

**GASLINE
BRIEFING**

2-20-81



Introduction

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The Project

The Alaska Natural Gas Transportation System will be an overland pipeline of varying diameters designed to carry about 2.4 trillion cubic feet of natural gas daily from Prudhoe Bay, Alaska, to homes and industries in the lower 48 states. At a cost of over \$20 billion it will be the largest privately-financed construction project ever undertaken anywhere. It will supply about five percent of our Nation's gas needs for the 25-year life of the project, based on current use rates.

The entire project stretches 4,800 miles from Prudhoe Bay, on the northern coast of Alaska, along the route of the Trans Alaska Oil Pipeline to Delta Junction, south of Fairbanks. There the gas line turns southeast and continues south into Canada, generally following the Alaskan-Canadian highway. Just north of Calgary it splits into two legs—the West Leg going to Antioch, California and the East Leg almost to Chicago. Construction is scheduled to start in 1981 on the two lower Legs. The last portion to be built, the Alaskan segment, is now scheduled for completion in 1985.

Official Business

OFFICE OF THE FEDERAL INSPECTOR
ALASKA NATURAL GAS TRANSPORTATION SYSTEM
ROOM 2413, POST OFFICE BUILDING
1200 PENNSYLVANIA AVENUE
WASHINGTON, D.C. 20044

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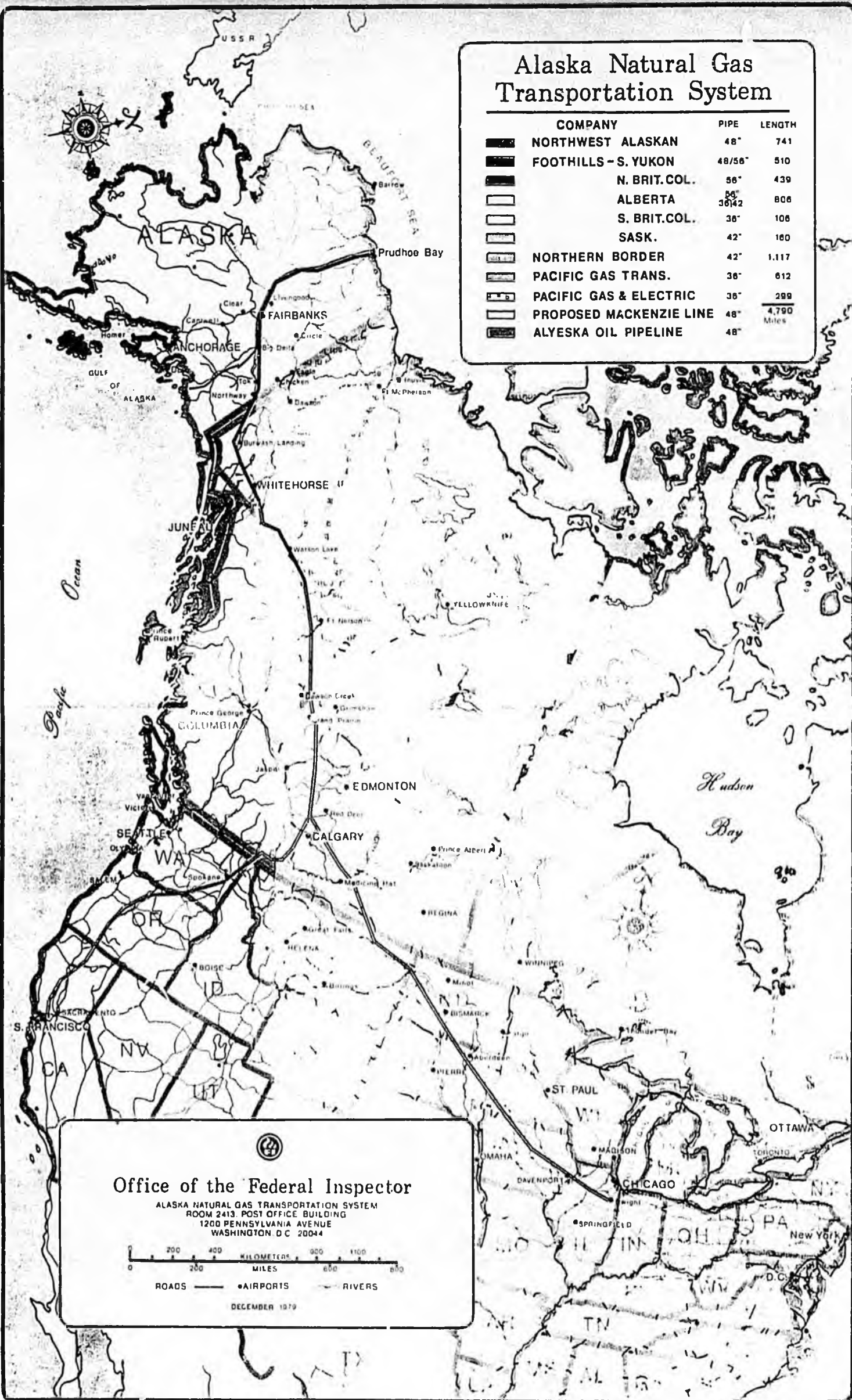
A map of the ALASKA NATURAL GAS TRANSPORTATION SYSTEM



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Alaska Natural Gas Transportation System

COMPANY	PIPE	LENGTH
NORTHWEST ALASKAN	48"	741
FOOTHILLS - S. YUKON	48/56"	510
N. BRIT. COL.	56"	439
ALBERTA	36/42"	806
S. BRIT. COL.	36"	108
SASK.	42"	160
NORTHERN BORDER	42"	1,117
PACIFIC GAS TRANS.	36"	612
PACIFIC GAS & ELECTRIC	36"	299
PROPOSED MACKENZIE LINE	48"	4,790
ALYESKA OIL PIPELINE	48"	



Office of the Federal Inspector

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ROADS — AIRPORTS — RIVERS

DECEMBER 1979



Photos: Steucke

Cover: Sunset at the Arctic Circle. Above: Rugged snow-covered mountains in August

Legislative History

The U.S. Congress enacted the Alaska Natural Gas Transportation Act on October 22, 1976, setting out a series of innovative procedures to expedite the selection, approval and construction of a natural gas pipeline system to bring Alaskan gas to lower 48 markets. After receiving a recommendation from the U.S. Federal Power Commission (now the Federal Energy Regulatory Commission), the President in September 1977 selected a route and applicant. Congress in November of that year approved the President's selection.

Office of the Federal Inspector

The Office of the Federal Inspector is a small but unique, independent entity created by Congress and the President specifically to expedite and oversee construction of the Alaska Natural Gas Transportation System. Congress in its 1976 legislation clearing the way for the project included the requirement that a single individual, to be called the Federal Inspector, be appointed to be responsible for assuring that the project is built as timely as possible, without excessive cost overruns, and with minimal harm to the environment. It included that requirement because the undertaking is itself unique in size and in importance to the Nation's energy future, and in light of the delays and large cost overruns that have in the past plagued large construction projects, such as the Trans-Alaskan Oil Pipeline.

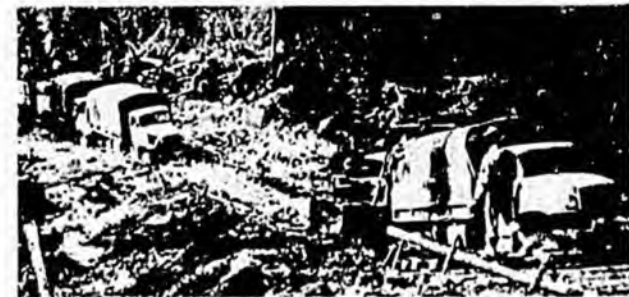
The exact duties of the Federal Inspector were not defined until Reorganization Plan No. 1 was signed by the President on June 11, 1979. The concepts of that Plan were set out in Executive Order No. 12142, signed by the President on June 21. These three Presidential documents combined to implement the intent of Congress embodied in the ANGTA of establishing the Office of the Federal Inspector, which officially came into being July 1, 1979.

O.F.I. Responsibilities

The Federal Inspector is an independent entity within the executive branch, established to oversee all construction and initial operation of the U.S. portions of the pipeline. He will coordinate and schedule actions of the eight Federal agencies which must approve some aspect of the project; monitor construction; and enforce all certificates and conditions issued by the agencies. He will be the "one window" for receipt of all data and permit applications and for issuance of all permits.



The Alyaska oil pipeline transports oil from Prudhoe Bay, Alaska, to Valdez. Below: The Alaska-Canadian highway under construction by the U.S. Army in 1942.














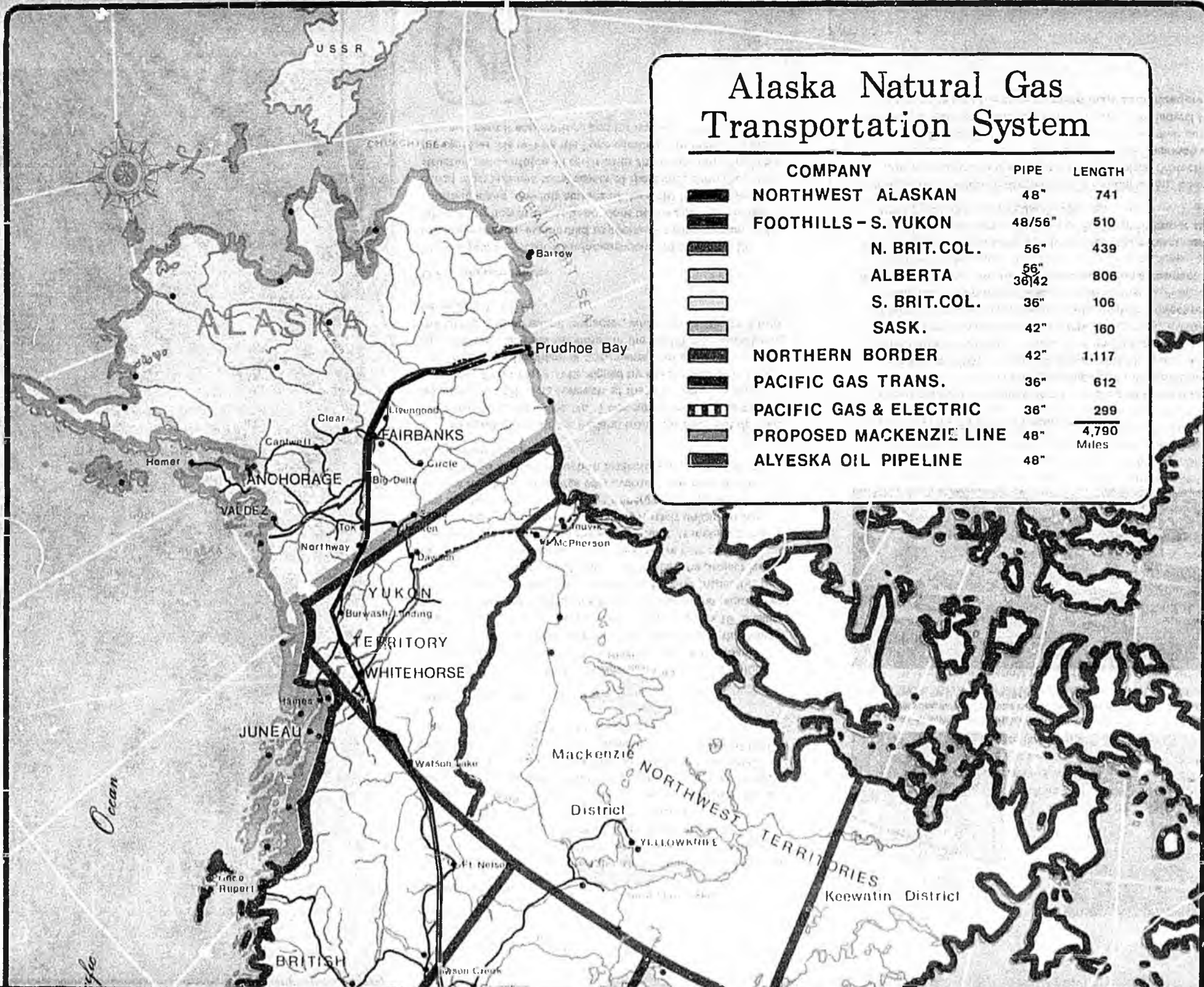
Specifically, the Federal Inspector will:

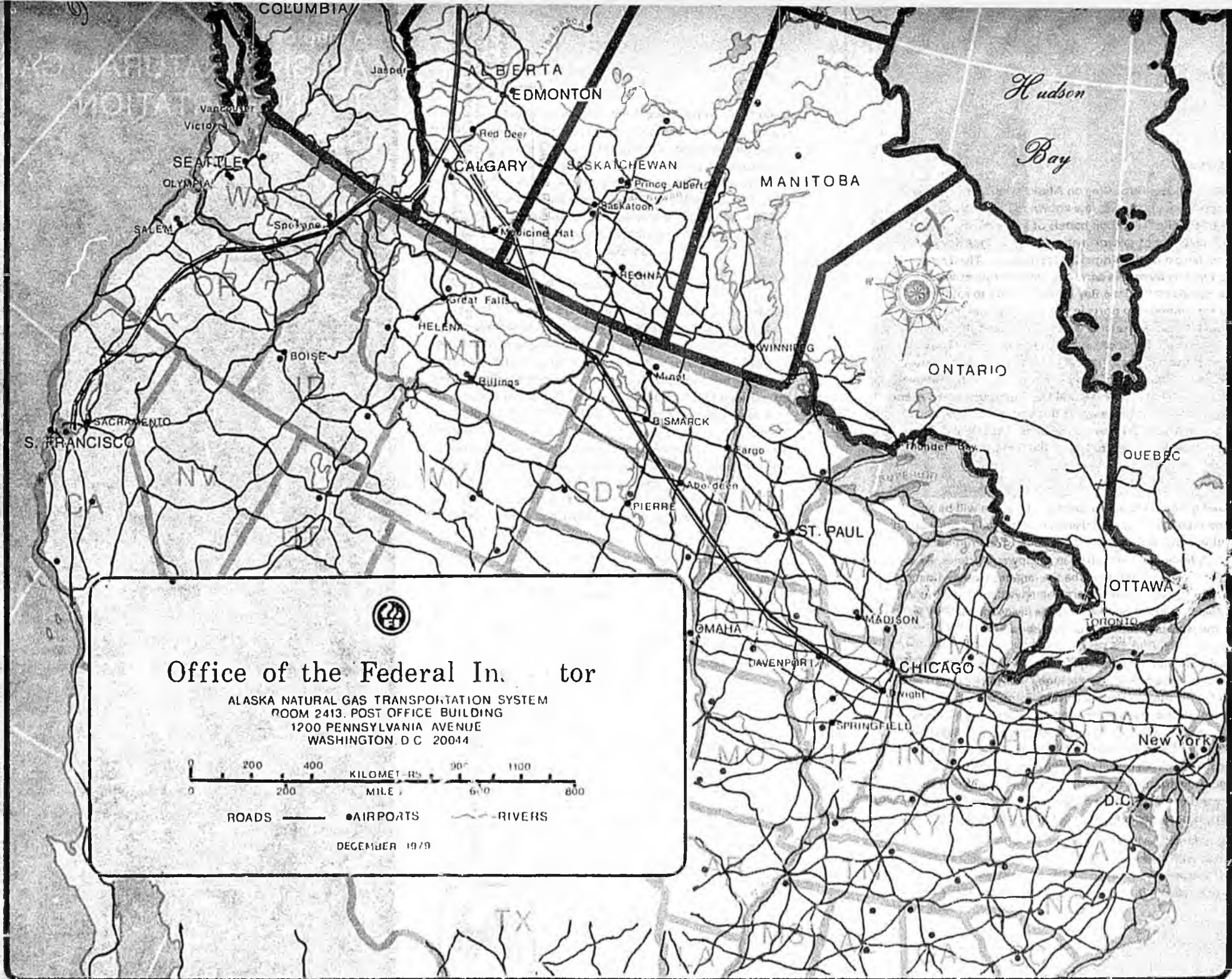
1. coordinate the scheduling and issuance of all Federal permits and related activities to assure timely and unified decisions;
2. monitor activities to assure that cost control, safety, and environmental protection objectives are fulfilled while still meeting the project completion schedule;
3. keep the President and Congress informed on project progress, including potential delays or problems;
4. establish a joint surveillance and monitoring agreement with the State of Alaska; and
5. enforce all Federal statutes which affect the project, assuring that the builders are complying with all conditions or stipulations attached to any Federal approval.


Although the Federal Departments of Transportation, Energy, Interior, Agriculture, Treasury, the Environmental Protection Agency, U.S. Army Corps of Engineers, and the Chairman of the Federal Energy Regulatory Commission retain their authority to issue necessary permits and certificates, the Federal Inspector must assure that the agencies make these authorizations in timely fashion.

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0 200 400 KILOMETERS 600 800
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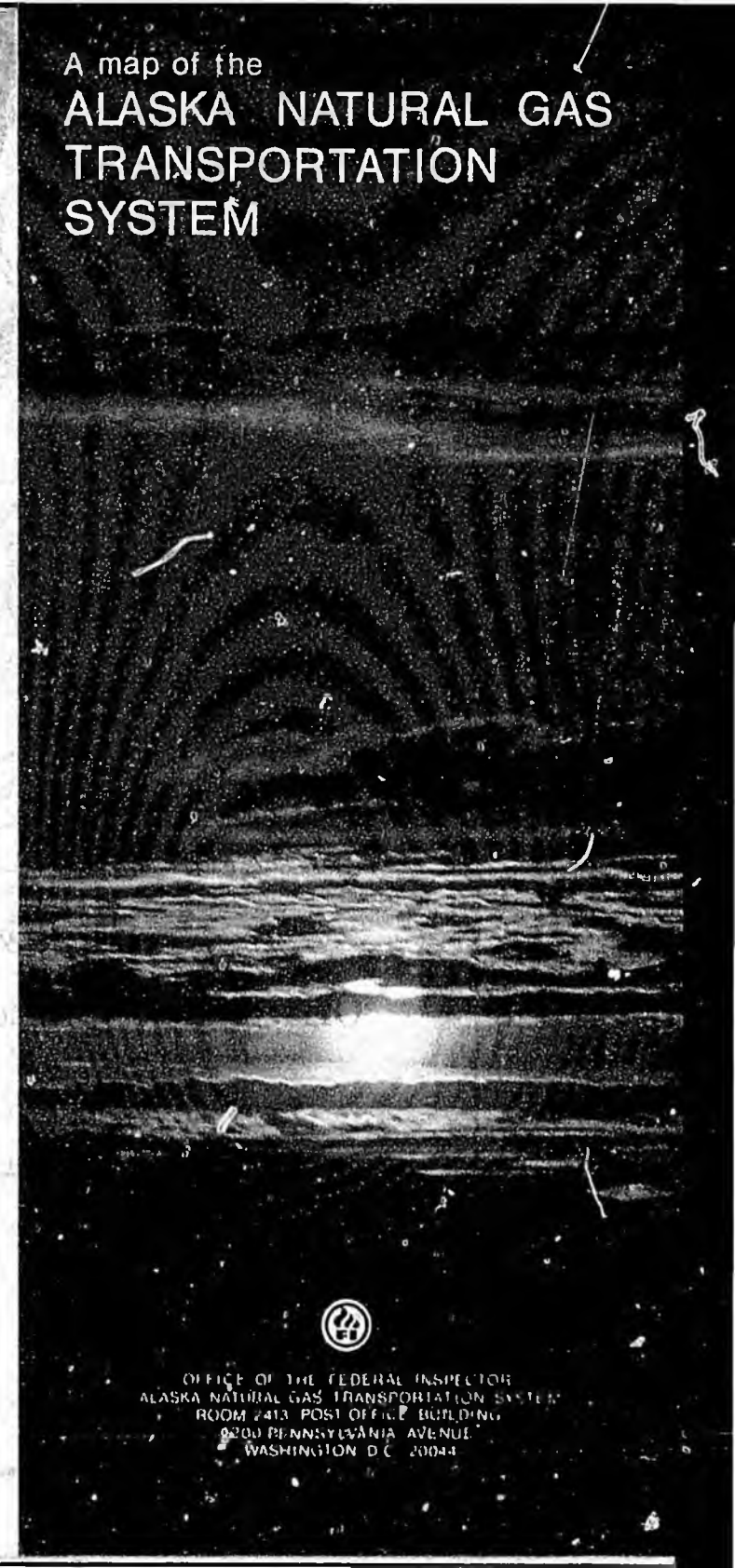
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A map of the ALASKA NATURAL GAS TRANSPORTATION SYSTEM



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Alaska State Legislature

BETTYE FAHRENKAMP, CHAIRMAN
VIC FISCHER, VICE-CHAIRMAN
BRAD BRADLEY
DICK ELIASON
DON GILMAN
BOB MULCAHY
ARLISS STURGULEWSKI



POUCH V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

February 20, 1981
1:30 p.m.

Beltz Room
211 - Capitol

MEMBERS PRESENT

SENATOR FAHREMKAMP
SENATOR FISCHER
SENATOR BRADLEY
SENATOR STURGULEWSKI
SENATOR MULCAHY
SENATOR ELIASON
SENATOR GILMAN

The Committee was briefed by Mo Mathews and Austin Ward, Office of the Federal Inspector, Alaska Natural Gas Transportation System and Gary Anderson, President, Alaska Commercial Fishing and Agriculture Bank, Frank Homan, Chairman, Alaska Commercial Fishing and Agriculture Bank and Joe Carter, President, Spokane Bank of Cooperatives.

Mo Mathews stated that the responsibilities of the Office of Federal Inspector are:

1. Coordinate the scheduling and issuance of all Federal permits and related activities to assure timely and unified decisions;
2. Monitor activities to assure that cost control, safety, and environmental protection objectives are fulfilled while still meeting the project completion schedule;
3. Keep the President and Congress informed on project progress, including potential delays or problems;
4. Establish a joint surveillance and monitoring agreement with the State of Alaska; and
5. Enforce all Federal Statutes which affect the project, assuring that the builders are complying with all conditions or stipulations attached to any Federal approval.

In response to the question, is the outlined schedule for the completion of the pipeline reasonable? Mr. Mathews stated that the real key to the schedule is the financing plan which he has no responsibility for.

In response to the question, are the impacts on communities in Alaska being taken into consideration? Mr. Mathews stated that there is an

agreement with the State that they will conduct the community impact studies. The impact will be mostly on communities that are close to the gas pipeline.

In response to the question, what is the outlook for the financing problems? Mr. Mathews stated that Northwest was the only proposal that stated they could construct the line without Federal aid. There may be some need for removal of antitrust provisions to allow North Slope producers to become financially involved. Federal aid is a long way off and even then only as a last resort.

Frank Homan, stated that the 1978 legislature created the Alaska Commercial Fishing and Agriculture Bank (CFAB). The State provided seed money to the bank and it is to be repaid to the State in 20 years. Customers and borrowers become members of the bank, with dividends payable to them in proportion to the amount interest they pay annually. CFAB is an alternative to direct state financing of fisheries and agriculture. CFAB can draw upon other sources of money, and can leverage its money with the Federal Farm Credit System.

The purposes of CFAB are:

1. Provide sources of credit for Alaskan agriculture and fishing industries;
2. Encourage utilization of the fisheries off the coast of Alaska that have been underutilized in the past by local fishermen;
3. Encourage harvesting, processing and marketing of underutilized fish species;
4. Encourage technological development in the harvesting and processing of underutilized fish species; and,
5. Promote the more rapid development of agriculture.

He stated that CFAB is not involved in venture capital. CFAB loans money to farmers and fishermen that have demonstrated an ability to repay the loan.

Joe Carter stated that the Bank of Cooperatives was founded in 1933. The initial funding was from the Federal government, the loan was repaid and now is owned by the users of the Bank. He indicated that a problem arose after the capital loan was paid off - the members thought since the capital loan was paid off they could do what ever they wanted with the funds of the Bank. He stated that he felt that government oversight was important in order to insure the original intent is being carried out.

Alaska Natural Gas Transportation System

PROJECT HIGHLIGHTS - ALASKA

1977: President Carter selects Alaska-Canada highway route and Northwest Alaskan Pipeline Company to build Alaska portion of natural gas line.

Northwest Alaskan Pipeline Company starts design work. Contracts international design firm of Fluor, Inc., in Irvine, California to design and build the Alaska portion of line.

Survey, design, analysis work underway in preparation for filing a request for a final Certificate of Public Convenience and Necessity from the U. S. Federal Energy Regulatory Commission (FERC).

1978: Frost heave test facility built near Fairbanks, Alaska, by Northwest Alaskan Pipeline Company, August.

Northwest Alaskan Pipeline Company purchases research and environmental data from the Alyeska Pipeline Service Company (oil line) to save duplication of study effort.

1979: July 1, Office of the Federal Inspector established.

Continuation of pipeline design work by Fluor, Inc., and Northwest Alaskan Pipeline Company.

1980: Continuation of design and planning work.

Thousands of soil samples taken along right-of-way by drilling operations to determine geology for design effort. Additional field studies done on water, wildlife, and the environment.

Sohio, Exxon, and ARCO join Northwest Alaskan Pipeline Company to provide additional funding and review of design work.

Four small work camps established by Northwest Alaskan Pipeline Company north of the Yukon River.

Northwest Alaskan Pipeline Company files for a Certificate of Public Convenience and Necessity, FERC, July 1.

R. M. Parsons, worldwide engineering firm, selected by Northwest Alaskan Pipeline Company to design gas conditioning plant.

Construction on the gas line in southern Canada and northern Idaho started.

Crossing of 430 miles of Federal Lands in Alaska authorized by the Secretary of the Interior, December 1.

1981: Continuation of design, engineering, and field studies.

Installation of five to seven cold pipe test sites in varying soils along gas line right-of-way started.

Alaska Natural Gas Transportation System

PROJECT SCHEDULE - ALASKA

- 1981: Continue design, engineering, study work
Obtain financing for Alaska portion of project
- 1982: Complete design work
Install work camps
Start construction of gas conditioning plant at Prudhoe Bay
Obtain U. S. Federal Energy Regulatory Commission (FERC) approval of Certificate of Public Convenience and Necessity
- 1983: Spring: Start double joining of pipe
Install pipe at major river crossings
Fall: Start laying pipe in six simultaneous operations
- 1984: Continue laying pipe
Start construction of compressor stations (7)
- 1985: Complete laying of pipe (fall)
Complete construction of compressor stations
Complete gas conditioning plant at Prudhoe Bay
Test all equipment and line
- 1986: Gas flow turned on
Restoration of environment, remove camps, clean up