



## ***Venture Participant Update***

House and Senate Resources Committees

January 27, 2016

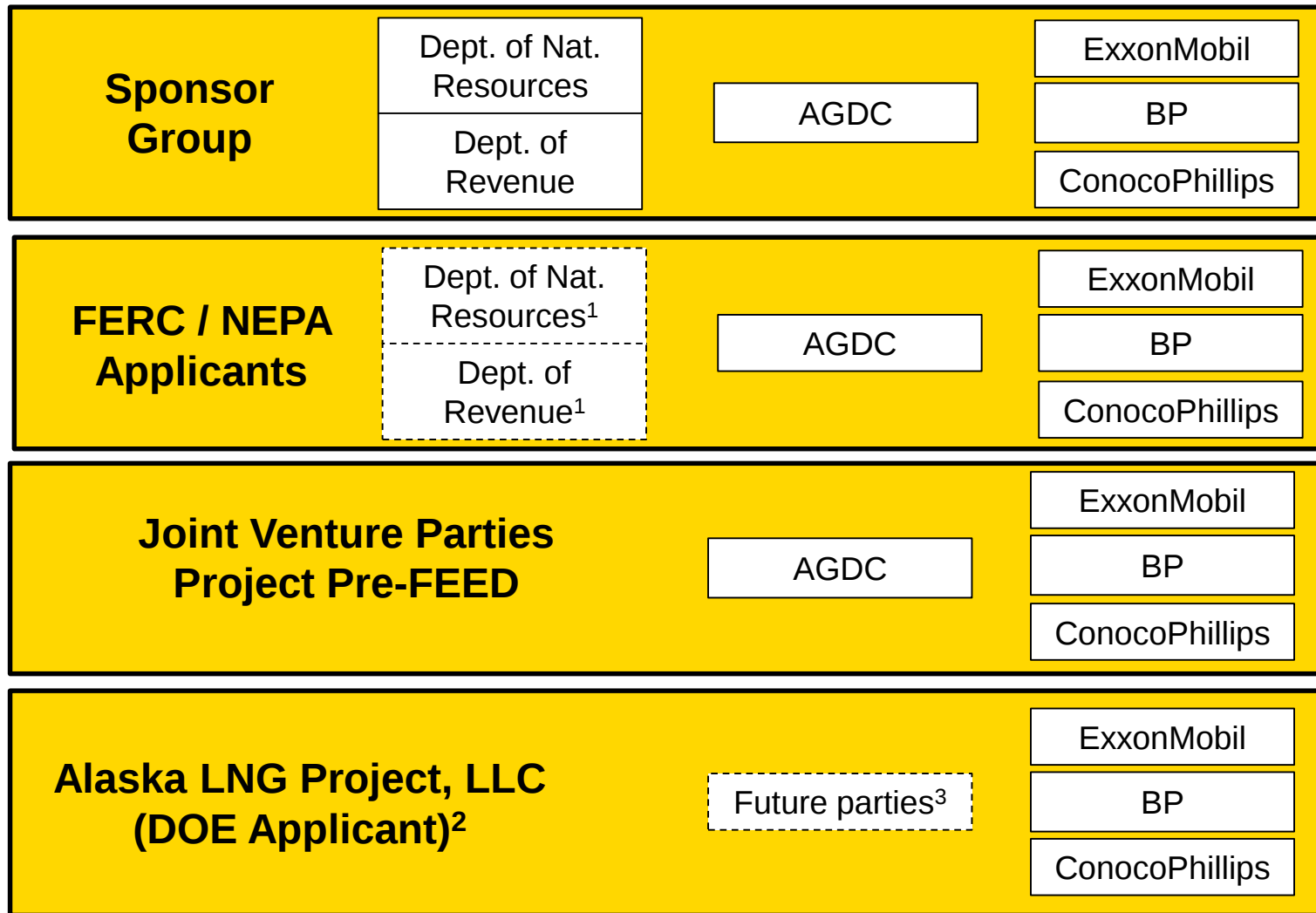
Marty Rutherford – State of Alaska  
Fritz Krusen – AGDC

Bill McMahon – ExxonMobil  
Dave Van Tuyl – BP  
Leo Ehrhard – ConocoPhillips

# Progress since September Update

- 2016 Work Program and Budget
  - Joint Venture Parties approved 2016 WP&B for Alaska LNG Project (AKLNG)
    - Funds to complete Pre-FEED deliverables
- TransCanada Interest
  - AGDC acquired TC Alaska entity and all associated rights under Pre-FEED JVA
  - Seamless transition
    - To assist with completion of Pre-FEED deliverables, key TC personnel contracted to project team via Lead Party
- AOGCC authorized field gas offtake sufficient for AKLNG from:
  - Prudhoe Bay Unit (PBU)
  - Point Thomson Unit (PTU)
- AOGCC approved area injection order (AIO) for CO<sub>2</sub> into PBU
- AGDC formed in-state gas aggregator subsidiary

# Alaska LNG Project Arrangements



<sup>1</sup> Consultant role for DNR / DOR

<sup>2</sup> DOE authorization also covers anticipated State RIK and TAG volumes

<sup>3</sup> AGDC

# Alaska LNG Project Arrangements

## Sponsor Group

Dept. of Nat.  
Resources

Dept. of  
Revenue

AGDC

ExxonMobil

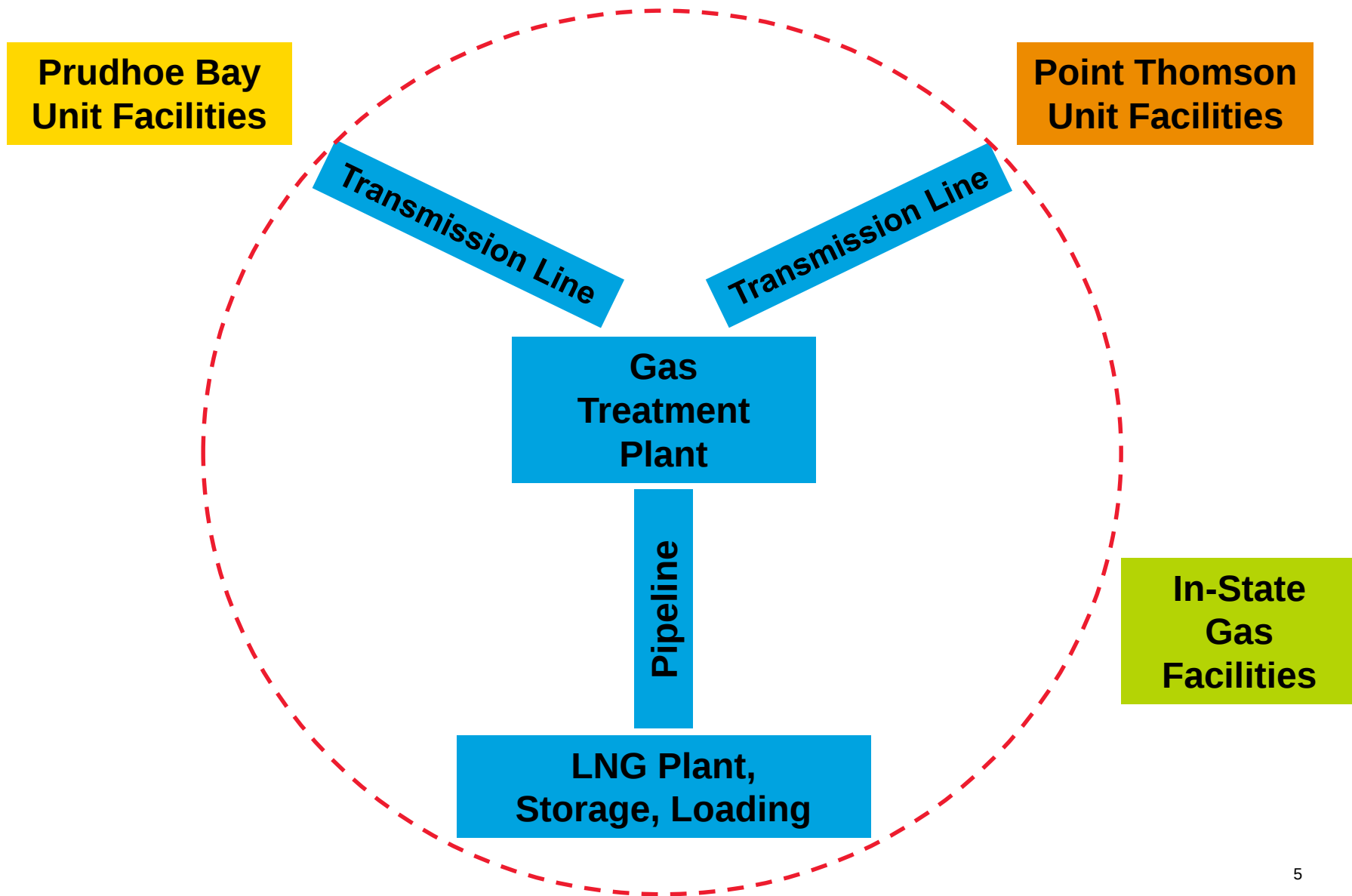
BP

ConocoPhillips

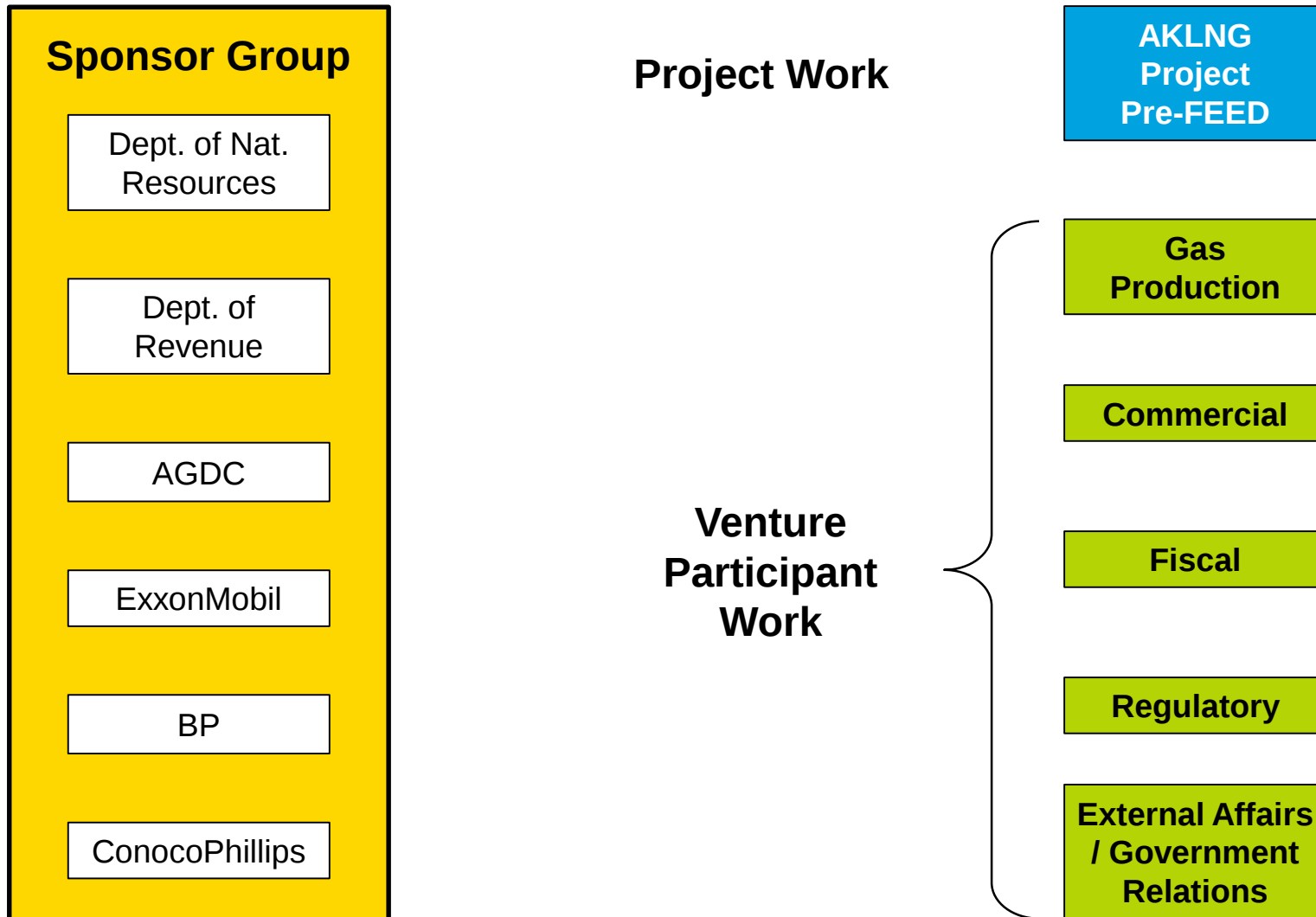
AKLNG  
Project  
Pre-FEED

- Integrated team includes experienced personnel from ExxonMobil (Lead), BP and ConocoPhillips
  - Continued access to key TransCanada personnel via contract with Lead Party
- Currently in Pre-FEED (Pre Front End Engineering Design)
- Advancing engineering of AKLNG Project facilities
- Conducting field studies to progress design basis
- Drafting project execution plans
- Refining overall cost and schedules
- Developing environmental permitting applications
- Cooperation agreement with AGDC on field data collection and historical data exchange

# Alaska LNG Project Facilities



# Alaska LNG Venture Arrangements



# Alaska LNG Venture Arrangements

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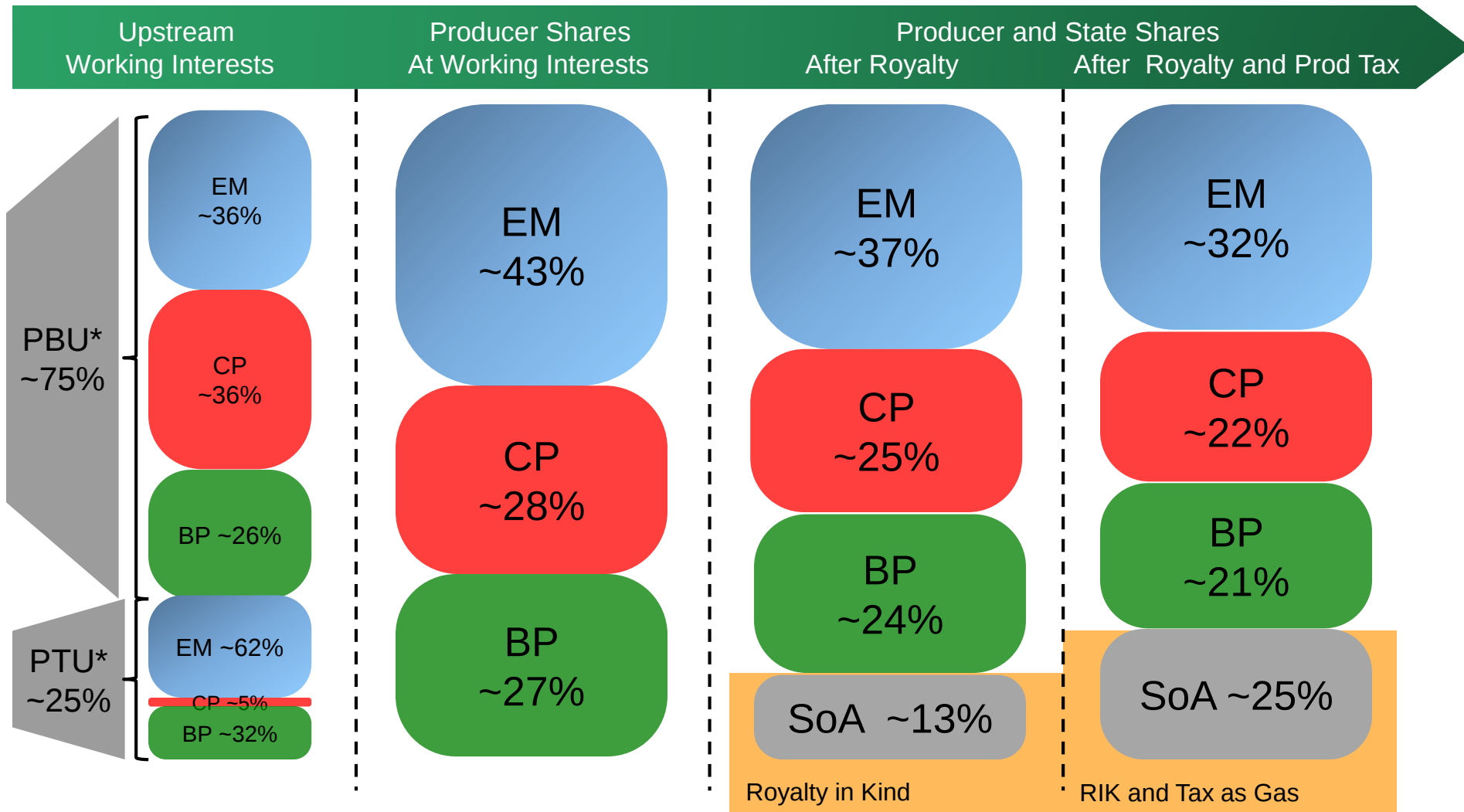
AKLNG  
Project  
Pre-FEED

**Gas  
Production**

## PBU / PTU Facilities Work

- Preparations for commercial natural gas production are underway at both Point Thomson Unit (PTU) and Prudhoe Bay Unit (PBU)
- Significant natural gas development required at PTU including drilling and gas handling facilities
- PBU would also require some new facilities
- AOGCC issued amended PBU field gas offtake authorizations on October 15, 2015
  - Also authorized injection of CO<sub>2</sub> from other fields into Prudhoe Bay
- AOGCC issued PTU field gas offtake authorizations on October 15, 2015

# Gas Sources and Shares



\* PBU / PTU split subject to gas supply agreements and regulatory authorizations

# Gas and Project Shares

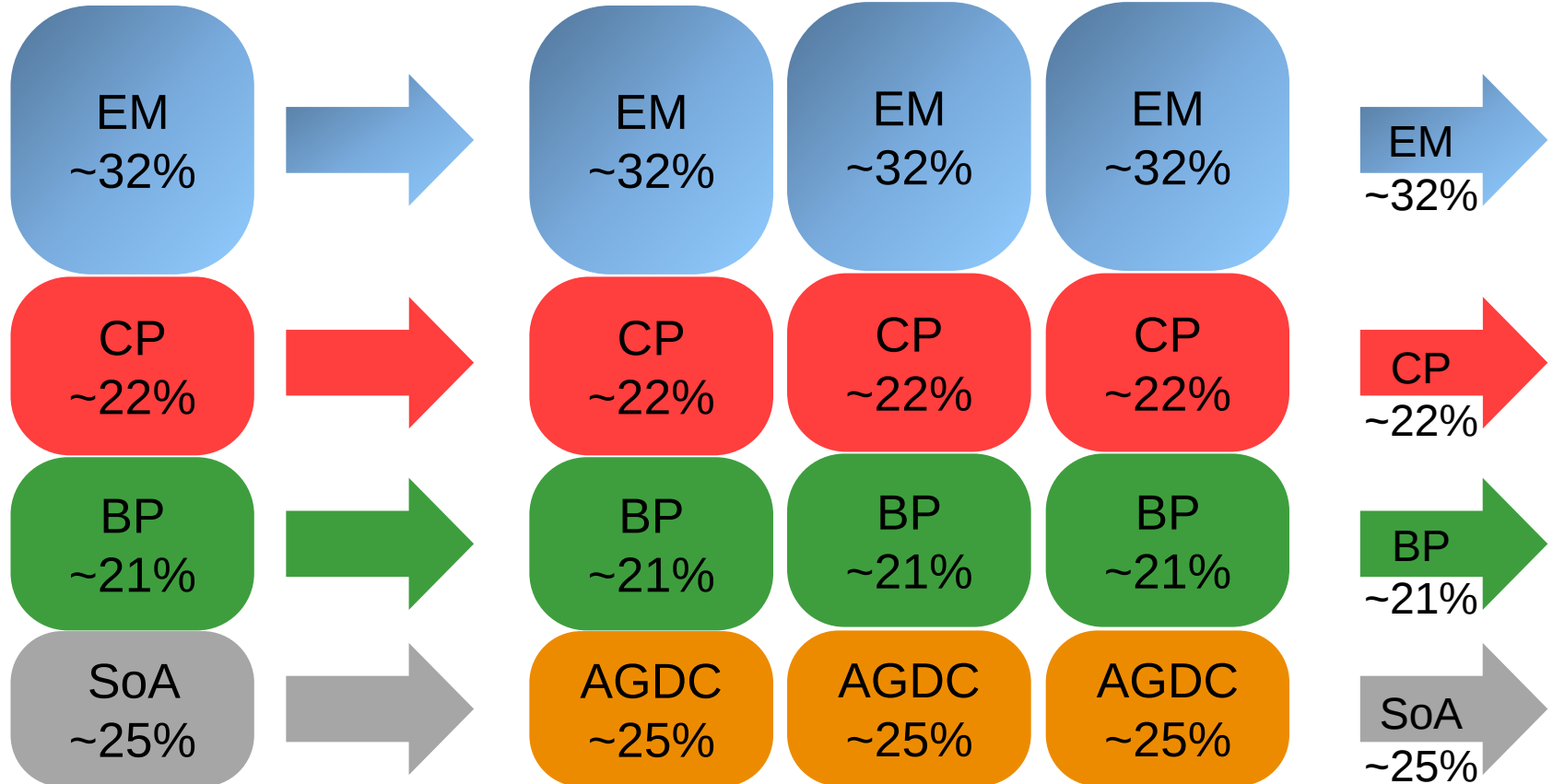
Gas Production  
Shares

Gas Treating  
Plant

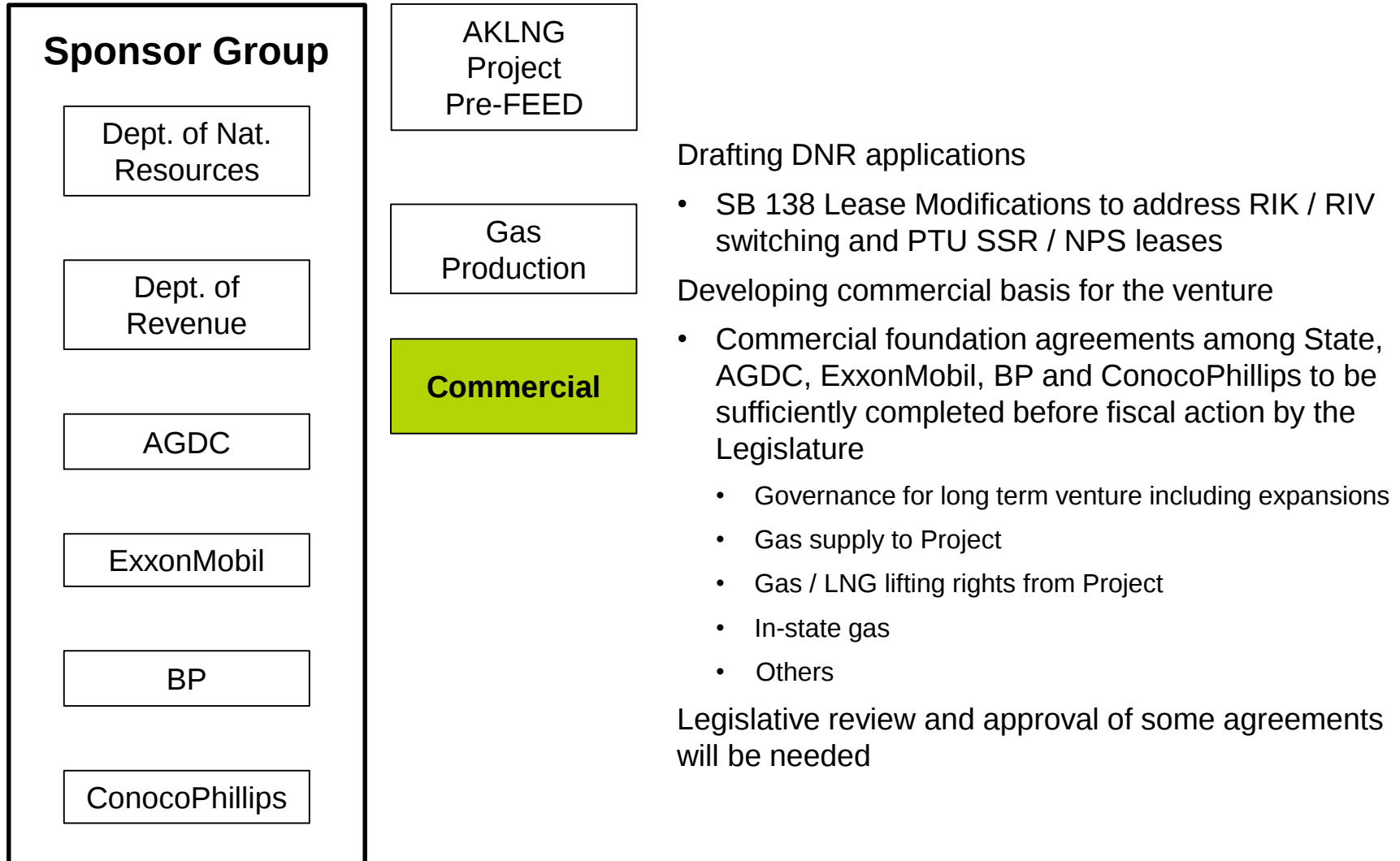
Pipeline

LNG Plant

LNG Marketing



# Alaska LNG Venture Arrangements

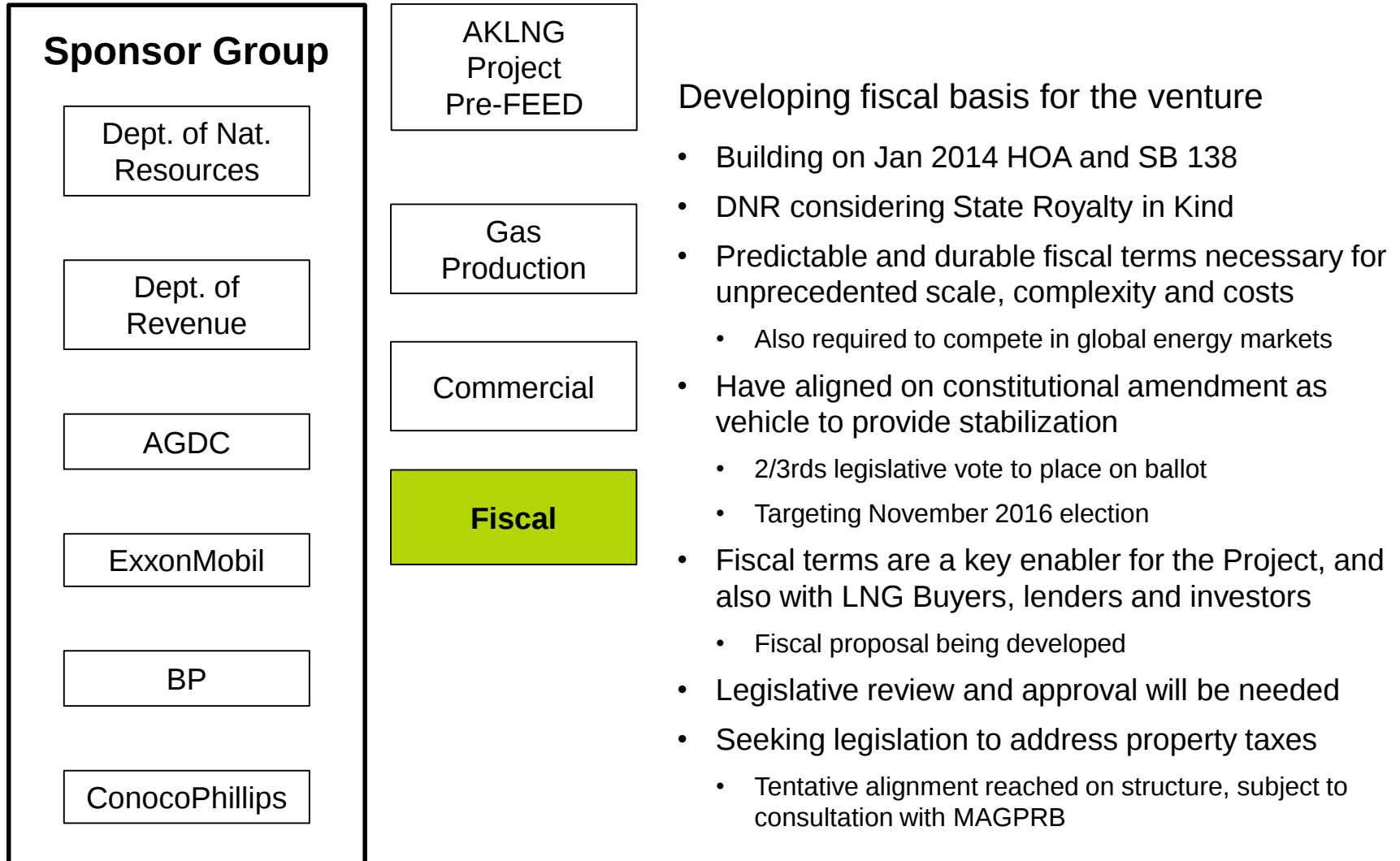


# Commercial Basis for Venture

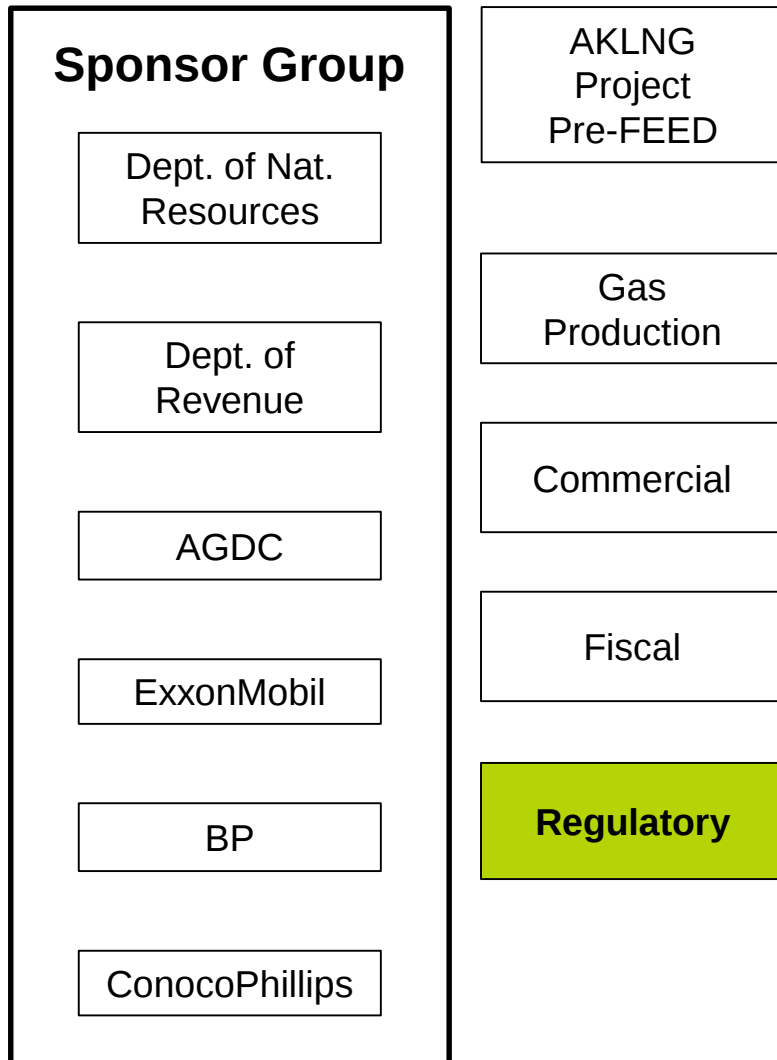
- Governance for long term venture including expansions
  - Contract texts advancing well
  - Outstanding issues likely resolved with fiscals and gas supply
- Gas supply to Project
  - Seeking alignment on common commercial structure
  - Two alternatives under consideration
- Gas / LNG lifting rights from Project
  - Principles during Pre-FEED, text worked during FEED
- In-state gas
  - AGDC developing State's preferred commercial structure for in-state gas distribution
  - AGDC to seek in-state gas supply proposals
- Others
  - GTP by-product handling
  - Field cost allowance
  - PTU lease conversions
  - LNG marketing structure(s) in relation to State's LNG share

Completion of these agreements will support DNR royalty in kind election and Special Session to approve fiscal terms

# Alaska LNG Venture Arrangements

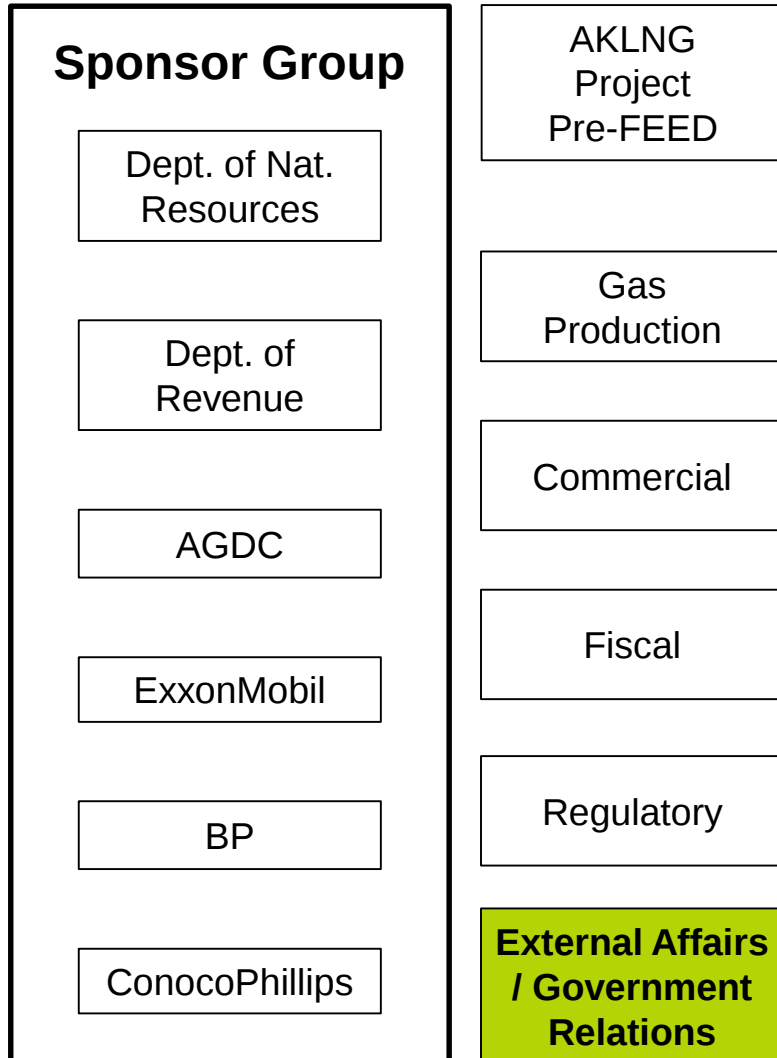


# Alaska LNG Venture Arrangements



- FTA and non-FTA DOE Export Authorizations received
  - Allows access to all key LNG markets
- NEPA Pre-File process sets foundation for the Environmental Impact Statement (EIS)
  - Two drafts of Resource Reports before final submission intended to facilitate stakeholder engagement
  - First draft submitted in Feb 2015 – available for public review on FERC website
  - Second draft of Resource Reports to include updated project description, specific, anticipated project impacts and proposed mitigation measures; expected to be submitted in 1H 2016

# Alaska LNG Venture Arrangements



- Project of this magnitude / complexity cannot succeed without broad public support
- Facilitating public dialogue and community engagement about the Alaska LNG Project

# Alaska LNG Venture Participant Update

- Key Accomplishments since September Update
  - Approval of 2016 WP&B
  - Seamless transfer of TransCanada Alaska entity to AGDC; continued access to key TransCanada personnel
  - AOGCC authorized gas offtake for PBU and PTU, and PBU CO<sub>2</sub> AIO
- Major Outstanding Issues
  - Domestic (in-state) gas supply structure(s) to supply gas to AGDC Aggregator
  - LNG marketing structure(s) in relation to State's LNG share
  - Timely completion of key commercial and fiscal contracts followed by legislative approval consistent with SB 138 – including gas supply to project
  - Royalty decisions
    - Lease modifications
    - RIK election (subject to project-enabling agreements)
    - Determine State Gas Share structure (since State is not a working interest owner at PBU / PTU), if RIK/TAG triggered
  - Legislation to authorize:
    - Public vote on constitutional amendment that provides durable / predictable fiscals
    - Property tax structure

# Deliverables to Support FEED Decision

## AKLNG Project

- Pre-FEED Project Deliverables / Prep for regulatory filings

## Gas Production

- PBU / PTU Development Plans, AOGCC Offtake / PBU CO<sub>2</sub> AIO

## Commercial

- Key Agreements (e.g., Lease Modifications, Governance, Gas Supply)

## Fiscal

- Property Tax, Royalty-in-Kind, Predictable / Durable Terms, approved Constitutional Amendment

## Regulatory

- DOE Export Authorizations Received, Progressing FERC NEPA Pre-File

## External Affairs / Government Relations

- Broad support for Project