

**HB 3001**

**SB 3001**

**6/16/08**

**SPECIAL**

**SESSION**

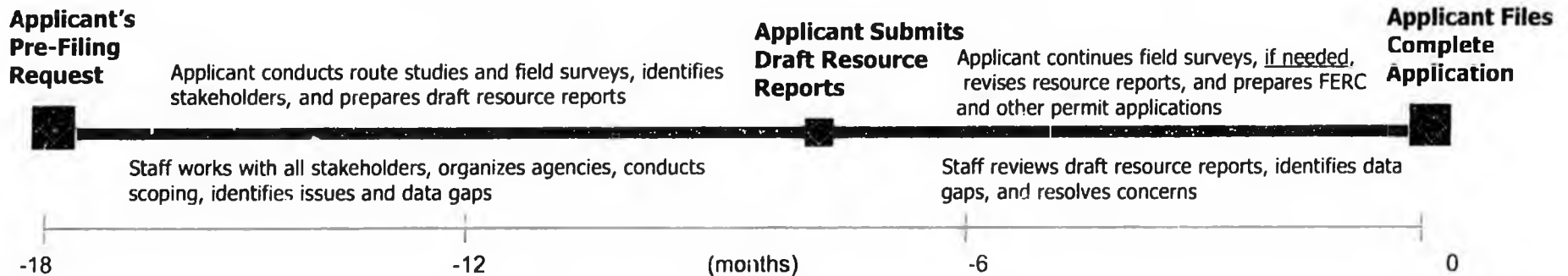
**DOCUMENTS**

# Alaska Natural Gas Pipeline Project FERC's Environmental Review Process

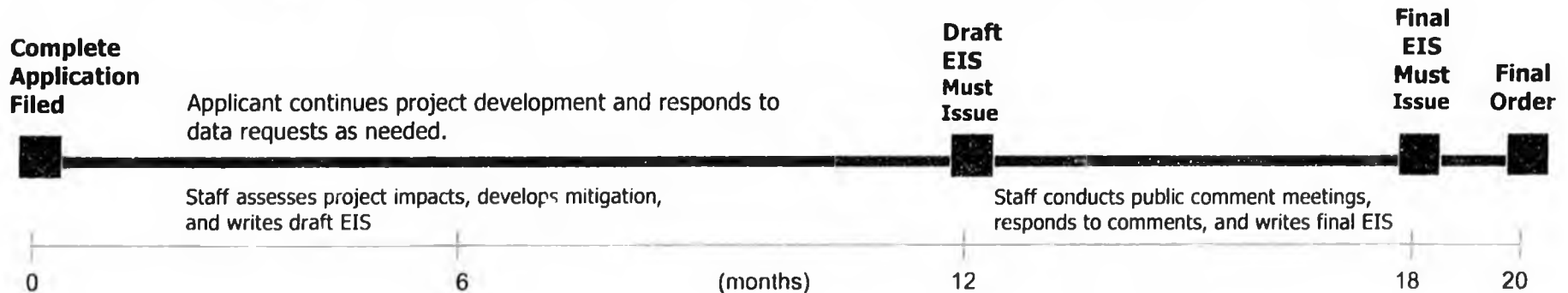


## Pre-Filing Review and Application Preparation

[Designed to assist applicant in its preparation of a complete application]



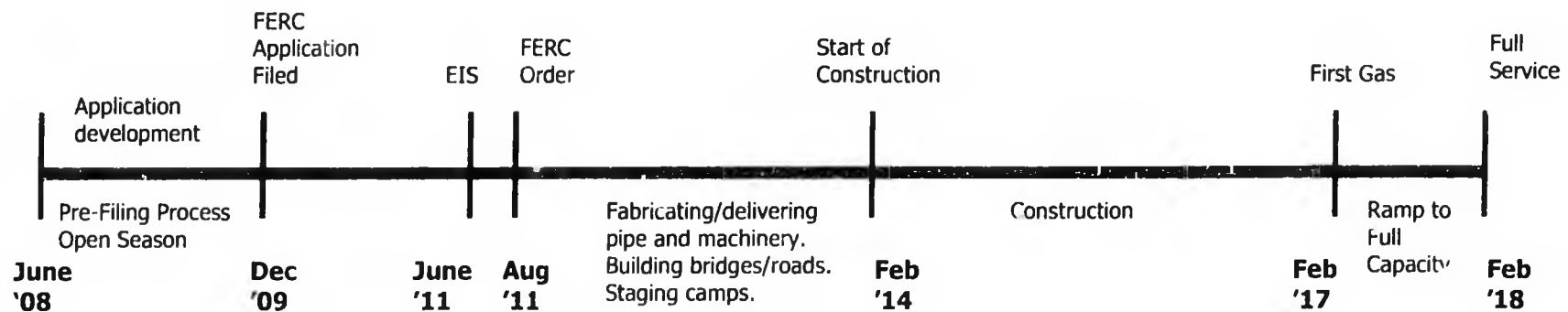
## Statutory Time Limits for Environmental Review and FERC Action



# Alaska Pipeline Timeline



## Example Case





Regulatory  
Commission  
of Alaska

Mark K. Johnson

Janis W. Wilson

Commissioners

# RCA Regulates:

## Utilities

- ◆ Natural gas distribution
- ◆ Natural gas pipelines
- ◆ Electric power generation, transmission, and distribution
- ◆ Water and sewer
- ◆ Telephone
- ◆ Solid waste

## Pipelines

- ◆ Crude oil pipelines
- ◆ Petroleum product pipelines
- ◆ Natural gas pipelines

# Federal v. State Authority Oil Pipelines

FERC regulates:

- ◆ **Interstate Deliveries** – oil flowing from one state to another directly or indirectly

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# Federal v. State Authority Gas Pipelines

FERC regulates - Both interstate and intrastate deliveries on an interstate gas pipeline

RCA regulates - A spur line off of an interstate gas pipeline

# Clear Authority in Federal Statute for RCA Regulation

- ◆ Alaska Natural Gas Pipeline Act, Section 108(a)
- ◆ (a) Local Distribution – Any facility receiving natural gas from an Alaska natural gas transportation project for delivery to consumers within the State –
  - (1) shall be deemed to be a local distribution facility within the meaning of section 1(b) of the Natural Gas Act (15 U.S.C. 717(b) [a facility regulated by a state commission as to rates and services];
  - (2) shall not be subject to the jurisdiction of the Commission [FERC].

# RCA Pipeline Authority

Issue and oversee “certificates of public convenience and necessity”

Ensure safe and adequate service and facilities

- Approve shipping rules and rates
- Conduct audits and oversee finances and management



June 15, 2008

Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E., PJ-11  
Washington, DC 20426

Re: Docket No. PF08 - \_\_\_\_ - 000  
Pre-filing Process  
Denali – The Alaska Gas Pipeline Project

Dear Ms. Bose:

Denali – The Alaska Gas Pipeline LLC (“Denali”) has been formed to pursue a project (the “Denali Project”) to construct and operate an Alaska natural gas transportation system as defined by Section 103 of the Alaska Natural Gas Pipeline Act (“ANGPA”). This letter requests approval to use the pre-filing procedures pursuant to 18 CFR 157.21(b) and consistent with 157.21(d) and (f) as otherwise specified by Commission staff during our initial consultation on the Denali Project.

This request is being submitted much earlier in the process than is normally the case with major pipeline projects. Because of the scope of the Denali Project, project design and application development will require a much longer time period (approximately 36 months) than is typically the case. Taking into account the extended pre-application period, and because Denali was only recently formed and is still being staffed, we have not initiated a number of the activities that are normally required in Section 157.21(d), nor will we meet the timelines contemplated by Section 157.21(f). However, as was suggested by Commission staff during our initial consultation on the Denali Project, initiating the pre-filing process now will be beneficial by enabling Denali and the Commission to exchange information and coordinate planning and activities to insure a timely and efficient application development and review process.

As required by Section 157.21(b)(1), Denali provides the following information in support of this request.

- 1. A description of the schedule desired for the project including the expected application filing date and the desired date for Commission approval, including at least six months of pre-filing review (Section 157.21(d)(1)).**

The current estimated schedule for the Denali Project is attached as Exhibit A. Assuming a successful open season within that schedule, Denali would expect to submit its complete application to the Commission in August 2011. Consistent with the expedited process contained in Section 104(d) of ANGPA, Denali would desire Commission approval no later than August 2013.

**2. *An explanation of why the prospective applicant is requesting to use the pre-filing process under this section (Section 157.21(d)(3)).***

Denali submits this request to use the Commission's pre-filing process under Section 157.21 in order to engage the Commission early in the process and facilitate staff involvement in the environmental data collection and in the development of and participation in Denali's Public Participation Plan.

The Denali Project will be one of the largest construction projects in North American history, making early engagement between Denali and Office of Energy Projects particularly valuable, even before development of all of the information normally available at the time of a pre-filing request.

It is important to note that at this early point, Denali is not in a position to supply all of the information required by Section 157.21(d), or to meet the timelines contemplated by Section 157.21(f). As a result, Denali requests that the staff and Denali jointly develop modifications to the normal informational and scheduling procedures in order to reflect and accommodate the Denali Project schedule attached in Exhibit A.

**3. *A detailed description of the project, including location maps and plot plans to scale showing all major project components. The maps and plot plans should not include CEII material (Section 157.21(d)(4)).***

The plans for the Denali Project include (i) transmission pipelines to transport gas from where produced to connections with other portions of the Denali system, (ii) a stand-alone gas treatment plant (GTP) on the Alaska North Slope where gas will be processed to remove impurities, as appropriate, and the residue gas chilled, and (iii) a 48 to 52 inch pipe capable of transporting approximately 4.0 bcf/d of gas at approximately 2,500 psi. The pipeline will generally follow the Dalton Highway south to Fairbanks where it will follow the Alaska Highway southeast to the Canadian border.

At the Canadian border, the pipeline will connect to a pipeline to be constructed by Denali affiliates in Canada that would be capable of transporting natural gas from the Canadian border into Alberta. If additional capacity is needed to accommodate the delivery of the gas into the U.S., the Canadian affiliates may also construct a pipeline from Alberta southeast to the U.S. border, in which case, the Project would include a pipeline from the U.S. border across parts of North Dakota, Minnesota, Iowa and Illinois to the Chicago area.

A general map of the preliminary pipeline route is attached as Exhibit B. At this early stage of the process, the Denali Project is not able to provide plot plans. These plot plans will be provided when available.

**4. A list of the relevant federal and state agencies in the project area with permitting requirements (Section 157.21(d)(5)).**

A preliminary list of the federal and state agencies in the Denali Project area with permitting responsibilities is attached as Exhibit C. This list will be supplemented as the detailed route is developed and additional information becomes available.

**5. A statement indicating that those agencies are aware of the prospective applicant's intention to use the pre-filing process (including contact names and telephone numbers) (Section 157.21(d)(5)(i)).**

Denali is notifying the agencies listed in Exhibit C that it has submitted to FERC a request to commence the pre-filing process by providing them with a copy of this letter.

**6. A statement indicating that those agencies have agreed to participate in the process (Section 157.21(d)(5)(ii)).**

In June 2006, a Memorandum of Understanding (MOU) related to the Alaska Natural Gas Transportation Project was entered into by federal agencies regarding regulatory and other responsibilities relevant to an Alaska natural gas transportation project such as the Denali Project. As part of the MOU, the signatory agencies committed to participate in and work within a pre-filing time frame set by the Commission to identify and seek to resolve issues at the earliest stages of project development for an Alaska natural gas transportation project.

Potentially, there are some federal agencies with jurisdiction over portions of the project that are not a signatory to the MOU. Alaska state agencies also will have jurisdiction over some aspects of the Denali Project. Denali will supplement this statement as it identifies

and engages these additional agencies on their agreement to participate in the pre-filing process.

**7. A statement indicating how the applicant has accounted for agency schedules for issuance of federal authorizations (Section 157.21(d)(5)(iii)).**

Denali has not yet begun the agency involvement process. Denali will account for agency schedules for federal authorizations as the agency involvement process unfolds, and once completed, will supplement this statement.

**8. A statement indicating when the applicant proposes to file with these agencies for their respective permits or other authorizations (Section 157.21(d)(5)(iv)).**

Denali has not yet initiated the agency involvement process and, because of the extended initial preparation and design phases, is not yet able to provide this statement. Denali will supplement this statement as it identifies when it proposes to file with the relevant agencies for the appropriate permits or other authorizations.

**9. A list and description of the interest of other persons and organizations who have been contacted about the project (including contact names and telephone numbers) (Section 157.21(d)(6)).**

Although Denali has not yet developed a stakeholder engagement plan, Denali has contacted landowners and agencies along that portion of the pipeline corridor where Denali intends to conduct preliminary field studies in the summer of 2008. A list and description of the interest of such persons (including contact names and telephone numbers) is attached as Exhibit F. This request will be supplemented with a list and description of other persons and organizations that have been contacted about the Denali Project (including contact names and telephone numbers).

**10. A description of what has already been done, e.g. contacting stakeholders, agency consultations, project engineering, route planning, environmental and engineering contractor engagement, environmental surveys/studies, and open houses (Section 157.21(d)(7)).**

Contacting stakeholders and agency consultations:

Denali will engage in preliminary field studies along portions of the anticipated pipeline corridor during the summer of 2008. Preparation

for the 2008 preliminary field studies required initiation of the following activities.

Landowner contacts:

ConocoPhillips, whose affiliate is one of the members of Denali, began contacting landowners along the portion of the preliminary route not co-located with TAPS (primarily from Delta Junction, Alaska to the US/Canada border) on behalf of the Denali Project in April 2008. These contacts continue at this time, and are made for the purpose of obtaining access and permission to conduct preliminary field studies.

Agency Consultations:

Also as part of obtaining access approvals for the preliminary field studies, a number of state and federal agencies have been contacted to discuss required permits for this activity. A list of these contacts is provided in Exhibit D.

Project Engineering, Route Planning, Contractor Engagement, Surveys and Studies:

The Denali Project will use and build upon a study conducted by the Alaska Gas Producers Pipeline Team (AGPPT) in 2001 and 2002.

Open Houses:

Open houses have not yet been scheduled for the Denali Project.

**11. Identification of the environmental and engineering firms and sub-contractors under contract to develop the project (Section 157.21(d)(7)).**

At this time, a number of environmental and engineering firms and sub-contractors are under contract specifically to assist with the 2008 preliminary summer field studies (Exhibit E). Exhibit E will be amended and supplemented to identify contractors and sub-contractors for future environmental and engineering work after those contracts are completed.

**12. Proposals from at least three prospective third-party contractors from which Commission staff may make a selection to assist in the preparation of the requisite NEPA document, or a proposal for the submission of an applicant-prepared draft Environmental Assessment, as determined through the initial consultation (Section 157.21(d)(9)).**

Denali commits to fund a third party contractor to assist the Commission in the development of the Environmental Impact Statement required under NEPA. Denali will initiate the selection

process for the contractor under the direction of Commission staff. We expect this will occur before the end of 2008.

**13. Acknowledgement that a complete Environmental Report and complete application are required at the time of filing (Section 157.21(d)(10)).**

In accord with Section 157.21(d)(10), Denali acknowledges that a complete Environmental Report and complete Certificate Application are required at the time of filing.

**14. A description of a Public Participation Plan which identifies specific tools and actions to facilitate stakeholder communications and public information, including a project website and a single point of contact (Section 157.21(d)(11)).**

Denali is committed to stakeholder communications and effective public outreach and is currently developing a Public Participation Plan that identifies the specific tools and actions used to facilitate stakeholder communications and public information. At this time, Denali has established a project website, but has not yet established a single point of contact. This request will be supplemented at the time the Public Participation Plan is completed.

All requests from, and responses to, federal and state permitting agencies will be appropriately addressed and responded to by Denali. As the lead agency, FERC will be copied by Denali on all pertinent correspondence.

At a minimum, the plan will include Denali's commitment to:

- Host public open houses;
- Distribute periodic news letters to affected landowners and interested stakeholders;
- Meet regularly with elected officials and community leaders in the project area;
- Maintain a stakeholder contact and public/agency correspondence log; and
- Post information in local newspapers and at local libraries.

The Denali Project website can be accessed at:

<http://www.denali-thealaskagaspipeline.com/>.

Once the Public Participation Plan is complete, this website will be expanded to include all the pertinent information on the Denali Project.

Until the Denali organization is staffed and a single point of contact is established, please contact both Lisa Pekich at ConocoPhillips (907-265-1173) and Gary "Gus" Gustafson at BP (907-339-4918). Once the organization is staffed, a single point of contact for stakeholder communications and public information will be established and the contact information for that person will be substituted.

In summary, we look forward to working closely and cooperatively with the Commission staff during the pre-filing process. Thank you for your timely consideration of this request.

Sincerely,



Bud E. Fackrell, President  
Denali - The Alaska Gas Pipeline LLC

Cc: Mark Robinson, FERC  
Lauren O'Donnell, FERC  
Mike Boyle, FERC

**Attachments:**

- Exhibit A - Denali Project Success Case Schedule
- Exhibit B - General Denali Project Map
- Exhibit C - State and Federal Agencies with Permitting Responsibilities
- Exhibit D - List of Agency Consultations (2008 Summer Field Studies)
- Exhibit E - List of Environmental/Engineering Contractors (2008 Summer Field Studies)
- Exhibit F - List of Contacts for Preliminary 2008 Field Studies



Regulatory  
Commission  
of Alaska

Mark K. Johnson

Janis W. Wilson

Commissioners

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bp



Doug Suttles  
President

BP Exploration (Alaska) Inc.  
P.O. Box 196612  
900 E. Benson Boulevard  
Anchorage, Alaska 99519-6612

June 16, 2008

**HAND DELIVERED**

The Honorable John Coghill, Chair of House Rules Committee, Alaska Legislature  
&  
The Honorable Charles Huggins, Chair of the Senate Special Committee on  
Energy, Alaska Legislature

Re: Point Thomson Plan of Development, 2008

Direct 907 564 5422  
Main 907 561 5111  
Fax 907 564 5900  
doug.suttles@bp.com

Mr. Chairman,

I would like to take this opportunity to confirm BP's position with regards to bringing Point Thomson into production.

BP is fully supportive of the proposed plan to delineate, develop and produce Point Thomson liquids (condensate and oil) and gas. BP has a significant stake in the leases holding a 32% working interest. BP demonstrated its commitment to the \$1.3 billion Plan of Development by:

- (i) providing a letter of commitment from our Chief Executive of Exploration and Production, Andy Inglis (attached),
- (ii) agreeing to unit termination if the parties fail to meet specific milestones, and
- (iii) changing the unit vote to a simple majority in order that no one party can block development decisions.

We believe that time is of the essence and that the delineation and development of Point Thomson as proposed, will provide vital information for finalizing the design of any gas pipeline project and the optimum development of Pt Thomson liquids.

We are very concerned that the study conducted by PetroTel Inc. for the Department of Natural Resources (DNR) only became public after the recent Point Thomson hearings before the DNR. The Pt Thomson owners have not been provided the opportunity to review the data on which the study is based or to respond to it on the record. The conclusions reached in the study have neither been audited nor critically examined by those who know the realities of the Point Thomson field best.

June 16, 2008

Page 2 of 2

Point Thomson is very important to BP. We wish to move forward with delineation and full field development of both liquids and gas. The availability of Point Thomson gas is critical for the success of any major gas pipeline project.

BP stands ready to work with the State of Alaska to settle the current dispute over Pt Thomson. We are confident that we can find a solution that works for all parties.

Thank you for the opportunity to confirm BP's position regarding this important issue for BP, Alaska and the gas pipeline project.

Sincerely,

A handwritten signature in black ink, appearing to read "Doug Suttles". The signature is stylized with a large initial "D" and "S".

Doug Suttles

cc: Alaska Legislature

BP PLC  
Group Managing Director and  
Chief Executive of Exploration and Production

BP PLC  
1 St James's Square  
London  
SW1Y 4JQ  
United Kingdom

1. March 2003

Our Ref: AG10/S/CB

Mr Thomas E. Ivin  
Secretary  
Department of Natural Resources  
111 West 7<sup>th</sup> Avenue, Suite 1400  
Anchorage  
Alaska 99501-3050

Phone: +44 (0)20 7506 4444  
Fax: +44 (0)20 7506 4400  
E-mail: [enquiries@bp.com](mailto:enquiries@bp.com)

Dear Mr Ivin,

As the Executive of Exploration & Production, I write to assure you of BP's commitment to the Plan of Development recently proposed by the owners of the St. Lawrence Unit. Fully committed to carrying out the Plan of Development and, on approval of the Plan of Development, will proceed to fulfil the terms of the commitments contained therein.

Yours sincerely,



A. Hughes  
Group Managing Director and  
Chief Executive of Exploration and Production

Registered in England and Wales: No. 302088  
Registered Office: 1 St James's Square  
London  
SW1Y 4JQ  
United Kingdom