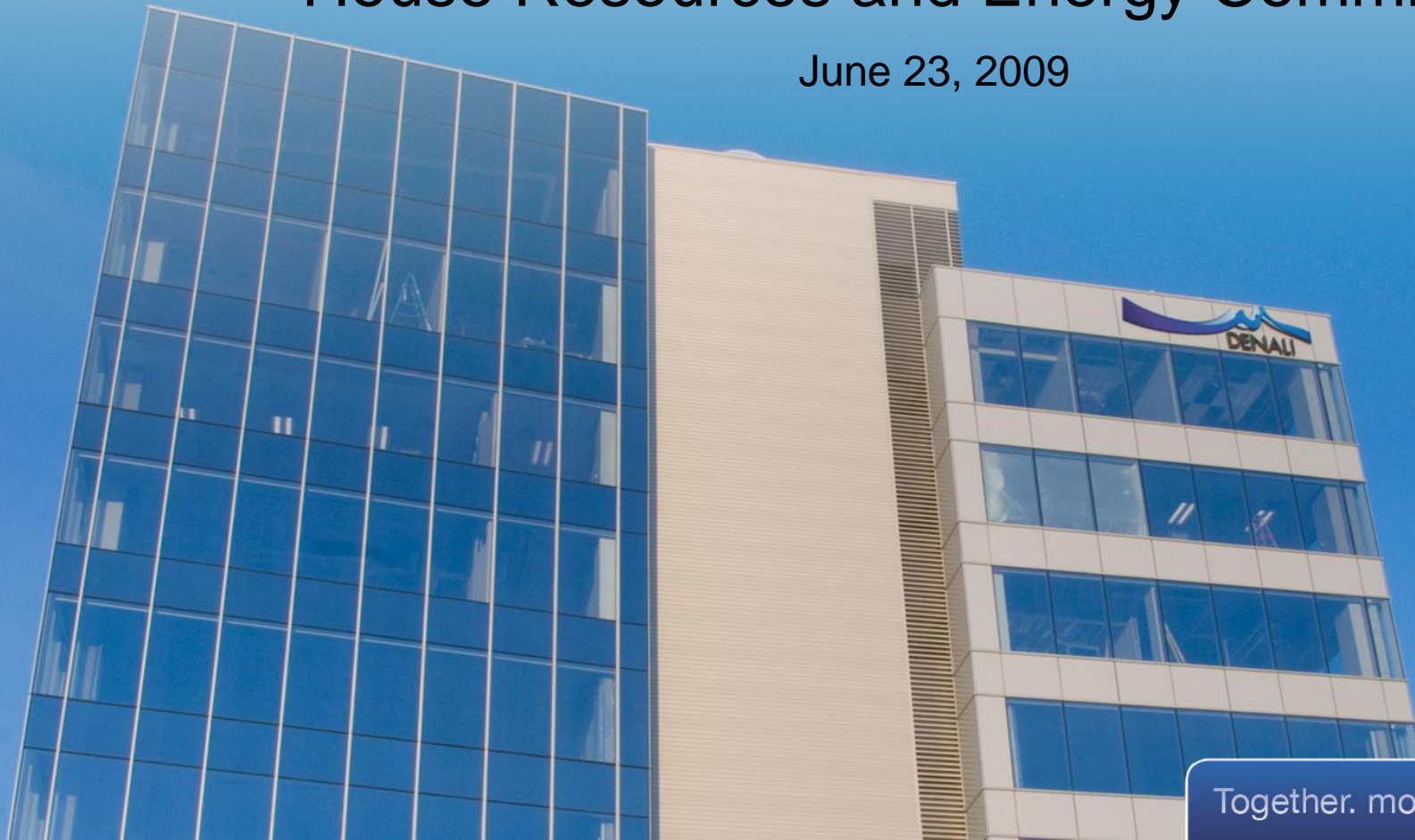




the alaska gas pipeline  
[www.denalipipeline.com](http://www.denalipipeline.com)

# Project Update House Resources and Energy Committees

June 23, 2009



Together. moving. energy.

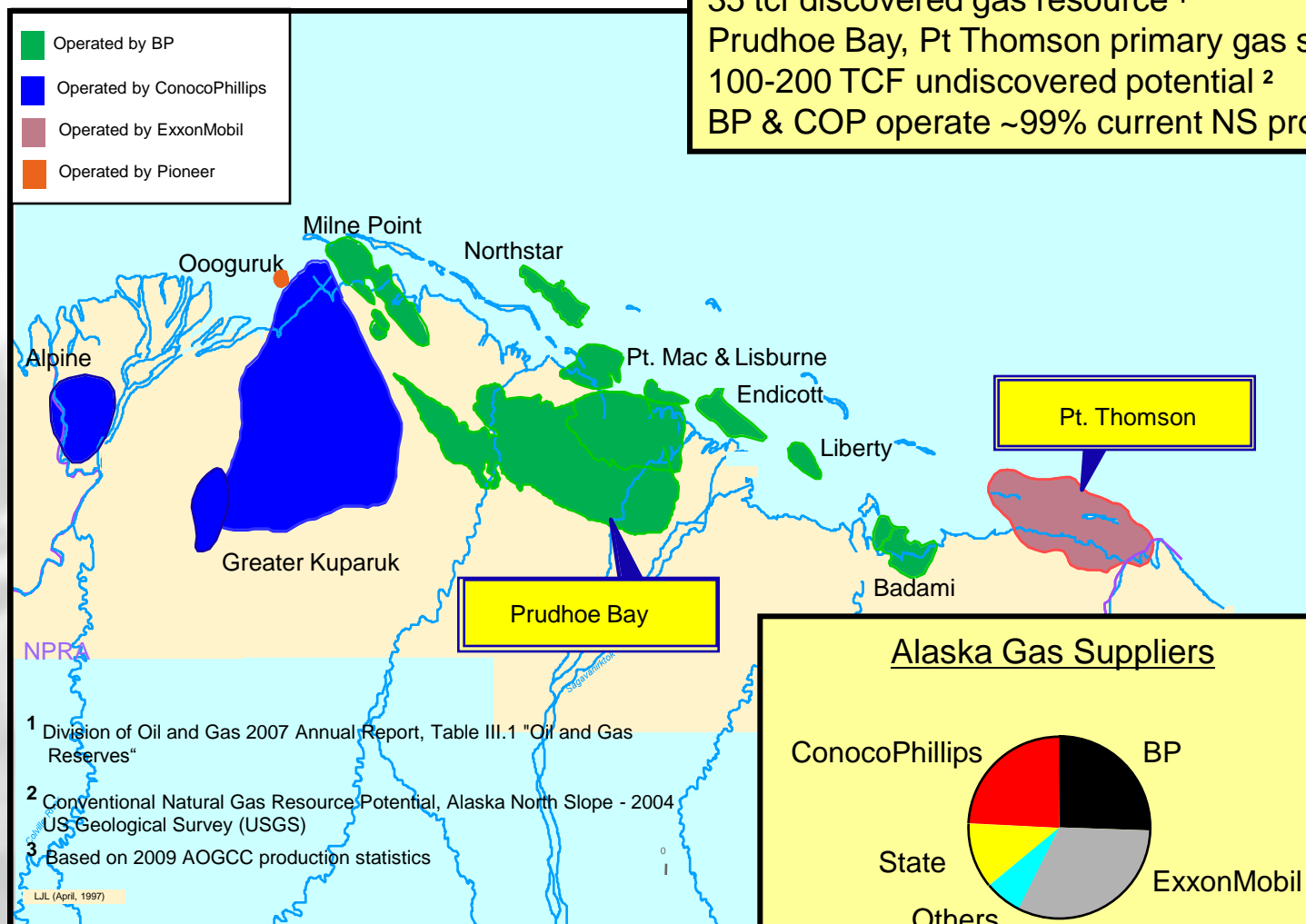
# Denali - The Alaska Gas Pipeline



## Moving Forward -

- BP and ConocoPhillips formed Denali to build the Alaska Gas Pipeline
- Denali is uniquely qualified to deliver this gigantic, complex project
  - Unparalleled experience in North Slope operations and project construction
  - Worldwide experience in constructing and operating mega projects
  - Strong balance sheets
- Denali remains on track to conduct an Open Season in 2010
- Positioned for a superior commercial offering
- The economy has not changed our focus

# North Slope Oil and Gas Fields



35 tcf discovered gas resource <sup>1</sup>  
 Prudhoe Bay, Pt Thomson primary gas sources  
 100-200 TCF undiscovered potential <sup>2</sup>  
 BP & COP operate ~99% current NS production<sup>3</sup>

# Regulatory Frameworks – U.S. and Canada

## U.S.

- The Federal Energy Regulatory Commission (FERC) is responsible for authorizing and ***regulating*** the project
- The Alaska Gasline Inducement Act (AGIA) is not an exclusive license to build a pipeline. Denali can proceed outside of AGIA

## Canada

- Denali will use the National Energy Board (NEB) process which incorporates all of the modern environmental regulations and is open to any project proponent
- The NEB and FERC have a history of working together to approve cross-border energy projects



# 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)
- Will include the gas treatment plant
- Distance sensitive transportation rates for local use
- Will use FERC mandated rolled in rates
- 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

# Denali Progress – Key Accomplishments



***Spent ~\$100 million in the past year***

- Project Team mobilized
- Core team of 80 to 90 people with Anchorage and 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
- Advanced workforce development
- Met with Alaska, U.S. and Canadian government officials
- Awarded contracts for multi-million dollar Gas Treatment Plant and Pipeline preliminary engineering

Denali has a core team of 80-90 people and dozens of contractor companies supporting its work





# 2009 Plans Focused on Open Season

- Broader work program will result in updated cost estimate – necessary for 2010 open season
- Ongoing work with DNR, FERC, NEB, OFC, BLM
- Continue to meet FERC prefiling requirements and engage FERC 3<sup>rd</sup> Party Contractor
- Work with AK DOTPF to advise on infrastructure requirements
- Field work program focused on Canada
- Workforce Development (UAF, AKDOL, survey crew training)
- Stakeholder engagement in Alaska and Canada
- Progress commercial work for open season

Fluor / WorleyParsons  
ARCTIC SOLUTIONS  
A JOINT VENTURE





# Denali is on track and moving ahead

- Focus on 2010 Open Season
- Cost estimate will provide confidence to shippers
- Denali positioned for a superior commercial offering
- Denali does not require state funding to move forward
- The economy and competition has not changed our focus