

ALASKA NATURAL GAS PIPELINE COALITION

Mile 128.5 Richardson Highway ~ P. O. Box 222 ~ Gakona, AK 99586

Phone: (907) 822-3664 ~ E-mail: gakona@gakonaak.net

March 27, 2013

State of Alaska

House of Representatives

State Capitol ~ Room 515

Juneau, AK 99801

Attn.: Representative Bill Stoltz

Re: HB 4 ~ Resolutions requested – March 26, 2013

Dear Representative Stoltz:

Thank you for your generosity in allowing us ample time to present our testimony on HB 4 on March 26, 2013. Too often we are so restricted in time that our opinions and prepared information leaves a lot on the table.

After my testimony Representative Tammie Wilson requested a copy of the Fairbanks North Star Borough's resolution which we received last year. I am enclosing it with this letter along with copies of the other member's resolutions.

In addition to the enclosed resolutions, we received one from the Copper Valley Development Association. Subsequently they, last month, rescinded their support in favor of HB 4 with an explanation that they thought a TAPs/Richardson Highway corridor had virtually no chance of success and they chose to throw their support with Speaker Chenault and Representative Hawker as HB 4 wends its way through the process.

Finally, I have prepared my remarks from yesterday in written form. If you would like to add that to your packet, let me know and I will be happy to provide them for you.

Best regards,

L. Alan LeMaster, Director

Resolution: Fairbanks North Star Borough

Whereas, Interior and Southcentral Alaska uses about 75 million gallons of fuel oil to stay warm in the winter at a cost of over \$320.00 million dollars per year, and;

Whereas, the work of scientists with USGS, EIA, Escopeta, Buccaneer Energy and others that 16-24 trillion cubic feet of natural gas reserves are believed to exist under Cook Inlet; which is a 200+ year supply of gas given existing railbelt consumption of 240 million cubic feet per day (MCF/D), and;

Whereas, Cook Inlet gas is dry gas, perfect for use in heating and electrical generation in the Anchorage bowl and surrounding communities from the Mat-Su Valley to Homer on the Kenai Peninsula, and;

Whereas, Cook Inlet is much closer to Anchorage than Prudhoe Bay thus greatly reducing the cost of distribution, and;

Whereas, there is in excess of 35 trillion cubic feet (Tcf) of known natural gas reserves in North Slope oil wells and, by some estimates, unknown reserves may be from an additional 35 Tcf to 200 (Tcf) in unknown reserves, yet to be certified and;

Whereas, research proves a large-diameter gasline would serve more Alaskan residents with low cost energy if routed from the North Slope to Valdez, and with a 24" spur line from Glennallen to Palmer adjacent to the Glenn Highway corridor for transporting natural gas to Anchorage if needed, or from Anchorage to Valdez should significant supplies be discovered in Cook Inlet, allowing for sales of Cook Inlet natural gas to the Asian market, and;

Whereas, a Richardson Highway routing would ensure natural gas would be made available to key military bases such as Ft. Wainright, Eielson AFB, and Ft. Greely National Missile Defense, and these bases are more secure if their operating costs are reduced, given significant US defense spending cuts that have been announced, and;

Whereas, in the opinion of most comprehensive studies that the Port of Valdez is the only port in Alaska that can adequately be used for shipment of liquid natural gas (LNG) on large capacity tankers to the Asian market necessary to transport LNG in the greatest volume and at the most economical costs, and;

Whereas, a Richardson Highway routing would ensure that a large-diameter natural gasline to the deep water, ice free Port of Valdez, would enable gas to be fed into the small diameter (24") gasline to the Mat-Su/Anchorage/Kenai Peninsula system, with a minimum of one or two gas off takes - thereby reducing the capital expenditures (CAPEX) of the large line, and also, ensuring that Interior and other Southcentral residents enjoyed the benefits of the low cost of gas transported through Alaska from the large-diameter gasline, and;

Whereas, a Richardson Highway routing would ensure that affordable natural gas was made available in the corridor where research has determined that vast mineral resources exist, and where a large mine (Pogo) is already in operation and other large mining operations are under consideration (Livengood), and that mineral resource extraction requires significant energy and that affordable natural gas reduces this expense, and;

Whereas, the Richardson Highway is an existing pipeline corridor, that has received federal approval in the form of a FEIS for a gasline, where other routes have not, and that Right of Way and permitting risk should be minimized, and;

Whereas, a Glennallen to Palmer routing-as the first leg of this project ensures that significant Right of Way and permitting of that corridor was established by the work of ANGDA; and such a routing ensures gas from Cook

Inlet can be more easily transported to Valdez for export, and other gas wells are currently under study and development in the gas-rich Copper River basin, and;

Whereas, a small diameter line in conjunction and integrated with a large gas line provides redundancy to ensure that Southcentral and Interior Alaska gas customers have alternative gas supplies in the event of a major earthquake or other natural or manmade disaster, and;

Whereas, such a line could be built with billions of dollars Alaska has in state savings and/or with the sale of Bonds from major financial institutes around the world thereby reducing the pipeline's operating costs, specifically, not requiring a return on equity, as the state already does with highways, ports, airports, and other public infrastructure, and;

Whereas, a Richardson Highway routing ensures a gas line routing next to the Golden Valley Electric Association (GVEA) - North Pole Expansion Facility where a General Motors LM-6000 power generating turbine may be fed with cheap natural gas thereby significantly reducing GVEA member's electricity bills, and;

Whereas, a Richardson Highway routing also ensures that outlying areas of the Fairbanks North Star Borough, such as Livengood, Harding Lake, Salcha, and all communities along that corridor such as Delta Junction, Summit Lake, Paxson, Gakona, Gulkana, Glennallen, Copper Center, Tazlina, Tonsina, Kenny Lake, and Chitina, as well as communities along the Glenn Highway corridor such as Tolsona, Mendeltna, Nelchina, and Eureka will receive low cost energy from Alaska's natural gas supplies, and;

Whereas, with the correct routing, and a minimal return on equity would significantly reduce the cost of energy in the Southcentral and Interior Alaska, and dramatically improve our winter time air quality in all the communities affected, and;

Whereas, the Alaska Natural Gas Pipeline Coalition. (ANGPC) is hereby established and is recognized as an ad hoc citizens committee, formed an dedicated to the promotion of a large-diameter (48") natural gas pipeline from the North Slope to tidewater at Valdez, Alaska, first to service the low cost energy needs of Alaskans and subsequently to allow the state of Alaska to export and market the excess Liquid Natural Gas to the Asian markets;

Therefore be it resolved, that the City of North Pole hereby agrees to align itself with members of the Alaska Natural Gas Pipeline Coalition. (ANGPC) in its efforts to support the construction and operation of a large-diameter natural gas pipeline routed from the North Slope to Valdez with take-offs where needed and demanded in, but not limited to, Fairbanks, North Pole, Delta Junction, and Glennallen, Valdez and;

Be it further resolved, that said pipeline will be a cooperative effort in design, development, construction and operation with the State of Alaska, TransCanada Corporation, British Petroleum, Conoco/Phillips, and Mobil/Exxon.

The City of North Pole

Doug Isaacson, Mayor

Kathy Weber, City Clerk/Human Resources Manager

Introduced By: Mayor Cleworth
Date: July 23, 2012

RESOLUTION NO. 4537

A RESOLUTION IN SUPPORT OF A LARGE DIAMETER NATURAL GAS PIPELINE TO TIDEWATER AT VALDEZ, ALASKA

WHEREAS, a large-diameter gas pipeline has been discussed for over forty years and should be a fundamental part of the infrastructure of the State of Alaska; the North Slope to Valdez line has been researched extensively and takes advantage of the existing corridor; and

WHEREAS, the decline in dependence on both nuclear and coal energy sources has resulted in a significant increase in demand for natural gas; and

WHEREAS, this corridor encompasses a larger population and user base, including Fairbanks, Fort Wainwright, and Eielson AFB, than other potential routes; and

WHEREAS, energy costs for residents in the interior and rural Alaska are staggering and severely limit economic growth; and

WHEREAS, the only realistic answer for achieving air quality standards in Fairbanks would be rapid conversion to natural gas; and

WHEREAS, because an all Alaskan route is strategically desirable, the City of Fairbanks joins with the numerous other communities who have submitted Resolutions,

NOW, THEREFORE, BE IT RESOLVED that the Fairbanks City Council supports the construction of a large-diameter natural gas pipeline from the North Slope to Valdez, with various take-off points where needed, to further the development of our natural resources.

PASSED and APPROVED this ___ Day of July, 2012.

Jerry Cleworth, Mayor

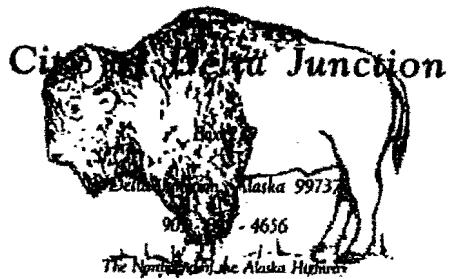
AYES:
NAYS:
ABSENT:
APPROVED:

ATTEST:

APPROVED AS TO FORM:

Janey Hovenden, City Clerk CMC

Paul Ewers, City Attorney



RESOLUTION 2012-05

A Resolution Supporting Research of Transporting Natural Gas to Interior Alaska

Whereas, the Richardson Highway transportation corridor from Fairbanks in the Interior to tidewater in Valdez is home to over 110,000 Alaskans. It is the home of three major military facilities: Fort Wainwright near Fairbanks, Eielson Air Force Base near North Pole, and Fort Greely near Delta Junction.

Whereas, the Richardson has been the route of the Trans-Alaska Pipeline (TAPS) for over 30 years, yet our homes and businesses are starving for affordable energy.

Whereas, the Highway Interior needs affordable energy to heat people's homes and fuel their vehicles, but people need jobs too. The TAPS statutory policy of high oil producer taxation and selling State royalty oil for the highest dollar has produced a Permanent Fund Dividend that benefits all Alaskans equally, but has produced unsustainable energy expenses for the Interior.

Whereas, individuals get Permanent Fund Dividends every year, but our employers, businesses, schools, military bases, and other users get nothing but the high cost. Businesses are constrained or lost and with their disappearance comes empty houses and family out-migration.

Whereas, Eielson AFB will now possibly relocate a major portion of its functions with the loss of hundreds of jobs due to high cost of operations, a large part of which is energy cost related. Refining is uneconomic and Flint Hills Refinery is partially shut down due to the high cost of State royalty oil. Our electric cooperative, Golden Valley Electric Association, is now forced to sell electricity at over 20¢ a KWH due to the cost of State royalty oil.

Whereas, it is understood that Alaska is a very small market and that to properly amortize the cost of the TAPS pipeline a much bigger market is needed, thus the terminus in Valdez where the vast majority of oil is shipped to the world market. Tax policy and economies of scale thus produce the puzzling fact that much of the petroleum products used in the Interior are produced from TAPS oil that is shipped to the Lower 48, processed and transported back here to be sold at a price lower than is possible with local production.

Whereas, Alaskans have recognized for many years that the vast North Slope supply of natural gas holds the best promise of reasonably priced energy for the Interior road system, provided that this gas can be brought to market in Alaska relatively inexpensively, which may well have to include a different tax and royalty gas pricing structure than what currently exists under TAPS.

Whereas, economic laws undoubtedly function similarly with natural gas, and a gas pipeline to the Lower 48 or to Valdez tidewater would have been built long ago by private enterprise venture capital if it were clearly profitable. However, it is particularly peculiar that Flint Hills and GVEA can combine to somewhat cut the cost of Interior energy production by building a processing plant on the North Slope and operating a fleet of tanker trucks to haul natural gas hundreds of miles over gravel roads to North Pole to replace their current feedstock coming straight out of the TAPS pipe.

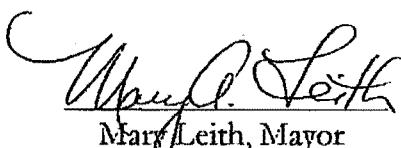
Whereas, it is also particularly peculiar that the Legislature would seriously consider using State dollars otherwise available for statewide capital projects to build a small diameter "bullet line" from the Slope to Anchorage that bypasses Fairbanks, North Pole, Delta Junction, Glennallen and Valdez when Anchorage clearly has nearby proven natural gas reserves of its own under a lower tax structure than TAPS.

Now therefore be it Resolved by the City of Delta Junction, that

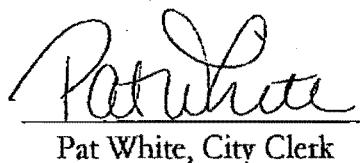
1. The City of Delta Junction, on behalf of the 5,000 residents of our area, hereby supports construction of a gas pipeline from the North Slope to the Interior and on to Valdez tidewater along the Richardson Highway corridor, with a potential arm from Glennallen to Anchorage.
2. That natural gas be made available in the Interior to businesses, schools, electric cooperatives, military bases, and individual consumers at a reasonable rate so as to reduce the current uneconomic cost of energy.
3. That we go on record as opposing construction of a "bullet line" constructed with State dollars to serve mainly Anchorage and outlying communities.

PASSED AND APPROVED this 19th day of June 2012.

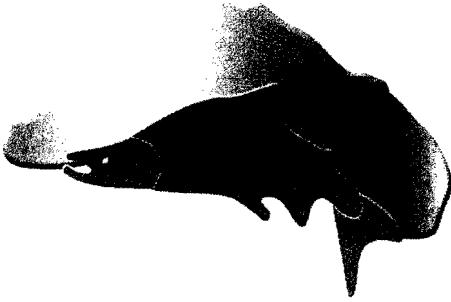
ROLL CALL	YES	NO	ABSENT	ABSTAIN
Seat A: Leith	x			
Seat B: Musgrove	x			
Seat C: Saarloos	x			
Seat D: Stebbins			x	
Seat E: Grossmann	x			
Seat F: Porter	x			
Seat G: Hallgren	x			



Mary Leith, Mayor



Pat White
Pat White, City Clerk



The Greater Copper Valley Chamber of Commerce

PO Box 469
GLENNALLEN, ALASKA 99588

Home of the world famous Copper River Reds

RESOLUTION:

Whereas, research proves a large-diameter gasline would serve more Alaskan residents with low cost energy if routed from the North Slope to Valdez, and with a 24" spur line from Glennallen to Palmer adjacent to the Glenn Highway corridor for transporting natural gas to Anchorage if needed; or from Anchorage to Valdez should significant supplies be discovered in Cook Inlet, allowing for sales of Cook Inlet natural gas to the Asian market, and;

Whereas, in the opinion of most comprehensive studies that the Port of Valdez is the only port in Alaska that can adequately be used for shipment of liquid natural gas (LNG) on large capacity tankers to the Asian market necessary for transporting LNG in the greatest volume and at the most economical costs, and;

Whereas, the Richardson Highway is an existing pipeline corridor, that has received federal approval in the form of a FEIS for a gasline, where other routes have not, and that Right of Way and permitting risk should be minimized, and;

Whereas, a Richardson Highway routing also ensures that outlying areas along that corridor such as Paxson, Gakona, Gulkana, Glennallen, Copper Center, Tazlina, Tonsina, Kenny Lake, and Chitina, as well as communities along the Glenn Highway corridor such as Tolsona, Mendeltna, Nelchina, and Eureka will receive low cost energy from Alaska's natural gas supplies, and;

Whereas, the Alaska Natural Gas Pipeline Coalition. (ANGPC) is hereby established and is recognized as an ad hoc citizens committee, formed and dedicated to the promotion of a large-diameter (48") natural gas pipeline from the North Slope to tidewater at Valdez, Alaska, to service first the low cost energy needs of Alaskans and subsequently to allow the state of Alaska to export and market the excess Liquid Natural Gas to the Asian markets;

Therefore be it resolved, that the Greater Copper Valley Chamber of Commerce hereby agrees to support the Alaska Natural Gas Pipeline Coalition. (ANGPC) in its efforts to support the construction and operation of a large-diameter natural gas pipeline routed from the North Slope to Valdez with take-offs where needed and demanded in, but not limited to, Fairbanks, North Pole, Delta Junction, and Glennallen.

Passed this day, 8 June 2012, by action of The Greater Copper Valley Chamber of Commerce Board.

Richard Dennis, President

Naomi Young, Secretary



Copper Valley Development Association, Inc.

P.O. Box 9, Glennallen, AK 99588 * 907-822-5001 phone * 888-256-5569 fax
www.coppervalley.org * info@coppervalley.org

Whereas, research proves a large-diameter gas line would serve more Alaskan residents with low cost energy if routed from the North Slope to Valdez, and with a 24" spur line from Glennallen to Palmer adjacent to the Glenn Highway corridor for transporting natural gas to Anchorage if needed, or from Anchorage to Valdez should significant supplies be discovered in Cook Inlet, allowing for sales of Cook Inlet natural gas to the Asian market, and;

Whereas, in the opinion of most comprehensive studies that the Port of Valdez is the only port in Alaska that can adequately be used for shipment of liquid natural gas (LNG) on large capacity tankers to the Asian market necessary for transporting LNG in the greatest volume and at the most economical costs, and;

Whereas, the Richardson Highway is an existing pipeline corridor, that has received federal approval in the form of a FEIS for a gas line, where other routes have not, and that Right of Way and permitting risk should be minimized, and;

Whereas, a Richardson Highway routing also ensures that outlying areas along that corridor such as Paxson, Gakona, Gulkana, Glennallen, Copper Center, Tazlina, Tonsina, Kenny Lake, and Chitina, as well as communities along the Glenn Highway corridor such as Tolsona, Mendeltna, Nelchina, and Eureka will receive low cost energy from Alaska's natural gas supplies, and;

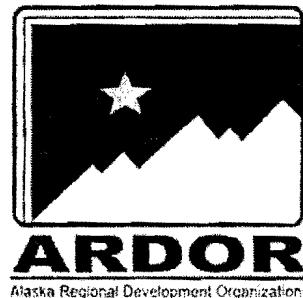
Whereas, the Alaska Natural Gas Pipeline Coalition. (ANGPC) is hereby established and is recognized as an ad hoc citizens committee, formed and dedicated to the promotion of a large-diameter (48") natural gas pipeline from the North Slope to tidewater at Valdez, Alaska, to service first the low cost energy needs of Alaskans and subsequently to allow the state of Alaska to export and market the excess Liquid Natural Gas to the Asian markets;

Therefore be it resolved, that the Copper Valley Development Association hereby agrees to support the Alaska Natural Gas Pipeline Coalition. (ANGPC) in its efforts to support the construction and operation of a large-diameter natural gas pipeline routed from the North Slope to Valdez with take-offs where needed and demanded in, but not limited to, Fairbanks, North Pole, Delta Junction, and Glennallen.

Passed this day, 17-07-2012



Jason Hoke
Executive Director



CITY OF VALDEZ

RESOLUTION NO 12-41

A RESOLUTION SUPPORTING A LARGE VOLUME GASLINE FROM PRUDHOE BAY TO FAIRBANKS AND CONTINUING SOUTH TO GLENNALLEN, CONNECTING TO A SPUR LINE FROM GLENNALLEN TO THE EXISTING SOUTH CENTRAL GAS GRID AND CONTINUING TO VALDEZ

WHEREAS, Interior and Southcentral Alaska currently uses about 75 million gallons of fuel oil to stay warm in the winter at a cost of over \$320.00 million dollars per year; and

WHEREAS the work of scientists with USGS, EIA, Escopeta, Buccaneer Energy and others estimate that 16-24 trillion cubic feet of natural gas reserves exist under Cook Inlet; which is a 200+ year supply of gas for the Anchorage bowl, given existing railbelt consumption of 240 million cubic feet per day (MCF/D); and

WHEREAS, Cook Inlet gas is dry gas, perfect for use in heating and electrical generation in the Anchorage bowl and surrounding communities from the Mat Su Valley to Homer on the Kenai Peninsula; and

WHEREAS, Cook Inlet is much closer to Anchorage than Prudhoe Bay thus greatly reducing the cost of distribution; and

WHEREAS, there is in excess of 36 trillion cubic feet (T/cf) of known natural gas reserves in North Slope oil wells and, by some estimates, unknown reserves may be from an additional 35 T/cf to 200 (T/cf) yet to be certified; and

WHEREAS, an abundance of studies prove that a large-diameter gasline would serve more Alaskan residents with low cost energy if routed from the North Slope to Valdez, with a 24" spur line from Glennallen to Palmer adjacent to the Glenn Highway corridor for transporting natural gas to Anchorage if needed, or from Anchorage to Valdez should significant supplies of natural gas are discovered in Cook Inlet, allowing for sales of Cook Inlet natural gas to the Asian market; and

WHEREAS, a Richardson Highway routing would ensure natural gas would be made available to key military bases such as Ft. Wainright, Eielson AFB, and Ft. Greely National Missile Defense, and, given significant US defense spending cuts that have been announced, these bases are more secure if their operating costs are reduced; and

WHEREAS, in the opinion of most comprehensive studies that the Port of Valdez is the only port in Alaska that can adequately be used for shipment of

Kenny Lake, Chitina, and Valdez, as well as communities along the Glenn Highway corridor such as Tolsona, Mendeltna, Nelchina, and Eureka will receive low cost energy from Alaska's natural gas supplies, saving millions of dollars annually to all consumers within the purview of these communities; and

WHEREAS, with the correct routing, it would significantly reduce the cost of energy in the Southcentral and Interior Alaska, and dramatically improve our winter time air quality in all of the communities affected; and

WHEREAS, a large-diameter (48") natural gas pipeline from the North Slope to tidewater at Valdez Alaska, will lower the cost of energy for Alaskans and subsequently will allow the State of Alaska to export and market the excess Liquid Natural Gas to the Asian markets with reasonable profits that can be dedicated to ultimately paying for the construction and operation of the pipeline.

NOW, THEREFORE, BE IT RESOLVED that the City of Valdez supports the construction and operation of a large-diameter natural gas pipeline routed from the North Slope to Valdez with take-offs where needed and demanded in, but not limited to, Fairbanks, North Pole, Delta Junction, and Glennallen.

BE IT FURTHER RESOLVED that the City Council of the City of Valdez supports the Alaska Natural Gas Pipeline Coalition (ANGPC) in its efforts to promote the construction and operation of a large-diameter natural gas pipeline routed from the North Slope to Valdez.

COPIES of this resolution shall be sent to the Honorable Sean Parnell, Governor of the State of Alaska, members of the Alaska Legislature, and Alaska Municipal League.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, this 2nd day of July, 2012.

CITY OF VALDEZ, ALASKA

David C Cobb
David C. Cobb, Mayor

ATTEST:

Sheri L. Pierce
Sheri L. Pierce, MMC, City Clerk

