

ASAP

Alaska's In-State Gas Pipeline

February 15, 2013

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

Subject: January 2013 **ASAP** Progress Report on the Alaska Stand Alone Pipeline

Dear Members of the Alaska Legislature:

AGDC provides this Alaska Stand Alone Pipeline/**ASAP** project update for January.

Engineering

ASAP engineering commenced permitting planning for the 2013 spring/summer/fall engineering field program with a focus on collecting geotechnical and geo-hazard information along the pipeline route south of Livengood. A portion of that effort will include developing a geotechnical program to investigate crossing options at the Yukon River. Work also continues on laboratory analysis of field samples collected in fall 2012. In the event a full summer field season is implemented in 2013, planning includes drilling approximately 314 boreholes with a focus on data gaps and identifying geotechnical risk drivers south of Livengood.

External Affairs

ASAP outreach for January included presentations to statewide and local government officials, attendance at trade shows, and community meeting presentations. All meeting materials included in the current outreach includes the focus of the optimized lean gas design of the project.

During the first week of the legislative session, Frank Richards, ASAP Pipeline Engineering Manager, delivered the ASAP 2012 Project Plan Update to the Governor's office and all members of the Alaska Legislature. The 2012 Project Plan Update can be found on AGDC's website: www.agdc.us under "Project Documents."

On January 15, ASAP Director of Public Affairs, Leslye Langla, delivered a project update to the Nenana community outlining the optimized lean gas design. Attendees were particularly pleased to learn about potential off-take points for communities along the pipeline alignment. On January 16, AGDC President, Dan Fauske and Ms. Langla, met with Fairbanks City Mayor, Jerry Cleworth and North Pole Mayor, Bryce Ward along with staff from the Fairbanks North Star Borough to discuss the optimized design updates. Mr. Fauske also presented the optimized design to the community of Fairbanks during a public meeting held that evening. Numerous community members voiced support for the new plan, noting the tariff and additional community off-takes as significant. In general, the public involved in these meetings expect greater support for ASAP to increase as information on the plan is delivered to more communities.



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In response to several community and industry organization requests, numerous presentations were delivered in January. Frank Richards presented the optimized case to the Resource Development Council in Anchorage on January 17th. Ms. Langla attended the ASAP Community Advisory Council in Fairbanks on January 17th. The council members and ASAP staff discussed the escalation of outreach effort as requests for presentations continue to be received in the project office. The Council expressed increased support for ASAP from their communities with the news of lower tariffs and more potential access to energy.

Numerous members of the Council stated they are developing resolutions and they will forward signed copies to the sponsors of House Bill 4, and copies will be provided to the ASAP project office.

At the request of General Hoog, Ms. Langla presented a project update to Alaska Command (ALCOM) Energy Steering Committee on January 22 at Joint Base Elmendorf-Richardson. General Hoog requested that the Energy Steering Committee schedule quarterly meetings to discuss this issue and invite representatives from utility companies. The General's leadership team included numerous Colonels from military installations around the state of Alaska and Colorado, and contractors from Washington and Idaho. The General stated that energy is a priority issue for the military in Alaska. General Hoog is interested in reducing energy costs for all military installations in Alaska while selecting a source that is reliable, meets the environmental goals of improving and maintaining clean air, is economical and good for all stakeholders. General Hoog and his energy team will meet quarterly to address this issue.

On January 29, Mr. Fauske and Ms. Langla traveled to Fairbanks at the request of the Interior Alaska Building Association to present an update on the lean gas design for their monthly meeting. Members present at the meeting showed support and stressed a long-term solution is needed. Members expressed their appreciation for ASAP project team continuing work on lowering the tariff and increasing potential for other communities to benefit from the ASAP project.

Project Management

ASAP project management awarded the Facilities Design contract to Arctic Solutions, a Nana WorleyParsons and Fluor joint venture. The gas conditioning facility on the North Slope is estimated to be a \$1.7 billion project. Upon further negotiations, a formal announcement related to the award for facility design will be made late February.

Regulatory

The project team is developing the 2013 permitting schedule to prepare for a robust field season. Early planning for permitting allows the project team the necessary time to submit and receive permits essential for land access and land use during the field season.



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Thank you for your diligence and continued interest and oversight on the ASAP project. Our team will continue to harden data and provide timely information intended for your consideration and review.

Respectfully submitted,



Dan Fauske
President, Alaska Gasline Development Corporation

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

