

# ASAP

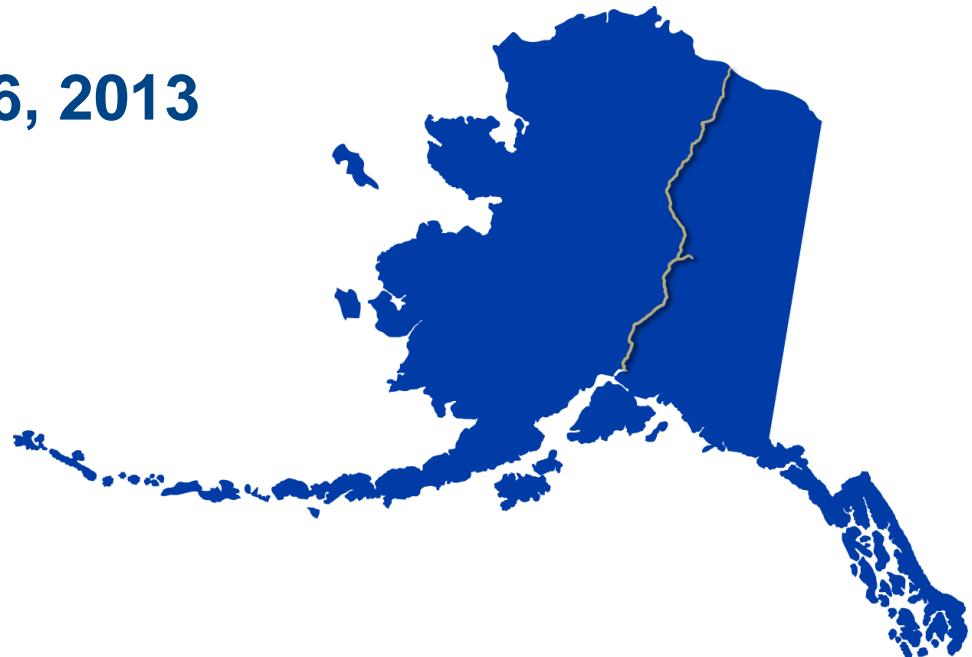
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Alaska Stand Alone Gas Pipeline

## Senate Finance Committee

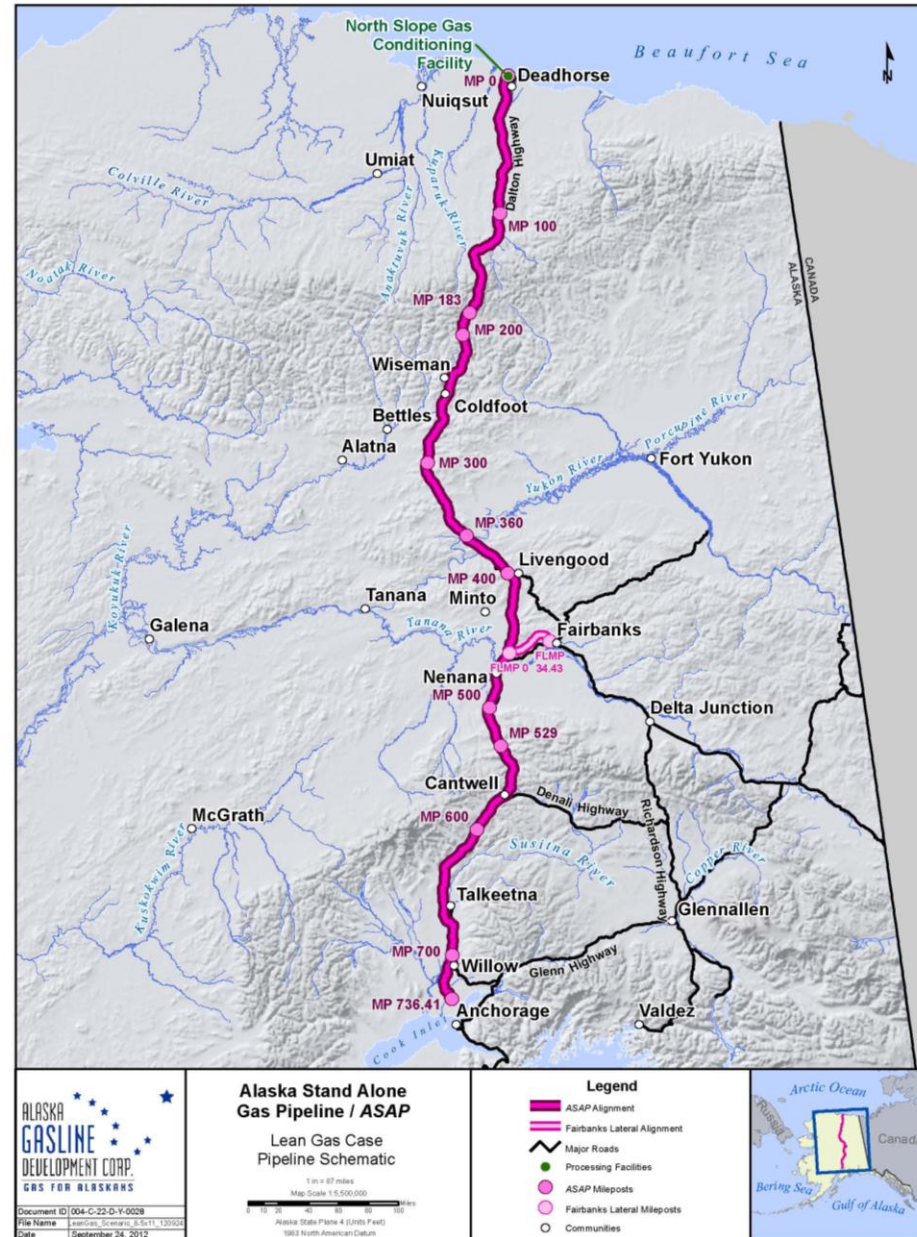
### ASAP Scope, Schedule and Budget

April 6, 2013



# ASAP Project Scope

- Mainline
  - ✓ 36" diameter pipe
  - ✓ 737 miles long
  - ✓ 1,480 psi max operating pressure
- Fairbanks Lateral
  - ✓ 12" diameter pipe
  - ✓ 35 miles long
  - ✓ Tie-in w/mainline at MP 458
- North Slope Gas Conditioning Facility (GCF) at Prudhoe Bay
- More off-takes possible

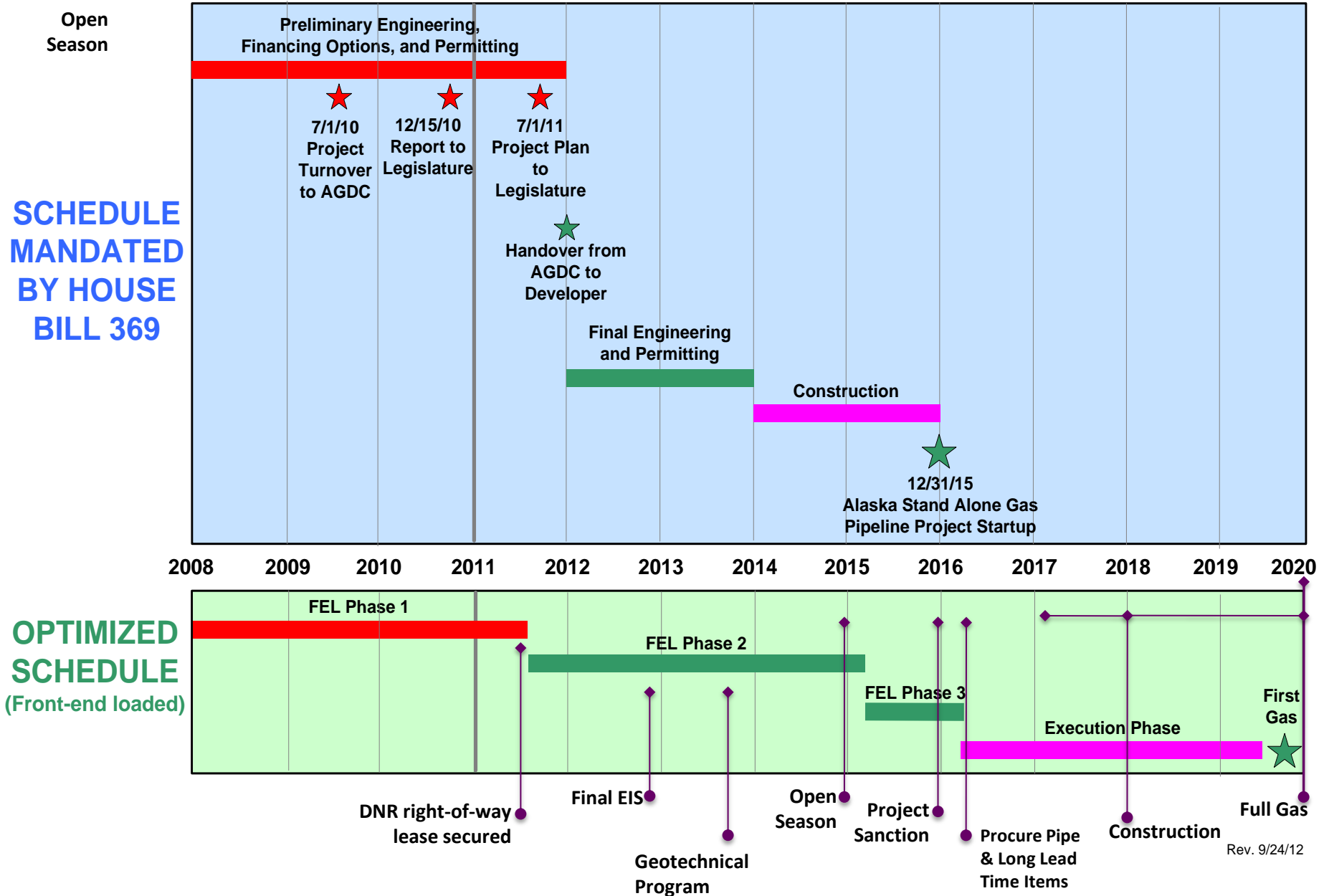


# Scale of Construction Activities

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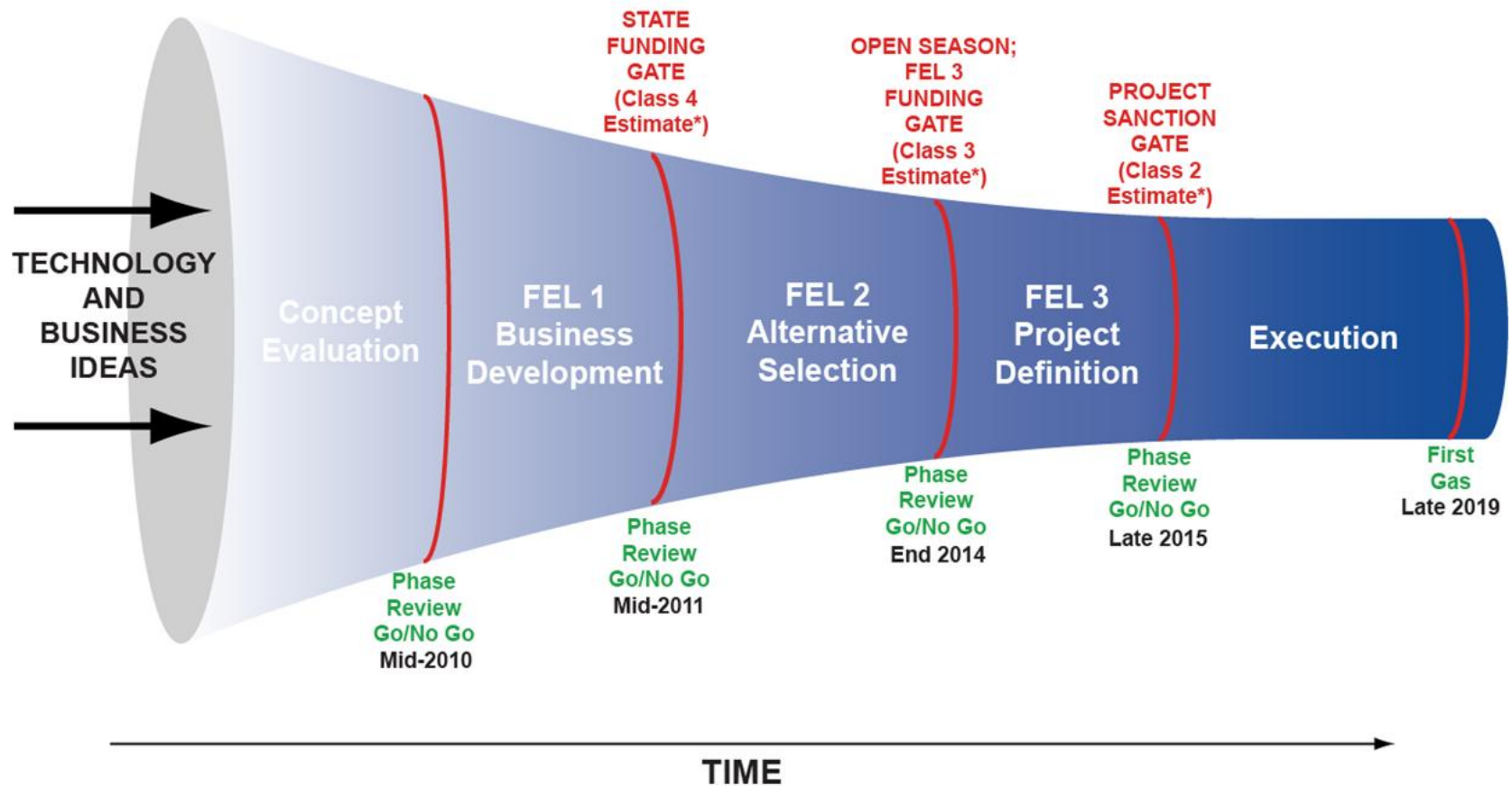
- Considerable construction workforce
  - ✓ Over 8,000 direct jobs
  - ✓ Over 15,000 indirect jobs
- 335,000 tons of steel for the pipeline
- 9,000 truckloads of pipe travelling 4 million miles
- 10 million cubic yards of earthwork
- 15 construction camps

# ASAP Project Schedule & Highlights



# Stage Gate Approach

*Front-End Development Progressively Narrows Uncertainty of Cost and Schedule*



\*Refers to AACE cost estimate classes (Association for the Advancement of Cost Engineering). The lower the class number, the higher the confidence in the accuracy of the estimate.

# Stage Gate Approach

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- Forces logical planning sequence
- Requires deliverables to be complete before starting new tasks
- More effective, timely process with issue identification and an evaluation framework early in the process—avoids cycles back-to-start-of-project causing delays and added costs
- Provides clear opportunities to stop project at gates if not meeting business objectives
- Improves communication with stakeholders
- Provides a clear path for project team

# ASAP Budget

- **Cost to Alaskans:** \$400M up-front budget (~5% of Total)
- **Cost Benefit:** Long term natural gas supply for Alaskans
- **Project Cost:** \$7.7 Billion\* in 2012 dollars, +/- 30%

| FACILITY                                 | CAPITAL COST (2012\$ Billion) |
|--|-------------------------------|
| Gas Conditioning Facility                | \$2.8                         |
| Pipeline: GCF to Dunbar                  | \$3.03                        |
| Dunbar Off Take and Lateral to Fairbanks | \$0.07                        |
| Pipeline: Dunbar to Big Lake             | \$1.8                         |
| <b>Total Estimate ASAP Cost</b>          | <b>\$7.7 billion</b>          |

\*Each year the project is delayed, 2.5% inflation (~\$210M) is added to the cost of the project

# ASAP Cost to Consumers

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## ▪ Cost of Gas to Consumers (burner tip)

### **Anchorage**

- Optimized \$ 9 - 11.25/MMBtu in 2012 dollars
- Base case \$ 9.63/MMBtu in 2011 dollars

### **Fairbanks**

- Optimized \$ 8.25 - 10/MMBtu in 2012 dollars
- Base Case \$ 10.45/MMBtu in 2011 dollars



# AGDC Budget to Project Sanction

| AGDC Activities                        | Funds needed (\$1,000's) |
|--|--------------------------|
| Facilities Engineering                 | \$105,984.20             |
| Pipeline Engineering                   | \$69,139.89              |
| Program Management                     | \$62,437.10              |
| Environmental, Regulatory & Lands      | \$34,614.70              |
| Administrative Services                | \$14,590.50              |
| Commercial                             | \$12,935.70              |
| Public Affairs & Community Relations   | \$10,497.80              |
| Legal                                  | \$7,110.00               |
| Interface & Operations                 | \$4,854.90               |
| Finance                                | \$4,679.00               |
| Health, Safety, Security & Environment | <u>\$1,488.00</u>        |
| <b>Total</b>                           | <b>\$328,331.79</b>      |

# Funding Required to Advance

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- Achieving legislative objectives to advance an in-state natural gas pipeline for Alaskans is **contingent on legislative funding**
- Full funding will keep project on schedule
  - ✓ Advance facilities and pipeline engineering
  - ✓ Regulatory permitting activities and agency engagement
  - ✓ Engineering field investigations
- Partial funding will cause schedule delays
  - ✓ Limited pipeline and facilities engineering
  - ✓ Limited field investigation

# Thank You

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ASAP

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