

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

January 27, 2016

1:01 p.m.

MEMBERS PRESENT

Representative Benjamin Nageak, Co-Chair
Representative David Talerico, Co-Chair
Representative Mike Hawker, Vice Chair
Representative Bob Herron
Representative Craig Johnson
Representative Kurt Olson
Representative Paul Seaton
Representative Andy Josephson
Representative Geran Tarr

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

PRESENTATION(S): ALASKA LIQUEFIED NATURAL GAS (AK LNG) PROJECT
BY THE FISCAL TEAM

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

BILL MCMAHON, Senior Commercial Advisor
ExxonMobil Production
Anchorage, Alaska

POSITION STATEMENT: Provided his company's view on the progress
of the Alaska LNG Project and provided a PowerPoint presentation
entitled, "Alaska LNG Venture Participant Update."

MARTY RUTHERFORD, Deputy Commissioner
Office of the Commissioner
Department of Natural Resources (DNR)
Anchorage, Alaska

POSITION STATEMENT: Assisted in providing a PowerPoint presentation entitled, "Alaska LNG Venture Participant Update."

DAVID VAN TUYL, Regional Manager
BP Exploration Alaska
Anchorage, Alaska

POSITION STATEMENT: Provided his company's view on the progress of the Alaska LNG Project and assisted in providing a PowerPoint presentation entitled, "Alaska LNG Venture Participant Update."

L.W. "LEO" EHRHARD, Vice President, Commercial Assets
ConocoPhillips Alaska
Anchorage, Alaska

POSITION STATEMENT: Provided his company's view on the progress of the Alaska LNG Project and assisted in providing a PowerPoint presentation entitled, "Alaska LNG Venture Participant Update."

L.C. "FRITZ" KRUSEN, Interim President
Alaska Gasline Development Corporation (AGDC)
Department of Commerce, Community, and Economic Development (DCCED)
Anchorage, Alaska

POSITION STATEMENT: Provided his company's view on the progress of the Alaska LNG Project and assisted in providing a PowerPoint presentation entitled, "Alaska LNG Venture Participant Update."

ACTION NARRATIVE

[1:01:19 PM](#)

CO-CHAIR BENJAMIN NAGEAK called the House Resources Standing Committee meeting to order at 1:01 p.m. Representatives Nageak, Talerico, Hawker, Tarr, Josephson, Seaton, and Olson were present at the call to order. Representatives Johnson and Herron arrived as the meeting was in progress.

**PRESENTATION(S): Alaska Liquefied Natural Gas (AK LNG) Project
by the Fiscal Team**

[1:02:30 PM](#)

CO-CHAIR NAGEAK announced that the only order of business is a presentation on the Alaska Liquefied Natural Gas Project (AK LNG) by the project's fiscal team.

[1:03:07 PM](#)

BILL MCMAHON, Senior Commercial Advisor, ExxonMobil Production, offered the appreciation of the Walker Administration, Alaska Gasline Development Corporation (AGDC), ExxonMobil, BP, and ConocoPhillips for being able to provide today's update on the Alaska LNG Project (AK LNG). He explained that after the five parties at the table introduce themselves, he will [provide a PowerPoint presentation] on the package that is before the committee. He noted he has been with ExxonMobil for over 30 years and has been working on different forms of Alaska gas commercialization since 1992. Mr. McMahon continued:

ExxonMobil remains committed to the Alaska LNG Project and believes that this project is the best project for developing Alaska North Slope [ANS] gas. As a lease holder of gas resources on the Alaska North Slope, we've diligently undertaken through various individual and joint activities to commercialize ANS natural gas.

We are now pursuing the Alaska LNG Project with the State of Alaska, also represented by AGDC, along with BP and ConocoPhillips. We're following a framework that was developed by the State of Alaska in 2014 that is comprised of a Heads of Agreement [HOA] signed in January of 2014 and Senate Bill 138 that was passed in April of 2014. Under the agreed framework, our project has achieved some significant milestones. We have progressed Pre-FEED [Front-End Engineering and Design] activities, we've received export authorizations both for Free Trade and Non-Free Trade Agreement countries, and we've submitted a draft environmental filing with the Federal Energy Regulatory Commission [FERC].

In Pre-FEED alone, with ExxonMobil as the lead party, the total costs are going to be over \$500 million. [ExxonMobil has] provided about a third of the funding and about two-thirds of the project personnel. We appreciate the work of the Alaska Legislature in the Special Session to allow AGDC to offer an affirmative vote for the 2016 work plan and budget [WP&B]. This has allowed the Pre-FEED work to go on uninterrupted and we appreciate that.

Our current schedule calls for completing the Pre-FEED deliverables in 2016 and this is going to position the participants for a decision on entering the FEED

phase, a phase that is expected to cost over \$1 billion. And as ExxonMobil considers this decision, this stage-gate decision, we are going to evaluate the project's potential commercial viability and technical viability by assessing the following aspects of the project: How much will the project cost? What are the capital requirements and what's the execution schedule? What's the outlook for getting FERC permits to construct and the other regulatory authorizations? What kind of LNG market confidence do we find and buyer support? ... What's the business environment, including the LNG price outlook as well as the availability of materials and equipment and qualified contractors and vendors? And then finally ... we need to have the project-enabling fiscal and commercial agreements in place. As I've testified before, the key commercial agreement that ExxonMobil ... has a special interest [in] is mutually acceptable fiscal contract terms that provide a competitive, predictable, and durable framework for the project.

Of course we're cognizant that before the parties can vote affirmatively for FEED that ... the parties are going to have to take into consideration near-term cash flows that are going to be needed for, for that work in today's challenging environment.

Now, more than ever, we're reminded that projects must be extremely cost competitive to survive the inevitable up and down of the market. As Steve Butt highlighted on [1/25/16], the parties are continuing to evaluate ways to drive down costs to make Alaska LNG competitive in the global market.

So, when the producers and the administrations are aligned and ready, legislative action will be needed on project-enabling agreements and ... approvals will be sought consistent with Senate Bill 138. So ExxonMobil believes that support from all the stakeholders is essential - the parties represented here at the table, the Alaska Legislature, the people of Alaska - all necessary for a successful project.

We believe that ExxonMobil's actions to complete Pre-FEED, and negotiate agreements, and to secure timely regulatory approvals demonstrate our commitment to the Alaska LNG Project.

1:08:35 PM

MARTY RUTHERFORD, Deputy Commissioner, Office of the Commissioner, Department of Natural Resources (DNR), expressed the Walker Administration's appreciation for the legislature's support of the TransCanada buyout during the fall 2015 special session. That allowed [the state] to purchase the TransCanada rights to the pipeline and the gas treatment plant [GTP]. TransCanada was the state's agent for those portions and in November 2015 those were transferred to AGDC. The administration is appreciative that there is now a consolidated voice at the table for the project. She recognized the "wonderful work" that the technical project team led by [Steve Butt, AK LNG senior project manager] has done, including the team's efforts to complete the Pre-FEED work in a timely fashion and to try to lower the costs so that the project's LNG will be competitive in the world market once the project is able to move to that stage. Ms. Rutherford continued:

The Walker Administration is very committed to the AK LNG Project and we are very supportive of the work that's been done on the project technical level. I would note, however, that we are also very concerned at the slow pace of the commercial agreements. We had hoped to be much further along. In fact, as you well know, the governor was interested in having a fall 2015 special session on commercial agreements and now, of course, we are referencing a spring 2016 special session.

We do remain hopeful, however, that we can complete these agreements in time for such a special session and this administration is fully prepared to meet that schedule. So, again, I look forward to the opportunity to have a further discussion with you today.

1:10:41 PM

REPRESENTATIVE HAWKER recalled that during the fall 2015 special session a question came up about who is really leading the state's team, given the fair amount of personnel changes and such that have occurred. He inquired whether it is clear to [the project participants] who is leading the state's team. He further inquired as to who is that person.

DAVID VAN TUYL, Regional Manager, BP Exploration Alaska, replied:

It has been explained to us that ... from the state's end the project is being led by a policy-making group consisting of Marty Rutherford, the attorney general, and Commissioner Hoffbeck. Our primary contact on a number of these commercial agreements is with Deputy Commissioner Rutherford. The state, I think very reasonably, has delegated its responsibilities on a number of the issues that ... we're working with to various members. But it's clear to me anyway ... of who it is within the state that is the representative in setting policy, and it is the folks that I just mentioned.

REPRESENTATIVE HAWKER concluded it is not a person, but a committee.

MR. VAN TUYL responded, "My understanding is that what the state had explained to us is they have a three-person policy-making board or committee, if you want to call it that, but our primary contact is with Deputy Commissioner Rutherford."

MR. MCMAHON, responding to Representative Hawker's question, said the foregoing is his understanding as well.

L.W. "LEO" EHRHARD, Vice President, Commercial Assets, ConocoPhillips Alaska, concurred with the foregoing understanding, stating that it is very clear to his company.

[1:13:21 PM](#)

REPRESENTATIVE OLSON asked whether any other boards, of which the committee might be unaware, are involved with the project.

MS. RUTHERFORD answered, "AGDC is also on the policy level for decisions on the project, and those commercial agreements that they have a role in." She said details will be provided during a presentation before the committee on 1/29/16, at which time the structure and matrix will be reviewed for dealing with all the commercial agreements, and who has what role.

REPRESENTATIVE OLSON clarified he is referring to smaller groups like the one with which Ms. Rutherford is actively involved.

MS. RUTHERFORD replied yes, there is the gas team which has representatives of AGDC and the departments of law, revenue, and natural resources. "That gas team answers to ... whenever there is a policy question ... they look to guidance from the policy makers that were just referenced by the three producers," she said. She continued, "... at the end of the day ... the governor makes those major decisions, yes."

[1:14:53 PM](#)

REPRESENTATIVE SEATON recalled that TransCanada and the buyout process were contentious issues until the confidentiality of that contract was waived and the provisions that had been kept secret from legislators could then be seen. Being able to see the secret provisions strongly influenced the decision that then became pretty unanimous. He urged that this type of "hand grenade," where legislators are unable to know what they are voting on, not be built into the next system. He said he would like some confidence that the legislature will not be asked to approve a contract that is essentially a blank piece of paper that includes the most significant aspects to the state's fiscal future. He inquired whether the experience with TransCanada has enabled the parties to understand why the legislature needs to have access to those agreements.

MS. RUTHERFORD opined this administration agrees with Representative Seaton absolutely. The administration's intention for all commercial agreements that commit the state's resources or monies, and any agreement that commits the Department of Natural Resources beyond two years on the project elements, is that such agreements are brought to the legislature for approval. She continued:

This administration strongly agrees that we need to be as absolutely transparent as possible with the legislature and the people of the state on what it is that we are committing to and what we are attaining as part of an AK LNG project. There certainly may be some areas where there are commercial issues that will cause us to have to deal carefully with ... perhaps in confidential discussions with the legislature, but we are going to try to minimize those and be as open and as transparent as we possibly can.

REPRESENTATIVE SEATON inquired whether other things, such as voting rights structures, could be made available to legislators

so that legislators know what the subsequent decisions will be and who the participants will be and at what levels.

1:19:00 PM

L.C. "FRITZ" KRUSEN, Interim President, AGDC, Department of Commerce, Community, and Economic Development (DCCED), replied:

AGDC sort of takes the lead on a number of agreements that represent how we're going to run the project, how we're going to run the operation. We call them the "governance suite" and I'll make sure that we do all we can to have those aspects transparent to the legislature.

REPRESENTATIVE TARR asked whether it is very clear to the three project partners that are outside of the state that they go to Deputy Commissioner Rutherford as the point of contact for interactions with the state on AK LNG.

[The three project partners nodded yes.]

1:20:19 PM

MR. VAN TUYL provided BP's statement to the committee, noting he has been working for BP in Alaska for over 31 years, the last several of which have been dedicated to getting Alaska's gas resource to market. He paraphrased from the following written statement [original punctuation provided]:

Now I have the privilege of working in my current roles on the joint fiscal team and on the Management Committee of the Alaska LNG Project.

I am very pleased to be here with all of my colleagues to provide this update on the progress of the Alaska LNG Project, and this is from BP's perspective. The success of Alaska LNG is critical to BP's business here in Alaska, and it's also critical to the future of the State of Alaska and so many Alaskans who will benefit, both directly and indirectly, from a successful project.

Now this past year in 2015 has been an important and we think a very successful one for the Alaska LNG projects. Alaska LNG continues to make progress towards becoming a reality and I think it's worth

taking just a moment to reflect on some of the important achievements that were made this past year.

As my colleague Mr. McMahon mentioned, in February the project filed 12 draft resource reports with the Federal Energy Regulatory Commission, totaling over 8,000 pages available on the FERC web site In March, the FERC then, based on that filing, issued their Notice of Intent to proceed with an Environmental Impact Statement for the project, and that began a nine-month public comment period.

In May, the project received authorization from the Department of Energy to export up to 20 million tons per annum (MMTPA) of LNG to non-free trade agreement countries and that's coupled with the free trade agreement authorization the project already had. And that's a huge message to the world and a major step forward for the project. The Alaska LNG Project was able to jump the queue, if you will, over other U.S. LNG projects that were also awaiting export authorization, and I think that's a feat we owe in large part to the hard work of our Alaska federal delegation.

In October, the Alaska Oil and Gas Conservation Commission increased the maximum allowable gas offtake rate from Prudhoe Bay to a level sufficient to support LNG export, and they also allowed authorization for injection of impurities, including CO2, into the main Prudhoe Bay reservoir. [The Alaska Oil and Gas Conservation Commission] also established a gas offtake rate for the Point Thomson field that's critical for the successful Alaska LNG Project. And those authorizations we have never had before sufficient to support the project.

[1:23:20 PM](#)

MR. VAN TUYL continued paraphrasing:

As was mentioned also in November, the State of Alaska through the legislative authorization agreed to acquire TransCanada's 25 percent interest in the midstream portion of the project.

And then in December all the parties here - BP, Exxon, Conoco, State of Alaska - approved the 2016 work program and budget which authorizes over \$200 million in spending to continue advancing the project, which we are doing.

And as you heard just the other day from Steve Butt, the project team is making good progress on those Pre-FEED deliverables, something like 85 percent complete.

We also worked through a number of commercial issues during the course of 2015, and we continue to make progress on others.

Beginning last February, we worked with the administration to understand a bit more about the administration's "Plan B" in the event that the Alaska LNG Project was, for whatever reason, to not proceed, and the implications that that plan had for our joint work so we can continue working together on the Alaska LNG Project, which we have.

This past summer BP responded both verbally and in writing to public notice of new confidentiality [regulations] proposed for AGDC, that we wanted to make sure that those terms facilitated AGDC's full and equal participation in the project because we think that's absolutely imperative to success, while also protecting the project's competitive advantages.

Throughout 2015, we have worked with the administration in defining a property tax framework for the project, and that framework has been communicated through the Municipal Advisory Group Pipeline Review Board process.

We heard the administration's desire to prioritize a withdrawal agreement, and BP successfully negotiated and executed a Gas Availability Agreement this past December, along with ConocoPhillips and the State of Alaska. BP also looks forward to continuing to work with the State as it desires to progress any other such agreements.

And we are also making progress on other commercial fronts, including support for the DNR in making its royalty-in-kind election, defining fiscal terms for

the project, working with the State on the manner in which in-state gas supply would be provided, and other commercial issues.

So while there is still much work to be done, we do continue to make progress. We understand the governor's recent statements about the need for additional progress, and we agree.

[1:25:56 PM](#)

MR. VAN TUYL continued paraphrasing:

Just as we said at our last legislative update in September, the agreements we're actively negotiating are complex and will impact this multi-billion dollar project that will span decades. Given the complicated issues we're working through and the fact that each of the parties in the negotiation has its own needs and concerns, it probably shouldn't surprise us that the negotiations can be difficult. Last time we spoke about hitting speed bumps along the way as an encouraging sign that we're tackling the tough issues and still moving forward. And that continues to be the case.

BP desires to get these agreements done as soon as possible, but we also recognize that it is essential to all the parties that these agreements are done well. BP is committed, just as we have been throughout this process, to working out our remaining issues as quickly and as fairly as possible.

We're encouraged that the project continues to make real, tangible progress, as measured by these key external milestones that I mentioned.

And BP remains actively engaged to continue progressing the Alaska LNG Project, both with the technical work and the associated commercial work.

Given the current economic environment, 2016 looks to be a challenging year for all of us. We at BP, and we as Alaskans, know what it means to face challenges. The best way we have found, is to do so together. That is the path that was envisioned in the January 2014 Heads of Agreement, it is the path that was

forged by this legislature with the passage of [Senate Bill 138, passed and signed into law in 2014], and BP remains committed to progressing in an aligned way forward on the Alaska LNG project.

[1:27:49 PM](#)

REPRESENTATIVE HAWKER observed that Mr. Van Tuyl's comments indicate that tremendous progress is being made; however, the governor is increasingly concerned about the lack of progress in negotiating the agreements necessary to enable the project to proceed. He asked who is right.

MR. VAN TUYL stressed that BP continues to dedicate its resources to negotiate complex and world-class agreements. The parties are meeting regularly and are making progress in that regard. He acknowledged that putting the agreements before the legislature will be a tangible, external milestone and said, "But the fact that we don't yet have ink on paper of all the parties, doesn't mean that we're not progressing those agreements"

REPRESENTATIVE HAWKER offered his understanding that the governor seeks to impose some specific deadlines on the completion of these critical agreements. He asked whether the project has evolved from a project progressing on its merits, on a reasonable and rational basis, to a schedule-driven project with hard schedules established by the state, and with dire consequences for the project if unmet.

[1:30:25 PM](#)

MR. VAN TUYL replied that from BP's perspective it is essential that the agreements are done well, fairly, and right, which will take time to work out; however, he said, "I cannot tell you with any certainty, exactly what time that's going to take."

REPRESENTATIVE HAWKER directed the following question to Ms. Rutherford:

Has the governor ... imposed fixed time deadlines to conclude the work that I'm hearing here is difficult? Again, are we, have we moved to a schedule-driven project, and if so what is that schedule?

MS. RUTHERFORD said she would differentiate between a date-driven schedule for the project versus a date-driven schedule

for the agreements. She reviewed initial stages of the project and observed that the work plan and budget set completion of the Pre-FEED by December 2016, but the commercial agreements have "slipped." Ms. Rutherford explained:

They have slipped the schedule that was identified in 2014 as part of the Heads of Agreement. The intention was to have them available by 2015 regular session, and then it was a special session, and now we're looking at a 2016 special session. Obviously, the State of Alaska cannot progress commercial agreements by itself. It requires agreement by all the parties involved, for, whether that be the producers and AGDC, or the producers and the sovereign, and it is absolutely the hope of this administration that we could provide to the legislature commercial agreements by the end of March in order to be able to get to a special session so that we could have a constitutional amendment ready to go to support a fiscal agreement by June 20, for the November ... general election. ... So, has [the governor] set this as an expectation? Yes. But can we ensure that it's going to occur? No.

[1:33:40 PM](#)

REPRESENTATIVE HAWKER opined the commercial agreements are the progress on the project and thus cannot be separated from the field work; in fact, the field work is dependent upon the progress made by the policy committee. He questioned whether Ms. Rutherford was assuring the committee that the governor understands that the agreements may not be done by a time certain, and "is just hoping, that he is not stipulating, time[s] [certain]."

MS. RUTHERFORD responded that the project technical work is progressing under its own stage-gate timeframe as directed by the work plan and the budget schedule, and the governor is not imposing any schedule or dates into that process. Regarding the commercial agreements, she restated the producers' desire to have a fiscal agreement that supports the project's commercial structure, and that the state - as advised by the attorney general - is required to hold a constitutional amendment in order to execute a fiscal stability agreement. Because constitutional amendments must occur at a general election, and the next are scheduled for November 2016, and November 2018, the schedule is dictated by the desire to get the agreements approved and a constitutional amendment [on the general election

ballot]. The governor has set March dates as target dates so that a spring special session, followed by a November 2016 constitutional amendment, can be scheduled.

REPRESENTATIVE HERRON directed attention to previous remarks by Mr. Van Tuyl as follows [in part]:

We understand the governor's recent statements about the need for additional progress. We agree.

REPRESENTATIVE HERRON inquired whether the foregoing statement referenced the letter from [Governor Bill Walker addressed to Ms. Janet L. Weiss, Mr. Jim Flood, and Mr. Joe Marushack, dated 1/18/16, Re: AKLNG Project - North Slope Development].

[1:36:50 PM](#)

MR. VAN TUYL recalled that the governor has made multiple public statements about his desire to have commercial agreements in place, and that desire was reiterated in the aforementioned letter. He restated that BP is in agreement with the governor, however, the challenge remains that those agreements can only be completed when all of the parties are satisfied that their commercial needs are met and protected.

REPRESENTATIVE HERRON also agreed that the enabling agreements are crucial and must be correct. He pointed out that in the letter the governor clearly indicated a deadline of the end of the regular session, but noted that the end of the legislative session is unknown. He asked, "Can these eight enabling agreements in your opinion ... do they have a really good chance to do that?"

MR. VAN TUYL opined:

... getting all of them complete in the timeframe that Deputy Commissioner Rutherford mentioned is going to be a real challenge. I would say further, that we are very motivated to get those agreements completed because we understand the imperative to the project ... but that doesn't change the fact of the complex problems that are being dealt with and the fact that we have multiple parties that might see any particular issue ... with their own company interests, or state interests at stake. ... So, I certainly can't say definitively that they will be done.

1:39:53 PM

REPRESENTATIVE HERRON directed attention to a portion of the abovementioned letter from the governor that read [in part][original punctuation provided]:

[Absent such alignment the] Administration will be unable to support any Fiscal Contract that the Producers may seek, or a Constitutional Amendment supporting such Fiscal Contract.

REPRESENTATIVE HERRON said, "I just want it on the record that that is a very disconcerting comment"

MR. VAN TUYL restated BP's commitment.

REPRESENTATIVE SEATON recalled that seven of nine members of the House Resources Standing Committee signed a letter sent to each member of the previous legislature that discouraged a contract from the producers insisting upon fiscal certainty on oil, which is the issue that prevented a previous project from fruition [document not provided]. He remarked:

[It is] the legislature that has to approve those contracts, [and it] had a pretty hefty lift saying, "We don't want to see this back." We didn't put it in {Senate Bill 138} because at that time it wasn't, it was deemed by the state presenters as not being really right for discussion, but when the whole committee sent a letter to everyone laying out several parameters, that being the first parameter, of which, of things that would be unacceptable. I just want to make sure that, that's still on the record, and everybody understands that there was a concerted effort to try and send, to try and get that message to everyone. I can tell by your nodding of your head you remember that letter and I appreciate that.

1:42:50 PM

MR. VAN TUYL said yes, he did remember the letter. He acknowledged that a successful fiscal agreement would require not only the agreement of the parties but also legislative ratification.

REPRESENTATIVE HAWKER returned attention to an earlier comment indicating that the governor believes a deadline of the end of

this legislative session is necessary in order to put a constitutional amendment before the voters in 2016. He referred to previous testimony from representatives of the industry that fiscal certainty may not be as necessary for them to enter into Front-End Engineering and Design (FEED) as the governor believes. Representative Hawker questioned whether the companies can make a FEED decision without a vote on a constitutional amendment in 2016.

MR. MCMAHON confirmed that for ExxonMobil, having a good understanding of the fiscal terms is essential prior to a commitment of its share of the investment associated with FEED. Furthermore, ExxonMobil requires a competitive fiscal contract that is predictable, durable, and consistent with the Alaska State Constitution.

REPRESENTATIVE HAWKER remarked:

... I heard that you needed a contract that had those qualifications, I didn't hear you say you had to have a constitutional amendment on the ballot this 2016 ... to go forward and enter into FEED. Does ExxonMobil require a clarifying constitutional amendment on the ballot, fall 2016, to move ahead into FEED?

1:45:30 PM

MR. MCMAHON answered that the Walker Administration has indicated its approach to providing fiscal stability is to draft a constitutional amendment, have the legislature authorize its vote, and put the constitutional amendment on the ballot. He said, "We're working with the administration on this and we support their approach"

REPRESENTATIVE HAWKER observed this was not an answer to his question.

REPRESENTATIVE JOSEPHSON recalled from a number of past meetings that the industry believed a constitutional amendment must be pursued. He characterized the amendment as a concept that would not be viewed by his constituents as oil certainty on taxation, but as a narrow concept that would be "eminently explainable."

MR. MCMAHON restated it is essential to have a fiscal contract before the FEED decision, and the contract must be consistent with the Alaska State Constitution. The constitutional

amendment is necessary to follow the path laid out by the Walker Administration.

REPRESENTATIVE JOSEPHSON observed [ExxonMobil] was "taking a deferential posture" and remarked:

Does [ExxonMobil] take a position that for its own security and stability, durability, those concepts, that it would be nice to know that the 30th and 31st legislature can't undo the agreed-to twelve and a half percent gas tax rate, or, I assume Exxon, for example, has its own opinion about that ... is your position just that ... if that's the governor's position it's fine? Or is it, do you have anything more heartfelt than that?

1:48:41 PM

MR. MCMAHON advised the committee that he has worked with various administrations since 1992, and there have been different approaches to providing fiscal certainty. He agreed that ExxonMobil defers to the Walker Administration, with whom it is negotiating, and it is essential that the fiscal terms in the contract are robust, predictable, and durable so that they are only changed by agreement of the parties to the contract, and that subsequent legislators cannot change the terms.

MR. VAN TUYL added that one of the critical elements in the nature of a fiscal agreement is that it represents the support of the host government, thus the parties must ensure that they have full agreement and alignment with the path of the Walker Administration.

REPRESENTATIVE HAWKER noted that a different perspective has been heard from some industry participants as to the necessity of a constitutional amendment; although the deference to the administration's stance has also been stated - from the practical and legislative standpoint - he inquired as to whether there are other mechanisms that could provide sufficient "assurance and comfort with this project to move forward." He pointed out that there have been statements from the parties as to whether the completion of the agreements may or may not meet the governor's deadline; if, in fact, the deadline is missed for a constitutional amendment, is there another vehicle, mechanism, or approach that could provide the necessary assurance to continue the project into FEED and make substantial financial commitments.

1:51:40 PM

MR. VAN TUYL surmised that if another mechanism was supported by the host government, BP would be willing to investigate and pursue that mechanism; however, it is an "academic exercise for us to want to do one thing but not have the host government's support, when the nature of the fiscal agreement is to try to embody host government support for the project."

REPRESENTATIVE HAWKER asked whether "host government" is the entire government, the legislature, or specifically the executive branch.

MR. VAN TUYL explained that when he uses the term "host government," he is referencing the entirety of government - including the residents of the state - in order to engender decades of stability for the project. Instability is not consistent with the commitments required from the companies, the state, and the LNG project customers.

CO-CHAIR NAGEAK returned attention to the presentation.

1:53:24 PM

MR. EHRARD informed the committee he is the vice president for Commercial Assets for ConocoPhillips, he lives in Anchorage, and he has held his position for about nine months. He continued his testimony, as follows:

In my role, I've got accountability for the Cook Inlet operated assets, the Prudhoe Bay non-operated assets, our Trans-Alaska Pipeline System (TAPS) and other pipeline interests, aviation and importantly for today's conversation, the AK LNG project. In my 30 years of industry experience I have worked LNG projects throughout the world in business development and project development capacities in the Middle East, North and West Africa and now here in Alaska. I am very proud to be part of this project and I amplify and echo Dave's sentiments regarding the quality of individuals and the world-class project that stands before us. For the Alaska LNG project itself, my role is a project owner and ConocoPhillips representative. My team's role is to integrate all aspects of the project - technical, commercial, and ultimately the marketing aspects. And our objective, like those

seated with me and those in the room is to monetize economically ANS gas resources. ConocoPhillips continues to support this project. We continue to work to progress the commercial and technical aspects and we have been very impressed by the technical achievements we have achieved in 2015. But we do have to be realistic about the project in the current price environment. And we have to be realistic about the commercial challenges that are in front of the project. Our industry faces weak oil prices that have not been seen for more than a decade. And weak natural gas prices that have not been seen for 15 or more years. Together this has created challenges to the industry as we deal with greatly diminished revenues from our production assets. The AK LNG project faces significant economic headwinds. Low oil and gas prices have depressed Asia LNG prices by 60 percent since 2014. The LNG market is very tight, if not oversold, for 2016. But fortunately, we are not trying to sell into this market, the prices will resume, they will recover, they will get better. But in these times, until they do, we have to be careful stewards of cash and closely manage all of our expenditures. This applies to all of our Projects, and includes AK LNG.

MR. EHRARD continued:

We will work with our AK LNG partners to find cost savings in our 2016 spend. We know this is important to the state as well, just as we have done with the rest of our Alaska portfolio and our worldwide portfolio. As you will hear from Bill in the joint presentation, there is a long list of commercial agreements that need to be completed to support the special session. Unfortunately, we have not made the progress on these agreements, compared to what we had hoped for at this point in the process, but we continue to work. As most of you are aware, the governor has identified a list of agreements that he wants to see completed before a special session. This will be very difficult to accomplish. They're complex agreements as Dave indicated, there are numerous agreements, they're interrelated in their nature; there are no off-the-shelf versions of these agreements that we can go and grab. They are very unique for a world-class project, so you can

appreciate the challenge in front of us. Of particular concern to us is the gas supply agreement. As ConocoPhillips testified in February, June, and September, the gas supply agreement is foundational for the project. It's the basis for determining the rate and total volume of gas to be supplied to the project from the Prudhoe Bay and Point Thomson fields. It directly or indirectly sets the participation or equity basis for the project. It says what happens when the volumes are not supplied, for example, if a field has problems, or if there's an opportunity to increase production. It has to contemplate a lot of scenarios. ConocoPhillips believes the gas supply agreement is one of the key agreements required for the legislature to consider action on the fiscal contract. This agreement is required for a FEED decision. We testified in September that it was crucial to agree to this as soon as we could to ensure that the project has a solid commercial foundation upon which the legislature can ratify fiscal legislation and, hopefully, a constitutional amendment. The commercialization of ANS gas is important to us all and should we find ourselves in a situation of impasse where ConocoPhillips cannot go forward, we will not stand in the way of the project. I want to make that very clear. We will make our gas available to the state on commercially reasonable terms. Back to the process, and our path forward on AK LNG, ConocoPhillips remains committed and engaged with the other parties to complete all the agreements on the table. Further, we are encouraged by the state's ongoing engagement to progress the project commercially and technically - this includes the governor's accessibility and his engagement on the project in recent weeks and months. We appreciate their ongoing effort to find a way forward in a timely manner. I want to thank the chair and the committee members for the opportunity to testify and listen to my remarks.

[1:58:53 PM](#)

REPRESENTATIVE TARR referred to the complexity of the current low price environment and its influence on the companies' decision-making. She asked the parties to help legislators

better understand the consideration that is given to price indicators and other milestones.

MR. EHRHARD stated that the parties look at the challenges of a low price environment in three phases: short-term, medium-term, and long-term. In the short-term, [low] prices crimp revenue streams and cash must be managed carefully to sustain the business. In the medium-term, ConocoPhillips will continue to look at market drivers for signals to how the markets will develop, such as the number of new projects coming online at the same time AK LNG is marketing and producing its gas. Also to be addressed in the short-term phase is the cost of the project; the project must work commercially, and to do so the parties must remain competitive by seeking to lower total construction costs for the project. Mr. Ehrhard agreed that the beauty of the stage-gated process is that each company increases its definition and scope about the project at each stage-gate, thus can make an informed choice based on many market conditions, corporate conditions, environmental aspects, and other factors.

REPRESENTATIVE TARR asked what level of prices, at the end of calendar 2016, are required to make an industry decision to progress into FEED.

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MR. EHRHARD, speaking for ConocoPhillips only, stated that ConocoPhillips will take a holistic view of the whole project, understanding that previous efforts to commercialize North Slope gas have failed, and recognizing that this "looks like the project that'll go forward." ConocoPhillips will not take an overly short-term view, but will look at the corporate conditions at the time and at what is needed to balance the ConocoPhillips Alaska portfolio with oil development opportunities and gas development opportunities.

MR. VAN TUYL agreed with Mr. Ehrhard, adding that an important element for BP - as the operator of Prudhoe Bay - is to ensure safe, compliant, and sustainable operation of its core business. In fact, BP's core business will make it possible to bridge the gap to gas production, which is still several years away. BP is currently in the process of evaluating its activity levels to improve its cost base. The decisions at Prudhoe Bay are made by the working interest owners in a similar manner as decisions will be made by the parties to the AK LNG project. The parties can directly control the costs of a project, and he stressed

that BP will seek to reduce the costs of AK LNG, and at the same time ensure its core business is sustainable.

REPRESENTATIVE JOHNSON said he could not envision how decisions can be approached on very complex agreements without all of the parties at the table, because the supply of gas is unknown; in fact, without a commitment from the state, one quarter of the supply of gas is in question. He asked, "Until we do our part and say 'yes, we're going to do this' how can you possibly come up with any of these agreements that are going to mean anything?"

[2:05:35 PM](#)

MR. VAN TUYL replied that BP's approach is to use the framework in the Heads of Agreement and Senate Bill 138, which outlined core elements that are essential for a successful project, one of which is aligned ownership interest in the project: matching the gas each owner brings into the project. Aligned ownership interest and matching gas is made possible by a royalty-in-kind (RIK) decision; although the state has not yet taken this decision, the other parties are assuming the state's requirements for RIK gas will be met and, at that time, the agreements will "follow along."

REPRESENTATIVE JOHNSON remarked:

If we're looking for alignment and we're looking for certainty, if we took that off the table today, that we are certain, we are going to take it in-kind ... doesn't sound like you're going to change anything that you're doing, because you're assuming that's going to happen.

MR. VAN TUYL responded that even if the RIK decision were taken today, the core agreements - the governance agreement and the gas balancing agreement - would remain to be negotiated.

REPRESENTATIVE OLSON requested the administration's definition of the term "sovereign."

MS. RUTHERFORD explained that DNR uses the term primarily to differentiate between the executive - Department of Revenue, DNR, and the Department of Law - versus the Alaska Gasline Development Corporation. She added:

It's just a shorthand way of differentiating sort of who is managing the various aspects of the project. The project kit is definitely controlled by AGDC, many of the agreements associated with the resources and the fiscals are with the agencies, and those were set up, those are statutorily defined for the most part, so that's a shorthand version of what we mean.

REPRESENTATIVE OLSON concluded that sovereign used in this context is not an individual but a group.

MS. RUTHERFORD said yes. At a subsequent hearing the administration will identify which agency is in charge of which aspects. Many of the agreements have various elements; for example, a decision by the state in favor of RIK triggers the opportunity for the producers to pay their production tax as gas, and there would be a consult responsibility of DNR with DOR.

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CO-CHAIR NAGEAK redirected the committee's attention to the presentation.

REPRESENTATIVE JOSEPHSON requested clarification on the contingencies and factors affecting DNR's pending RIK decision.

MS. RUTHERFORD replied:

It is not possible to make a determination that taking royalty-in-kind is actually in the state's interest ... and to make the associated risk and reward analysis, unless you know the terms under which you are making that decision. For instance, does ... do we actually have lifting rights? And can we secure our gas supply up at the two units given that we're not working interest owners? And we're a derivative - we only get our gas when it's produced by the producers - how much are we going to pay for fuel cost allowance? How much are we going to pay for CO2 disposal? Under what terms and conditions are we going to ... be able to deal with the market when ... how will we determine how much our gas supply will be in any given year? It is not possible to tell the people of the State of Alaska, what it is that we're going to be actually getting in exchange for anything we're giving up unless in fact we know those. ... We

are assuming that we can get to royalty-in-kind in order to work the issues, but in fact, at the end of the day, you cannot explain why this is a good idea until you have the details of agreements in place.

2:13:01 PM

REPRESENTATIVE SEATON observed that the fiscal terms under discussion are for over a long period of time, and are related to the state's tax issues. One of the objectives [related to tax issues] is a 20 percent gross value exclusion or reduction in oil taxes for new oil, and it is conceivable that there will be new gas coming from a variety of operators. He asked:

Is there an element to this, the fiscal considerations, that we include any element of the gross value reduction for new gas from new fields, or new fields within the fields? Any of the strictures that were put around that when oil taxes - oil and gas taxes - were initiated in the last few years? And I don't care under which scenario we're talking about
....

MR. MCMAHON responded that the health of today's business affects the decisions related to AK LNG. He expressed his hope that more new fields are found and brought into the project, because although Prudhoe Bay and Point Thomson can anchor the project for a substantial period of time, the facilities are designed to last for decades, thus it is essential that new fields are found so that AK LNG will last many years to make Exxon/Mobil's investment worthwhile.

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REPRESENTATIVE SEATON then asked whether the gross value reduction currently in law is applied to gas - either current or new gas - in the fiscal considerations under discussion. He explained:

We've done the full field analysis of oil fields now, and a new 15,000 barrel/day oil field - at anything below \$60 - the full field life is a net loss to the state. And so I want to know whether we are having any terms similar to the gross value reduction applying to any new gas fields that would contribute to this project.

MR. MCMAHON responded:

The way we're proceeding is with the Senate Bill 138 approach, where upon a royalty-in-kind election, that the state would take their royalty-in-kind, and then if they do, then the producers could elect to pay their production tax as gas - TAG we like to call it, tax as gas - and that would be a fixed percentage. I believe it's 13 percent gross, so there are no exclusions in that calculation: 13 percent of the gas, after royalty, would be paid to the state in the form of gas.

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MR. MCMAHON turned attention to slide 2 of the presentation, and noted that most of the information on the slide has been covered by the presenters' opening remarks, except for the in-state gas aggregator subsidiary that was formed by AGDC. He highlighted that the residents of Alaska have been very interested to know how they will gain access to Alaska gas. The AGDC subsidiary will serve to collect [gas] supplies from the project and make them available to Alaskans. Slide 3 illustrated the AK LNG project structure, and he pointed out that AGDC has filled the role previously held by TransCanada. Slide 4 listed the responsibilities of the project team; slide 5 illustrated the project facilities that will be built by the partners and the following additional facilities: Prudhoe Bay Unit (PBU) Facilities; Point Thomson Unit (PTU) Facilities; In-State Gas Facilities. Mr. McMahan informed the committee that Steve Butt, as the project manager, speaks on behalf of all of the venture participants, and slide 6 illustrated the work outside of the project's teams' purview: gas production; commercial arrangements; fiscal terms; regulatory arrangements; external affairs/government relations. Mr. McMahan said he would highlight what has changed since the last presentation. On slide 7, he noted that the Alaska Oil and Gas Conservation Commission (AOGCC) issued offtake authorizations at PBU and PTU, and authorized the injection of CO2 into Prudhoe Bay from the gas treatment plant.

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MR. MCMAHON continued to slide 8, which illustrated that the state's gas share comes from working interests from Exxon/Mobil, ConocoPhillips, and BP; RIK is approximately 13 percent; and when added to production tax, the state's gas share totals

approximately 25 percent. Slide 9 was a new chart indicating the alignment with AGDC after AGDC secured TransCanada's assets; he explained that when the state lifts 25 percent of the gas from the project, the gas will ship through AGDC's gas treatment plant capacity, pipeline capacity, and LNG plant capacity. Mr. McMahon advised "... [slide 9] shows really good alignment, and so that's a change since the last time we met." Slide 11 was an agreement-by-agreement update of key commercial advancements:

- governance for the long term venture including expansions: contract texts are advancing, outstanding issues are likely resolved
- gas supply to project: parties are seeking alignment on common commercial structure, two alternatives are under consideration
- gas/LNG lifting rights from project: guiding principles are needed and can be developed during FEED
- in-state gas: AGDC needs to decide how to distribute gas and how to collect supplies from the project
- GTP by-product handling
- field cost allowance at PTU
- PTU lease conversions
- LNG marketing structures relative to the state's gas share.

MR. MCMAHON stressed that all of the foregoing agreements are critical to support DNR's RIK election and a special session to approve fiscal terms.

REPRESENTATIVE HAWKER requested an updated schedule that reflects any new agreements that may have been determined necessary, as well as a document that reflects the exit of TransCanada.

MS. RUTHERFORD agreed to provide the requested information.

MR. MCMAHON returned attention to slide 12, noting that the fiscal proposals need to be aligned with all of the parties and delivered to the legislature for appropriate approvals.

REPRESENTATIVE HAWKER observed that fiscal portions of the presentation rely upon the HOA and Senate Bill 138. He pointed out that the HOA expired December 31, 2015, and therefore is no longer an operative agreement. He said his understanding is that the replacement agreement for the HOA is the interim joint

venture agreement (JVA), and inquired as to whether the interim JVA is of permanent duration, or has an expiration date.

MR. MCMAHON answered that the JVA governing the Pre-FEED phase has an expiration date. In further response to Representative Hawker, Mr. McMahon shook his head to indicate he could not provide the expiration date.

CO-CHAIR NAGEAK asked Mr. McMahon to provide the date when it is known.

MR. VAN TUYL offered BP's view that even though the HOA expired, it provided a framework of how the various commercial agreements on the project would advance, and along with Senate Bill 138, the framework outlined in the HOA is still valid.

[2:27:35 PM](#)

REPRESENTATIVE HERRON requested Mr. McMahon to state two possible consequences of not making the deadline required to have the constitutional amendment vote in November, 2016.

MR. MCMAHON advised that missing the deadline for November, 2016, would delay the vote on the constitutional amendment until November, 2018. Another consequence would be the impact on the decision to enter the FEED phase.

REPRESENTATIVE HERRON suggested that the biggest consequence would be losing momentum with [the Federal Energy Regulatory Commission (FERC)].

MR. MCMAHON replied yes.

REPRESENTATIVE HAWKER returned attention to the HOA and recalled the HOA contained very optimistic dates for the completion of agreements. If BP regards the HOA as the conceptual agreement for moving forward, that "is almost self-contradictory with your statement that these agreements are going to take much longer than originally anticipated under the HOA to become completed." He asked, "Were you firmly reaffirming the desire to meet the dates in the HOA?"

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MR. VAN TUYL said no. The dates that were envisioned in the HOA have passed. He clarified that his intent was to emphasize that the HOA outlined the way the project should advance with the

state being a direct participant, and that the state takes its royalty in-kind, with a number of other project-enabling agreements. He continued:

[The outline] still remains true. Obviously the timeframe has extended beyond what was originally anticipated. ... But that basic framework ... in BP's view is still valid; those, those elements are still key to a successful project.

REPRESENTATIVE HAWKER asked, "Are the timeframes under Senate [Bill] 138 what you truly believe to be the statutory timeframe for the progress of this project?"

MR. VAN TUYL said the HOA envisioned the passage of legislation, the first of which was Senate Bill 138. He explained:

That is, under the scope of it - Senate Bill 138 - that's how we're advancing. It is as it was envisioned in the Heads of Agreement, but there are more things that have not yet been introduced to the legislature including a fiscal agreement that was envisioned in the HOA, those things we're still working. And we've talked about the timeframe there: it's as yet unspecified. But again, the framework, the need for those things, still exists.

[2:31:43 PM](#)

REPRESENTATIVE TARR returned attention to a bullet point on slide 12, "Seeking legislation to address property taxes." She pointed out that this component is required because with the state's substantial investment in the project, the project must benefit all Alaska communities, even those not directly on the route of the pipeline. She inquired as to the progress of the [Alaska LNG Project Municipal Impact Grant Program and payment in lieu of taxes (PILT)] components of the project.

MR. MCMAHON said, as reported to the Municipal Advisory Gas Project Review Board (MAGPRB), the parties have tentative alignment on the total value of construction impact payments in lieu of tax (construction impact PILT) to offset the impacts of construction throughout the state, and tentative alignment on a flow-related property tax (FRPT) rate. In conjunction with the commissioner of DOR, the parties need to convert the value of the construction impact PILT into an actual payment schedule, and to convert the total value of the FRPT into payment rates.

Regarding the delays in schedule, he pointed out that since the HOA was signed there was a change of administration, which had an impact on the schedule.

MS. RUTHERFORD advised that there will be further discussion of this topic at the committee hearing on 1/29/16.

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REPRESENTATIVE SEATON expressed his concern that by allowing all of the gas development costs to be written off as lease expenditures, and to be taken off on oil taxes, the state is offsetting 35 percent of all the upstream costs to the project, a factor which is not considered in the calculations that determine value to the state. In addition, a net operating loss that becomes a carry-forward credit is the state's liability. He remarked:

If we've taken 25 percent of the project based on royalty and production tax, where is the recognition of the 35 percent lease expenditures applied against oil taxes - which means it's 35 percent? It doesn't matter whether you call it a tax credit or lease expenditure converted to a credit, it's state money that we do not receive in the upstream of the project. Can you relate that to me as to how that incorporates in the project at all, or does it matter to the project?

2:36:05 PM

MR. MCMAHON returned attention to slide 5 to point out that all of the expenditures illustrated within the circle [transmission lines; gas treatment plant; pipeline; LNG plant, storage, loading] are expenditures downstream of the units and thus do not enter into the calculation of production tax under [the More Alaska Production Act, passed and signed into law in 2013 (MAPA)]. He restated that Exxon/Mobil needs a healthy base business as a foundation for this project to move forward. Mr. McMahon turned attention to slide 13, which highlighted regulatory arrangements, and noted that the second draft of the resource reports is underway. He reminded the committee that FERC encourages draft submissions of resource reports in order to provide feedback from FERC, and to hear public comment. The second round of the resource reports draft is expected to be filed in the first half of 2016, and will include revisions

related to cost reduction activities and the decision on the diameter of the pipeline.

MR. MCMAHON closed with slide 15 which listed key accomplishments that have been made since the last update before the committee, and that also listed major outstanding issues. He pointed out the outstanding issues are heavily focused on fiscal and commercial topics. Slide 16 listed what is necessary to support the FEED decision.

2:39:05 PM

REPRESENTATIVE HAWKER returned attention to a bullet point on slide 15, "Domestic (in-state) gas supply structures(s) to supply gas to AGDC Aggregator," and said:

When I correlate that to one of the expected agreements by session end, that's a[n] agreement that, basically where all of you commit to provide a pro rata ... share of the state's internal needs. ... That's the first time I've heard of a commitment for a pro rata share from each of you to meet the state's domestic needs. Is that something new?

MR. KRUSEN said AGDC has discussed [a pro rata share] as a hypothetical good basis to ensure alignment for in-state gas sales.

REPRESENTATIVE JOSEPHSON asked Mr. McMahan whether adjustments to credits or deductions for lease expenditures made this session, or this year, would have an impact on the final investment decision (FID) and the future of the project, from the view of industry.

MR. MCMAHON, speaking for Exxon/Mobil, said that if taxes increase, that would have an impact on Exxon/Mobil's FEED and FID decisions.

REPRESENTATIVE TARR asked whether there is a price tipping point that "seriously challenges your interest in moving forward with the project at this time"

MR. VAN TUYL, providing BP's perspective, stated that in December [2015] all of the parties approved the work program and budget for the project through 2016. To BP, the next significant stage-gate checkpoint is at FEED, and the future of the LNG market and the cost of the project will figure

prominently at that time. In the meantime, managing the cost of Pre-FEED deliverables is incumbent upon all of the parties.

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REPRESENTATIVE HAWKER referred to the administration's insistence to reengineer the project from the originally conceived 42-inch pipeline to a 48-inch pipeline. He requested the cost of the investigation and the conclusion thereof.

MR. KRUSEN estimated that about "twentyish" million [dollars] have been spent thus far, as of December [2015], to bring engineering of the "48-inch effort, up to the same level as the 42 effort." He added that approximately another \$5 million to \$10 million will be spent to get to the April 1 decision point, when the apples-to-apples comparison will be made, followed by the AK LNG management committee's decision. In further response to Representative Hawker, he said the AK LNG management committee is one of the governance organizations - a decision-making organization - of the AK LNG project with representatives from BP, Exxon/Mobil, ConocoPhillips, and AGDC.

MR. KRUSEN, in response to Representative Hawker's second question on the conclusion drawn from the aforementioned engineering effort said, "... I haven't seen the numbers yet."

REPRESENTATIVE OLSON recalled Steve Butt's testimony at the [1/25/16] meeting that the cost was \$27 million to \$30 million. More importantly, Mr. Butt testified that the additional size and weight of the larger pipe would increase the number of truckloads of pipe from 100,000 to 150,000, along with other ramifications. He questioned why further consideration of the larger pipe is necessary.

MR. KRUSEN agreed there are related issues, which will all be taken into consideration before a decision is made.

2:47:09 PM

REPRESENTATIVE OLSON asked, "This pushed us back almost a year hasn't it?"

MR. KRUSEN said no. He explained that the project is not going as fast as hoped because "new things have been discovered, and if we built the project sort of as we originally envisaged, it would be on that sort of north end of that \$45 [billion] to \$65 billion range. So we are, the project, is really trying to take

costs out and that's just taking more time. ... If we elected to go that way [the 48-inch pipe] would add two more months to the decision to go into FEED. ... We still will stay with the, filing, the final FERC filing in the second half of this year."

REPRESENTATIVE JOSEPHSON questioned whether a decision in favor of the larger pipe could drive the cost "down the other way."

MR. KRUSEN opined a betting person would say 48-inch pipe would cost more capital than 42-inch pipe because there is more steel; on the other hand, fewer compressor stations would be needed.

CO-CHAIR NAGEAK announced that the committee would schedule further presentations on the AK LNG project, and thanked the participants.

[2:50:32 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at [2:51] p.m.