State Capitol
Juneau, AK 99801

Subject: ***ASAP*** Progress Report on the Alaska Stand Alone Pipeline since close of the 2012 Legislative Session

Dear Members of the Alaska Legislature:

The ASAP project team submits the following progress report on the ASAP project.

May 14, 2012, AGDC received notice of $21 million in funding for the continuation of work on the ASAP pipeline project. Immediately upon notice of the funding level appropriated, the staff began the task of re-prioritizing the scope of work and re-scaling the work plan for FY 2013 to match the funding level. Based on the funding and the priorities AGDC is progressing the project work as mentioned below. Significant work will be accomplished this year with the securing valuable project assets.

The project office fully anticipates securing the ASAP Final Environmental Impact Statement (FEIS) by fall of 2012. Thirty days after receipt of the FEIS, the Alaska Gasline Development Corporation expects to receive a Record of Decision from the federal Bureau of Land Management and AGDC is also working to secure the federal BLM 100 mile Grant Right-of-Way on the federal lands along the ASAP alignment. By the end of 2012, AGDC will have compiled an impressive portfolio of assets for the State of Alaska worth millions of dollars and ultimately representing several years' worth of work.

Engineering

The pipeline engineering effort is focusing on obtaining geotechnical data during the 2012 field season work for frost heave laboratory testing program. This information is vital for discussions with PHMSA, the federal pipeline regulator on whether a special permit is needed. Engineering work on pipeline design including small scale testing will continue on through remainder of the year.

The facilities engineering focus is on obtaining a facilities designer with large scale arctic process engineering experience to advance the design of the gas conditioning facility. A Request for Qualifications (RFQ) has been issued to potential firms to provide design services for the Gas Conditioning Facility (GCF) at Prudhoe Bay. A request for proposal is being prepared to solicit proposals from qualified firms that have specific North Slope experience.

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Commercial Work

AGDC's commercial team is in the process of developing draft Precedent Agreements and draft Firm Transportation Service Agreements in preparation for an ASAP Open Season.

External Affairs

ASAP public outreach has included several communities this spring/summer including: Fairbanks, Nenana, Healy, Minto Village, Manley Hot Springs and numerous industry and civic organizations. In the next two months, AGDC will visit Anaktuvuk Pass, Nuiqsut, Anderson, Clear AFS, Cantwell, Willow, Wasilla and Trapper Creek. AGDC is also on the agenda at the Annual Alaska Industry Support Alliance forum in Fairbanks in September and AGDC executive management will be speaking at the Alaska Oil and Gas Congress in Anchorage in September. As the subject of energy availability and cost continues to be a top priority for Alaskan's, AGDC is making every attempt possible to meet the requests of the public to attend and address stakeholder groups and associations with project updates.

AGDC is working with stakeholders along the ASAP alignment to conduct monthly ASAP Community Advisory Council meetings. This is in response to stakeholders asking for more consistent representation from AGDC and for more timely updates on the progress being made on the ASAP line. At this time, the following communities and organizations have representation on the Council: Kenai, Nenana, Minto, Fairbanks, Anchorage, Healy/Denali Borough, Manley Hot Springs, Doyon, Ltd., AHTNA, and TCC. The Council meetings are open to the public and the council meeting schedule is posted on the AGDC website.

The project team sincerely appreciates the legislative oversight and interest in the work conducted by the ASAP project team. If there are any questions regarding the information contained in this report, please call 907.330.3600.

Respectfully submitted,

Dan Fauske

Dan Fauske
President, Alaska Gasline Development Corporation

cc: Honorable Sean Parnell, Governor
Honorable Mead Treadwell, Lieutenant Governor
State of Alaska Commissioners
AGDC Board Members
AGDC In-State Team Members