

HOUSE FINANCE COMMITTEE
April 9, 2014
1:35 p.m.

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CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 1:35 p.m.

MEMBERS PRESENT

Representative Alan Austerman, Co-Chair
Representative Bill Stoltze, Co-Chair
Representative Mark Neuman, Vice-Chair
Representative Mia Costello
Representative Bryce Edgmon
Representative Les Gara
Representative David Guttenberg
Representative Lindsey Holmes
Representative Cathy Munoz
Representative Steve Thompson
Representative Tammie Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Bill McMahon, Senior Commercial Adviser, Alaska Gas Development, ExxonMobil Development Company; Pat Flood, Supervisor, Alaska North Slope Gas, ConocoPhillips Alaska.

PRESENT VIA TELECONFERENCE

David Van Tuyl, Regional Manager, British Petroleum Exploration Alaska; Tony Palmer, Vice President, Major Projects Development, TransCanada Pipelines Limited; Daniel Fauske, President, Alaska Gasline Development Corporation.

SUMMARY

^PANEL DISCUSSION: ALASKA OIL AND NATURAL GAS PRODUCERS-
TRANSCANADA AND ALASKA GASLINE DEVELOPMENT CORPORATION
(AGDC)

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BILL MCMAHON, SENIOR COMMERCIAL ADVISER, ALASKA GAS DEVELOPMENT, EXXONMOBIL DEVELOPMENT COMPANY, stated support for SB 138 [Gas Pipeline; AGDC; Oil & Gas Prod. Tax]. The legislation enabled the Alaska LNG (liquefied natural gas) project to move forward. He believed that the bill was consistent with the Heads of Agreement (HOA) (copy on file) and with passage; Exxon would enter into the pre-FEED (pre-front-end engineering and design work) stage. He explained that during Pre-Feed the participants plan to pursue the "ARC" of the project. The letter "A" stood for alignment among the participants. The strongest ventures resolved challenges when all of the participants were working together. He added that state participation was "a strong signal" to the LNG (Liquefied Natural Gas) market of the host government support. Risk reduction was the R in ARC. He noted various risk factors associated with the project: regulatory, permitting, schedules, and sales. Reliability was essential if energy from Alaska was to be trusted by the market. He stated that "C" stood for cost of service. Liquefied Natural Gas was a commodity and cost was a key factor. The participants would "relentlessly" find reductions in the cost of service to keep prices low enough to remain competitive in world markets. The pre-FEED work was "essential" to support the participants marketing efforts to test the market for Alaska LNG.

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DAVID VAN TUYL, REGIONAL MANAGER, BRITISH PETROLEUM EXPLORATION ALASKA (via teleconference), supported the HOA and SB 138. He related that he participated in the negotiation of the HOA and was a member of the management committee of the Alaska LNG project. He emphasized the importance of the HOA and explained that it was an aligned way forward to successfully bring Alaska LNG to market. He stated that the signed HOA represented a commitment by the signatories to work together to address difficult issues. The HOA sent a message to the rest of the world about the intention to successfully advance the Alaska LNG project. He believed that the HOA was critical to the advancement of the project and that HB 138 was "faithful to the HOA." He

elaborated that British Petroleum (BP) understood the HOA and SB 138 followed three essential elements known as the "three "P's". The first "P" stood for participation demonstrated by the State's participation, which enabled "unprecedented commercial alignment." The bill authorized the state to negotiate contacts. The second "P" denoted percentage. The bill established a percentage of tax as gas, and when added to the state's royalty in kind the state's share totaled 25 percent; the high end of the range specified by the HOA. The third "P" stood for process. He reported that the legislation delineated a negotiation process and provided transparency. British Petroleum also supported the provision introduced by the administration that ensured municipalities participation in the process. He concluded that BP looked forward to working together to fulfill the shared opportunity the legislation provided.

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PAT FLOOD, SUPERVISOR, ALASKA NORTH SLOPE GAS, CONOCOPHILLIPS related that he worked in the oil and gas industry for 30 years in Alaska and was dedicated to the safe, economic development of the oil and gas industry. He stated that ConocoPhillips agreed with the main points discussed by Mr. Van Tuyl and wanted to advance a project consistent with the HOA. ConocoPhillips understood that the state needed to consider "significant policy issues" regarding the state's role in the LNG project as delineated by the HOA. He relayed the corporation's support of the Senate version of SB 138 and believed it was consistent with the HOA.

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TONY PALMER, VICE PRESIDENT, MAJOR PROJECTS DEVELOPMENT, TRANSCANADA PIPELINES LIMITED (via teleconference), briefly testified in support of SB 138, the HOA, and the Memorandum of Understanding (MOU)(copy on file).

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DANIEL FAUSKE, PRESIDENT, ALASKA GASLINE DEVELOPMENT CORPORATION (via teleconference), testified in support of the HOA and SB 138. He voiced that he participated in the HOA negotiation process with the major producers and TransCanada and believed it positioned the state to advance a large gasline project forward. He qualified that the

Alaska Gasline Development Corporation (AGDC) remained committed to its work under HB 4. [HB 4-ALASKA GASLINE DEVELOPMENT CORP; RCA Adopted in 2013.] He felt privileged to be involved in a process verging on a major [LNG] project for Alaska. He reported AGDC's participation in the SB 138 process in the House Resources Committee.

Co-Chair Stoltze asked if the AGDC board had a formal position in support of the legislation.

Mr. Fauske replied that the board was supportive of the decision but did not engage in a formal process of support. He reported that he briefed the board on the amendments to SB 138 in the House Resources Committee and that the board was in "absolute support."

Co-Chair Stoltze reiterated the question regarding formal board support of SB 138.

Mr. Fauske replied that the board did not take formal voting action. He noted that the AGDC board took one informal vote regarding the creation of a subsidiary and understood its role in the project.

Co-Chair Stoltze appreciated the clarification.

Representative Holmes asked a project finance question. She offered that the state needed to determine whether it favored its role under the HOA and MOU and how the state would finance its part of the gas treatment plant, pipeline, and LNG facility. She described another project model where large, expensive projects were financed by a "project finance model." The participants created a joint venture to secure the financing and at least part of the debt was "secured by the project itself." She added that the project finance model typically had fewer participants than the Alaska LNG project. She defined the Alaskan LNG project as a "project within a project" and a "pipe within a pipe" for the individual entities involved. She wondered whether the financing model she described would lend itself to the Alaskan LNG project when it came time for financing the project considering the number of entities involved and its individual role in the project.

Mr. Van Tuyl agreed that consideration of financing a mega project of its kind was enormous and would want to be understood in the early stages of the project. He thought

that the first step was developing a financing plan simultaneously during the pre-FEED stage suitable for all of the entities. As the project progressed into the FEED stage, the potential investors and specific financial arrangements could be worked out before the final investment decision.

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Mr. Palmer interjected that the MOU contained terms offered to the state for the financing of TransCanada's portion of the project.

Representative Holmes related concerns regarding confidentiality agreements in the early stages of the project impeding the state's financial decision making ability. She commented that the state might not want to finance the TransCanada portion on its own. Notwithstanding the TransCanada portion, she understood that just the liquefaction plant was a massive endeavor and wondered how the state will finance its portion. She mentioned that the different partners might not share all of the information with the state, obscuring the big picture and wondered how that will affect the financing decisions.

Mr. McMahon agreed that confidentiality was the administrations main concern during the HOA process. He shared that the remedy granted the administration access to confidential information when acting in a proprietary capacity. The state will have full access to confidential information when acting in a proprietary capacity, as the "owner of gas" to make financial decisions in the pre-FEED stage.

Mr. Flood concurred with the previous comments. He stated that the pre-FEED process was a critical time for the state to access information to make important financial decisions and agreed the information should be available.

Representative Guttenberg sought clarification about the state as the owner of gas. He wondered which agency would have access to the information.

Mr. McMahon replied that AGDC and TransCanada would routinely be privy to the information. The focus of the confidentiality discussions centered around granting the

Department of Revenue (DOR) and Department of Natural Resources (DNR) access.

Representative Gara asked Mr. Palmer about the balance between the risk and benefit to the state. He maintained that in lieu of taxes and royalties the state would receive gas "in kind" that must be sold. The state would ship gas through the portion of the pipeline it owns (Zero to 11 percent). TransCanada would own 14 to 25 percent of the pipeline. He asked whether the information was correct.

Mr. Palmer answered in the affirmative.

Representative Gara asked whether the state owed payment, to TransCanada for capacity and shipping even without the gas to ship. He thought that the process was termed "shipping capacity" and asked for clarification.

Mr. Palmer replied in the affirmative. He explained that the payment was termed "demand charges" and TransCanada would be obligated to provide daily access for the capacity. The demand charges were not based on the amount of gas flowing through the pipeline but based on the contract tariff terms. The rationale was based on assuring that the pipeline would collect revenue in light of the "attractive commercial terms" the state received.

Representative Gara assumed that the demand charges would be proportionate to the 25 percent ownership of the gas. He questioned what the daily demand charge was if the state was not able to ship gas in a particular day.

Mr. Palmer replied that the calculations were not completed. He concurred that 25 percent of the demand charges would be payable each day not related to the actual gas in the pipeline.

Representative Gara noted the difficulty in accessing risk without the figures. He asked whether the charges could amount to millions of dollars per day.

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Mr. Palmer provided a projected number based on the estimated cost of \$45 billion for the project in addition to another approximately \$22.5 billion for the gas treatment plant and the pipeline. The annual demand charge

was approximately in the "low billions of dollars per year."

Representative Gara stated that Alaska was not a gas producer and was reliant on other producers but would be responsible for shipping cost whether gas was available or not. He wondered what assurances the state had that its portion of the gas would be shipping at capacity to avoid demand charges.

Mr. Flood replied that the issue was addressed in the HOA. He referred to section 4, and explained that during the pre-FEED stage the parties would define "gas off-taking balancing agreements in regards to their rights to capacity in the Alaska LNG project." The issue was recognized and encountered by each industry member. The issue gained mutual recognition and discussion during the HOA negotiations. The consortium would collaborate to craft an agreement.

Representative Gara pointed out that historically with the established tax and royalty system, Alaska never carried the risk of an empty pipeline. Without enough gas in the pipeline the state bears the entire risk with payments to TransCanada. The producers were in control of the volume of flow in the pipeline. He pondered whether it was fair for Alaska to bear the entire risk of royalty and tax in-kind and wondered why the producers did not share the demand charges if the state's capacity was not met. He viewed the arrangement as an additional risk for the state.

Mr. McMahon reiterated that the assurance issue was addressed by the administration during the HOA negotiations. Section 4.6 of the HOA addressed the issue through gas off-take agreements defined during the pre-FEED stage. He added that consideration of other mechanisms was not discussed.

Co-Chair Stoltze asked how much TransCanada detracted or added to the arrangement.

Mr. Van Tuyl replied that TransCanada added certain expertise in the operation of pipelines and technical capabilities in the Arctic. Each participant used a model that would match its equity ownership with its resource ownership, made possible by its global project branch. The state did not possess the industrial organization or

capability to maintain its interest in the project. The state's choices were to passively rely on third parties, hire, or contract for the capability. He relayed that the state chose to contract with TransCanada for project capability and executed the MOU, strictly between the state and the TransCanada. The state had to decide the value of the terms of service provided in the MOU.

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Mr. Flood believed that state participation in the project was vital and how the state chose to participate was the state's decision. ConocoPhillips recognized the state's choice in how to participate and executed the HOA with TransCanada and AGDC as parties to the state's role in the project.

Co-Chair Stoltze deemed that since the state involved TransCanada's participation the financial terms were matters of the state.

Mr. Flood concurred and added that the financial obligations were negotiated between the state and TransCanada and did not involve the producers.

Mr. Palmer believed that TransCanada brought tangible value to the state. He specified that TransCanada's expertise particularly in Arctic conditions was well-known and will lead a team of players from the consortium in the pre-FEED stage. He assured the committee that the companies experience was both technical and commercial and utilized both areas to negotiate the arrangements in the HOA and MOU including the expansion provisions. He opined that the expansion provisions were hugely valuable to the state. The expansion provisions allowed future potential gas not owned by the three original producer's access to the system. He added that TransCanada offered the state "highly competitive commercial terms."

Co-Chair Austerman commented that the LNG project would heavily impact the state's infrastructure. He noted the states investment costs and risks in the project. He asked the producers whether the project would share in the maintenance costs and upgrades of the state's existing basic infrastructure.

Mr. McMahon replied that the upgrades to infrastructure would be determined during the pre-feed process. The infrastructure evaluation process would determine the funding process either by state appropriation, federal government, or project contribution. He felt it was too early to define the specifics until the infrastructure needs are understood.

Co-Chair Austerman wanted assurance that the producers were not excluding project contribution for maintaining the state's infrastructure.

Mr. McMahon reiterated that the infrastructure upgrades would be discussed in the future when they were understood in order to find the "broadest" solutions possible.

Mr. Palmer responded that during pre-FEED the infrastructure would be carefully evaluated by all members of the consortium and the state.

Representative Costello queried Mr. Palmer about the five-year right to participate in a similar project. She asked whether the right took effect before or after the firm transportation agreement was voted on by the legislature.

Mr. Palmer replied that the five year right would take effect only after the firm transportation agreement was voted on and implemented.

Representative Costello voiced that TransCanada was hyped as a valuable contributor on behalf of the state. She wondered what type of work TransCanada accomplished to date.

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Mr. Palmer stated that TransCanada brought expertise in owning and operating regulated pipeline in North America. The company brought expertise in permitting the project. The company moved large volumes of gas through pipelines every day. TransCanada built pipelines in Arctic conditions and mountainous terrain in Northern Alberta, the Andes Mountains, and currently constructed pipeline in Mexico with terrain similar to the Brooks Range. He noted the company's commercial and regulatory expertise. The company contributed significant work on the Alaska Gasline Inducement Act (AGIA) which contributed to the work going

forward on the Alaska LNG project. TransCanada also contributed to all of the commercial work regarding the MOU and HOA. Finally, TransCanada's was able to finance its portion of the project.

Representative Wilson asked why the state needed to partner with TransCanada and why it was a "good deal for the state" to participate.

Mr. Van Tuyl replied that state participation was a key element of the agreement. The state's participation "brought an alignment that would not otherwise be possible" when the resource owner was also an infrastructure owner. He delineated that the state participation as a resource and infrastructure owner would enable the state to view issues similarly from a commercial aspect and similarly problem solve. He believed that participation reduced the projects risk. The state's participation ensured that each party participated in the infrastructure at the level of its resource ownership, which benefited producers by not having to initially pay the state's portion of the investment.

Mr. McMahon concurred with the comments of Mr. Van Tuyl. He added that Alaska would participate in the early commercial and technical decisions of the project that were critical to the projects development further along. Early involvement in the decision making process ensured that the project met the state's needs.

Representative Wilson did not understand why it was necessary for the state to be an investor when with the inclusion of TransCanada the consortium could have four parties with equal standing and the state would collect taxes similar to oil taxes.

Mr. Flood replied that the state's participation and gas share was a key element in the project. TransCanada did not have a gas share or the ability to have one. TransCanada can only participate in partnership with the state.

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Co-Chair Austerman observed that the state, as a partner would have a more favorably aligned viewpoint on costs and taxes and that would benefit all partners.

Representative Guttenberg referred to Representative Gara's question related to unused capacity in the line. He noted that the state was not a producer and would not control the volume in the line. He wondered how a built-in uncertainty in production would affect the state's ability to market the gas with. He asked what kind of discount the state would receive.

Mr. Flood answered that ConocoPhillips had operated in Alaska since 1999 and it had never missed a shipment.

Representative Guttenberg clarified that he wondered how the state could market the gas without a consistently known volume to offer. A producer could guarantee a buyer a consistent volume, but the state cannot.

Mr. McMahon replied that ExxonMobil shared a similar situation; "lifting" gas from a field not owned by the company and relied on the contracts with the operator for the capacity. He reported that the state would have similar contracts with another partner.

Mr. Van Tuyl referenced Section 8.3.3 of the HOA that provided the state the option to approach any one of the producers to rely on their marketing expertise rather than the state taking an independent approach. He elaborated that Representative Guttenberg's point had been discussed during the HOA negotiations regarding the state's lack of marketing experience. As competitors, the producer's conversations regarding marketing LNG gas was limited due to antitrust laws. Section 8.3.3 was carefully crafted with regard to antitrust laws. The state may only engage with an individual producer. The section was added to help alleviate the state's "perceived" marketing risk.

Representative Guttenberg remarked that the maintenance bill of the Dalton Highway was \$900 million. He wondered how the maintenance expenses of the pipeline would be repaid to the state. He asked whether the producers expected the state to pay for the maintenance costs.

Mr. McMahon replied that the partners would conduct a full evaluation of the infrastructure needs for execution of the project. Subsequently, the funding for the maintenance and upgrades would be determined during the agreement process with the administration. He hoped that federal funding would be considered.

Representative Guttenberg relayed that according to consultants, the state's partnership was a reflection of the producer's uncertainty about the project. He asked at what point a producer could decide to build the project independently.

Mr. Van Tuyl replied that the HOA envisioned an aligned way forward of advancing the project together. He expounded that mega-projects were advanced through a "stage gate decision making process" where a scope of work was agreed upon and completed. The result of the work would provide an updated view of the project. Each participant independently evaluated the results and decided whether it wanted to commit to the next phase. An incentive existed to solve one partner's problems together in order to advance the project to the next phase. Each step in the LNG project from Pre-FEED to the final investment decision (FID) was a stage gate or "on-ramp" opportunity to sanction the projects advancement together.

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Mr. Palmer interjected that Alaska was currently assessing whether to advance to the pre-feed stage along with the timeframe for completion. He related that if all parties were ready to advance after pre-FEED the state will have another opportunity to review the project including the firm transportation services agreement. He referred to the demand charges and offered that they were only applicable after the project was in service.

Representative Edgmon mentioned the state's several previous attempts at developing Alaska's natural gas over the years. He wondered how long the current agreement's process was in development.

Mr. Flood remarked that he was a relative newcomer to the process beginning in 2008. He stated that the gas project in Alaska was evolving over many years. He mentioned that different approaches were tried and the HOA was built on many years of prior work. The HOA came about after many months of engagement and collaboration initiated by the governor and culminating with the HOA.

Mr. McMahon recounted some milestone moments leading to the current collaboration. He reported that in January 2012, a

"milestone" meeting with the three CEO's (Chief Executive Officers) of the three major producers in Alaska took place. The settlement of Pt. Thompson litigation on March 29, 2012 was another key milestone. At the time an agreement was signed by Exxon, BP, ConocoPhillips, and TransCanada to explore an Alaskan LNG project. In February 2013 the entities selected a concept for an LNG project. He indicated that it all began in 2011, with changes to the market in the lower 48 states that made a pipeline to the lower 48 uneconomical.

Representative Edgmon pointed to the challenging economic nature of the project. He asked whether the Alaska LNG project was the largest private sector project in North America.

Mr. McMahon replied in the affirmative.

Representative Edgmon asked whether the parties considered options without the state in the past.

Mr. Van Tuyl interjected that BP believed that state participation was "absolutely critical" to the project's success. He emphasized that besides alignment, state participation sent a "critically important message" to potential buyers.

Representative Edgmon inquired how a repeal SB 21 (SB 21-OIL AND GAS PRODUCTION TAX Adopted in 2013) would affect SB 138, if adopted.

Mr. Flood replied that the reform of the oil taxes, building a more competitive oil and gas environment, was an important consideration as the LNG project moved forward. The repeal of SB 21 would be unfortunate for the project.

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Representative Munoz asked about the values of the TransCanada partnership including the commercial work under AGIA and the financial value of the work.

Mr. Palmer replied that a significant amount of work was completed under AGIA. Some of the right-of-way and engineering work relating to the pipeline north of Livengood was transferable. The work relating to the gas treatment plant was "significantly transferrable." Some of

the work relating to the entire pipeline such as pipeline integrity was applicable. He stated that it was difficult to determine the exact value. He suggested that 20 to 40 percent of the work conducted under AGIA was directly or indirectly transferable.

Representative Munoz asked whether the AGIA costs were reimbursed by the state to TransCanada.

Mr. Palmer replied that funds were partially reimbursed to TransCanada and ExxonMobil.

In response to a question by Representative Munoz, Mr. Palmer answered that if SB 138 was adopted, the data collected under AGIA would be contributed at no cost into the new project.

Representative Munoz asked about the seven circumstances TransCanada would be reimbursed with interest if the project was terminated.

Mr. Palmer replied that both TransCanada and Alaska had the right to terminate the project. He explained that, if at any stage gate the state exercised its right to terminate the agreement, TransCanada received reimbursement of its costs plus an allowance for funds used for construction (AFUDC) set at 7.1 percent. In the event TransCanada terminated no return on its funds would be received. He illuminated the rationale for reimbursement. TransCanada earned its money back over the life of the project and did not profit from development costs. The AFUDC was a low return on the capital expended. He added that the actual costs to the state were lower than if the state retained an engineering firm.

Co-Chair Stoltze asked what the likelihood of the LNG project was without SB 21.

Mr. McMahon responded that most of the wells for the LNG project produced both oil and gas. A healthy oil industry was required to support the gas project. He communicated that at any stage gate the oil companies evaluated its current situation. He felt the legislation factored into the decision to sign the HOA.

Mr. Van Tuyl echoed the comments of Mr. McMahon and emphasized that the LNG project required the extension of

the North Slope infrastructure for decades. He stressed the importance of maintaining the health of the existing infrastructure for oil and gas for an extended period. The company invested in LNG projects because they typically generated cash at low margins for decades. He mentioned new investment in the oil industry and felt that was an important sign of the industry continuing into the future.

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Mr. Flood added that the passage of SB 21 signaled an improvement with the relationship with the state of Alaska, which added to the success of a long-term relationship.

Representative Gara stated he disagreed with the comments on SB 21. He asked whether the state began the LNG project as a zero percent owner with the option of becoming an 11 percent owner or did TransCanada have the option of buying the states interest down from 11 percent.

Mr. Palmer explained that if the state's ownership was 25 percent TransCanada would own 25 percent of the gas treatment plant and 25 percent of the pipeline. The state would have the right to purchase 40 percent of the interest. In that event, the state would own 10 percent and TransCanada 15 percent.

Representative Gara referred to alignment and noted that the state did not have an equal share of the profit making facilities of the project; the pipeline and gas facility. In addition, the state shared its profit with TransCanada. The producers received equal shares and do not owe anything to TransCanada if the project died. He wondered how the agreement was fair to the state.

Mr. Van Tuyl replied that the producers were liable for its proportionate share of the costs should the project die. He furthered that under the HOA all of the resource owners have the opportunity to be infrastructure owners. The agreement with TransCanada was negotiated between the state and TransCanada and was the state's business. He reiterated that although the alignment was "not perfect" the resource owners were the infrastructure owners, which created a "very different dynamic" for the project.

Mr. Palmer believed that if the state acted independently, the state would incur the same costs for all of the

expertise TransCanada provided. He opined that what TransCanada provided reflected a fair value. He voiced that the legislature must decide whether the agreement was fair.

Representative Gara noted that all of the partners benefitted from TransCanada's expertise. He wondered why the producers were not contributing to TransCanada for the expertise if the project was terminated.

Mr. Flood answered that TransCanada was not covering the entire cost of the work. The producers would cover 75 percent of the cost and TransCanada 25 percent. The producers already paid for their share of the costs incurred in the event of the project's termination. He added that the project was a co-venture and all parties were contributing expertise.

Co-Chair Austerman clarified that Alaska and TransCanada were partners in the 25 percent ownership. The MOU between TransCanada and Alaska had nothing to do with the producers or their 75 percent. If the project was terminated Alaska and TransCanada share the costs of the 25 percent. He offered that all entities shared in the risks and loss of the project if terminated. The state's partnership with TransCanada limited the risk to the state. The state accepted TransCanada as a partner and expected it to front the money for the project.

Representative Gara asked why Nikiski was chosen as the port for the project. He pointed out that the Port of Valdez was ice free year around. Cook Inlet was not ice free, had strong tides, and never handled the size of tanker the LNG project required.

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Mr. McMahon stated that 40 different locations were considered for the pipeline terminus and LNG plant. He stated that both Valdez and Nikiski had facilities and access to waterways for tankers and ships. Nikiski was chosen because it could accommodate the size of the LNG plant required; hundreds of acres of flat land were necessary. The final decision was a tradeoff between the civil engineering work for sight preparation opposed to managing ice conditions and tides in the Cook Inlet. Nikiski was the lead site based on ice modeling, marine

engineering, and the civil engineering estimated for preparing the sites, determined in 2013.

Mr. Flood added that the location was critical to the decision to proceed with the project. He pointed out that Nikiski was shipping LNG prior to the building of the Port of Valdez. He felt that Nikiski was the best option for the project.

Co-Chair Austerman asked about the size of the total project. He asked what percentage of the total project the LNG plant was.

Mr. Flood answered that the size was roughly 50 percent of the project.

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ADJOURNMENT

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The meeting was adjourned at 3:13 p.m.