

STATE OF ALASKA SENATE

2015

THIRD SPECIAL SESSION

Source
SR 301

**Senate
Resolve No.**
5



Urging the state, the Alaska Gasline Development Corporation, BP Exploration (Alaska) Inc., ConocoPhillips Alaska, Inc., and ExxonMobil Alaska Production Inc. to continue to honor the Heads of Agreement commitments if the state terminates the participation of TransCanada Alaska Development Inc.; urging that the transfer of the interests of TransCanada Alaska Development Inc. occur under the process outlined in current law; and urging all parties to support the 2016 work plan and budget.

BE IT RESOLVED BY THE SENATE:

WHEREAS, in January 2014, the state, the Alaska Gasline Development Corporation, TransCanada Alaska Development Inc., ExxonMobil Alaska Production Inc., ConocoPhillips Alaska, Inc., and BP Exploration (Alaska) Inc. executed the Alaska liquefied natural gas project enabling Heads of Agreement; and

WHEREAS the Heads of Agreement established clear milestones to advance the Alaska liquefied natural gas project; and

WHEREAS all parties to the Heads of Agreement agreed that execution of the Alaska

liquefied natural gas project would involve a phased development process; and

WHEREAS all parties to the Heads of Agreement agreed that the purpose of preliminary front-end engineering and design is to advance technical work that would provide each of the Alaska liquefied natural gas parties with sufficient information to evaluate the technical, cost, and schedule aspects of the Alaska liquefied natural gas project; and

WHEREAS all parties to the Heads of Agreement agreed the preliminary front-end engineering and design work, when used with other information regarding the commercial, legal, economic, financial, marketing, timing, and other necessary aspects of the Alaska liquefied natural gas project, will assist the Alaska liquefied natural gas project parties in determining how to proceed with the phased project development process, including whether to proceed to the front-end engineering and design phase of the Alaska liquefied natural gas project; and

WHEREAS all parties to the Heads of Agreement agreed that, during the preliminary front-end engineering and design phase, each of the producer parties and the state would initiate preliminary, individual liquefied natural gas or gas sales or shipping efforts; and

WHEREAS all parties to the Heads of Agreement agreed that, during the preliminary front-end engineering and design phase, the parties would work to develop mutually agreeable gas offtake and balancing agreements to facilitate gas offtake by each of the parties with regard to the parties' rights to capacity in the Alaska liquefied natural gas project; and

WHEREAS all parties to the Heads of Agreement agreed to complete the preliminary front-end engineering and design phase of the project by the second quarter of 2016; and

WHEREAS all parties to the Heads of Agreement agreed that, during the front-end engineering and design phase, each party would seek to execute individual liquefied natural gas or gas sales and shipping agreements; and

WHEREAS all parties to the Heads of Agreement agreed to making a determination on proceeding to the front-end engineering and design phase by the second quarter of 2017; and

WHEREAS all parties to the Heads of Agreement agreed to other Alaska liquefied natural gas project expectations; and

WHEREAS the Alaska State Legislature held hearings on the Heads of Agreement; and

WHEREAS the Twenty-Eighth Alaska State Legislature passed Senate Bill No. 138, enacted as ch. 14, SLA 2014, by a vote of 52 to eight to enable the Heads of Agreement and advance the Alaska liquefied natural gas project; and

WHEREAS the process set out in previous legislative action under both ch. 11, SLA 2013, and ch. 14, SLA 2014, created the statutory framework necessary to advance those important and complementary purposes of both monetizing Alaska's North Slope natural gas and providing natural gas to Alaskans and should be followed as the state advances the Alaska liquefied natural gas project; and

WHEREAS the Alaska liquefied natural gas project remains on schedule according to the Heads of Agreement; and

WHEREAS the Heads of Agreement expires December 31, 2015; and

WHEREAS the state has made it clear that it intends to terminate the participation of TransCanada Alaska Development Inc. in the Alaska liquefied natural gas project; and

WHEREAS the Senate recognizes the expertise and performance of TransCanada Alaska Development Inc., including the value added by TransCanada Alaska Development Inc. to date; and

WHEREAS the project partners in the Alaska liquefied natural gas project have global expertise that the state should use to further its important and complementary goals at every opportunity; and

WHEREAS, in recognition of the state's budgetary challenges and the need to protect the state's interest, the Senate will continue to exercise due diligence and scrutinize every proposed appropriation request by the state;

BE IT RESOLVED that the Senate urges the parties to the Alaska liquefied natural gas project and the signatories to the Heads of Agreement to continue to honor the commitments, expectations, and timelines contained in the Heads of Agreement until the completion of the front-end engineering and design phase and urges the parties to support the funding of the work plan and budget for 2016 to ensure the completion of the preliminary front-end engineering and design phase; and be it

FURTHER RESOLVED by the Senate that the transition of direct ownership interest of the gas treatment plant and pipeline from TransCanada Alaska Development Inc. to the state should occur under the process outlined in ch. 11, SLA 2013, and ch. 14, SLA 2014, and

should maintain alignment within the various state departments and corporations.

COPIES of this resolution shall be sent to the Honorable Bill Walker, Governor of Alaska; the Honorable Mark Myers, Commissioner, Department of Natural Resources; the Honorable Randall Hoffbeck, Commissioner, Department of Revenue; Dan Fauske, President, Alaska Gasline Development Corporation; Dean C. Patry, President, TransCanada Alaska Development Inc.; Thomas W. Schuessler, President, ExxonMobil Alaska Production Inc.; Joe Marushack, President, ConocoPhillips Alaska, Inc.; and Janet Weiss, President, BP Exploration (Alaska) Inc.