ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE
January 21, 2013
3:29 p.m.

MEMBERS PRESENT

Senator Cathy Giessel, Chair
Senator Fred Dyson, Vice Chair
Senator Peter Micciche
Senator Click Bishop
Senator Anna Fairclough

MEMBERS ABSENT

Senator Lesil McGuire
Senator Hollis French

COMMITTEE CALENDAR

PRESENTATION: DNR OVERVIEW OF COOK INLET GAS SUPPLY ISSUES

- HEARD

PRESENTATION: WHO'S KEEPING THE LIGHTS & HEAT ON? PROBLEMS AND SOLUTIONS

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

DAN SULLIVAN, Commissioner
Department of Natural Resources (DNR)
Anchorage, AK
POSITION STATEMENT: Continued his presentation on Cook Inlet gas supply issues.

PAUL DECKER, Sr. Petroleum Geologist
Division of Oil and Gas
Department of Natural Resources (DNR)
Anchorage, AK
POSITION STATEMENT: Commented on Cook Inlet supply management issues as part of the presentation.

JOE BALASH, Deputy Commissioner
Department of Natural Resources (DNR)
Anchorage, AK
POSITION STATEMENT: Commented on Cook Inlet supply management issues as part of the presentation.

ACTION NARRATIVE

3:29:57 PM
CHAIR CATHY GIESSEL called the Senate Resources Standing Committee meeting to order at 3:30 p.m. Present at the call to order were Senators Fairclough, Dyson, Bishop and Chair Giessel.

Presentation: DNR overview of Cook Inlet Gas Supply Issues Who's Keeping the Lights & Heat On? Problems and Solutions

3:31:15 PM
CHAIR GIESSEL invited DNR Commissioner Sullivan to finish his overview that he began at the previous meeting.

DAN SULLIVAN, Commissioner, Department of Natural Resources (DNR), introduced his "leadership team" and continued his presentation.

3:35:36 PM
COMMISSIONER SULLIVAN said that a lot of things broadly related to managing the Cook Inlet Basin. It is a maturing oil and gas basin and the contractual shortfall concerns are legitimate, but large volumes of gas and oil in some intermediate sized fields are still waiting to be discovered there.

3:38:14 PM
The Cook Inlet Basin is witnessing a transition from very large producers - Chevron and Marathon - to midsized and small companies - Hilcorp, Apache and NordAq. Hilcorp and Apache specialize in coming into declining basins and turning them around, and the state is happy they are coming here. Transitions are slow and they can increase uncertainty; the sale of assets from Marathon to Hilcorp was a good example of that.

The Inlet has multiple stakeholders - producers and utilities - but a very small population not like rest of U.S., which could present challenges moving forward.

3:40:13 PM
Strategic considerations:

-Energy security for Alaskans, keeping the lights on.
-Importance of all stakeholders working together; sometimes they have different interests and the state has started playing a convener role. DNR and the state have some authorities in this Inlet, but some are less obvious.
-Isolated nature of power generation in Alaska requires focus on self-sufficiency and redundancy.
-Importance of addressing immediate concerns but also ensuring thinking through long-term implications of actions - like more jobs and broader strategic interests like expediting the big gas line.

3:43:10 PM
In summary he said there is the issue of finding a resource, finding bigger volumes than the market needs at the time and having the ability to have commercial interest in that market, because there are other outlets like Agrium or export abilities. The Cook Inlet is a "significant basin," he stated.

3:44:12 PM
PAUL DECKER, Sr. Petroleum Geologist, Division of Oil and Gas, Department of Natural Resources (DNR), said he currently manages the resource evaluation section. He referenced the United States Geological Survey (USGS) 2011 estimates of thought to be left in Cook Inlet Basin. They came up with mean numbers like 19 tcf and 650 mmbl/oil plus natural gas liquids. He said all the USGS resource assessments are probabilistic in nature, meaning they are based on statistics. They don't really know what is down there and the "mean" is the best mid-range guess that is accompanied by a very low low-end estimate and a much higher high-end estimate.

3:47:33 PM
MR. DECKER said the DNR believes a lot of gas is left at different levels of certainty in the Basin, but peak deliverability is an issue in terms of keeping the lights on and the heating running in Cook Inlet.

3:48:38 PM
SENATOR MICCICHE asked what the department was using as a "peak peak" number for Cook Inlet. He understood that not meeting peak days is what caused rolling black outs and that it amounted to about 5.5 mmcf/day.

MR. DECKER said his studies weren't focused on the peak deliverability issue and he wasn't sure they had a number set

out for that. His study estimated the quantities of resources and reserves in the Basin.

COMMISSIONER SULLIVAN inserted that the actions they focused on were consistent with what the department can do under statutes and responsibilities like leases, units, encouraging production and storage.

3:50:59 PM
MR. DECKER said the different entities have different perspectives: his is managing the gas resource in its entirety meaning the undiscovered resource, the discovered still non-producing resources and the producing reserves. The utilities have a laser focus on just getting gas under contract. The producers are focused on delivering contracted gas in the most efficient way possible.

The DNR and his division estimated Cook Inlet gas several different ways using decline curve, material balance and geologic volumetric analyses. On the other hand, Petrotechnical Resources Alaska (PRA), hired by the utilities' consulting group, drew their analysis based on decline curves alone, more appropriate to their interests.

3:53:20 PM
MR. STOKES showed the first page of the updated PRA study that was based on decline curve analysis, a common engineering technique that examines historical data and projects it forward to forecast how production rates will decline. Inherently it is based on past production, a kind of analysis that assumes no more production will be found, and they predicted a gas supply shortfall in the next year which would increase every year after that. While he didn't disagree, his study added several more kinds of analyses.

3:55:11 PM
He said the DNR relied on the decline curve first and was much like PRA's. However, that analysis was augmented with a material balance analysis that found one-third more gas reserves in existing fields and throughout the Basin. Their geologic volumetric analysis found significantly more.

3:56:50 PM
He pointed out that the state doesn't receive reserve reports from the industry, Native or federal lands and don't have data for the biggest gas field, Kenai River field, and so has somewhat limited information to work from.

3:57:26 PM
SENATOR FAIRCLOUGH asked if he checked reserves data that was being declared publicly by individual companies in Cook Inlet or how otherwise he was doing it.
MR. DECKER replied that he was not specifically auditing the reserves that the companies report to the SEC, and that they don't report their reserves on a field scale in any case. They typically do a "role-up," maybe at the North American scale.

SENATOR FAIRCLOUGH said she thought the state should have access to some rolled-up information, at least in Alaska.

COMMISSIONER SULLIVAN added one thing they have been doing is talking with everybody in the Inlet and getting a better sense of exploration activity there.

3:59:22 PM
JOE BALASH, Deputy Commissioner, Department of Natural Resources (DNR), added that a subpoena was issued for every player in the Inlet with the recent FTC enquiries surrounding the Marathon acquisition by Hilcorp, and that the Department of Law (DOL) likely has access to all of the very specific information the department does not, but they can't share it.

SENATOR FAIRCLOUGH said they are trying to attract exploration into the Basin everywhere and as small companies enter the market their financials were more transparent than the larger international companies', because they need reserves banked on their bottom line to go out and bond or raise capital. That is one spot that should be publically available to look at reserves in the long term.

4:00:57 PM
MR. DECKER defined "material balance analysis" as a standardized engineering approach to estimating the gas in place and therefore the gas recoverable from a reservoir. That is done by looking at the change in reservoir pressure over time, something like air leaking out of a tire - based on the rate of that decrease over time, they can predict how much is left. Using that, in addition to the decline curve analysis, the department can say with a high degree of confidence that there is about 32 percent more gas than the decline analysis on its own indicated. That gas may be in pressure communication but not necessarily producing through the active completions. He noted that the reserve estimates quoted by the utilities and their consultants do not incorporate that kind of analysis.

SENATOR MICCICHE asked if in other words he was saying that 32 percent more gas reserves may exist, but he was not judging whether or not they were economically feasible to recover with today's technology.

MR. DECKER replied that he would show where he believed the material balance identified reserves would sit with respect to commerciality in a moment and added that he thought they should be commercial. In addition to the material balance analysis, they looked at geologic volumetric analysis, which looks at all the well logs, all the penetrations of the gas fields and picked each potentially gas bearing sand and asked themselves if it would produce or not. Then it got assigned to either a high certainty pay category, a potential pay category or a non-pay category. Those observations where mapped up in 3D and their core volumes were mapped out along with their saturations and so forth; recovery expectations were figured. They found that these fields contain even more gas than the other analysis identified.

4:04:57 PM
MR. DECKER stated that PRA predicted a shortfall within a few years as a cause for concern, but that should not be construed to mean that the Cook Inlet resource has been depleted. Rather it reflects the fact that not enough new wells are being brought on line fast enough to keep pace with that decline. Because Cook Inlet is isolated from the North American spot market, there will always be a tension between over-supply and under-supply. Producers have no economic incentive to drill for gas before they can actually get it under contract and begin to recoup their investment.

SENATOR DYSON asked if more gas is produced during the down part (summer) of the wave chart than can be sold.

MR.DECKER said that has been true historically. Steps would be taken to throttle back production on key wells and then just certain wells would be turned on to meet swing production in the winter.

SENATOR DYSON asked how gas storage fits into that demand fluctuation.

MR. DECKER answered that the Cook Inlet Natural Gas Storage Association (CINGSA) and other gas storage projects in Cook Inlet are some of the key components to solving the dilemma. If over the long run there is enough storage to sell into, then the

seasonal demand issue will go away and the economic incentive to drill will be there.

SENATOR DYSON asked the average fluctuation in demand for a year.

MR. DECKER answered about 260 mmcf/day.

4:08:34 PM
SENATOR DYSON related his concern about how companies can't make enough money on gas annually basis to poke more holes in the ground for it. Because of the delta on oil price they will drill where oil can be found and get associated gas. But the state has more interest in the gas and he asked what could be done about encouraging gas development.

MR. BALASH responded that he was touching on the critical issue of access to market. Why would you drill if you have no place to sell your gas? The market in Alaska is relatively small and highly volatile. As the big anchors that used to be present in the Inlet, like Agrium or the export facility, fall away, that causes problems for explorers and interest in exploration.

4:11:20 PM
SENATOR DYSON said half a dozen years ago part of the problem was the Regulatory Commission of Alaska (RCA) that focused on keeping prices down for the consumer rather than the investment to keep the fields up and producing what would be needed for a long time. Largely that issue has gone away, but could consumers pay more to provide incentive to the producers?

MR. BALASH said he was touching on the consequences of an RCA decision on APL-5 that was made about 8 years ago. Some of those consequences had changed for the better, but unfortunately the market lost some momentum in the planning and activities that were going on at the time. There were "knock on effects" for the export facility and the fertilizer plant that were quite unfortunate and it will probably cost more to regain the momentum there that is necessary.

COMMISSIONER SULLIVAN said Senator Dyson's two questions were some of the broader policy issues to look at.

4:13:36 PM
CHAIR GIESSEL asked why producers can't turn wells off in summer and turn them on in the winter.

MR. DECKER explained that without the gas flowing through the tubing to the surface all the time, some of the entrained water can infiltrate down the well and sit there or reservoir fluids could migrate into the flow perforations that allow the gas to flow into the well from the adjoining reservoir. That could damage the framework of the reservoir sandstone that has water sensitive clays that can swell up. It's like clogging up the sponge holding the gas not to mention just filling the tubing up with water if it's not being flushed out. It could result in significant damage that might not be repairable.

4:15:12 PM
MR. DECKER said the USGS has large estimates for the Basin and they are very intelligent people, so that means something. But more important is the hundreds of millions of dollars that companies are pouring into the Basin. They are voting with their pocket books.

He next explained a schematic forecast from their 2009 study that was not intended to be their best prediction of what was going to occur. It assumed substantial investment and redevelopment activity in the existing fields, plus or minus some exploration success, but it didn't include wildcat drilling or new discoveries. It focused specifically on the three or four main fields that had enough geologic data to use for detailed geologic volumetrics analysis. The most certain amounts of gas DNR could identify left in the reservoirs was indicated by red, the slightly less certain gas identified by engineering analysis was indicated by orange, the high-confidence pay gas in green and the less certain 50-percent risk potential-pay gas was indicated by yellow.

4:17:58 PM
Slide 16 showed how the different volumes lined up in terms of certainty using USGS standardized nomenclature. Undiscovered gas was on the bottom and included companies that might want to drill in a prospect. Once a well has been drilled and discovered there is usually some lag before they know it's going to be commercial and have sanction to drill and that would go into "contingent resources." Once its' commerciality is proved, those volumes slide into the reserves category. The estimates ranged from high to low with a best estimate in the middle.

4:20:30 PM
He said the definition of "reserves" is oil and gas volumes that are confirmed by drilling and the company was either certain or highly convinced that they were going to be economically

producible. Up until that point they are just resources (what you haven't actually found and those volumes that are discovered but have not yet been demonstrated to be commercial).

4:21:05 PM
DNR looked at PRA's previous studies and in the 28 fields they analyzed, there is an estimated 1.1 tcf of producible reserves. Information from the geologic volumetric analysis indicated another 335 bcf of undeveloped gas resources in three primary fields (230 bcf at Beluga River, 70 bcf at Trading Bay Unit Grayling Gas Sands and 50 bcf at the North Cook Inlet Unit. Additional wells had been put in since the study, in some cases tapping new compartments of the reservoir that were at virgin reservoir pressures that hadn't been depleted at all, and they had respectable flow rates of 1-7 mmcf/day (for the 3-10 wells). Not all wells were successful, but a lot of them were.

4:22:52 PM
COMMISSIONER SULLIVAN said the main point Mr. Stokes made was that gas that is not contract gas is not the same as a depleted reservoir - and that gets mixed up in a lot of the newspaper reporting. People just assume we're out of gas. "We're not out of gas!"

4:24:36 PM
The department had focused on what is needed: more wells, more investment and trying to pull on other levers that could help with the overall security of supply in the Inlet. He updated the committee on their actions next.

COMMISSIONER SULLIVAN said his main focus was where DNR has authority to advance the state's interest and that was where they, as the land manager, tried to aggressively market the resource potential and leases by going directly to certain potential investors like Hilcorp and Apache who have a proven record of turning mature basins around, have strong backing and a proven record of technical expertise to operate in a basin like this and tried to get them up here to drill. Marathon and Chevron are great companies but they have been signaling for a long time they aren't that interested in Cook Inlet any more.

They also looked at the ability to use unit applications and lease terms to leverage more drilling and investment, particularly in Cook Inlet, and at streamlining permitting, so that projects can move forward in a timely manner. Streamlining permitting is one area where the federal government had not been helpful in terms of delaying Cook Inlet permits. He said the

Attorney General had intervened to get projects moving forward and they have tried to make the RCA process less uncertain. Bob Swenson and his team had been doing a lot to gather and publish and get out the expertise on the new geological information including doing very specific briefings with potential companies that are interested in Cook Inlet and the North Slope. He had also worked with the Department of Law (DOL) to move the CINGSA facility forward through the regulatory process, because two years ago an RCA decision looked like it would completely stall it. Now they are looking at ways to expand that storage capability.

4:30:38 PM
The DNR and DOL had reoriented the Division of Regulatory Affairs and Public Advocacy (RAPA) outlook to ensure that the public interest was defined as a balance between price and security of supply for Alaskans; previously it had been focused on just the price. At the end of the day that can have the consequences of undermining both price and security in the long term.

4:31:31 PM
SENATOR DYSON related how he had been told by geologists that the attractive formations for oil and gas production extend out under the Moose Range on federal lands and how he contacted President Bush to urge him to allow people to explore there. He understood now that some 3D seismic had been going on and that some drilling had been done on Native inholdings. What is going on both and what can be done to get permission to go out there?

MR. BALASH said that NordAq, a CIRI lessee, was able to punch in an ice road in and drill an exploration well in and around the Moose Range in the spring of 2011 that gave them enough confidence to sanction a development project that is currently in NEPA review and is on track for a record of decision in late winter/early spring. They would have to wait for things to dry out a little before actually completing the road to a location where they would be able to construct that pad and move forward with additional drilling and testing that is a very important part to being able to move from a discovered resource category into the bookable reserve category that would allow them to enter into contracts with utilities.

With regard to the 3D seismic program, another operator, Apache, is attempting a basin-wide survey, he reported. They have gotten less than helpful responses from the Refuge management and have not been able to place their nodes on any of the inland

boundaries even though they are in the transition zone associated with the edge of the water.

COMMISSIONER SULLIVAN said that the nodes are the size of coffee cans.

MR. BALASH said there seems to be a double standard. When the Refuge wanted to build a new visitor facility and parking lot for itself, it didn't have a problem with looking at the impacts and getting the authorizations in place.

4:36:58 PM
The National Marine Fishery Service (NMFS) has also been challenging to deal with from a timeliness standpoint. Apache was on track to ramp up their 3D seismic program this winter, but because they were not able to get the biological opinion necessary for some of the ESA compliance reviews and authorizations, they had to put things off. While NMFS is back on track now, they caused a kink in the overall plan which results ultimately in delay.

SENATOR DYSON asked what the state could do to sweeten the feds deal so they would let us start producing the gas.

COMMISSIONER SULLIVAN answered that the federal government is not a monolith. The department works well with some agencies and senior Department of Interior officials know about these problems. Part of it is just the education, particularly about Alaskans' energy needs, and the state will continue to press that.

4:39:30 PM
SENATOR MICCICHE said the shortfall in Cook Inlet has been predicted for 20 years and he is unaware of any volumes of gas that were having trouble finding a contract. "We have a supply issue and the public needs to understand that." He just asked the department to continue looking for a parallel source of energy to protect the nearly half million rate payers that are depending on electricity and home heating in Southcentral Alaska.

4:41:28 PM
COMMISSIONER SULLIVAN said his point was well taken and non-gas power generation - Eva Creek, Healy, UCG and possibly hydro - was being looked at. DNR had been spending a lot of time on expediting transactions that advance the state's interests. The Federal Trade Commission (FTC) investigation of the

Hilcorp/Marathon acquisition was strategically good for the state, because the company seems highly motivated to try to turn around the Basin. But at a certain point it looked like the FTC didn't share that view. That required a lot of convener/problem solving on the part of DNR and the DOL.

4:44:50 PM
COMMISSIONER SULLIVAN summarized recent Cook Inlet activity saying that everything is not great, but the things they have been doing are having a significant impact, for instance a host of old and new players investing almost $500 million in 2012 they had two very highly successful lease sales. He said they had been out there pitching to companies trying to get them to come up here and drill more wells and that is happening. The rig number has dramatically increased in the Inlet from 9 to 17 including two jack-up rigs. Apache's 3D seismic program opens up enormous opportunities for the state and other potential explorers. The gas storage is on line and the state is offering attractive prices lower than Henry Hub.

COMMISSIONER SULLIVAN said they are also being vigilant, because the last thing in the world they want to have happen is some kind of accident that stops what they think is a Cook Inlet renaissance because an operation caused harm to people or the environment.

Conventional wisdom is that certain companies are only looking for oil like Apache, but that is not what they are telling him. If they do a 3D seismic program and find significant volumes of gas that they can sell at a commercial price where they make money, they would certainly be interested, and the top guy in Apache is an Alaskan who he thought had a lot of the state's interest. The same with Hilcorp.

4:49:21 PM
Moving forward the Commissioner said they were going to redouble their efforts to continue to get more wells drilled and increase investment, to encourage "behind the pipe" production and continue to reach out to all the parties to look at different ways to incentivize more Cook Inlet production. The issue of information modernization is also important along with infrastructure efforts on the west side of Cook Inlet, more gas storage and additional tax incentives. They were also keeping an eye on industrial sized markets, so you can have the attractiveness of a basin with market certainty for large volumes so investors will continue to be attracted here. They were encouraging redundancy options for energy security; the

Governor and AEA/AIDEA were looking at a comprehensive North Slope trucking project ready to meet potential near term and immediate term shortfalls particularly on the Interior. Does that have potential for peak volumes at a certain point? Yes, the Commissioner said.

4:53:11 PM
The Governor had also talked about importing gas - as a last resort. Nobody is saying no to it, but there are concerns depending on how it's defined, particularly for large-volume, long-term contracts of LNG or CNG. One of the utilities got DOE permission to import 50 bcf for two years. That could stifle and undermine the Cook Inlet renaissance and undermine jobs for the local workforce.

4:54:29 PM
From a broader strategic perspective, Commissioner Sullivan said, the LNG big line project is in serious competition globally the western Canada project out of Kitimat and Prince Rupert. The Asian countries know that the only place right now in North American that has exported LNG to Asia is Alaska, but the Canadians love to tout how they are going to be "the savior of Asia." He frequently reminds all of them that the Canadians haven't exported one molecule of gas anywhere in the form of LNG or CNG.

COMMISSIONER SULLIVAN emphasized that importing gas from British Columbia would validate and promote one of the Alaska's biggest competitors to an Alaskan large-diameter LNG export project and that doing something that has capacity just for peak emergency needs versus a 20-year CNG contract with huge volumes had enormously different implications for the state. He cautioned them to have a sense of what the implications are for short-term projects versus long-term projects before making any decisions.

4:55:49 PM
MR. BALASH directed attention to a slide of the history of APL-5, a contract between Marathon and Enstar that would have been a full requirements contract meeting all of Enstar's needs through 2016. That means Marathon would have been responsible for all of the swings summer to winter all the way through 2016, and had a linkage to Henry Hub pricing, which at the time this contract was being reviewed by the RCA in 2005 was a little bit of an increase over what Alaskans were accustomed to paying. The Public Advocate in the DOL opposed the contract and some of the other utilities opposed it as well. They were concerned it would set a precedent for their pricing. In the end the RCA rejected

the proposal, but they didn't say why. It sent a chilling effect through the Inlet and the marketplace that they hadn't recovered from. Drilling dropped dramatically that year and it was very likely the beginning of the end of Marathon's presence in Alaska. Probably its knock on effects implicated and impacted the LNG facility.

He explained that one of the things that came up shortly after this RCA decision was an application by the co-owners at the time, Marathon and ConocoPhillips, to extend the export license necessary to operate the facility. Utilities and the state through the Public Advocates office opposed the license extension. So, that led to a short-term approach for managing the local energy security issues. The objection the parties had had to do with whether or not local needs would be met. If APL-5 had been approved with all of Enstar's needs and full requirements through 2016 under contract, imagine what the dynamic would have been in 2007 when this new export license application was being reviewed by the DOE! The arguments and considerations would have been drastically different. So, the setback on APL-5 very likely had an impact on the way the DOE export issue unfolded. People would be more than happy to be paying Henry Hub pricing for Southcentral energy right now. This incident underscores the danger of letting the regulatory agencies try to second guess the market and the decisions that are being made by the people who have the capital at risk.

He underscored a simple point: that we're not out of gas. Marathon would not have put its corporate reputation and balance sheet on the line if it didn't think there were sufficient reserves to meet all of the requirements of Enstar through 2016 if it wasn't there. With that opportunity lost, Alaska is in a dramatically different position today as a state and community and is having to rethink how these issues are approached as a consequence.

MR. BALASH said that with the curtailment of the LNG plant moving to a seasonal only approach in the later years, the signal to explorationists was changed. Nobody is going to drill for a lot of gas if they can't sell a lot of gas, and Alaska today is a shrinking market that has gotten smaller over the last six years, and appears to be in danger of getting even smaller if some of the import options are done on a long-term contractual basis. Whatever interest is left in finding gas in the Basin could be snuffed out by importing long-term contract gas. "The hindsight on this is dramatic, but they can't change

what happened," Mr. Balash stated. Maybe they can learn some lessons from it and make wiser decisions moving forward.

5:03:16 PM
CHAIR GIESSEL asked about LNG license expiration in two months.

MR. BALASH said there are two components of the license; a volume component and a time component. It is the time that is about to run out. At least another season-worth of volumes are available under the license.

COMMISSIONER SULLIVAN summed up that positive developments were seen in 2012. One of themes has been basin-wide significant volumes, but utilities have valid concerns about peak demand deliverability. The state will try to continue the trend of more investment and more drilling and hopefully soon more production. But they must be prepared on the energy security situation to react to various scenarios while being aware of the long-term implications of what they are doing. It is important to have all the parties working together and he has tried to get everyone together frequently.

5:06:37 PM
SENATOR DYSON asked if he took issue with needing 17 or 18 wells to the stem decline.

MR. DECKER agreed that an additional rate of drilling is needed in the Basin. And the main reason is that Chevron and Marathon knew they were going to be out of the Basin and didn't have any reason to sign up for delivering gas that they weren't going to be selling.

SENATOR BISHOP observed there isn't a lack of gas.

MR. DECKER agreed.

SENATOR BISHOP said there is the lack of an anchor tenant for the gas.

MR. DECKER said it's an issue of contracted gas.

COMMISSIONER SULLIVAN said the immediate issue is the contracted gas. The department has been focused on the broader management of the resource and getting investments going so contracting gas is possible. A long-term anchor tenant is tremendously important.

MR. DECKER agreed.

CHAIR GIESSEL thanked the presenters.

5:10:35 PM
Finding no further business to come before the committee, Chair Giessel adjourned the Senate Resources Standing Committee meeting at 5:10 p.m.