

**ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE**

January 23, 2008

3:42 p.m.

MEMBERS PRESENT

Senator Charlie Huggins, Chair
Senator Bert Stedman, Vice Chair
Senator Lyda Green
Senator Lesil McGuire
Senator Bill Wielechowski
Senator Thomas Wagoner

MEMBERS ABSENT

Senator Gary Stevens

OTHER LEGISLATORS PRESENT

Senator Gene Therriault
Senator Hollis French

COMMITTEE CALENDAR

ConocoPhillips Proposal to the State of Alaska

PREVIOUS COMMITTEE ACTION

No previous action to consider

WITNESS REGISTER

BRIAN WENZEL, Vice President
ANS Gas Development
ConocoPhillips

POSITION STATEMENT: Discussed ConocoPhillips AGIA application

ACTION NARRATIVE

CHAIR CHARLIE HUGGINS called the Senate Resources Standing Committee meeting to order at [3:42:05 PM](#). Present at the call to order were Senators Stedman, Wielechowski, Wagoner and Huggins.

ConocoPhillips Presentation by Brian Wenzel

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CHAIR HUGGINS announced the ConocoPhillips presentation and noted three items from the administration, a letter from ConocoPhillips Chair and CEO, James Mulva, on the application, a critique of that and third, nine question posed by the administration.

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SENATOR WAGONER asked if Mr. Wenzel could respond to the nine questions in writing.

BRIAN WENZEL, Vice President, ANS Gas Development, ConocoPhillips, said he could answer most of them today, but he could provide written responses.

CHAIR HUGGINS said they prefer the later for clarification even if he answers them today.

SENATOR STEDMAN noted the critique of ConocoPhillips application from the administration, but it doesn't indicate who wrote it or where it came from. He also noted another document submitted by the administration that could have been written by anybody. Considering the magnitude of the issue they are dealing with, he said, the administration should clearly delineate what is coming from them or anybody else so as public records are compiled over the years they know who wrote them and where they came from.

CHAIR HUGGINS concurred. They should have a date, what the source is and who produced it with an initial at a minimum. "That's just good professional work."

SENATOR MCGUIRE joined the committee.

MR. WENZEL agreed. The purpose of the public roll-out is so that Alaskans can realize there is an alternative path forward on this project.

He started with why ConocoPhillips didn't come in with a proposal outside of AGIA. It's because AGIA didn't provide enough flexibility. "It wasn't going to allow us to present what we felt was the most creative and best project, the best proposal, to move this project ahead."

The bill became law without sufficient flexibility to allow ConocoPhillips to put in that best proposal. It also passed with a provision that said non-conforming applications would be rejected. So, they were left in a situation where they couldn't submit a conforming proposal because it wouldn't have been the

best one to move the project forward and they couldn't submit a non-conforming proposal because they knew they would be rejected; and that left them with one alternative which was to submit a proposal outside of AGIA but on the same timing. They viewed it as the best way to get to a successful open season and a better path than going forward under AGIA. It was offered in the vein of competition.

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Three important things about their proposal he said are: ConocoPhillips isn't asking for a state contribution or any portion of the \$500 million, because that is inconsistent with process of selecting a company that is going to cost \$30 billion. Conversely, ConocoPhillips is offering to spend \$400 million to \$600 million of its own money to move forward to a successful open season.

Second they want to involve a third-party pipeline company in the ownership ranks of this pipeline - a non producer. ConocoPhillips' interests might well be aligned with those of a third-party pipeline company in terms of expansion.

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Third, he said, ConocoPhillips has made an overture to the administration to sit down up front and set forth a gas fiscal framework which is critical of moving to a successful open season. The reason is ConocoPhillips as a pipeline developer wouldn't be able to receive the necessary nominations at an open season if some of the risks can't be mitigated. They want to know what the tax rules would be and how often they would change.

MR. WENZEL stated this project needs long-term firm transportation commitments to get financing to build the pipeline. He explained that the lenders have no interest in having collateral in a piece of steel; they want to know that someone is going to pay to move gas down that pipeline. He will have to ask the shippers for a 20-25 year commitment to do that - even if it costs more to get it out of the ground than they can sell it for at the end of the pipeline or even if they can't get the gas out of the ground in the first place. Their commitment is day in and day out - to pay the tariff even if they can't deliver the gas. It's this commitment from credit-worthy shippers that will allow ConocoPhillips to finance this project and get the pipeline built.

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SENATOR GREEN joined the committee.

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MR. WENZEL said ConocoPhillips realizes this gas project has to move ahead and has elected not to condition it on oil fiscal stability. This is different than before when the three producers were working on proposals.

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SENATOR STEDMAN asked if the legislature's actions in moving the structure of the oil tax up to a marginal rate in the 80-90 percent per barrel range lead ConocoPhillips to conclude there is no reason to have oil fiscal stability on the table - because you can't go much higher than the low 80s before getting to 100 percent of the marginal revenue.

MR. WENZEL replied that they were very disappointed by the recent changes to the oil tax and felt it needed to be changed again.

SENATOR WAGONER referenced ConocoPhillips partnering with TransCanada on the Keystone Pipeline and asked if they had talked to them about partnering on this project.

MR. WENZEL replied yes as well as with Enbridge. They are both viable partners. However, their concern is with TransCanada's withdrawn partners' liability of \$9 billion even though TransCanada has said it will not affect the tariff. He was still very unclear about how it would affect a possible ConocoPhillips partnership with them.

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CHAIR HUGGINS pointed out that Tony Palmer, TransCanada's vice president of Alaska operations, was in attendance. Mr. Palmer said in an interview that the liability would not be an issue for the gas pipeline.

SENATOR WAGONER said he has been led to understand the \$9 billion liability won't come into play and he thought that would be the first talking point between ConocoPhillips and TransCanada. He saw a five-legged stool forming to do this project, but he saw just two legs talking to one another at this point. The other two legs are the other two producers. He asked if ConocoPhillips would bring the other two producers into the talks and if they would be willing to come.

MR. WENZEL responded that his legal team is concerned about how they get protected from the withdrawn partners' \$9 billion liability. He agreed with TransCanada's statements that it wouldn't be in the tariff that would affect the royalty or production tax value back to Alaska. He said:

However, at the end of the day, if there is any way that that liability or if there's even uncertainty about that liability, somehow impairing or impinging on a partner of TransCanada in this project, that impacts their profitability, their willingness to partner with TransCanada, it puts a cloud over the project. Whether it's going to hit the tariff or not is not the whole story. It's also a question of whether it's somehow going to create additional uncertainty for potential partners in this project. And if it does, does that leave us in a situation where again if Alaska chooses not to go down the path of selecting the ConocoPhillips path and they head down that path, are we in a situation where we have a party who needs to construct a project on their own? Do they have the necessary capital, the necessary financial ability to make this project happen without partners? And our view is we want partners involved here. It only makes it work better. Not only do we want the administration and the legislature working with us; we want BP and Exxon. We want a third-party pipeline company.

He said this is 100 percent a ConocoPhillips' proposal. BP and Exxon don't agree with everything in the proposal, but it is a path to move the project toward a successful open season and that successful open season needs the participation of BP and Exxon.

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SENATOR WIELECHOWSKI said he heard the \$9 billion liability is a non-issue because it relates to a partnership agreement from many years ago and TransCanada's bid is not being made under it. He asked Mr. Wenzel to describe the terms of a gas fiscal contract that would make ConocoPhillips feel comfortable enough to build a gasline.

MR. WENZEL replied, "For ConocoPhillips the withdrawn partner liability is not a non-issue." If they were going out to seek gas nominations or seek partners to participate in this project, it was a question of what their comfort level was. "It's not

about our comfort level or TransCanada's comfort level. If there is the perception of uncertainty; if there is the perception of risk about that liability, we believe it could very easily prevent a successful open season." He said his legal team is saying this is a non-starter. That liability needs to be removed or somehow settled.

With respect to the gas fiscal framework, ConocoPhillips has proposed to focus on a period of time the system will remain unchanged. "That's the most important piece in our mind." It should be consistent with the firm transportation commitments - 25 years.

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With respect to the actual system, ACES, ConocoPhillips wants clarity well in advance of an open season. If that isn't there, they won't have a successful open season.

SENATOR WIELECHOWSKI asked if he had a rate in mind.

MR. WENZEL replied no; but he would be happy to consider net or gross. He didn't want to dictate the right answer.

CHAIR HUGGINS asked if he was saying that he wanted some relationship between tax stability and the FT shipping commitment timeframe.

MR. WENZEL answered yes.

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SENATOR WAGONER said AGIA provides 10 years of tax certainty for people who commit gas in the first open season and asked why that wasn't appealing to him.

MR. WENZEL disagreed and said AGIA does not have 10 years of fiscal stability. The original bill did provide it by contract, but the word "contract" had been removed. But more than that, certain legislators put on record that the intention was that the legislature could change the tax system every year. So, in his mind the current AGIA bill does not provide any tax stability in that sense.

SENATOR WAGONER asked what if that verbiage was put back in.

MR. WENZEL answered no, but that Governor Palin's contractual mechanism to provide fiscal clarity and predictability could work very well.

CHAIR HUGGINS noted that AGIA would have to be changed in order for that to happen.

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MR. WENZEL went to his first slide and said ConocoPhillips wanted to partner with the State of Alaska and develop a gas fiscal framework in advance of an open season to provide shipper confidence. He said ConocoPhillips was willing to include a third-party pipeline company in the project. The needs of the pipeline owners should be balanced with the state's needs.

He said ConocoPhillips is already under way with summer 2008 field work so that they could have people in the field as early as June 1 looking at route reconnaissance, ancestral lands and preliminary permitting to make sure they don't miss the first summer season for working on the project. He said they would solicit preliminary interest in late 2009 and intended to advance the project all the way through an open season before the end of 2010.

SENATOR WAGONER asked if there would be dueling applications at the FERC if ConocoPhillips continues forward and the state issues a license to TransCanada.

MR. WENZEL replied you won't see two dual applications to the FERC because it wouldn't make sense. ConocoPhillips wouldn't go to a FERC certification process unless it had a successful open season. "If we have a successful open season, we're definitely moving to the FERC process and there will be no stopping that."

He stated he couldn't really speculate what would happen if the state moved forward with an AGIA licensee who felt obligated to also continue. He thought the state would recognize the need for a successful open season.

SENATOR WIELECHOWSKI asked his definition of a successful open season.

MR. WENZEL defined it as having sufficient gas nominations from highly credit worthy entities for 25 years so that the project can move forward. If only one producer shows up the project won't work; all three producers are needed, he said.

SENATOR WIELECHOWSKI asked if he was agreeing to commit ConocoPhillips' own gas.

MR. WENZEL replied that they didn't commit any of their gas to this pipeline, but ConocoPhillips is offering something that is much more valuable - to spend \$400 million to \$600 million of its own money to get there. His board would not allow him to spend that kind of money if it didn't expect it to be a project they would commit their gas to. Commitments are expected to be made at the open season.

SENATOR WAGONER asked how much gas ConocoPhillips would commit at an open season.

MR. WENZEL replied that 8 tcf of gas is theirs, but it's not a question of what they know is in the ground, it is their expectations as well.

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CHAIR HUGGINS asked him to explain what role gas off-take has in that.

MR. WENZEL asked if he meant in the state.

CHAIR HUGGINS answered yes.

MR. WENZEL replied their view is that by the time this project can be built 10 years out, sufficient gas volumes will be available without new production because they won't be needed for reinjection to produce oil.

CHAIR HUGGINS commented that would make Alaskans happy.

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MR. WENZEL'S slide 3 showed the proposed pipeline route from the North Slope south and east.

CHAIR HUGGINS asked if he had any recent numbers on escalating costs of gas treatment plants (GTP).

MR. WENZEL replied he expected it would cost \$4 billion to \$6 billion. It's a big piece of this project and it's important that it is not left outside for someone else to complete. "The pipeline itself isn't going to be worth much unless we've got the GTP in place also."

CHAIR HUGGINS asked if he was expecting his organization to be responsible for that.

MR. WENZEL replied yes as a pipeline developer they would be responsible for the gas transmission lines, the main pipe and the GTP.

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SENATOR WAGONER pointed out they would be getting tax credits through ACES for investing in those facilities.

MR. WENZEL replied yes, but it depends on how the tax system works at that time. He continued showing how the pipeline gets to Alberta where they begin to have some options. Clearly they could use an existing pipeline if there is sufficient capacity; they could expand an existing pipeline or they could build a new one. That determination would be made as they get closer to Alberta. They want to choose the lowest cost option to transport that gas to market because that means a lower tariff and a higher value back to Alaska.

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SENATOR STEDMAN asked when ConocoPhillips goes into Alberta would the 4 bcf/day go to the Lower 48 or get used in the oil sands and how viable the US loan guarantees are if the gas is consumed in Canada.

MR. WENZEL replied that Alberta definitely has markets that might use some of this gas, but Alberta is a net exporter south and that would satisfy the federal government in terms of insuring the gas is intend for US markets. He wasn't sure if ConocoPhillips would use gas in the oil sands, but it would be a commercial decision.

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SENATOR STEDMAN asked if he could clarify the relationship with the federal loan guarantee.

MR. WENZEL replied that the project would satisfy the conditions of the US loan guarantees, but he emphasized that ConocoPhillips's project is not conditioned on using them.

SENATOR STEDMAN asked if the federal loan guarantees would still be available if all the gas were used in Canada.

CHAIR HUGGINS asked him to get more detail to them on that question.

MR. WENZEL reiterated that the loan guarantees aren't a serious matter to ConocoPhillips.

SENATOR WAGONER said the hub in Alberta was the first point of sale and some of the shippers would probably sell gas there.

MR. WENZEL responded that at the open season, the shippers for this pipeline would make their gas nominations and indicate how far they would take it. He emphasized that just getting the gas to the border of Alberta didn't mean it's on the Canadian hub. It could bypass the hub and get on another pipeline into the Lower 48.

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SENATOR MCGUIRE asked what kind of fiscal commitments they have with other projects in the last decade.

MR. WENZEL replied on big infrastructure projects like this, it's not unusual to have some contractual form of fiscal stability to give clarity on how the system will work over a long period of time. They have seen contracts that last for 20 or more years. This is a precedent-setting project because it is the largest project in North America.

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SENATOR MCGUIRE asked if it's unusual to see shippers of gas find a profitable situation where they do not get a fiscal commitment because the profit is enough.

MR. WENZEL answered if this wasn't a basin-opening project and the pipeline was already in place and ConocoPhillips was not asking for a 25-year commitment, it would be a different issue. The long term commitment presents a certain obligation for the producers of gas to step up to this liability. "It's not variable. It is at least extra dollars based on whatever the tariff is expected to be. It could be more if costs come in higher than expected."

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MR. WENZEL said slide 4 showed six gas off-takes points for local uses. This could work very well with projects like ANGDA and others that have been suggested. In this vein he said there needs to be an instate gas needs study (required under the FERC), but it should be done early. It is important to understand how viable some of those projects are - some of those companies could then step into the open season process. He noted one off-take point in Canada that was based on the Municipal Advisory Group, a group of mayors that got together to look at instate gas needs. They thought it made a lot of sense to locate

an off-take point in White Horse for gas to get to Southeast Alaska. He said ConocoPhillips has designed distance-sensitive rates to each of the off-take points.

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Slide 5 indicated jobs for Alaskans ConocoPhillips' project would provide. It included a \$10 million commitment in training because it has a lot of concern about labor availability, especially qualified labor. He said ConocoPhillips has a long history - 50 years - of Alaska hire, buy and build. This project is so massive they will need all the labor and business they can find. They will negotiate project labor agreements and provide for local hiring halls and make sure they have good relations with all sources of labor in order to move this project ahead.

MR. WENZEL said ConocoPhillips plans to put a project headquarters in Anchorage and a construction headquarters in Fairbanks.

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Slide 6 was about pipeline expansions and he emphasized that any pipeline must be expandable. He stated that ConocoPhillips would conduct non-binding open seasons every two years to the extent there is sufficient interest; and they would follow up with a binding open season to insure the interest is still there. He expected the expansion would come for the most part in the form of compression as opposed to looping or building a new line. ConocoPhillips has offered a compromise on the rolled in rates issue that comes down to what degree do the original shippers on a pipeline subsidize future expansion shippers. He explained that AGIA required its applicants to step up to a 115 percent subsidy of other companies. ConocoPhillips doesn't think that is appropriate and has offered a compromise in terms of providing a 5 percent subsidy for lower tariffs at the time of the expansion.

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SENATOR WAGONER said slide 6 says ConocoPhillips will seek and support a less than unanimous voting level on all pipeline expansion matters among the major pipeline owners in any future entity agreements. He asked who they see as major pipeline owners and if those are limited.

MR. WENZEL answered that their proposal has a provision providing for less than unanimous voting to decide on expansion of the pipeline to ensure that no one owner could stop it. He wanted to be sure as the pipeline company moves ahead and other

owners come in, that BP, ConocoPhillips, Exxon and third-party pipeline companies will be there. Whether there are other owners depends on whether there have been other expansions and whether other owners have been allowed into the pipeline. The major players are the ones who will make the decision to move this project ahead.

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Slide 7 illustrated their streamlined schedule of 10 years if the project started tomorrow. The first five years were taken up with permitting activities and construction took up the next five years. Slide 8 illustrated their planning process.

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MR. WENZEL summarized that ConocoPhillips has provided the administration with an alternative to consider along side the AGIA application. It brings the financial strength to stand behind shipping and completion commitments. Its history in Alaska indicated strong Alaska hire, project construction and management especially in the Arctic.

ConocoPhillips also brings the rights to produce its own gas along with the other FTs, he explained and it will spend its own \$500 million, not the state's, to get the project going.

SENATOR WAGONER asked at what point the gas on ConocoPhillips' lease actually becomes theirs.

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MR. WENZEL replied that that gas effectively has several owners that will share in the benefits of it. Their lease gives ConocoPhillips the right to produce it and sell it for the best price they can get and share those proceeds with Alaska in the form of royalties and production tax.

SENATOR WAGONER asked at what point it becomes their gas and 12.5 percent becomes the state's. Is it still the state's gas when it's in the reservoir? How is that defined?

MR. WENZEL replied he has no legal answer. The point of production is the point at which royalties and taxes occur. Beyond that, when the gas is in the ground, he didn't think that was relevant because they signed a contract that says they have a commitment to produce and use the hydrocarbons and when they do, that's when they pay royalties and production tax.

SENATOR WAGONER stated that is required in the lease.

MR. WENZEL responded that the whole intention of a lease is to explore and hopefully find something. And then if you find something, to develop it.

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SENATOR WIELECHOWSKI said for AGIA there was a long debate on what Alaska needed for any gasline project and came up with 20 must haves, 2 of which didn't apply to ConocoPhillips' proposal and of the remaining 18, 11 didn't get met. And he asked why the legislature should consider a bid that doesn't meet their must haves when a very reputable company agreed to meet 100 percent of the must haves.

MR. WENZEL said he disagreed with his count and said ConocoPhillips has met and addressed many of the must haves. Senator Wielechowski might consider they hadn't agreed on rolled-in rates, but ConocoPhillips has addressed them and found a better balance in committing 105 percent. He also wanted to clarify that they were not trying to meet the AGIA requirements; their intention was to offer the best path to a successful open season. Getting all the must haves was not their goal. Merely conducting an open season is meaningless and just building a pipeline wouldn't bring the gas to market, he said.

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SENATOR STEDMAN asked Mr. Wenzel if he was disturbed to see a definition of insanity just under the name of ConocoPhillips on an unsigned document from the administration.

MR. WENZEL replied, "It was inappropriate, disrespectful - I don't understand it. We were very taken aback by that approach. I think it's disrespectful to the Governor of Alaska for that phrase to be there."

SENATOR STEDMAN asked if he had concluded that he is not insane and neither is his board of directors and that ConocoPhillips is actually a prudently-run multinational oil company.

MR. WENZEL stated yes.

SENATOR STEDMAN said the comments he referred to were on an attachment called "Overview of ConocoPhillips Proposal to the State of Alaska." Right under the title in italics was a direct quote: "Insanity, doing the same thing over and over again and expecting different results." There was no name or date on it. Clearly he said comments like that are counter productive and

don't help the citizens of the state of Alaska to get first gas. They don't help the state's business partners in the oil and gas industry get the state's gas to market.

SENATOR STEDMAN stated that while legislators didn't agree with all the issues in their proposal, it was clearly well-thought out and came from a reputable company.

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SENATOR MCGUIRE said she struggles as a lawmaker with what to do with his proposal from a practical standpoint. Other folks were considering making an application and the rules were well laid out. She asked how he would feel if he was in an RFP process and another company decided to compete outside of the rules. The proposal was outside the deadline and she didn't know where to place it.

MR. WENZEL said he appreciated that recognition; however, when the state was setting up the AGIA process, he didn't believe there were a lot of qualified applicants. Certain players were excluded because it was so rigid. Big projects need more flexibility and AGIA left an out; it says the administration would decide which bid would qualify and which would be truly in the best interest of Alaska. The second opening was if the administration decided another avenue was in the best interest of the state.

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He said in his mind, being qualified under AGIA, didn't guarantee one a recommendation as a licensee and being recommended as a licensee didn't guarantee one a license. Those rules were very clear in AGIA. He would have no qualms if the administration or the legislature decided to pick another alternative which appeared to be a better answer for the State of Alaska.

SENATOR WAGONER asked how much gas ConocoPhillips would commit at an open season for a 48-inch line.

MR. WENZEL replied that hasn't been determined yet; but he thought around 1.2 bcf/day.

SENATOR WAGONER asked why ConocoPhillips would partner with TransCanada on the Keystone pipeline with the \$9 billion liability and not on this one.

MR. WENZEL replied they view TransCanada as a valued partner and will continue to work with them. On this particular project, they are concerned that somehow the withdrawn partners would look at ConocoPhillips to pay for that liability.

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SENATOR WAGONER said it sounded like a he said/she said situation. He hoped to have clarification on that issue in the next couple of weeks.

MR. WENZEL responded, "It's a he said/she said situation that's worth \$9 billion." For that much money, he said you should expect those claimants would spend some money to chase it in court and the project doesn't have time for them to get sued.

SENATOR WIELECHOWSKI asked if he had numbers to share with the committee in terms of return to Alaska.

MR. WENZEL replied no; those numbers are extremely variable. It's very dependent on what the gas nominations are and ultimately the economics are very dependent on what the future gas prices are going to be.

SENATOR WIELECHOWSKI said his prior proposal to the state under the Stranded Gas Act would have cost the state \$10 billion (according to the commissioners) and asked what this fiscal framework would cost the state.

MR. WENZEL replied that this project wouldn't cost the state anything; but rather it would provide revenues for the state. It's a completely different perspective. It's as if people think the project is already there and ConocoPhillips is proposing that it be scrapped and something else happen. But ConocoPhillips is proposing to make a project happen and a path to a successful open season.

SENATOR WIELECHOWSKI said he and his constituents are concerned if they have to come to fiscal framework terms which are ultimately going to result in billions of dollars less for the State of Alaska.

MR. WENZEL stated that ConocoPhillips is talking about a project that will provide revenue to the state - not cost revenue. He tried another approach and said at some point they will have to decide what the gas tax will be on the North Slope. If the legislature does its job well, it will put a system in place that aligns the interests of the gas producers and the State of

Alaska by finding a system that provides a "win/win" - that it provides mechanisms so that if the gas business is profitable the people of Alaska share in it. If it's not so profitable, and no money is being made, lets' make sure the taxes come down proportionately. He said the system should provide clarity and not need to be changed.

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SENATOR STEDMAN said they need to be careful in dealing with the gas tax structure and clearly it needs an adjustment in order for this project to go forward because now it is geared to oil and not gas. The administration is reluctant to address it; but it must be worked out and it's just a question of time.

The gas structure today clearly will not get us a gasline. There's no question about that. It's just a matter of when we are going to sit down as a legislature and work out the tax structure that is supported by the administration. And I personally would like to see us move forward on that faster or sooner than later. Some would like to see the federal government force construction of that line and do it much later. That's just a philosophical argument that we'll have to deal with here at the table. But if you measure it from the gas structure today, you're going to have a benchmark area. You're going to be measuring from the wrong point.

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CHAIR HUGGINS said the DOR had a presentation on Saturday about gas taxes. He wanted to target some calendar time over the next couple of years to do it. He hoped it would be fair; the gas pipeline will depend on it.

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SENATOR WAGONER asked how the ACES tax credits affects a profitable venture and how do the allowable deductions affect a shipper if the market price falls below the tariff.

MR. WENZEL replied that he hadn't spent a lot of time applying the ACES proposal to their project. He assumed the tax structure would change. Marsha Davis' discussion was different than what he understood. He offered to start the debate with the administration and stated that it would take more than one special session. He repeated, "And we need to get started."

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SENATOR WAGONER said TransCanada testified that it owns 36,500 miles of pipeline that delivers 30 bcf/day. He asked how many pipelines that delivers gas ConocoPhillips owns and operates now.

MR. WENZEL replied that he didn't have that information, but would get it for him.

CHAIR HUGGINS said he had not been satisfied with communications they have had with the administration and he hoped it would get better. He mentioned he was given the nine questions yesterday from an unidentified administration person.

MR. WENZEL added that he had received them today.

CHAIR HUGGINS asked if he had sat down with the administration and talked about these questions in any shape or form.

MR. WENZEL replied he hadn't and he knew of no other representative who had; they have had one face to face conversation with this administration since November. There had been some phone calls, but they had received no clarification on their proposal.

CHAIR HUGGINS asked him to be prepared to answer those questions and others that might come up. He commented that he and other members of the committee started asking the administration about some parameters on gas last January specifically about when they are going to take up the tax issue. He has been told that a model would be available in June and he wanted the committee to see it then.

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CHAIR HUGGINS thanked Mr. Wenzel for his presentation and adjourned the meeting at [5:23:42 PM](#).