



TAPS Update

Presented to
House Resources Committee

March 8, 2017

by

Tom Barrett, President
Alyeska Pipeline Service Company

A large, stylized graphic of the number '49' in a dark grey, sans-serif font. The '4' is composed of a vertical line and a horizontal line. The '9' is a large circle with a vertical line through its center. In the top right corner of the '9' circle, the letters 'TH' are stacked vertically, with a horizontal line above the 'T' and a horizontal line below the 'H'.

TH

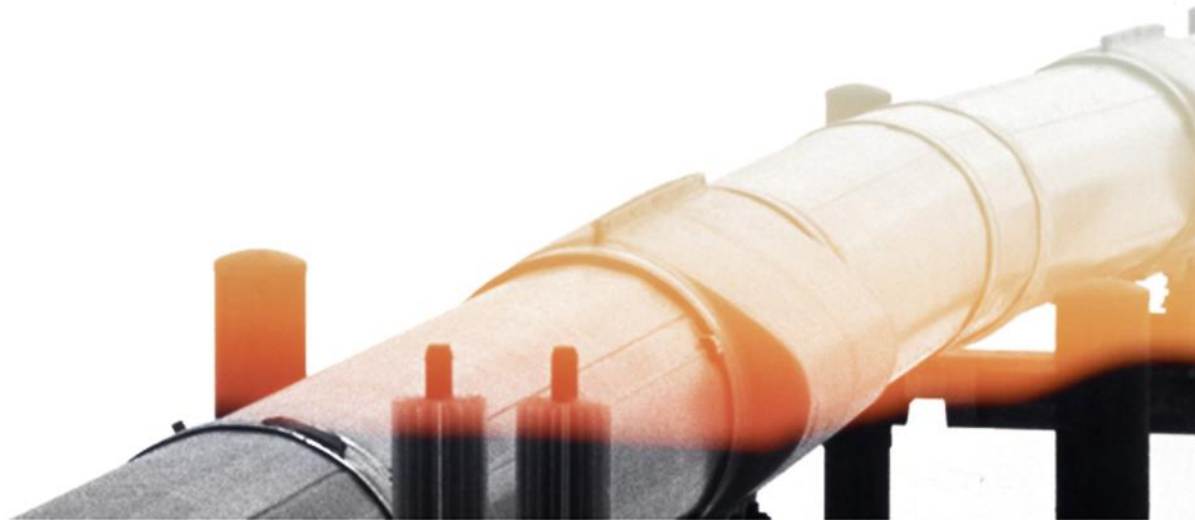
ANNIVERSARY

• FUELING THE 49TH STATE •

ALYESKA PIPELINE SERVICE COMPANY

How is TAPS doing?

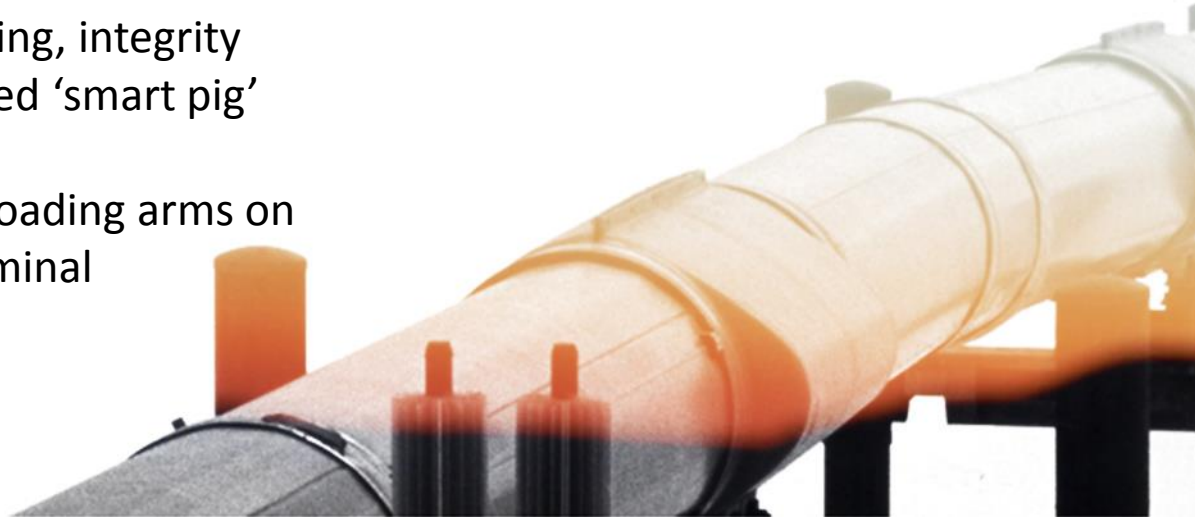
- Continuing to meet the operational challenges
 - 40-year-old infrastructure in a unique Alaska environment
 - Low oil throughput – well below TAPS capacity
 - 2016 increase is good news for Alaska
- Environment
 - Continued commitment to environment and conservation
 - Valdez Marine Services-Edison Chouest contract
- Strong, prudent business performance
- TAPS people, TAPS Pride



Managing aging infrastructure

Ongoing system renewal:

- Completed electrification and automation at Pump Station 1; final E&A project
- Replaced flare tip at Pump Station 1
- Four-year valve testing program completed to assure integrity of 176 mainline valves
- Completed underground pipe inspections at pump stations
- Inspected multiple storage tanks
- Began buried pipe inspection at Valdez Marine Terminal
- Increased maintenance pigging, integrity inspection digs and conducted 'smart pig' run
- Completed replacement of loading arms on berths at Valdez Marine Terminal





Alyeska pipeline
SERVICE COMPANY

**2016 TAPS
throughput:
First increase
since 2002!**

The increase continued in January and February

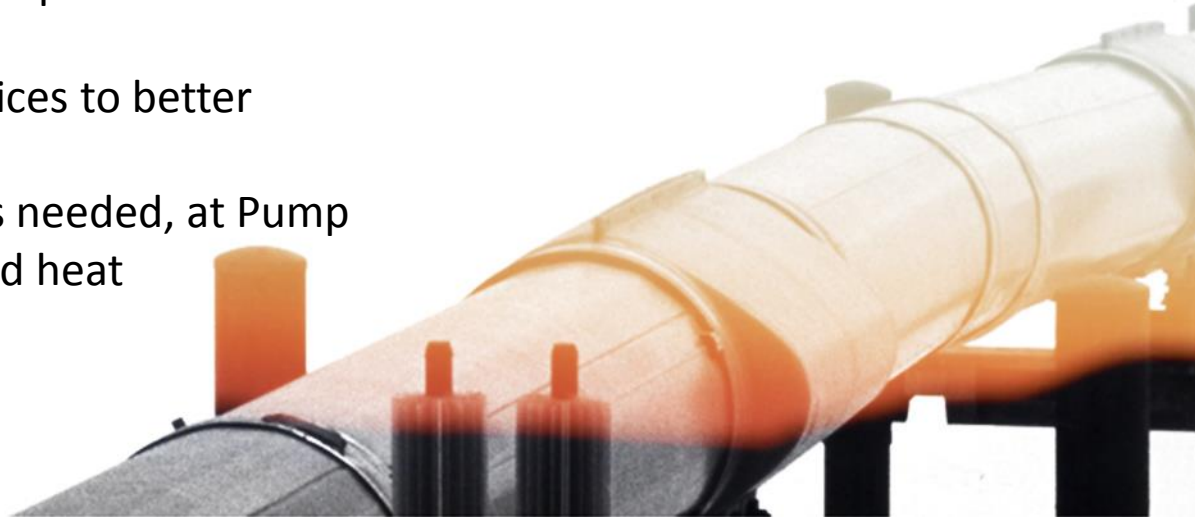
Managing throughput decline

Managing challenges:

- Throughput increased in 2016: 517,868 BPD
- Not by chance: required planning, producer investment, strong maintenance practices
- Cold weather operations
- Water and wax issues

Implementing solutions:

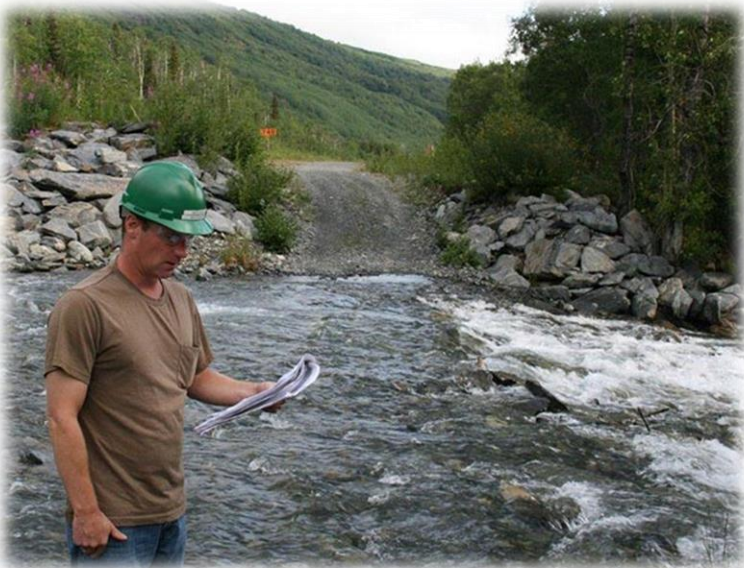
- Slip stream heat installed and used successfully at Remote Gate Valve 65
- Installed methanol injection ports for cold weather contingency
- Installed Canty testing devices to better characterize wax
- Continued recirculation, as needed, at Pump Stations 3, 4, 7 and 9 to add heat



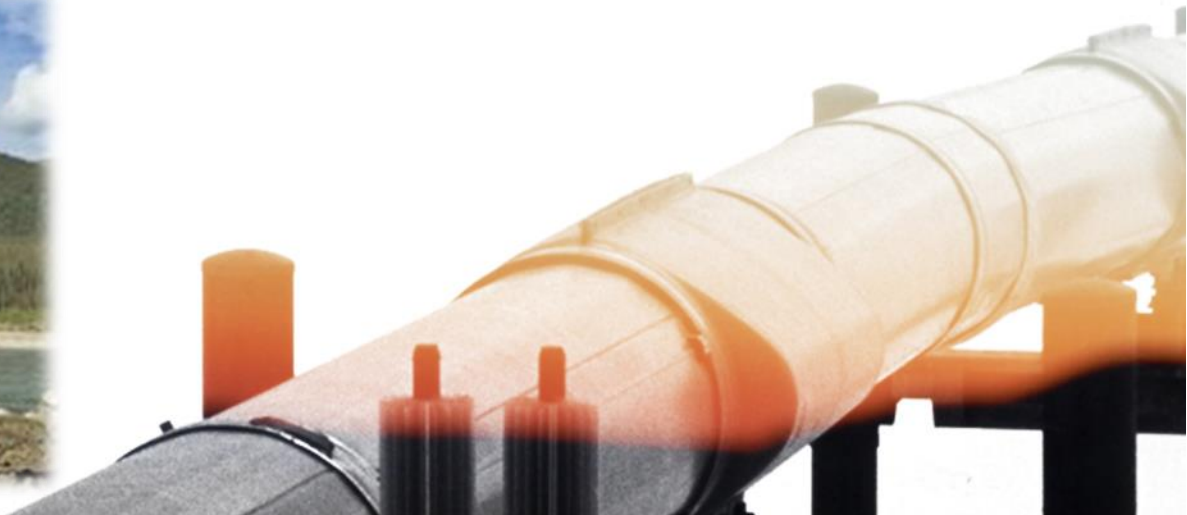
Environmental Stewardship

- Staged over 180 readiness and response drills along the pipeline and in Prince William Sound
- Trained 1,800 people from 444 Alaska fishing vessels in spill response tactics
- Surveyed 686 fish streams and made needed repairs to ensure safe fish passage

Alyeska's people
have an unwavering
commitment to
protecting Alaska's
environment.

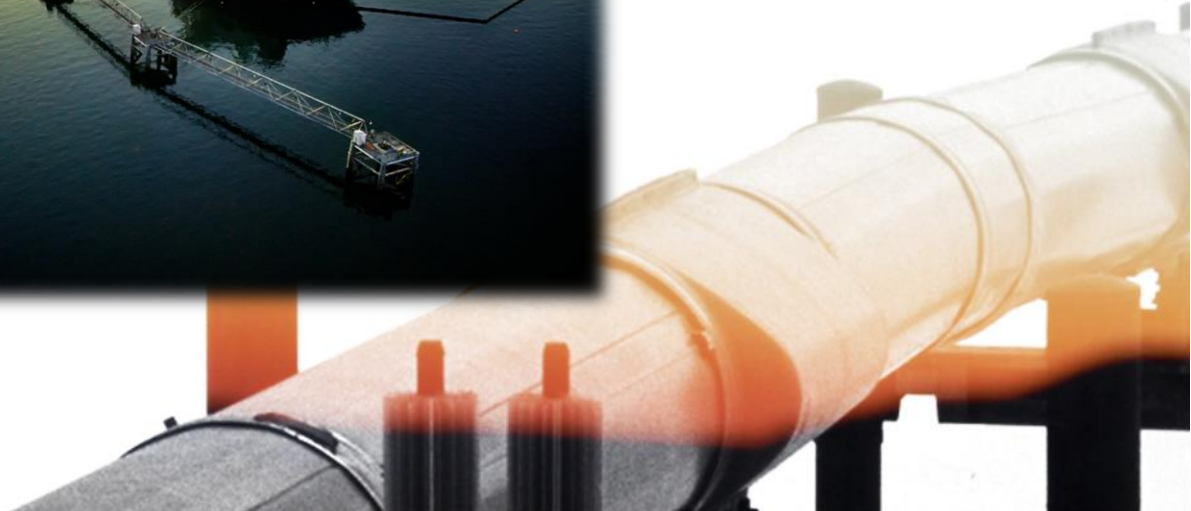
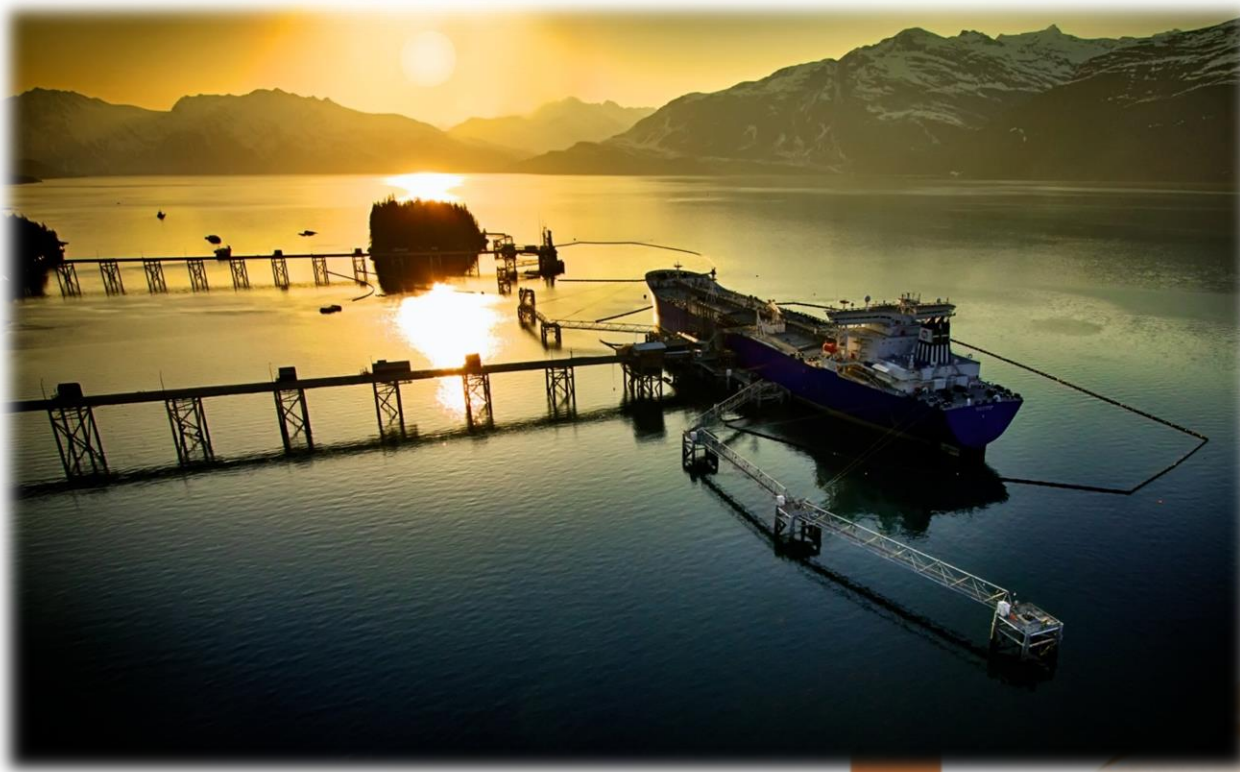


Conservation



Marine Operations

Nearly 22,000 tankers have loaded
at the Valdez Marine Terminal,
carrying more than 17 billion
barrels of oil to market.



Improving Long-Term Capability

Valdez Marine Services

- Edison Chouest Offshore
 - Approved contract in August, 10-year term, beginning July 2018
 - Industry leader in safety and environment
 - More modern equipment, flexible capabilities
- Transition
 - Commitment to protecting the environment, culture and resources of Prince William Sound during and beyond the contract transition.
 - 2-year transition underway
 - Active stakeholder engagement
- New vessels
 - 5 new escort tugs
 - 4 new general purpose escort tugs
 - New response barges
 - Ross Chouest utility tug (new to PWS)



TAPS People, TAPS Pride



TAPS People, TAPS Pride

Who we are:

- 70 percent of our contract partner companies are headquartered in Alaska
- 94.6 percent of Alyeska employees live in Alaska
- 20 percent are Alaska Native; 30 percent are women; 33 percent are minorities
- Strong partnerships with Alaska Native people, corporations and programs (such as ANSEP)

TAPS people are:

- Committed to safety and protecting the environment
- True-grit Alaska professionals who are smart, tough and proven problem-solvers, leveraging teamwork and ingenuity
- Engaged in communities, financially and personally

Our people understand that not just what they do, but how well they do it, matters enormously.



TAPS Future

- Increased Alaska oil throughput - the key to TAPS long-term sustainability
- This doesn't happen by chance
- Alaska has abundant energy resources
- TAPS future depends on:
 - Federal and state willingness to make resources available
 - Federal and state regulatory processes that are simpler and better coordinated
 - Competitive business environment in today's world
 - Strong working partnerships across the board



The “easy day” was yesterday.

Abundant Resources

OFFSHORE ARCTIC

- 27 bbo
- 132 tcf gas
- Est. 54,000 jobs (nationwide)

NPR-A

- 896 mbo
- 53 tcf gas

COOK INLET

- 599 mbo
- 19 tcf gas



ONSHORE NORTH SLOPE

- Conventional: 5 bbo, 35 tcf gas;
- Heavy/Viscous: 24-33 bbo;
- Unconventional: 2 bbo, 12 tcf gas

ANWR

- 10 bbo
- 3.5 tcf gas

mbo = million barrels of oil bbo = billion barrels of oil tcf = trillion cubic feet

