



Venture Participant Update

House and Senate Resources Committees

January 27, 2016

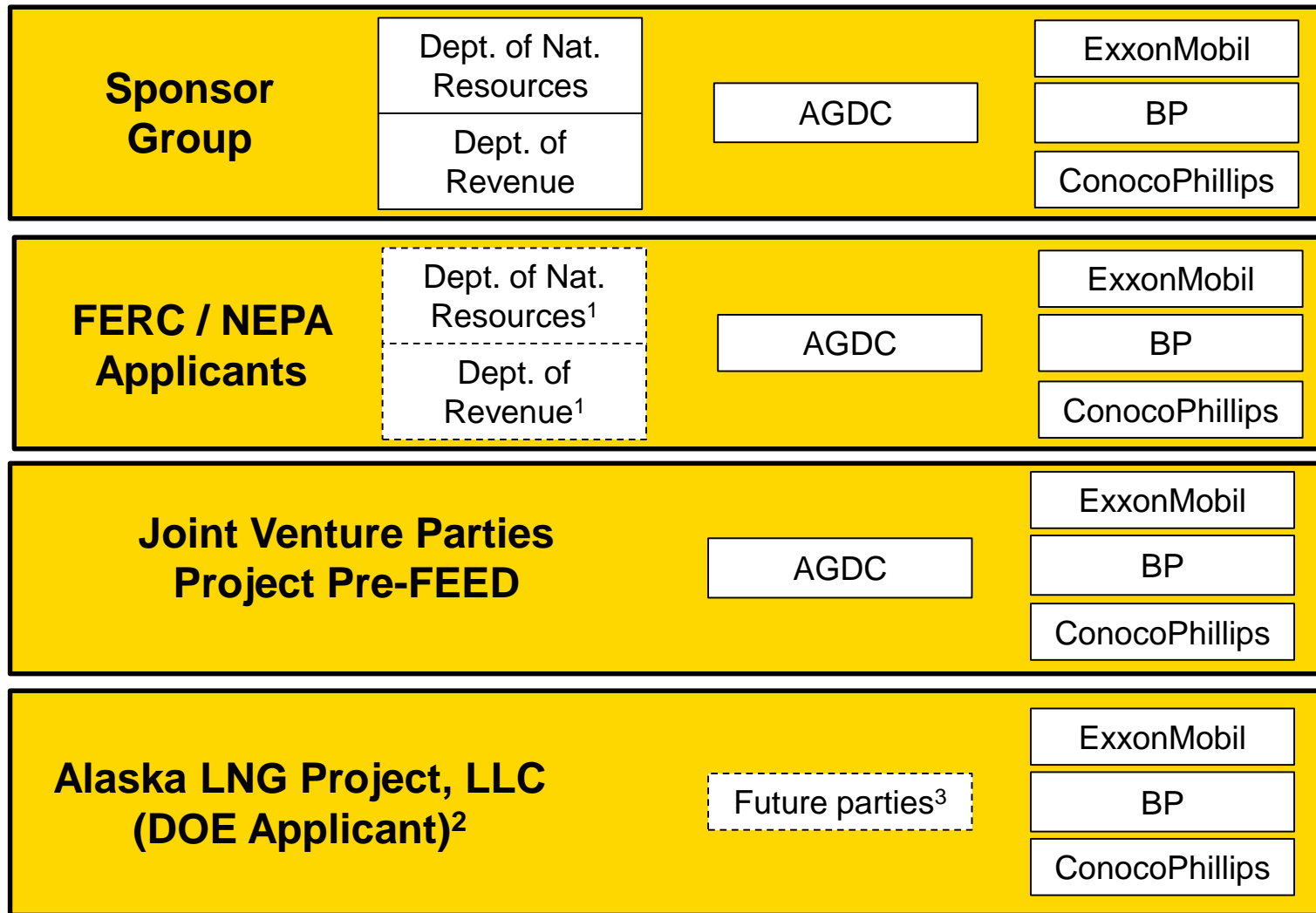
Marty Rutherford – State of Alaska
Fritz Krusen – AGDC

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 CO₂ into PBU
- AGDC formed in-state gas aggregator subsidiary

Alaska LNG Project Arrangements



¹ Consultant role for DNR / DOR

² DOE authorization also covers anticipated State RIK and TAG volumes

³ AGDC

Alaska LNG Project Arrangements

Sponsor Group

Dept. of Nat.
Resources

Dept. of
Revenue

AGDC

ExxonMobil

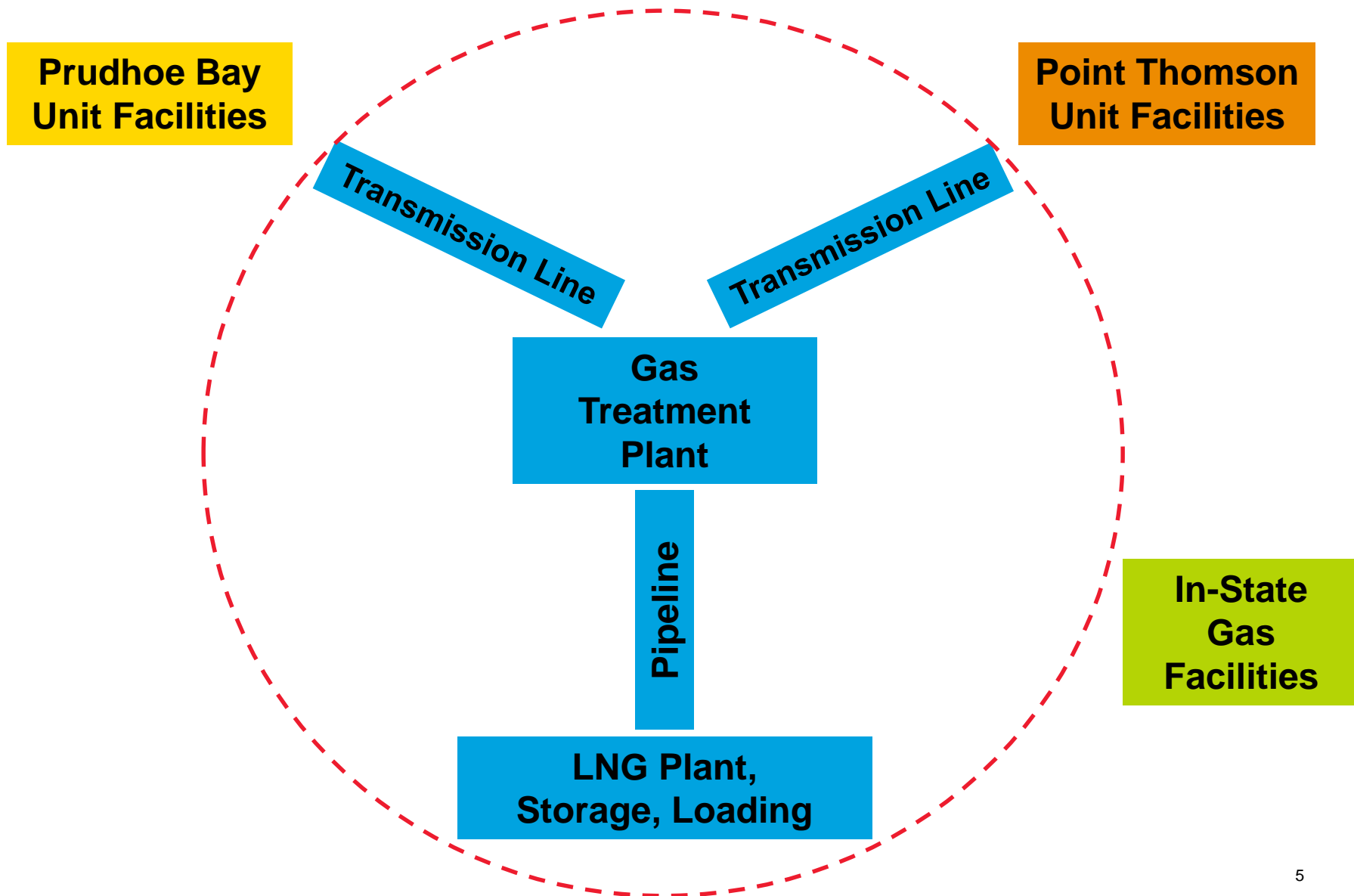
BP

ConocoPhillips

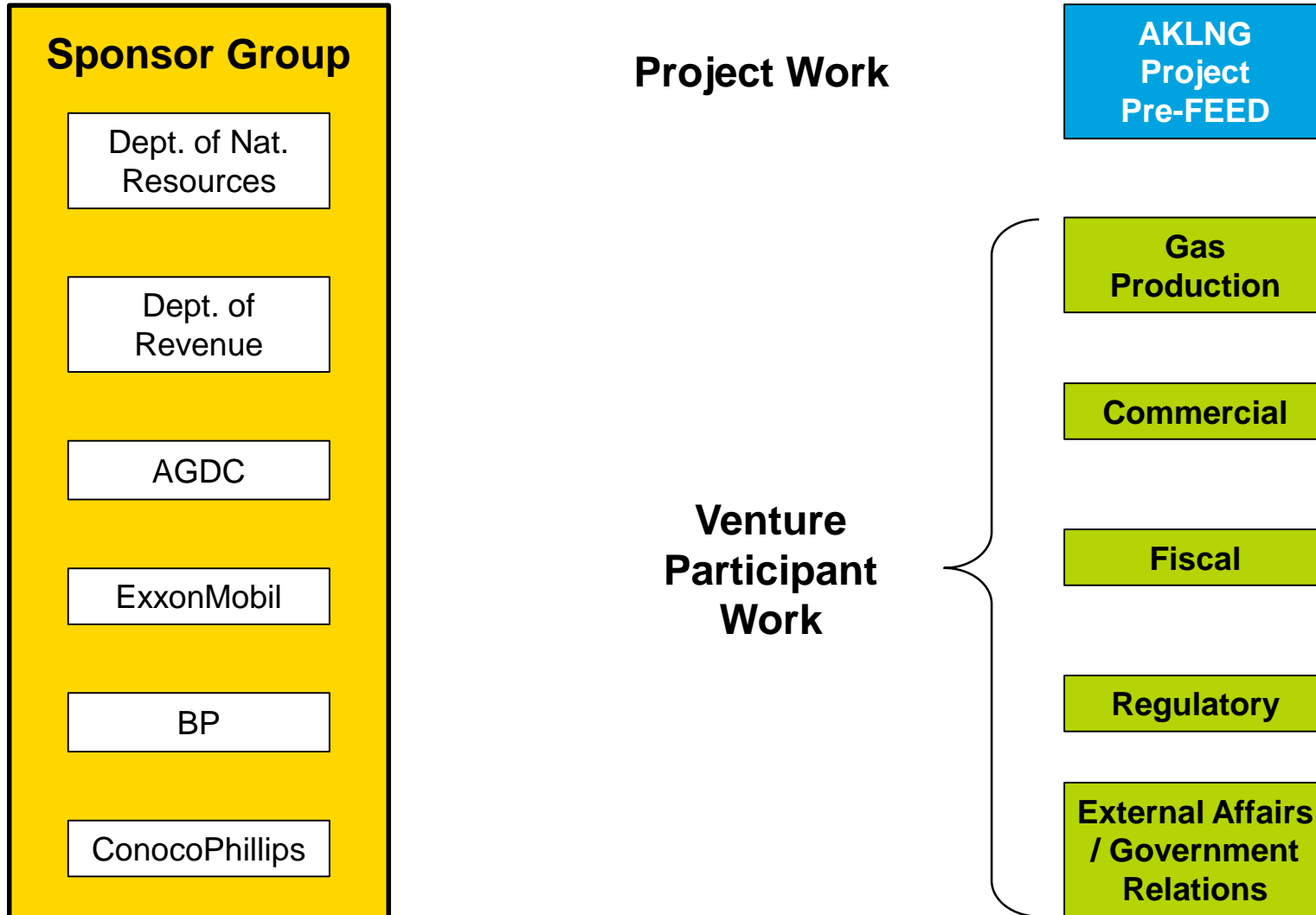
AKLNG Project Pre-FEED

- 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

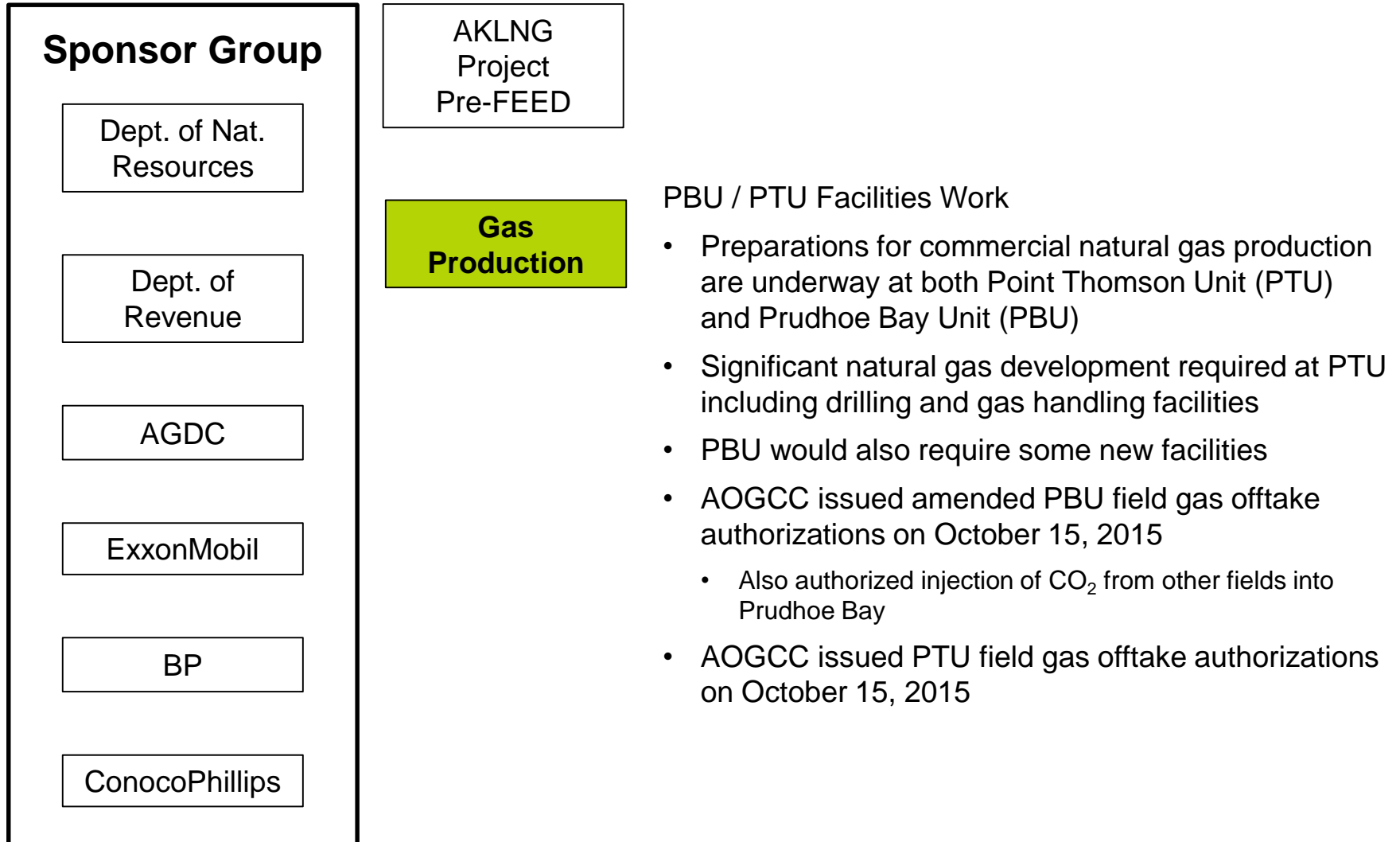
Alaska LNG Project Facilities



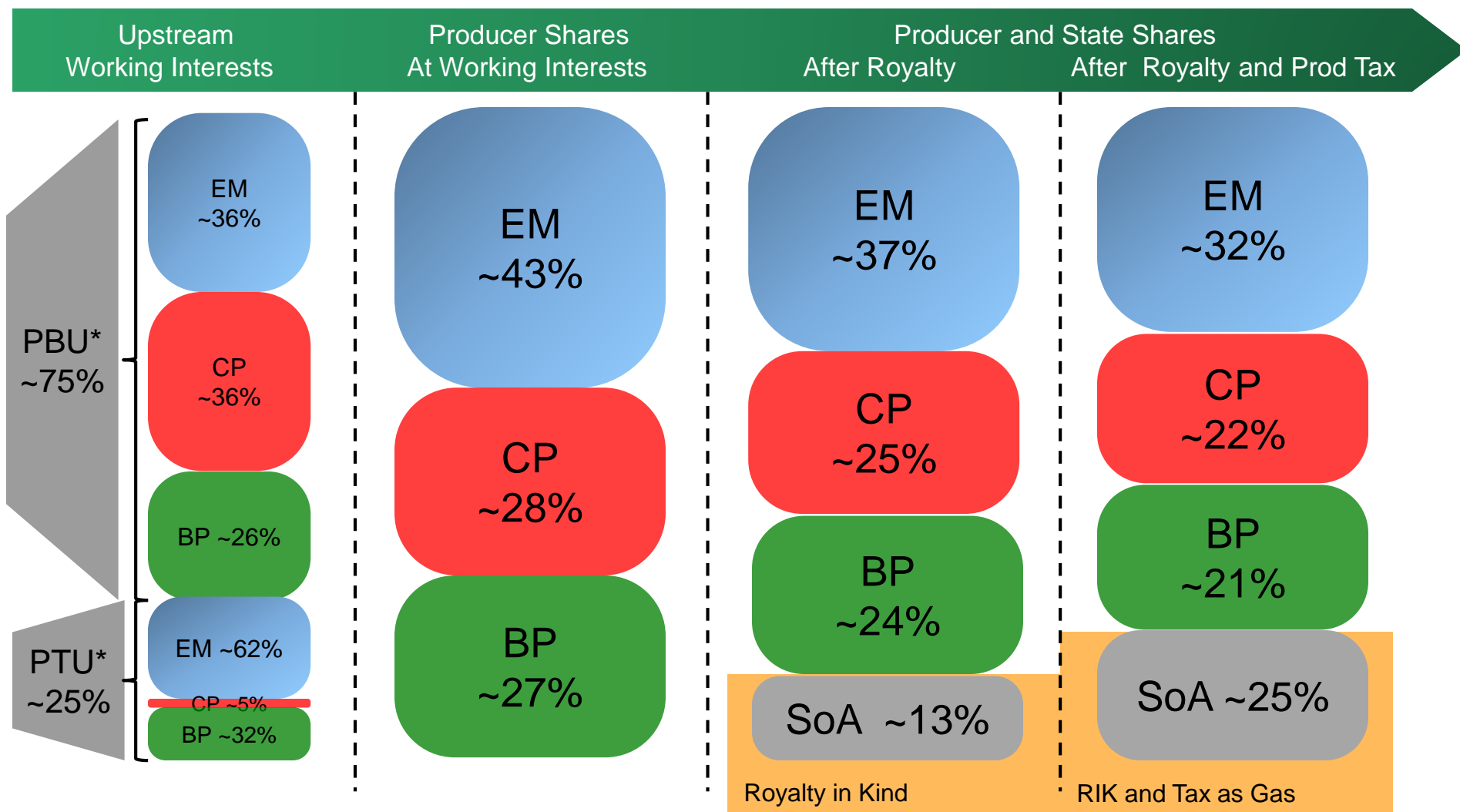
Alaska LNG Venture Arrangements



Alaska LNG Venture Arrangements

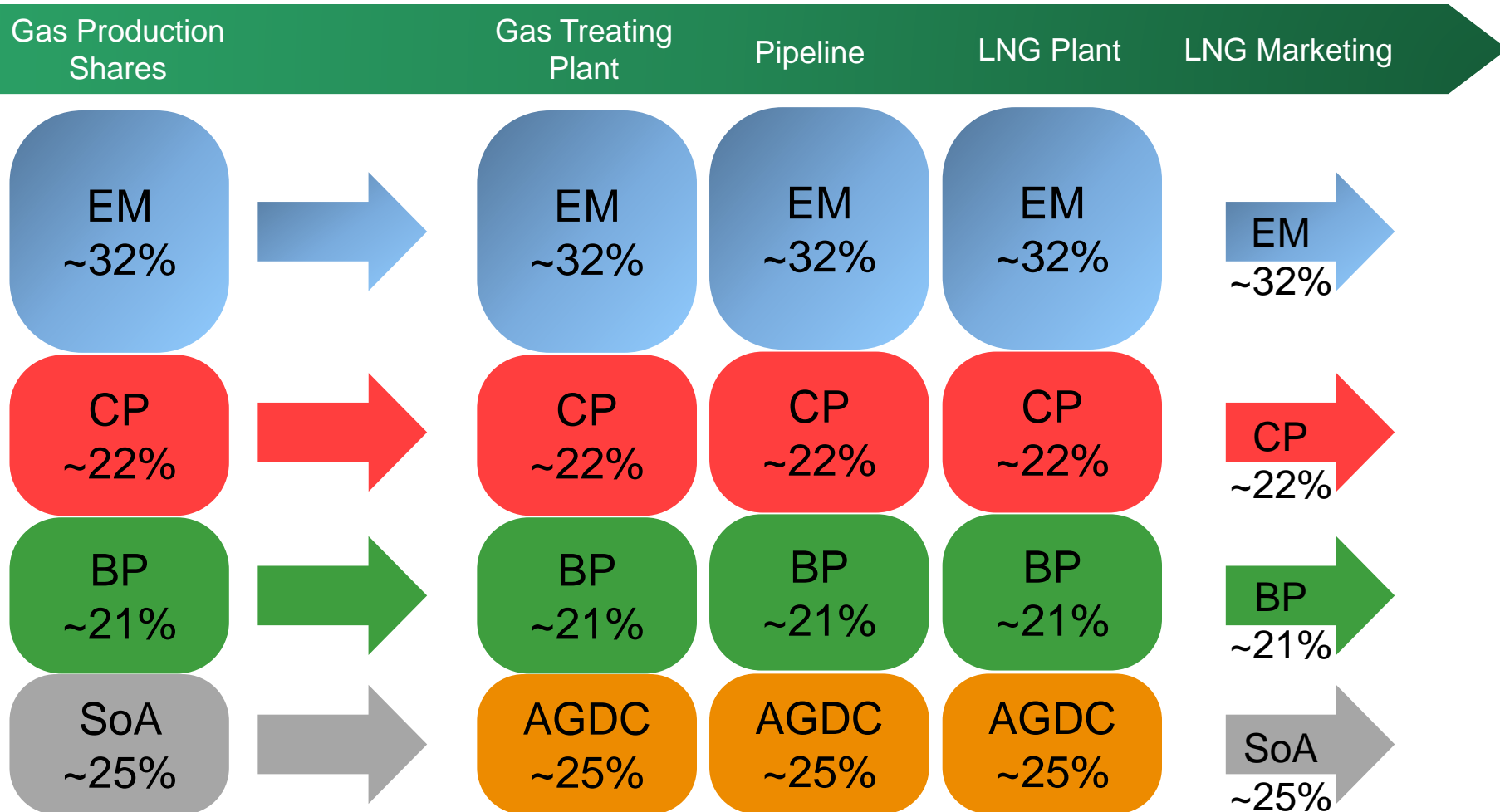


Gas Sources and Shares

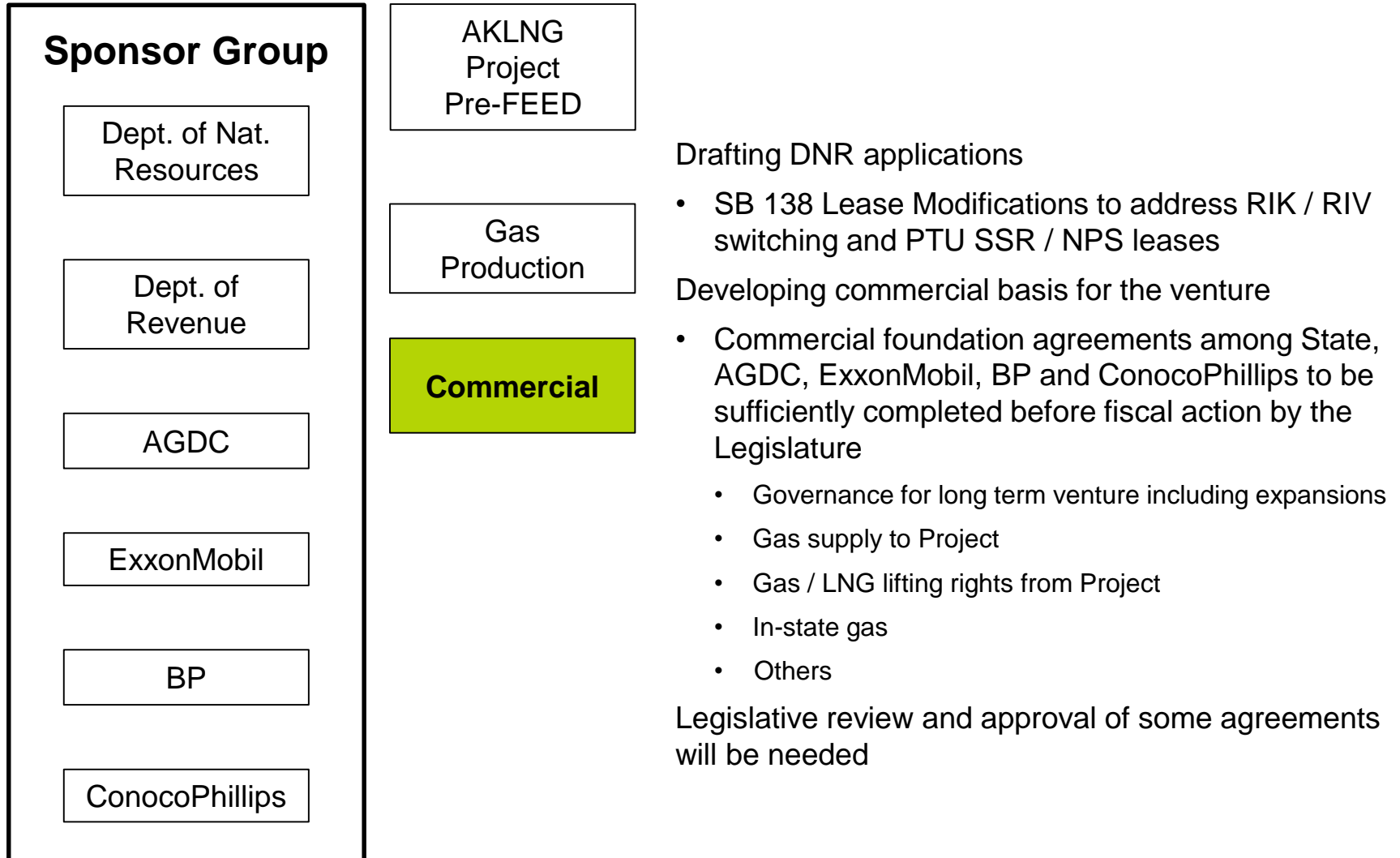


* PBU / PTU split subject to gas supply agreements and regulatory authorizations

Gas and Project Shares



Alaska LNG Venture Arrangements

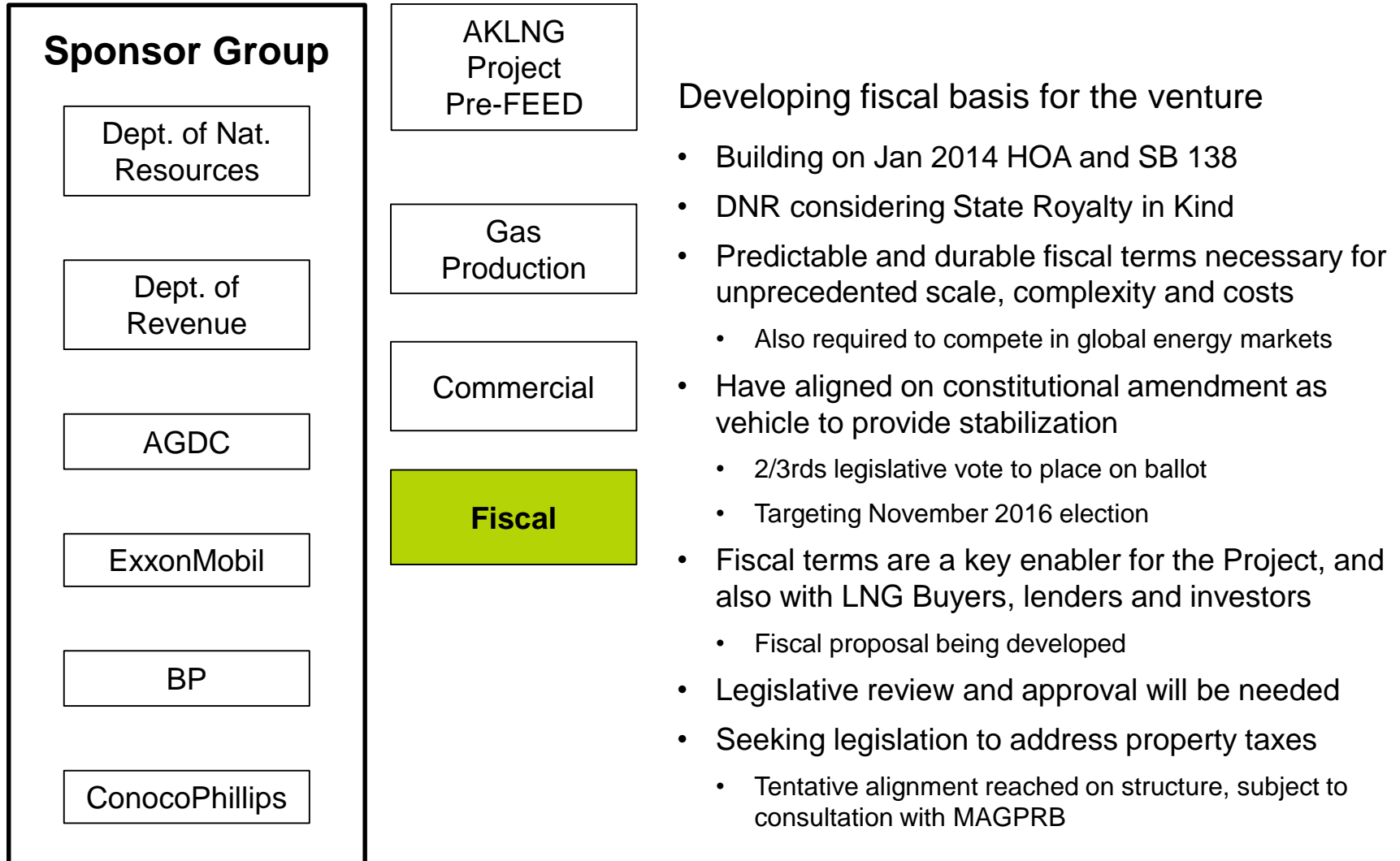


Commercial Basis for Venture

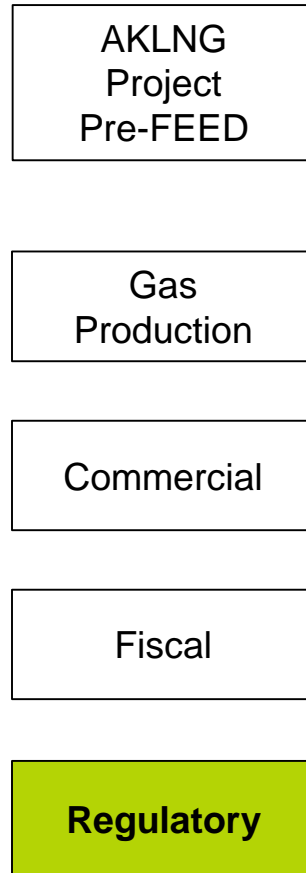
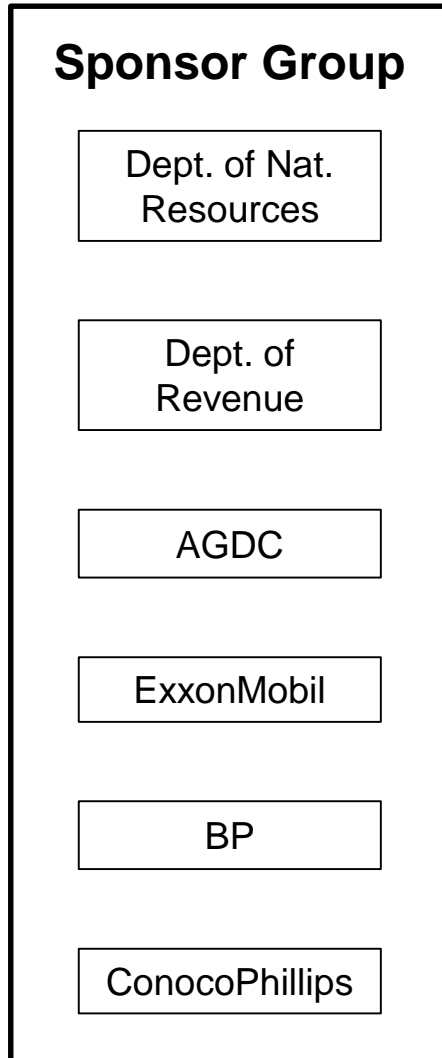
- Governance for long term venture including expansions
 - Contract texts advancing well
 - Outstanding issues likely resolved with fiscals and gas supply
- Gas supply to Project
 - Seeking alignment on common commercial structure
 - Two alternatives under consideration
- Gas / LNG lifting rights from 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

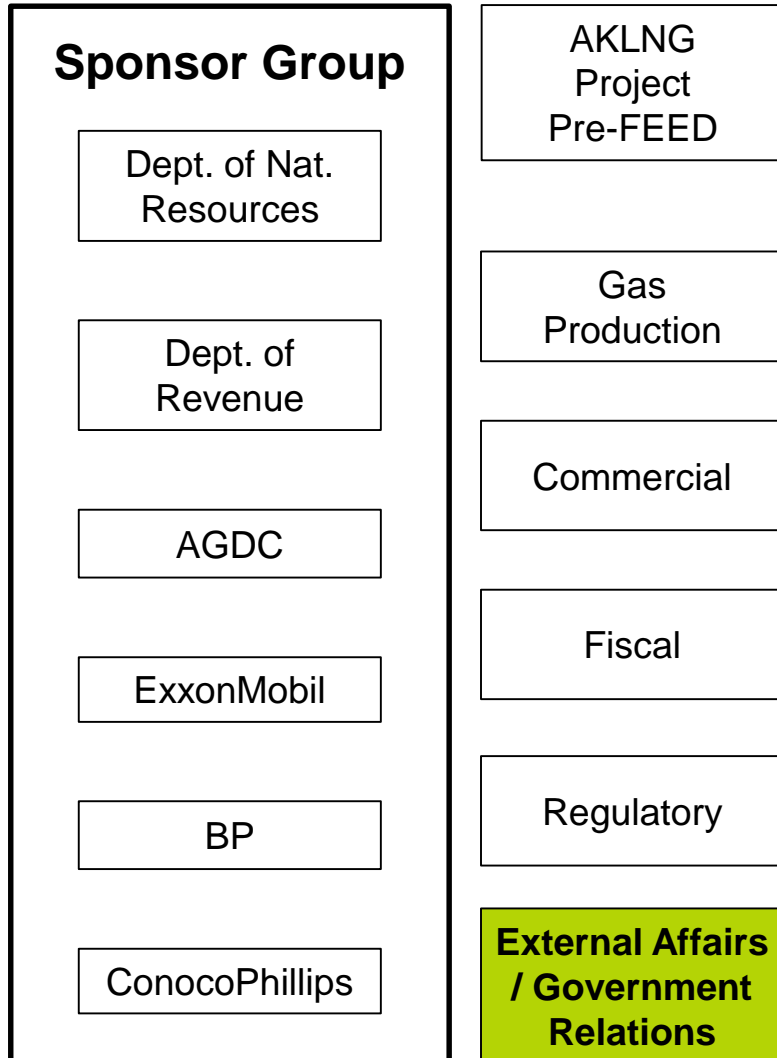


Alaska LNG Venture Arrangements



- 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 CO₂ 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 CO₂ 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