

SENATE RESOLUTION NO. 301

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - THIRD SPECIAL SESSION

BY THE SENATE RESOURCES COMMITTEE

Introduced: 11/3/15

Referred: Secretary's Desk

A RESOLUTION

1 **Urging the state, the Alaska Gasline Development Corporation, BP Exploration (Alaska)**
2 **Inc., ConocoPhillips Alaska, Inc., and ExxonMobil Alaska Production Inc. to continue to**
3 **honor the Heads of Agreement commitments if the state terminates the participation of**
4 **TransCanada Alaska Development Inc.; urging that the transfer of the interests of**
5 **TransCanada Alaska Development Inc. occur under the process outlined in current law;**
6 **and urging all parties to support the 2016 work plan and budget.**

7 **BE IT RESOLVED BY THE SENATE:**

8 **WHEREAS**, in January 2014, the state, the Alaska Gasline Development
9 Corporation, TransCanada Alaska Development Inc., ExxonMobil Alaska Production Inc.,
10 ConocoPhillips Alaska, Inc., and BP Exploration (Alaska) Inc. executed the Alaska liquefied
11 natural gas project enabling Heads of Agreement; and

12 **WHEREAS** the Heads of Agreement established clear milestones to advance the
13 Alaska liquefied natural gas project; and

14 **WHEREAS** all parties to the Heads of Agreement agreed that execution of the Alaska

1 liquefied natural gas project would involve a phased development process; and

2 **WHEREAS** all parties to the Heads of Agreement agreed that the purpose of
3 preliminary front-end engineering and design is to advance technical work that would provide
4 each of the Alaska liquefied natural gas parties with sufficient information to evaluate the
5 technical, cost, and schedule aspects of the Alaska liquefied natural gas project; and

6 **WHEREAS** all parties to the Heads of Agreement agreed the preliminary front-end
7 engineering and design work, when used with other information regarding the commercial,
8 legal, economic, financial, marketing, timing, and other necessary aspects of the Alaska
9 liquefied natural gas project, will assist the Alaska liquefied natural gas project parties in
10 determining how to proceed with the phased project development process, including whether
11 to proceed to the front-end engineering and design phase of the Alaska liquefied natural gas
12 project; and

13 **WHEREAS** all parties to the Heads of Agreement agreed that, during the preliminary
14 front-end engineering and design phase, each of the producer parties and the state would
15 initiate preliminary, individual liquefied natural gas or gas sales or shipping efforts; and

16 **WHEREAS** all parties to the Heads of Agreement agreed that, during the preliminary
17 front-end engineering and design phase, the parties would work to develop mutually agreeable
18 gas offtake and balancing agreements to facilitate gas offtake by each of the parties with
19 regard to the parties' rights to capacity in the Alaska liquefied natural gas project; and

20 **WHEREAS** all parties to the Heads of Agreement agreed to complete the preliminary
21 front-end engineering and design phase of the project by the second quarter of 2016; and

22 **WHEREAS** all parties to the Heads of Agreement agreed that, during the front-end
23 engineering and design phase, each party would seek to execute individual liquefied natural
24 gas or gas sales and shipping agreements; and

25 **WHEREAS** all parties to the Heads of Agreement agreed to making a determination
26 on proceeding to the front-end engineering and design phase by the second quarter of 2017;
27 and

28 **WHEREAS** all parties to the Heads of Agreement agreed to other Alaska liquefied
29 natural gas project expectations; and

30 **WHEREAS** the Alaska State Legislature held hearings on the Heads of Agreement;
31 and

1 **WHEREAS** the Twenty-Eighth Alaska State Legislature passed Senate Bill No. 138,
2 enacted as ch. 14, SLA 2014, by a vote of 52 to eight to enable the Heads of Agreement and
3 advance the Alaska liquefied natural gas project; and

4 **WHEREAS** the process set out in previous legislative action under both ch. 11, SLA
5 2013, and ch. 14, SLA 2014, created the statutory framework necessary to advance those
6 important and complementary purposes of both monetizing Alaska's North Slope natural gas
7 and providing natural gas to Alaskans and should be followed as the state advances the Alaska
8 liquefied natural gas project; and

9 **WHEREAS** the Alaska liquefied natural gas project remains on schedule according to
10 the Heads of Agreement; and

11 **WHEREAS** the Heads of Agreement expires December 31, 2015; and

12 **WHEREAS** the state has made it clear that it intends to terminate the participation of
13 TransCanada Alaska Development Inc. in the Alaska liquefied natural gas project; and

14 **WHEREAS** the Senate recognizes the expertise and performance of TransCanada
15 Alaska Development Inc., including the value added by TransCanada Alaska Development
16 Inc. to date; and

17 **WHEREAS** the project partners in the Alaska liquefied natural gas project have
18 global expertise that the state should use to further its important and complementary goals at
19 every opportunity; and

20 **WHEREAS**, in recognition of the state's budgetary challenges and the need to protect
21 the state's interest, the Senate will continue to exercise due diligence and scrutinize every
22 proposed appropriation request by the state;

23 **BE IT RESOLVED** that the Senate urges the parties to the Alaska liquefied natural
24 gas project and the signatories to the Heads of Agreement to continue to honor the
25 commitments, expectations, and timelines contained in the Heads of Agreement until the
26 completion of the front-end engineering and design phase and urges the parties to support the
27 funding of the work plan and budget for 2016 to ensure the completion of the preliminary
28 front-end engineering and design phase; and be it

29 **FURTHER RESOLVED** by the Senate that the transition of direct ownership interest
30 of the gas treatment plant and pipeline from TransCanada Alaska Development Inc. to the
31 state should occur under the process outlined in ch. 11, SLA 2013, and ch. 14, SLA 2014, and

1 should maintain alignment within the various state departments and corporations.

2 **COPIES** of this resolution shall be sent to the Honorable Bill Walker, Governor of
3 Alaska; the Honorable Mark Myers, Commissioner, Department of Natural Resources; the
4 Honorable Randall Hoffbeck, Commissioner, Department of Revenue; Dan Fauske, President,
5 Alaska Gasline Development Corporation; Dean C. Patry, President, TransCanada Alaska
6 Development Inc.; Thomas W. Schuessler, President, ExxonMobil Alaska Production Inc.;
7 Joe Marushack, President, ConocoPhillips Alaska, Inc.; and Janet Weiss, President, BP
8 Exploration (Alaska) Inc.