

HJR

54

AMENDMENT

In the House Resources Committee

March 14, 1996

TO HJR 54
Version "D"

Page 2, Line 6 -- AFTER "...two years and..." DELETE "...over 600 permanent ..."

INSERT "several hundred"

Page 2, Line 8 -- AFTER "...State of Alaska..." DELETE "will earn substantial revenue each year..."

INSERT "may collect revenues"

Page 2, Line 9 -- AFTER "...gas sales..." DELETE to "...; and"

Page 2, Line 23 & 24 -- DELETE all material

FINANCIAL
TIMES

When politics precedes price

The Natuna gas field's size and complexity makes it one of the industry's biggest challenges to date, say Manuela Saragosa and Robert Corzine

Plans to develop one of the world's largest natural gas fields in Indonesian waters off Borneo are evoking strong emotions in the region and in the industry.

To its supporters, the Natuna field is a unique energy resource in the midst of the the world's fastest growing economies. Its future revenues are badly needed by Indonesia.

But critics say the plan to exploit the reserves off Natuna, an island about 600km north-east of Singapore, will consume billions of dollars of investment and produce gas at costs well above current market prices.

The only point of agreement is that Natuna's size and complexity make its development one of the oil industry's most challenging projects to date. The field is the largest undeveloped hydrocarbon resource in south-east Asia, comparable in size to Norway's Troll, western Europe's largest gas field.

Total gas volumes are around 210,000bn cubic feet, or 6,000bn cubic metres. Only a quarter of this is useable, but even that would be enough to meet Japan's total natural gas needs for 17 years.

Plans to develop it have been studied since 1980. But in 1994 Exxon, the largest US oil company, and Pertamina, Indonesia's state oil company, launched a joint partnership to exploit the field, with the aim of launching the eight-year construction phase in 1997.

There is little doubt of the political will to develop Indonesia's natural gas output, with the country's balance of payments suffering as oil production has declined. The Jakarta government has set up a series of high-powered committees to get the Natuna project moving, involving some 16 ministers.

Mr Jusuf Habibie, Indonesia's ambitious minister of research and technology, is chairman of the Natuna Project Execution Team, the most important of the committees. Its advisory team includes General Feisal Tanjung, the powerful armed forces chief.

"No one should underestimate the determination of those involved to make it work," says an industry analyst familiar with the project.

No big engineering contracts have yet been issued, although Pertamina officials say those companies which have invested in Indonesia or have a presence there will rank among the favourites. "If you don't fulfil this condition, you're not in," notes one western diplomat.

A leading role looks likely for Amec, the UK construction company which has been asked by Jakarta to organise an engineering consortium. Amec is already well-established in Indonesia, working on a joint venture with PAL, the state-owned shipbuilder which is one of several "strategic" industries that Mr Habibie takes an interest in.

However, sceptics in the oil industry cast doubt on the viability of the Natuna project. In spite of its location in the centre of an energy-hungry region its development has proved troublesome.

The main problem is that 71 per cent of its contents is unwanted carbon dioxide, a "greenhouse gas" associated with global warming. Extracting and disposing of it in an environmentally acceptable way is technically difficult and contributes to the forecast development cost of more than \$40bn, one of the most expensive gas projects ever undertaken.

Some industry observers say Pertamina and Exxon will need to get \$4.50-\$5 per million BTUs for

Natuna gas - well above the prevailing price of \$3-\$3.70 for natural gas landed in Japan, the biggest energy markets in the region.

Natuna officials are reluctant to discuss pricing, and note that competitiveness can be measured in other ways. They believe that customers might be prepared to pay extra to secure supplies closer to home, rather than from potentially less stable Middle Eastern liquefied natural gas suppliers.

"We don't use the word 'premium'," says Mr Fritz Voigt, vice-president of Exxon's international gas division. "And we don't want a project that needs a premium. We expect every project to stand on its own."

But he adds there may be many factors to take into account in deciding whether the project is viable. "Profitability is in the eye of the beholder," he says. The Indonesian government, for example, says that there will be benefits for Natuna island in the exploitation of the gas field. The project will bring investment to the island, contributing to the economic development of the remote area.

And Natuna officials believe they can find "ways to share the pain". To secure supplies from the region, buyers might agree to pay higher prices in the early years to reflect the heavy initial costs of building infrastructure such as a harbour, airport and town on Natuna island.

This might be offset by the phased development plan which will defer other costs until later in the project. Natuna's eventual capacity will be 12 processing units or "trains" producing 15m tonnes of liquefied natural gas a year. But initially only two will be built out

of six scheduled for phase one. There is also the possibility of increasing the project's revenue in the early years by exporting the gas to Thailand through an under-sea pipeline.

"It is an appealing idea," says Mr Voigt, who foresees no major technical problems in laying the 1,000-mile pipeline from the offshore platforms to Thailand.

However, Natuna's backers have yet to establish a market for the field's gas. No sales agreements have been signed and without them financing cannot begin.

Mr G.A.S. Nayoan, senior executive vice-president of Natuna Gasfield Development, the government committee working on the details of the project, says that Pertamina has convinced potential buyers of the project's technical feasibility. But commercial negotiations have yet to begin. Japan, the biggest buyer of Indonesian natural gas, is the logical target. In November, 13 potential Japanese buyers and financiers - including Nissho Iwai, Marubeni, Mitsubishi, three private Japanese upstream oil companies and the Japan National Oil Corporation - were flown to the US for long briefings from Exxon on the technical aspects of extracting Natuna's carbon dioxide.

The plan is to dispose of it in an aquifer, an underground rock formation which stores gas or liquid. "We are satisfied that all their questions were answered," says Mr Voigt.

Natuna executives believe growing concerns in Japan about the future of nuclear energy could enhance the attractiveness of natural gas in general and Natuna gas in particular. "I don't want to bank on such political changes," says Mr Voigt, but "there could be more upside than downside" for Natuna.

Other potential markets are Taiwan and South Korea. There could also be future demand from China, which "a few years ago was not even a topic for conversation", according to Exxon.

Opponents of Natuna, meanwhile, say that the priority being accorded the project will mean that development of other gas discoveries in Indonesia will be neglected. Arco, the US company, has discovered a promising gas field in Irian Jaya with smaller reserves thought to be around between 5,000bn and 15,000bn cubic feet and a carbon dioxide content of only 10 per cent.

"It would be very difficult to launch Natuna at the same time as Arco's [new discovery]," says one Jakarta-based oil and gas executive. "Without Arco, Natuna was difficult but now frankly there is possibly a much cheaper source of gas which is much more profitable for Indonesia."

Natuna will "compete against whoever stands up", says Mr Voigt at Exxon. For all its complexity, it has one clear advantage: its size will guarantee the country's role as a leading supplier of liquefied natural gas well into the 21st century.

Mr Nayoan says that Natuna is "on track and on time", but analysts say several big issues need to be solved soon. One is to sign up buyers for the gas before construction begins next year.

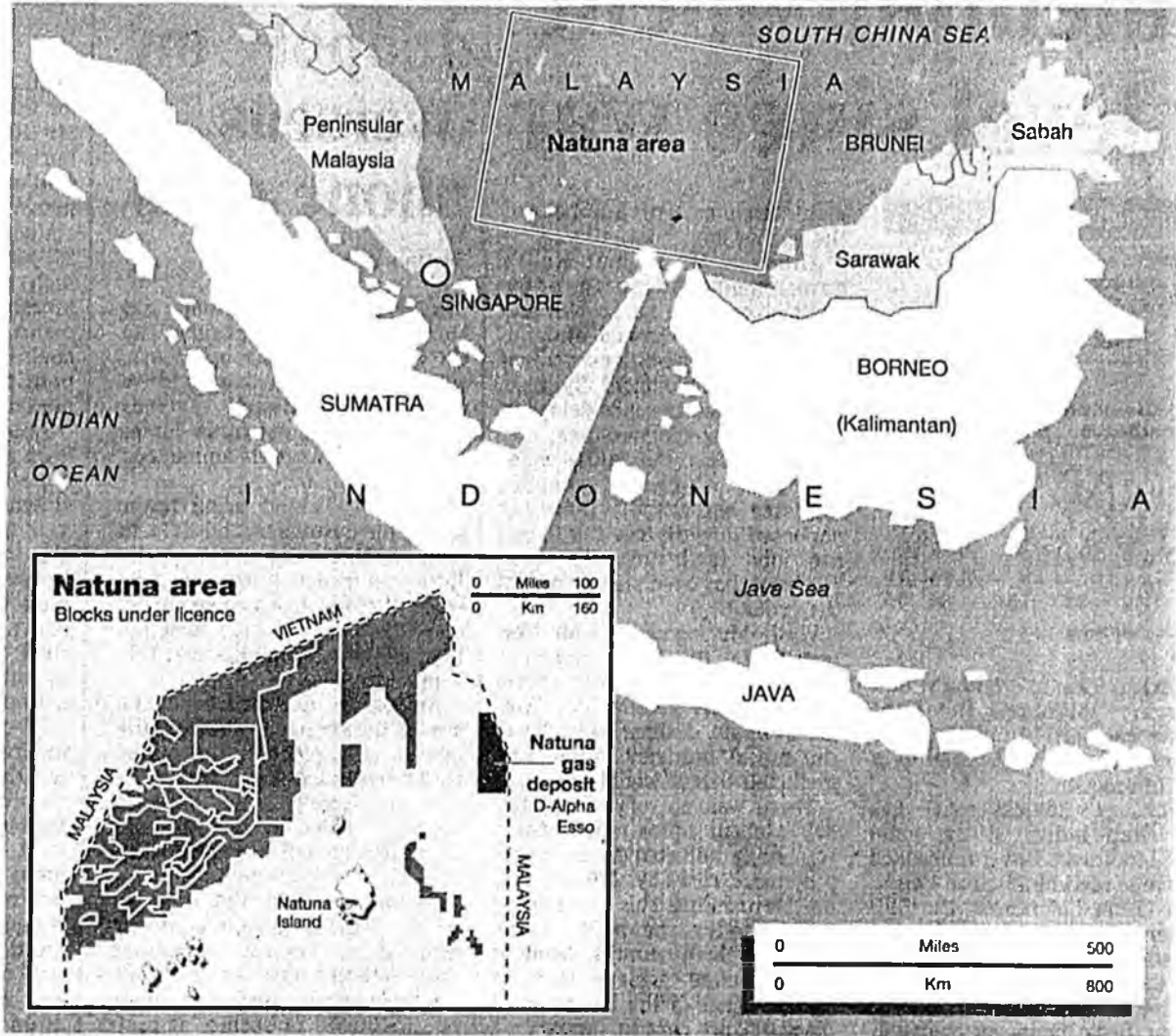
Mr Voigt says Natuna is "much closer to the point of making arrangements with the markets" than commonly thought, but he declines to be drawn on timetables. "We won't be held hostage to self-imposed deadlines," he says.

Another priority is to agree the equity structure for the project. Pertamina and Exxon each have a 50 per cent stake but are keen to involve others to spread the risk.

Mobil Oil of the US is negotiating for a 26 per cent share that would come out of Pertamina's interest. Japanese companies are also interested in part of Pertamina's stake, although negotiations will not start until agreement has been reached with Mobil. The idea is that Pertamina would be left with an 11 per cent holding in the project.

However, there is confidence among those involved in the project that issues such as these can be resolved. The heavy political commitment of Jakarta to Natuna means that it is seen as much as a symbol of national prestige as a commercial venture. If Indonesia is to secure the leading role as a natural gas supplier to Asia, failure is not an option.

Natuna: a prestige project

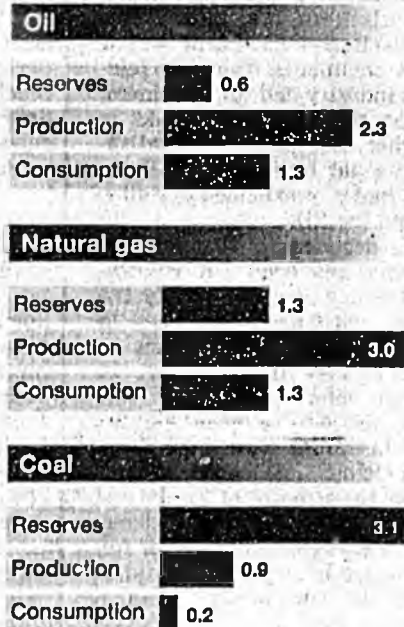


Financial Times

Thursday, March 7, 1996

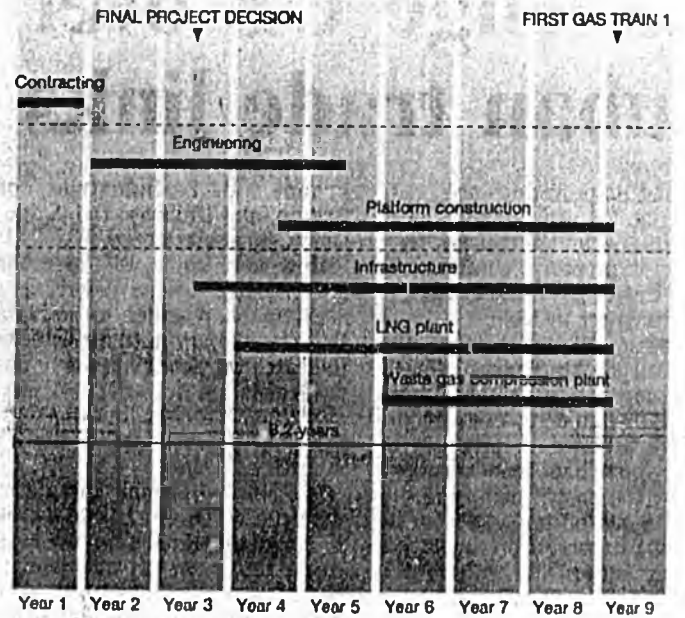
Indonesia: a share of the world

Fossil fuels, 1994



Source: Pertamina

The project schedule



Source: Pertamina

WORK DRAFT

WORK DRAFT

WORK DRAFT

1 WHEREAS the sale of Alaska gas to Pacific Rim markets will improve the nation's
2 trade imbalance without adversely affecting other industries or labor; and

3 WHEREAS the design, sourcing, and construction of a LNG project could infuse several
4 billion dollars into the United States economy; and

5 WHEREAS the construction of such a pipeline would provide approximately 10,000
6 temporary construction jobs for two years and ^{SEVERAL HUNDRED} ~~over 600~~ permanent private sector jobs in Alaska;
7 and

8 WHEREAS the State of Alaska ^{MAY COLLECT SOME REVENUES} ~~will earn substantial revenue each year~~ from projected
9 gas sales, which would help ~~fill the state's fiscal gap~~; and

10 WHEREAS a gas pipeline across Alaska could make available environmentally friendly
11 energy along the pipeline route and encourage development that will increase local employment
12 and local tax revenue; and

13 WHEREAS the Alaska Municipal League's 1996 policy statement includes the following
14 language: "The League, therefore, strongly encourages all potential participants in the project,
15 including the State of Alaska, to immediately convene to develop a unified proposal to present
16 to the Asian LNG buyers so that all Alaskans will directly benefit from this unique opportunity";
17 and

18 WHEREAS natural gas stored as a cryogenic liquid is an efficient and safe means of
19 transporting large quantities of gas with no significant risk to the public; and

20 WHEREAS securing a market for Alaska North Slope (ANS) gas will be important;
21 there is strong competition for Pacific Rim markets from competing projects in Malaysia,
22 Australia, and other nations; and

23 ~~WHEREAS Alaska faces competition from other projects and must, therefore, move to~~
24 ~~secure a place in Asian markets; and~~

25 WHEREAS Taiwanese and South Korean buyers have issued letters of intent to purchase
26 ANS liquefied natural gas from Yukon Pacific Corporation; and

27 WHEREAS Japanese buyers must also commit to buying ANS LNG to make an Alaskan
28 project feasible;

29 BE IT RESOLVED that the Alaska State Legislature respectfully requests the North
30 Slope natural gas lessees to intensify their efforts to establish satisfactory contractual
31 relationships for transportation and sale of ANS gas to Pacific Rim purchasers as soon as
32 economically possible; and be it

9-LS0715D
Chenoweth
2/16/96

Rep. Kubi

CS FOR HOUSE JOINT RESOLUTION NO. 54()
IN THE LEGISLATURE OF THE STATE OF ALASKA
NINETEENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES KUBINA, Green, Barnes, Navarre, Mackie, Grussendorf, Phillips, B.Davis, Willis, Sanders, Davies, Robinson, Rokeberg, Ogan

A RESOLUTION

1 Encouraging the lessees of Alaska's vast North Slope natural gas reserves to reach
2 agreement to market gas, expressing the legislature's support for an Alaska North
3 Slope (ANS) gas transmission pipeline, and requesting the President of the United
4 States and the Governor of the State of Alaska to publicly support and take
5 action that will help expedite the construction of that system.

6 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

7 WHEREAS Alaska has at least 26 trillion cubic feet of natural gas reserves in the
8 Prudhoe Bay field and perhaps two to three times that amount of potential natural gas reserves;
9 and

10 WHEREAS, beginning in the period 2002 - 2005, there may be an increasing gap
11 between supply and demand for natural gas in the Pacific Rim; and

12 WHEREAS market and economic studies indicate favorable conditions for the sale of
13 liquefied natural gas (LNG) to these Pacific Rim markets; and

14 WHEREAS major permits for one possible pipeline route from the North Slope to
15 Valdez have been completed; and

1 WHEREAS the sale of Alaska gas to Pacific Rim markets will improve the nation's
2 trade imbalance without adversely affecting other industries or labor; and

3 WHEREAS the design, sourcing, and construction of a LNG project could infuse several
4 billion dollars into the United States economy; and

5 WHEREAS the construction of such a pipeline could provide approximately 10,000
6 temporary construction jobs for two years and over 600 permanent private sector jobs in Alaska;
7 and

8 WHEREAS the State of Alaska will earn substantial revenue each year from projected
9 gas sales, which would help fill the state's fiscal gap; and

10 WHEREAS a gas pipeline across Alaska could make available environmentally friendly
11 energy along the pipeline route and encourage development that will increase local employment
12 and local tax revenue; and

13 WHEREAS the Alaska Municipal League's 1996 policy statement includes the following
14 language: "The League, therefore, strongly encourages all potential participants in the project,
15 including the State of Alaska, to immediately convene to develop a unified proposal to present
16 to the Asian LNG buyers so that all Alaskans will directly benefit from this unique opportunity";
17 and

18 WHEREAS natural gas stored as a cryogenic liquid is an efficient and safe means of
19 transporting large quantities of gas with no significant risk to the public; and

20 WHEREAS securing a market for Alaska North Slope (ANS) gas will be important;
21 there is strong competition for Pacific Rim markets from competing projects in Malaysia,
22 Australia, and other nations; and

23 WHEREAS Alaska faces competition from other projects and must, therefore, move to
24 secure a place in Asian markets; and

25 WHEREAS Taiwanese and South Korean buyers have issued letters of intent to purchase
26 ANS liquefied natural gas from Yukon Pacific Corporation; and

27 WHEREAS Japanese buyers must also commit to buying ANS LNG to make an Alaskan
28 project feasible;

29 BE IT RESOLVED that the Alaska State Legislature respectfully requests the North
30 Slope natural gas lessees to intensify their efforts to establish satisfactory contractual
31 relationships for transportation and sale of ANS gas to Pacific Rim purchasers as soon as
32 economically possible; and be it

1 **FURTHER RESOLVED** that the State of Alaska respectfully requests the President of
2 the United States to demonstrate national support for an ANS gas transmission project to Asian
3 LNG buyers; and be it

4 **FURTHER RESOLVED** that the Governor is respectfully requested to

5 (1) assure the Asian LNG buyers that the state will provide continuity and
6 stability in regards to North Slope natural gas supply, tax structure, and regulatory policy;

7 (2) continue support of the Joint Pipeline Office, which administers an
8 innovative, efficient, and cost-effective permitting system;

9 (3) encourage the private developers of the gas pipeline and the state's labor
10 forces to develop an Alaska hire agreement for the ANS gas transmission project; and

11 (4) meet with all parties to determine how the state can help facilitate the ANS
12 gas transmission pipeline; and be it

13 **FURTHER RESOLVED** that the Alaska State Legislature strongly supports the
14 construction of an ANS gas transmission pipeline and offers its assistance to the parties involved
15 in order to speed completion of an ANS gas transmission project.

16 **COPIES** of this resolution shall be sent to the Honorable Bill Clinton, President of the
17 United States; the Honorable Al Gore, Jr., Vice-President of the United States and President of
18 the U.S. Senate; the Honorable Bruce Babbitt, Secretary of the Interior; the Honorable Ted
19 Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young,
20 U.S. Representative, members of the Alaska delegation in Congress; the Honorable Tony
21 Knowles, Governor of Alaska; to John Snow, Chairman and Chief Executive Officer, CSX
22 Corp.; to Jeff Lowenfels, President, Yukon Pacific Corporation; to Mike Bowlin, Chairman and
23 Chief Executive Officer, Atlantic Richfield Company, and J. K. "Ken" Thompson, President,
24 ARCO Alaska, Inc.; to John Browne, Chief Executive Officer, British Petroleum, and John
25 Morgan, President, B.P. Exploration (Alaska), Inc.; to Lee R. Raymond, Chairman and Chief
26 Executive Officer, Exxon Corporation, and Jim Branch, Alaska Production Manager, Exxon
27 Alaska; to Shigenobu Yamamoto, Consul General of Japan; to Byuung Hak Min, Consul General
28 of the Republic of Korea; and to Jyhyuan Lo, Director General of the Republic of China.

**BRISTOL BAY BOROUGH
RESOLUTION NO. 96-11**

A RESOLUTION EXPRESSING SUPPORT FOR AN ALASKA NORTH SLOPE (ANS) GAS TRANSMISSION PIPELINE AND URGING THE GOVERNOR OF THE STATE OF ALASKA AND THE ALASKA LEGISLATURE TO SUPPORT AND TAKE ACTION THAT WILL HELP EXPEDITE ITS CONSTRUCTION.

WHEREAS, House Joint Resolution No. 54, a resolution encouraging and supporting the construction of an Alaska North Slope gas transmission pipeline, has been introduced for consideration by the Alaska State Legislature; and

WHEREAS, the vast reserves of proven natural gas in the Prudoe Bay and associated North Slope oil and gas fields, if developed, will provide many new jobs and substantial revenues for the State of Alaska; and

WHEREAS, the Alaska Municipal League's 1996 policy statement strongly encourages all potential participants to immediately convene to develop a unified proposal to present to the Asian LNG buyers so that all Alaskans will directly benefit from this unique opportunity; and

WHEREAS, time is of the essence in securing a market for Alaska North Slope gas because (1) a market window is expected to develop in the Asian Pacific within the next few years, and (2) if gas sale contracts are not signed during this period, it appears that Alaska will not have another opportunity for large volume gas sales for at least another decade; and

NOW, THEREFORE, BE IT RESOLVED that the Bristol Bay Borough Assembly respectfully urges the Governor of the State of Alaska to take steps and support efforts that will help to assure the construction of the Alaska North Slope gas pipeline; and

BE IT FURTHER RESOLVED that the Alaska State Legislature cooperate and offer its assistance to all parties involved in order to help assure and speed the construction of the Alaska North Slope gas pipeline.

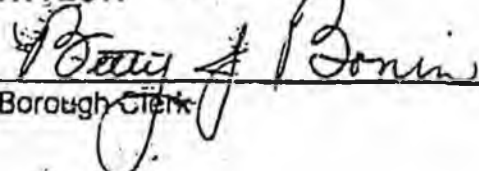
ADOPTED by a duly constituted quorum of the Bristol Bay Borough Assembly this 4TH day of MARCH, 1996.

IN WITNESS THEREOF:



Mayor

ATTEST:



Borough Clerk



Alaska State Legislature
Representative Eugene Kubina
Minority Whip

During Session:
Alaska State Capitol
Juneau, Alaska 99801-1182
(907) 465-4859
Fax (907) 465-3799

During Interim:
P.O. Box 2463
Valdez, Alaska 99686
(907) 835-2111
Fax (907) 835-2097

Sponsor Statement

HJR 54-Marketing of North Slope Gas

The marketing of North Slope natural gas, and the construction of a transportation pipeline, could be the most significant industrial project to be undertaken in Alaska for decades to come.

The financial returns to the state would be significant: 10,000 temporary construction jobs, over 600 permanent private sector jobs, and substantial revenues per year from gas sales to help address the state's current fiscal gap.

HJR 54 addresses four key issues concerning this project:

First. HJR 54 requests the President of the United States to include an Alaskan gas line as part of our nation's trade issues. North Slope gas sales could improve the nation's trade balance by an estimated four billion dollars per year.

Second. HJR 54 places the Alaska State Legislature on record as requesting the Governor of Alaska to give the creation of a gas pipe line a top priority within his Administration.

Third. HJR 54 indicates the strong support by the Alaska State Legislature to see the marketing of North Slope natural gas and the construction of a gas transmission pipeline and related facilities.

Fourth. HJR 54 encourages the establishment of an immediate North Slope natural gas forum between the various principles involved in the oil and gas industry (both in production and transportation), the state government, and the federal government.

There are many questions that need to be answered about the development and marketing of the vast fields of natural gas on the North Slope. Given the ownership issues, the complex market factors, and the various timelines

faced, it is crucial that an ongoing formal dialogue between the various parties be established to help resolve the various issues.

Of key importance here is timing. The global market for natural gas is quite competitive, and there are a number of new projects being considered to meet international demands within the next decade. If Alaska is going to compete for this natural gas market, immediate steps to begin the process may be necessary. That is the goal of House Joint Resolution 54.

End of statement.

TONY KNOWLES
GOVERNOR



P.O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 12, 1996

The Honorable Norman Rokeberg
Chair, House Oil and Gas Committee
Alaska State Legislature
State Capitol, Room 110
Juneau, AK 99811-1182

Dear Chairman Rokeberg:

As you may remember, several weeks ago I directed four members of my cabinet to assess the steps necessary to develop, transport, and market Alaska's enormous natural gas reserves. As this process continues, I have requested Department of Revenue Commissioner Condon to take the lead on behalf of my Administration.

House Joint Resolution 54 by Representative Gene Kubina has the support of my Administration because it will play a significant role in encouraging meaningful dialogue between the various parties.

A project of this magnitude would have a tremendous impact on the state's economy, providing many jobs and much needed state revenue. I urge your favorable consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tony Knowles".

Tony Knowles
Governor



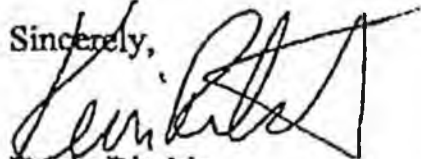
217 Second Street, Suite 200 • Juneau, Alaska 99801 • Tel (907) 586-1325, Fax (907) 463-5480

February 9, 1996

Representative Norman Rokeburg, Chair
House Oil and Gas Committee
Alaska House of Representatives
Room 110 State Capitol
Juneau, Alaska 99801-1182

Dear Representative Rokeburg:

We are writing to you in support of HJR 54 regarding the North Slope's natural gas reserves to market gas and develop a gas transmission line. Although the Alaskan Municipal League has not taken a specific position on HJR 54, I have attached an excerpt from the League's policy statement regarding municipal support for the development of a North Slope to Valdez Natural Gas Pipeline. The League strongly endorses the construction of natural gas pipeline and associated liquefied natural gas facilities at the earliest date.

Sincerely,

Kevin Ritchie
Executive Director

Enclosures

cc: Paul Fuhs
Legislative Committee, Land Use, Resources, & Economic Development

| | | | | | |
|-------------------|-----------|---------|--------|------------|---|
| Post-it® Fax Note | 7871 | Date | 2/9/96 | # of pages | 3 |
| To | Paul Fuhs | From | | | |
| Co/Dept | | Co | | | |
| Phone # | | Phone # | | | |
| Fax # | 790-1990 | Fax # | | | |

Member of the National League of Cities and the National Association of Counties

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HJR54

Revision Date: Original Dept Affected Natural Resources
 Title: Encouraging the lessees of Alaska's vast BRU: Management & Administration
North Slope natural gas reserves to reach agreement to... Component: Commissioner's Office
 Sponsor: Rep(s) Kubina, Green, Barnes, Navarre...
 Requestor: House Oil & Gas Component Serial No. 423

Expenditures/Revenues (Thousands of Dollars)

| OPERATING EXPENDITURES | FY97 | FY98 | FY99 | FY00 | FY01 | FY02 |
|------------------------|------|------|------|------|------|------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| CAPITAL EXPENDITURES | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CHANGE IN REVENUES () | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|--------------------------|------|------|------|------|------|------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| 1005 GF/Program Receipts | | | | | | |
| 1006 GF/MHTIA | | | | | | |
| Other | | | | | | |
| TOTAL | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |

Estimate of any current year (FY96) cost: \$ none

POSITIONS

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| PART-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY | 0 | 0 | 0 | 0 | 0 | 0 |

ANALYSIS:

(Attach a separate page if necessary)

Approximately \$10.0 in annual travel costs will be required by the Commissioner of the Department of Natural Resources to implement the intent of page 3, lines 8-14 of the resolution, which will require travel to "meet with all parties to determine how the state can help facilitate the ANS gas transmission pipeline".

Prepared by: Nico Bus, Acting Director Phone: 465-2406
 Division: Support Services Date: 8-Feb-96
 Approved by Commissioner: [Signature] Date: 8-Feb-96
 Agency: Natural Resources

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

VALDEZ CHAMBER OF COMMERCE
VALDEZ, ALASKA
RESOLUTION NO. 95-03

A resolution of the board of directors of the Chamber of Commerce of Valdez, Alaska representing its membership of which the majority consists of businesses operating in our community and surrounding areas, supporting the construction of the natural gas pipeline in the corridor established by the existing oil pipeline.

Whereas, the state of Alaska is currently reviewing its financial position and attempting to balance the budget,

Whereas, the timeline for start up operations would be accelerated due to the existing infrastructure and permits in hand,

Whereas, the earlier operations date would bring new revenue dollars into the state coffers through taxation and production that would assist with balancing of the state budget,

Whereas, the economies of more communities would benefit by use of the existing corridor,

Whereas, an ice free port entry for the shipping vessels reduces the potential risk factor,

Whereas, the safety response equipment, levels of expertise already in existence in Valdez is proven, tested, effective and efficient reduces catastrophic state wide impact,

Whereas, this route minimizes the need of any new excavation of land,


Whereas, use of the existing corridor would draw less criticism from environmental and animal activist groups that would impact the tourism industry of our state,


Therefore, let it be resolved the Valdez Chamber of Commerce supports and endorses the construction of a natural gas line in the corridor already established by the oil pipeline constructed for transportation of oil.

PASSES AND APPROVED BY THE BOARD OF DIRECTORS OF THE
VALDEZ CHAMBER OF COMMERCE OF VALDEZ, Alaska, this 11th
day of July, 1995.

Valdez Chamber of Commerce

ATTEST:


David Beck, Chairman


Jean Stewart, President

SOUTHWEST ALASKA PILOTS ASSOCIATION

P.O. Box 977
Homer, Alaska 99603

Tel. (907) 235-8783
Fax. (907) 235-6110

February 8, 1996

Representative Norm Rokeberg
Chairman, House Oil and Gas Committee

Dear Chairman Rokeberg:

The Southwest Alaska Pilots Association supports HJR 54, which encourages the legislature and administration to do all they can to help support construction of a trans-Alaska pipeline system to Valdez for the export of Alaska North Slope natural gas.

The Southwest Alaska Pilots currently provide pilotage services to tankers calling on Prince William Sound and Cook Inlet. We view construction of a natural gas transportation system as an important work opportunity for us in safely piloting LNG tankers into Alaskan waters. We currently pilot the LNG ships into the Phillips Petroleum facility in Kenai. LNG is a clean cargo, and in our experience, the ships are well maintained and professionally operated.

This project is also important for all the people of Alaska because of the jobs it would create, the state revenues it would generate, and the positive effects it would have on Alaskan communities near the pipeline corridor which would have access to the gas.

Thank you for your efforts and the efforts of other legislators and administration officials in helping bring this project about.

Sincerely,

Captain A.J. Joslyn
by *A.J.*

Captain A.J. Joslyn
President, SWAPA

By: Dan LaSota
Introduced: 1/25/96

RESOLUTION NO. 96-009

A RESOLUTION SUPPORTING HOUSE JOINT RESOLUTION NO. 54 PENDING IN
THE LEGISLATURE OF THE STATE OF ALASKA PERTAINING TO THE
DEVELOPMENT OF THE TRANS-ALASKA GAS PIPELINE AND LIQUID NATURAL
GAS SALES

WHEREAS, HJR. 54 has been introduced in the Alaska State Legislature and has been referred to three committees; and

WHEREAS, HJR 54 , in part, calls for the Alaska State Legislature to "respectfully request the North Slope natural gas lessees to intensify their efforts to establish satisfactory contractual relationships for transportation and sale of Alaska North Slope Gas to Pacific Rim purchasers as soon as possible"; and

WHEREAS, the Assembly has recently adopted Resolution 95-081 calling for the Legislature to withhold financial incentives from North Slope Oil producers until they make Alaska North Slope Gas available for sale; and

WHEREAS, the Borough believes that development of the Trans-Alaska Gas Pipeline through the existing pipeline corridor is essential to the future economic health of the State of Alaska; and

WHEREAS, the Borough believes that it is also essential that labor for any project, especially of this scope, come from the skilled and ready work force that already exists in the State of Alaska; and

WHEREAS, the language of HJR 54 as it was introduced does not contain references to local hire or specify the desired location of the proposed Trans-Alaska Gas Pipeline.

NOW, THEREFORE, BE IT RESOLVED that the Fairbanks North Star Borough Assembly respectfully urges passage of HJR 54 with appropriate consideration given to Alaska hire and locating the project through the existing pipeline corridor.

BE IT FURTHER RESOLVED that copies of this resolution shall be sent to the Honorable Tony Knowles, Governor, State of Alaska, the Commissioner of Natural Resources, and members of the Alaska State Legislature.

PASSED AND APPROVED THIS 25TH DAY OF JANUARY, 1996.

Cheryl Kilgore
Presiding Officer

ATTEST:

Mona Lisa Drexler, CMC/AAE
Municipal Borough Clerk

By: Dan LaSota
 Hank Hove
 Jay Quakenbush
 Karen Parr
 Bob Logan
 Paul Chizmar
 Layne St. John
 Cheryl Kilgore
 Hank Bartos
 Ladd McBride
 Larry Hackenmiller

Introduced: 01/25/96
 Adopted: 01/25/96

RESOLUTION NO. 96-009

A RESOLUTION SUPPORTING HOUSE JOINT RESOLUTION NO. 54 PENDING IN
 THE LEGISLATURE OF THE STATE OF ALASKA PERTAINING TO THE
 DEVELOPMENT OF THE TRANS-ALASKA GAS PIPELINE AND LIQUID NATURAL
 GAS SALES

WHEREAS, HJR 54 has been introduced in the Alaska State Legislature and has been referred to three committees; and

WHEREAS, HJR 54 , in part, calls for the Alaska State Legislature to "respectfully request the North Slope natural gas lessees to intensify their efforts to establish satisfactory contractual relationships for transportation and sale of Alaska North Slope Gas to Pacific Rim purchasers as soon as possible"; and

WHEREAS, the Assembly has recently adopted Resolution 95-081 calling for the Legislature to withhold financial incentives from North Slope Oil producers until they make Alaska North Slope Gas available for sale; and

WHEREAS, the Borough believes that development of the Trans-Alaska Gas Pipeline through the existing pipeline corridor is essential to the future economic health of the State of Alaska; and

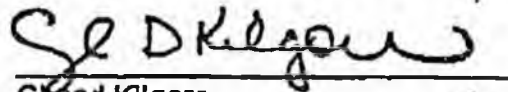
WHEREAS, the Borough believes that it is also essential that labor for any project, especially of this scope, come from the skilled and ready work force that already exists in the State of Alaska; and

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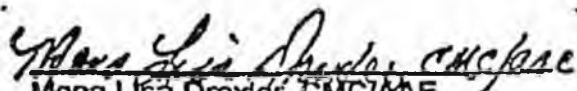
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PASSED AND APPROVED THIS 25TH DAY OF JANUARY, 1996.


Cheryl Kilgore
Presiding Officer

ATTEST:


Mona Lisa Drexler, CMCTAAE
Municipal Borough Clerk

Ayes: LaSota, Barros, Hackenmiller, Parr, Hove, McBride, Logan, St. John, Quakenbush,
Chlzmar and Kilgore
Noes: None