

CS FOR HOUSE CONCURRENT RESOLUTION NO. 2(RES) am

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE HOUSE RESOURCES COMMITTEE

Amended: 2/9/09

Offered: 2/6/09

Sponsor(s): REPRESENTATIVES RAMRAS, Millett, Johnson, Chenault, Hawker, Dahlstrom

SENATORS Therriault, McGuire, Meyer, Huggins, Stevens

A RESOLUTION

1 **Requesting the governor to provide energy security for all Alaskans first by pursuing**
2 **development of a natural gas bullet pipeline from the North Slope to the Cook Inlet**
3 **region; and requesting the governor to identify and negotiate where appropriate with**
4 **one or more persons capable of producing natural gas from the Gubik area, and other**
5 **areas on the North Slope if necessary, in sufficient quantities to support the energy**
6 **needs of Alaskans and a bullet pipeline project.**

7 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

8 **WHEREAS** natural gas production in the Cook Inlet region of the state has suffered
9 significant decline, resulting in the closure of the Agrium U.S., Inc., facility in Kenai and the
10 risk of inadequate supplies of natural gas from the Gubik area and elsewhere to consumers
11 that rely on production from the Cook Inlet region; and

12 **WHEREAS** there are significant quantities of natural gas in the Gubik area and
13 elsewhere on the North Slope that could be produced if means for delivering the product to
14 market were available; and

1 **WHEREAS** the major gas pipeline project licensed by the state under AS 43.90
2 (Alaska Gasline Inducement Act) or a similar alternative project that offers five natural gas
3 delivery points in the state is not expected to transport natural gas from the North Slope until
4 after 2016; and

5 **WHEREAS** the people of the state need energy security and access to natural gas now
6 and cannot wait for the completion of the major gas pipeline project from the North Slope;
7 and

8 **WHEREAS** the demand for natural gas in the state is expected to increase steadily;
9 and

10 **WHEREAS** the construction of a smaller gas pipeline, sometimes referred to as a
11 "bullet line," may be capable of delivering the state's natural gas to in-state markets before the
12 major gas pipeline project from the North Slope becomes operational; and

13 **WHEREAS** a commitment to transport 180,000,000,000 cubic feet of natural gas a
14 year to provide approximately 60,000,000,000 cubic feet of natural gas a year for Railbelt
15 residential customers, 60,000,000,000 cubic feet of natural gas a year for industrial use,
16 including fertilizer production by Agrium U.S., Inc., and 60,000,000,000 cubic feet of natural
17 gas a year for export will contribute to the economic viability of the bullet pipeline from the
18 North Slope to the Cook Inlet region of the state;

19 **BE IT RESOLVED** that the Alaska State Legislature requests the governor to
20 provide energy security for all Alaskans first by taking all action necessary, appropriate and
21 consistent with the state's obligations under the current Alaska Gasline Inducement Act
22 license, and after thoughtful consideration, to promote the development of a bullet pipeline for
23 delivering natural gas from the Gubik area and other areas on the North Slope to the Cook
24 Inlet region of the state by identifying one or more persons capable of producing natural gas
25 from the Gubik area in sufficient quantities to support a bullet pipeline project or, if the Gubik
26 area does not have sufficient quantities of natural gas to support a bullet pipeline, from other
27 areas on the North Slope, and negotiating for a commitment of natural gas production on
28 commercially reasonable terms to support the energy needs of Alaskans and the economic
29 viability of the bullet pipeline.

HOUSE CONCURRENT RESOLUTION NO. 3 am
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES RAMRAS, Millett, Johnson, Chenault, Hawker, Dahlstrom

SENATORS Therriault, McGuire, Meyer, Huggins, Stevens

Amended: 2/9/09

Introduced: 1/21/09

A RESOLUTION

1 **Requesting the governor to provide energy security for all Alaskans by taking and**
2 **encouraging all action that would support a natural gas bullet pipeline from the North**
3 **Slope to the Cook Inlet region, including initiating any necessary negotiations to reopen**
4 **the Agrium plant in Kenai.**

5 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 **WHEREAS** natural gas production in the Cook Inlet region of the state has suffered
7 significant decline, resulting in the closure of the Agrium U.S., Inc., facility in Kenai and the
8 risk of inadequate supplies of natural gas to consumers that rely on production from the Cook
9 Inlet region; and

10 **WHEREAS** there are significant quantities of natural gas on the North Slope that
11 could be produced if means for delivering the product to market were available; and

12 **WHEREAS** the major gas pipeline project licensed by the state under AS 43.90
13 (Alaska Gasline Inducement Act) or a similar alternative project that offers five natural gas
14 delivery points in the state is not expected to transport natural gas from the North Slope until
15 after 2016; and

1 **WHEREAS** the people of the state need energy security and access to natural gas now
2 and cannot wait for the completion of the major gas pipeline project from the North Slope;
3 and

4 **WHEREAS** the demand for natural gas in the state is expected to increase steadily;
5 and

6 **WHEREAS** the construction of a smaller gas pipeline, sometimes referred to as a
7 "bullet line," may be capable of delivering the state's natural gas to in-state markets before the
8 major gas pipeline project from the North Slope becomes operational; and

9 **WHEREAS** farms cover more than 25,000 acres in five boroughs with more than 300
10 farmers residing in the Matanuska-Susitna Borough and more than 130 farmers residing in the
11 Fairbanks area; and

12 **WHEREAS** the value of farms in the state is approximately \$22,700,000; and

13 **WHEREAS** Alaska farms need fertilizer for crops, particularly in the form of urea for
14 hay and grain crops; and

15 **WHEREAS** Agrium U.S., Inc., owns the only urea fertilizer plant in the state, and
16 that plant was closed in 2007 because of lack of natural gas as feedstock for the plant; and

17 **WHEREAS** the closure of the urea fertilizer plant resulted in the loss of more than
18 150 jobs; and

19 **WHEREAS** the closure of the urea fertilizer plant and loss of an instate source of
20 fertilizer resulted in a 400 percent increase in the cost of fertilizer to farmers in the state
21 because of the costs of shipping fertilizer into the state; and

22 **WHEREAS** the loss of farms or the reduction in farming represents a threat to food
23 security in the state; and

24 **WHEREAS** a natural gas bullet pipeline that delivers natural gas from the North
25 Slope to the Cook Inlet region could provide necessary feedstock for the renewed operation of
26 the urea fertilizer plant owned by Agrium U.S., Inc.; and

27 **WHEREAS** known quantities of natural gas are available to be transported in a
28 natural gas bullet pipeline to the urea fertilizer plant, enabling the reopening of the plant
29 owned by Agrium U.S., Inc.;

30 **BE IT RESOLVED** that the Alaska State Legislature requests the governor to
31 provide energy security for all Alaskans by taking and encouraging all appropriate action

1 necessary, after thoughtful consideration, to promote and support a natural gas bullet pipeline
2 for delivering natural gas from the North Slope to the Cook Inlet region of the state, including
3 initiating any necessary negotiations to reopen the Agrium U.S., Inc., facility in Kenai as a
4 potential user of natural gas delivered from the North Slope and a manufacturer of fertilizer
5 and ammonia for use in the state and for export; and be it

6 **FURTHER RESOLVED** that the action must honor the state's obligations under the
7 current Alaska Gasline Inducement Act license, and provide as feasible for gas delivery and
8 use, off the road system.

HOUSE CONCURRENT RESOLUTION NO. 4 am
IN THE LEGISLATURE OF THE STATE OF ALASKA
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BY REPRESENTATIVES RAMRAS, Millett, Johnson, Chenault, Hawker, Dahlstrom

SENATORS Therriault, McGuire, Meyer, Huggins, Stevens

Amended: 2/9/09

Introduced: 1/21/09

A RESOLUTION

1 **Requesting the governor to provide energy security for Alaskans by taking and**
2 **encouraging all appropriate action to support development of a natural gas bullet**
3 **pipeline from the North Slope to the Cook Inlet region including advocating an increase**
4 **in the amount of natural gas that may be exported under authority granted by the**
5 **United States Department of Energy.**

6 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 **WHEREAS** natural gas production in the Cook Inlet region of the state has suffered
8 significant decline, resulting in the closure of the Agrium U.S., Inc., facility in Kenai and the
9 risk of inadequate supplies of natural gas to consumers that rely on production from the Cook
10 Inlet region; and

11 **WHEREAS** there are significant quantities of natural gas on the North Slope that
12 could be produced if means for delivering the product to market were available; and

13 **WHEREAS** the major gas pipeline project licensed by the state under AS 43.90
14 (Alaska Gasline Inducement Act) or a similar alternative project that offers five natural gas
15 delivery points in the state is not expected to transport natural gas from the North Slope until

1 after 2016; and

2 **WHEREAS** the people of the state need energy security and access to natural gas now
3 and cannot wait for the completion of the major gas pipeline project from the North Slope;
4 and

5 **WHEREAS** the demand for natural gas in the state is expected to increase steadily;
6 and

7 **WHEREAS** the construction of a smaller gas pipeline, sometimes referred to as a
8 "bullet line," may be capable of delivering the state's natural gas to in-state markets before the
9 major gas pipeline project from the North Slope becomes operational; and

10 **WHEREAS** the United States Department of Energy authorized ConocoPhillips
11 Alaska Natural Gas Corporation and Marathon Oil Company to export from the Kenai
12 liquefied natural gas export facility near Kenai up to 99,000,000,000 British thermal units
13 of liquefied natural gas, the equivalent of 98,100,000,000 cubic feet of natural gas, during the
14 two-year period beginning on April 1, 2009, and extending through March 31, 2011; and

15 **WHEREAS** the Kenai liquefied natural gas export facility may close after 2011 if the
16 authority to export liquefied natural gas is not extended; and

17 **WHEREAS**, if no new natural gas is discovered in the Cook Inlet region, the demand
18 for natural gas in the Southcentral part of the state will exceed production from the Cook Inlet
19 region; and

20 **WHEREAS** the collective demand of the Interior and Southcentral natural gas
21 markets in the state is anticipated to expand from 200,000,000 cubic feet a day to
22 approximately 700,000,000 cubic feet a day during the period 2010 to 2025; and

23 **WHEREAS** an inadequate supply of natural gas to the Interior and Southcentral
24 regions of the state will increase substantially the cost of energy, decrease economic
25 opportunity for the people of the state, decrease the ability of consumers to switch from liquid
26 fossil fuels to less expensive and cleaner burning natural gas, and prevent or hinder the
27 Interior and other regions in the state from complying with the fine particle air quality
28 standard commonly known as PM 2.5 imposed by the United States Environmental Protection
29 Agency under 42 U.S.C. 7401-7671q (Clean Air Act); and

30 **WHEREAS** increasing the authorized amount of natural gas that may be exported
31 from the Cook Inlet region that is transported from the North Slope in a natural gas bullet

1 pipeline improves the economic viability of the instate pipeline by increasing the volume of
2 gas transported in that pipeline above the amount that would otherwise be used by industrial
3 and consumer customers in the state;

4 **BE IT RESOLVED** that the Alaska State Legislature requests the governor to
5 provide energy security for all Alaskans by taking and encouraging all appropriate action
6 necessary, after thoughtful consideration, to promote and support a natural gas bullet pipeline
7 for delivering natural gas from the North Slope to the Cook Inlet region of the state, including
8 advocating an increase in the volume of gas that may be exported under license issued by the
9 United States Department of Energy to 60,000,000,000 cubic feet a year with the increase in
10 authorized volume to be supplied by natural gas produced on the North Slope; and be it

11 **FURTHER RESOLVED** that the action must honor the state's obligations under the
12 current Alaska Gasline Inducement Act license, and provide as feasible for gas delivery and
13 use, off the road system.

HOUSE CONCURRENT RESOLUTION NO. 5 am
IN THE LEGISLATURE OF THE STATE OF ALASKA
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SENATORS Therriault, McGuire, Meyer, Huggins, Stevens

Amended: 2/9/09

Introduced: 1/21/09

A RESOLUTION

1 **Requesting the governor to provide energy security for all Alaskans by working on**
2 **significant elements and components to support the timely construction of a natural gas**
3 **bullet pipeline from the North Slope to the Cook Inlet region and to take necessary and**
4 **appropriate action to assist and facilitate the process for a private entity to make a final**
5 **investment decision to commit to the pipeline before November 1, 2010.**

6 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 **WHEREAS** natural gas production in the Cook Inlet region of the state has suffered
8 significant decline, resulting in the closure of the Agrium U.S., Inc., facility in Kenai and the
9 risk of inadequate supplies of natural gas to consumers that rely on production from the Cook
10 Inlet region; and

11 **WHEREAS** there are significant quantities of natural gas on the North Slope that
12 could be produced if the means for delivering the product to market were available; and

13 **WHEREAS** the major gas pipeline project licensed by the state under AS 43.90
14 (Alaska Gasline Inducement Act) or a similar alternative project that offers five delivery
15 natural gas delivery points in the state is not expected to transport natural gas from the North

1 Slope until after 2016; and

2 **WHEREAS** the people of the state need access to natural gas now and cannot wait for
3 the completion of the major gas pipeline project from the North Slope; and

4 **WHEREAS** the demand for natural gas within the state is expected to increase
5 steadily; and

6 **WHEREAS** the construction of a smaller gas pipeline, sometimes referred to as a
7 "bullet line," may be constructed and be capable of delivering the state's natural gas to in-state
8 markets before the major gas pipeline project from the North Slope is operational; and

9 **WHEREAS** all reasonable action necessary should be taken to construct an in-state
10 natural gas bullet pipeline sooner rather than later;

11 **BE IT RESOLVED** that the Alaska State Legislature requests the governor to
12 provide energy security for all Alaskans by working on significant elements and components
13 to support the timely construction of a natural gas bullet pipeline from the North Slope to the
14 Cook Inlet region and to take necessary and appropriate action, after thoughtful consideration,
15 to assist and facilitate the process for a private entity to make a final investment decision to
16 commit to the pipeline before November 1, 2010; and be it

17 **FUTHER RESOLVED** that the action must honor the state's obligations under the
18 current Alaska Gasline Inducement Act license, and provide as feasible for gas delivery and
19 use, off the road system.

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Alaska State Legislature House of Representatives



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Representative Jay Ramras
District 10

Sponsor Statement for House Concurrent Resolution No. 2

Short Title: IN-STATE GAS PIPELINE

Contact: Margaret Dowling, 465-6841

Purpose and Intent HCR 2:

The intent of House Concurrent Resolution No. 2 is to provide energy security for Alaskans. This resolution urges the Governor to take action that will facilitate development of a small natural gas pipeline, commonly referred to as the "bullet line." With completion of a large diameter gas line not expected until 2016 at the earliest, the bullet line, a smaller project that will be easier and quicker to complete, can bridge the gap in natural gas delivery and provide much needed natural gas to communities along its route between the North Slope and Cook Inlet. Because the gas will be extracted and delivered within the state, and for export, the cost of this resource to the ratepayers could be considerably less than the cost of other sources of fuel consumed by Alaska's residents today. Thus, the bullet line will provided certainty of supply and predictability of price for Alaskans along the bullet line route.

The Governor and key agencies in the executive branch are in a unique position to facilitate development of the bullet line. The executive branch has the authority and resources to locate companies or entities in Gubik or elsewhere in the North Slope that have significant quantities of natural gas and to negotiate contracts with those entities to guarantee commercially reasonable terms that will enhance economic viability of a bullet line. The time to act for energy certainty for all Alaskans is now.

Summary HCR 2:

- Requests that the Governor provide energy security for all Alaskans by taking action necessary to support the development of a natural gas pipeline that will deliver natural gas from the North Slope to Cook Inlet.

February 11, 2009

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- Requests that the Governor identify entities in Gubik or elsewhere on the North Slope that have sufficient quantities of natural gas to support a gas line.
- Requests that the Governor negotiate a commitment with the identified entity for gas production on commercially reasonable terms that would support the economic viability of the gas line.

Benefits HCR 2:

- Secures an adequate supply of affordable natural gas for residential and industrial consumers from the North Slope to Cook Inlet.
- Increases jobs, and local and state revenue.

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Representative Jay Ramras
District 10

Sponsor Statement for House Concurrent Resolution No. 3

Short Title: IN-STATE GAS PIPELINE

Contact: Margaret Dowling, 465-6841

Intent and Purpose HCR 3

The intent of House Concurrent Resolution No. 3 is to provide energy security for Alaskans by encouraging the Governor to take the lead in expediting reopening of Agrium U.S., Inc.; a facility that processes natural gas into urea fertilizer and other consumables. Reopening Agrium ensures a steady demand for natural gas that will enhance the economic viability of a gas bullet line, which will in turn benefit all Alaskans by providing certainty of supply and predictability of price for gas consumers.

The intent of HCR 3 is also to support the Alaska farming industry. Farms cover more than 25,000 acres in five boroughs with more than 300 farmers residing in the Matanuska-Susitna Borough and more than 130 farmers in the Fairbanks area. The value of those farms is approximately \$22,700,000. Agrium U.S., Inc. was the only urea fertilizer plant in the state. After it closed in 2007, because it lacked sufficient supplies of natural gas with which to manufacture fertilizer, farmers in Alaska experienced a 400% increase in the cost of fertilizer and the Alaskan job market lost over 150 jobs. Reopening Agrium will not only help increase the economic viability of a natural gas line, it will create jobs and reduce the cost of farming in Alaska.

Summary HCR 3:

- Requests that the Governor provide energy security for all Alaskans by taking action necessary to support the development of a natural gas pipeline that will deliver natural gas from the North Slope to Cook Inlet.

- Requests that the Governor initiate negotiations to reopen the Agrium U.S., Inc. facility, which closed in 2007 and which was a consumer of natural gas used in the production of fertilizer.

Benefits HCR 3:

- Secures an adequate supply of affordable natural gas for residential and industrial consumers from the North Slope to Cook Inlet.
- By reopening Agrium, demand for natural gas will be insured enhancing the economic viability of a natural gas bullet line, which in turn benefits Alaskans by providing certainty of supply and predictability of price for gas consumers along the bullet line route.
- Supports Alaska's farming industry by providing a local, cost competitive source of fertilizer.
- Increases jobs for Alaskans and state and local revenue.

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Representative Jay Ramras
District 10

Sponsor Statement for House Concurrent Resolution No. 4

Short Title: IN-STATE GAS PIPELINE

Contact: Margaret Dowling, 465-6841

Purpose and Intent HCR 4

The intent of House Concurrent Resolution No. 4 is to provide energy security for Alaskans by requesting that the Governor take all steps necessary to encourage development of a natural gas pipeline from the North Slope to the Cook Inlet Region, including advocating for an increase in the amount of natural gas that may be exported from the state under the authority granted by the United States Department of Energy. Increasing the volume of gas that may be exported from Alaska under U.S. Department of Energy licenses will increase demand and provide certainty and economic viability for a natural gas bullet line from the North Slope to the Cook Inlet Region.

Under current licenses with the U.S. Department of Energy, ConocoPhillips Alaska Natural Gas Corporation and Marathon Oil Company may export from the Kenai liquefied natural gas export facility up to 99,000,000,000 British thermal units (about 98,100,000,000 cubic feet) of liquefied natural gas during the two-year period from April 1, 2009 to March 31, 2011. After that time the Kenai liquefied natural gas export facility may be forced to close if the authority to export liquefied natural gas is not extended and if no new gas is discovered in the Cook Inlet region to meet both export and local demand. Local demand alone in the Cook Inlet region is expected to grow from 200,000,000 cubic feet a day to approximately 700,000,000 cubic feet a day during the period of 2010 to 2025. By supporting an increase in export licenses, the Governor will take the lead in insuring that Cook Inlet natural gas demand is supplied and that a natural gas bullet line from the North Slope to Cook Inlet is an economically viable project.

Summary HCR 4:

- Requests that the Governor provide energy security for all Alaskans by taking action necessary to support the development of a natural gas pipeline that will deliver natural gas from the North Slope to Cook Inlet.

- Requests that the Governor take appropriate action to advocate an increase in the volume of gas that may be exported under licenses issued by the U.S. Department of Energy to 60,000,000,000 cubic feet a year with that increase to be supplied by North Slope natural gas.

Benefits HCR 4:

- Secures an adequate supply of affordable natural gas for residential and industrial consumers from the North Slope to Cook Inlet.
- Enhances production and export of liquefied natural gas, thereby increasing jobs, and local and state revenue.
- Allows the Interior and other regions in the state to convert from fossil fuels to cheaper and cleaner burning natural gas, thereby increasing compliance with the fine particle air quality standard issued by the U.S. Environmental Protection Agency and enhancing Alaskan's health.

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Representative Jay Ramras
District 10

Sponsor Statement for House Concurrent Resolution No. 5

Short Title: IN-STATE GAS PIPELINE

Contact: Margaret Dowling, 465-6841

Purpose and Intent HCR 5

The intent of House Concurrent Resolution No. 5 is to provide energy security for Alaskans by requesting that the Governor take all steps necessary to encourage development of a natural gas pipeline from the North Slope to the Cook Inlet region – and to do so with all due speed.

Alaskans' demand for reasonably priced, clean burning fuel for their homes is on the rise. With the cost of electricity and home heating fuel still at record breaking prices, and with completion of a large diameter natural gas pipeline not expected until 2016, at the earliest, now is the time to take action to build a smaller gas line. HCR 5 requests that the Governor work to support the timely construction of a natural gas bullet pipeline from the North Slope to the Cook Inlet region, including assisting and facilitating a private entity to commit to investing in the bullet pipeline before November 1, 2010.

Summary HCR 5:

- Requests that the Governor provide energy security for all Alaskans by taking action necessary to support the development of a natural gas pipeline that will deliver natural gas from the North Slope to Cook Inlet.
- Requests that the Governor assist and facilitate the commitment of a private entity to invest in the bullet pipeline before November 1, 2010.

Benefits HCR 5:

- Secures an adequate supply of affordable natural gas for residential and industrial consumers from the North Slope to Cook Inlet.
- Enhances production and exports of liquefied natural gas, thereby increasing jobs, and local and state revenue.

- Allows the Interior and other regions in the state to convert from fossil fuels to cheaper and cleaner burning natural gas, thereby increasing compliance with the fine particle air quality standard issued by the U.S. Environmental Protection Agency and enhancing Alaskan's health.

HCR 2 Testimony 2/3/09

Frank Abegg
Fairbanks resident, private citizen

I support building a Bullet Line to deliver in-state natural gas to the Railbelt.

I have been a volunteer working on the Interior Issues Council of the Fairbanks Economic Development Corporation (FEDC). This group was formed a few years ago to find ways to improve our health and lower the area's energy costs. During the past few months, and our community group investigated Alaska's gas fields, in-state pipeline/supply options, the gas market and potential future industry opportunities. The group identified three possible options for delivering InState gas to Alaskans: Fairbanks Natural Gas LNG from the North Slope, the ANGDA Spur Line from Delta Junction to Anchorage, and the ENSTAR Bullet Line from the North Slope to Anchorage. All three proposals have challenges to provide economical gas supply. However, I believe the Bullet Line is the best option for supplying future reliable and economical gas to Fairbanks and Anchorage. If the bullet line can secure sufficient market and operate at its projected 0.5 Bcf/day, then natural gas could be supplied from the North Slope in the \$10 to \$12/mcf range. FNG currently supplies gas to Fairbanks customers at \$22.91/mcf.

One of the options we explored was the "Do Nothing" scenario. At present the Fairbanks area uses 50 million gallons of fuel oil for residential/commercial heating each year. At \$2.50/gallon oil the Fairbanks spends \$125 million annually. Switching to gas could save up to \$60 million annually by switching to gas priced at \$10-12/mcf. The local refineries, Flint Hills and PetroStar, and the electric utility, GVEA, also burn oil. If they switched to gas they could potentially save around \$150 million annually, which could be over \$200 million annual savings.

Currently the Anchorage area's residential/commercial customers and electric utilities use about 80 Bcf/yr of gas. With the Cook Inlet gas field depleting, they might need to import LNG in the future without instate gas from the bullet line. If the imported LNG cost an additional \$3/mcf, then the Anchorage customers would need to spend an additional \$240 million/year for gas.

Bottom line is that the Railbelt could see increased energy costs in the range of \$500 million/year compared to building a bullet line. If the Bullet Line costs \$4 billion at an investment rate of 12%, then its annual cost would be about \$500 million. About the same cost. However, the Bullet Line would provide Alaskans' access to in-state resources, create jobs in its construction, opportunities for local industry and help Fairbanks solve the growing PM2.5 air quality non-attainment problem.

I recommend that the State provide assistance to private industry in the permitting and right-of-way and possibly roads needed for the bullet line construction. The goal should be to have gas delivered to Anchorage and Fairbanks within the next 5 years.

The FEDC Instate Gas Pipeline Supply Options Study will be officially released this week. The Study supports construction of the Bullet Line and recommends the State provide assistance. The Study supports building a limited size LNG facility on the North Slope to deliver gas to Fairbanks by 2011 and a Bullet Line that can deliver gas by 2016. The bullet line would provide access to market for the potential Nenana gas field, Yukon Flats, Gubik and Cook Inlet. Having multiple gas supplies should encourage competitive pricing of our future gas supply.