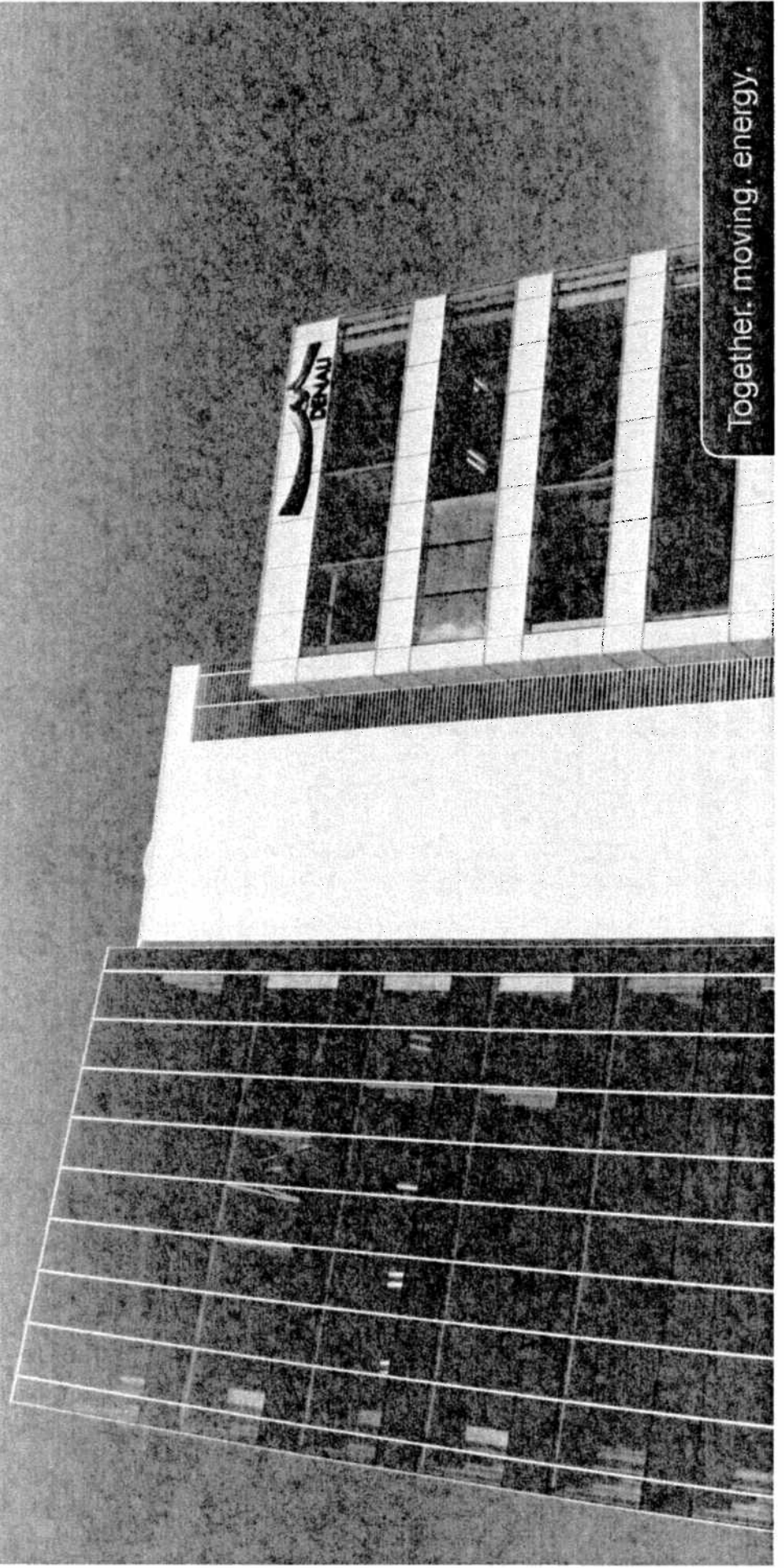




Alaska State Legislature Senate Resources Committee

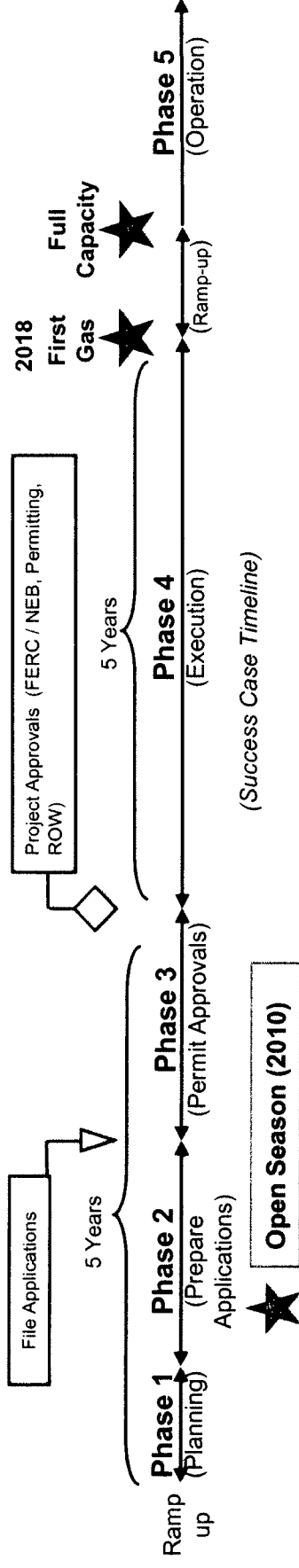
April 7th, 2009



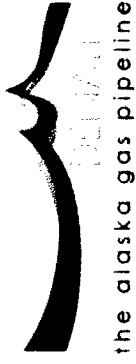
Together. moving. energy.



Denali – On track for success



- Denali organization in place. Open season in 2010
- Denali believes there will be a place for Alaska gas in the North American market
 - Alaska gas is a key part of the President's energy plan
 - Natural gas is the fuel of choice – viewed as the bridge to renewables
 - Anticipate the US and World economies and natural gas demand will have recovered in the next 9 to 10 years.
- The economy has not changed our focus



Denali Project Description

- Gas Treatment Plant (GTP) at Prudhoe Bay
 - Remove CO₂, dehydrate, compress and chill the gas
- Buried, large diameter, high pressure (~2,500 psi) pipeline
- Compressor stations every 100 to 200 miles at >40,000 hp each
- About 2,000 miles to Alberta, requiring (~2-3 million tons of steel)
- Possibly another 1,500 miles to US markets (~2 million tons of steel)
- ~4bcfd to North American consumers (6-8% US daily consumption)

Denali will be the largest private energy project in North America, and will require world-class project execution skills

Legend

- Denali Pipeline Route to Alberta
- Existing Pipeline Infrastructure
- The interconnect location in Alberta and the need for an extension to the Lower 48 will be subject to further study and shipper input.

Map Labels:

- Alaska:** Prudhoe Bay, Barrow, Fairbanks, Anchorage, Bethel, Kotzebue Sound, Beaufort Sea, Gulf of Alaska.
- Canada:** Northwest Territories, Yukon Territory, Nunavut, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Maine, New Brunswick, Nova Scotia, Prince Edward Island, New York, Vermont, New Hampshire, Massachusetts, Connecticut, Rhode Island, Pennsylvania, Delaware, Maryland, Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, New Mexico, Arizona, Nevada, Idaho, Utah, Colorado, Wyoming, Montana, North Dakota, South Dakota, Nebraska, Kansas, Missouri, Illinois, Indiana, Ohio, Kentucky, Tennessee, Mississippi, Alabama, Georgia, Florida, South Carolina, North Carolina, Virginia, West Virginia, Maryland, Delaware, Pennsylvania, New Jersey, New York, Connecticut, Rhode Island, Massachusetts, Vermont, New Hampshire, Maine.
- United States:** Washington, Oregon, California, Idaho, Utah, Colorado, Wyoming, Montana, North Dakota, South Dakota, Nebraska, Kansas, Missouri, Illinois, Indiana, Ohio, Kentucky, Tennessee, Mississippi, Alabama, Georgia, Florida, South Carolina, North Carolina, Virginia, West Virginia, Maryland, Delaware, Pennsylvania, New Jersey, New York, Connecticut, Rhode Island, Massachusetts, Vermont, New Hampshire, Maine.
- Other:** Hudson Bay, Pacific Ocean, Beaufort Sea, Gulf of Alaska.

Scale: 0 to 2,000 Miles.

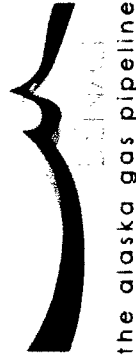
Compass: N, S, E, W.

Inset Map: The Alaska gas pipeline.



Denali Terms of Service

- Denali is an Open Access pipeline – *It's the law*
 - “*People have open access to the pipeline, not just the producers.*”
(FERC testimony to Joint AGIA Committee, June 16, 2008)
- Distance sensitive transportation rates for local use
- Design will provide for efficient expandability
- Solicit shippers every two years regarding expansion
- Will provide at least five offtake points within Alaska
- Will provide offtake points in Canada if warranted



Regulatory Frameworks – Canada and U.S.

Canada

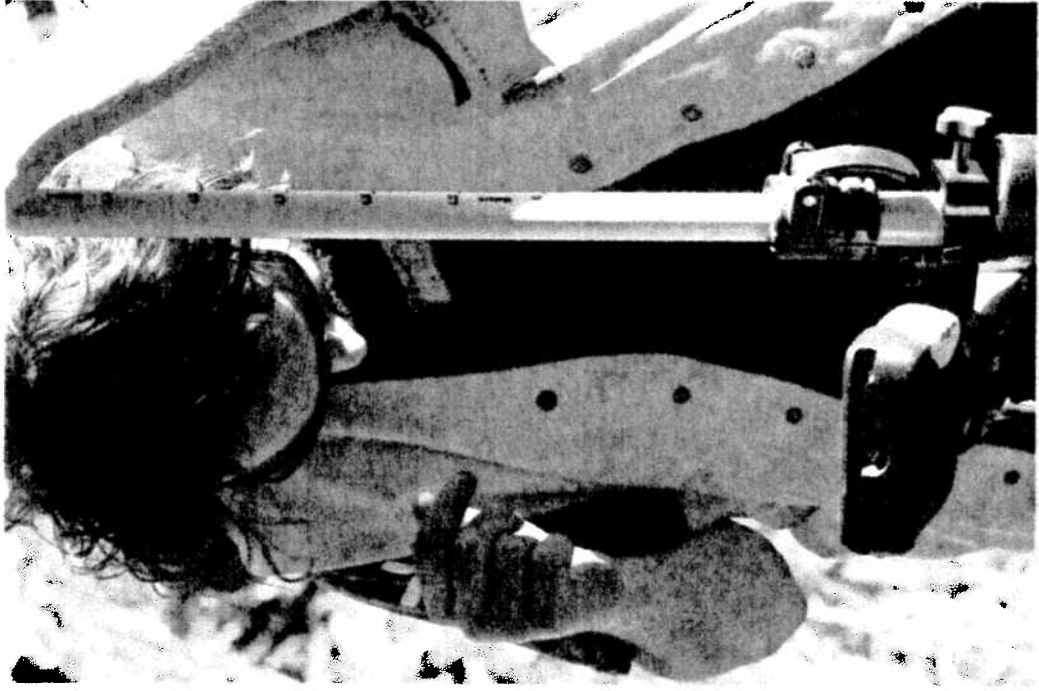
- Two regulatory frameworks are available in Canada:
 - Northern Pipeline Act (NPA) – established more than 3 decades ago; available exclusively to one party
 - National Energy Board Act – a modern, non-exclusive process that is open for use by any project proponent
 - Denali will use the modern-day National Energy Board (NEB) process.
- No significant advantage to pursue project outside NEB framework

U.S.

- The Federal Energy Regulatory Commission (FERC) is responsible for authorizing the project
- The Alaska Gasline Inducement Act (AGIA) is not an exclusive license to build a pipeline. Denali does not need AGIA to move forward



Denali Progress – Key Accomplishments



Spent ~\$55 million in 2008

- Project Team mobilized
- Established Anchorage Headquarters
- Established Canadian Headquarters
- FERC pre-filing request approved
- Filed Right of Way on federal lands with Bureau of Land Management
- Successful 2008 summer field program
- Community outreach meetings in Alaska and Canada
- Established Archeology Technician program with UAF
- Member of AK DOL workforce development task force
- Met with Alaska, U.S. and Canadian government officials
- Awarded contracts for multi-million dollar Gas Treatment Plant and Pipeline preliminary engineering



FERC Pre-filing and BLM Right of Way Application

FERC Pre-filing:

- Enables Denali and FERC to exchange information and coordinate work activities cooperatively and efficiently
- Ensures a timely application development and review process
- The FERC requested that Denali pre-file due to project size and complexity

BLM Right of Way Application:

- Initiated formal ROW process with Bureau of Land Management (BLM)
- Enables direct BLM involvement in Denali's planning process
- One third of Denali's 730 mile pipeline route in Alaska crosses land under BLM jurisdiction

2008 Work

Summer Field Work

- Outstanding safety record
- Tok field office
- Surveyed over 200 miles of wetlands
- Investigated 70 archeological sites
- Shot over 1700 miles of ortho-photography
- Shot 730 miles of “immersive” video
- Investigated 538 potential stream/river crossings
- Performed route reconnaissance
- Identified contaminated sites
- As many as 80 people in the field



Engineering Progressed

- Route optimizations
- Technical studies
- Environmental assessments
- Cost estimates and schedules
- Plan project execution
- ~100 people engaged



Who's Been Working with Denali?



\$55 million spent in 2008



Two Major Engineering Contracts Awarded

Fluor / WorleyParsons ARCTIC SOLUTIONS AN OIL FIELD

Fluor WorleyParsons Arctic Solutions (Gas Treatment Plant)

- Major elements include technical studies, design basis, execution planning, cost estimating, and schedule development
- Arctic Solutions has significant arctic and North Slope experience, strong capability in the design and construction of mega projects in Alaska.



Bechtel (Mainline – pipeline and compressor stations)

- Major elements include engineering, design basis development, cost estimating, scheduling, procurement planning and infrastructure and logistics assessments
- Bechtel has extensive experience designing and constructing major pipelines, including some of the world's longest. Long history of design and construction of megaprojects worldwide.



2009 Plans Focused on Open Season

- Broader work program will result in updated cost estimate – essential for open season
- Awarded Gas Treatment Plant contract - preliminary engineering underway
- Awarded Contract for Alaska to Alberta Mainline – preliminary engineering underway
- Ongoing work with DNR, FERC, NEB, OFC
- Continue to meet FERC prefiling requirements and engage FERC 3rd Party Contractor
- Work with AK DOTPF on infrastructure requirements
- Field work program in Canada, minimal program in Alaska
- Workforce Development (UAF, AKDOL, survey crew training)
- Stakeholder engagement in Alaska and Canada
- Progress commercial work for open season





Denali is the only project proponent that . . .

- Has decades of Alaskan and Canadian construction and operational experience
- Has the desire and experience to construct and operate the Gas Treatment Plant (GTP)
- Has prefilled with the Federal Energy Regulatory Commission
- Has established a significant Alaska Headquarters office
- Is spending only its own money to move the project forward

Denali is moving forward with confidence in uncertain economic times