

**2/25/10
GOVERNOR'S
FY11 OIL &
GAS
REQUESTS**

<target><bill></bill><subject>2-25-10 GOVERNOR'S FY11 OIL &
GAS REQUESTS</subject><comm>HFIN26</comm></target>

Alaska Natural Gas Development Authority – FY10

Beginning in July 2003, several appropriations have been authorized by the Alaska Legislature under the Alaska Natural Gas Development Authority Act (ANGDA) to bring natural gas to market through gas market evaluation. The funding used by ANGDA in FY10 was appropriated in FY08 (AR 16227, Ch 29 SLA 2008) in the amount of \$4 million. A total of \$983,300 was expended and another \$2,215,800 was encumbered.

These funds have been used to contract the services of independent contractors. ANGDA contractors have performed environmental, engineering, economic and financial studies to produce data required to support the B2F pipeline's EIS process, a potential North Slope propane facility, a potential value-added industry and the representation of the Alaska's utility companies in the upcoming Open Season. To follow is a brief list of active contracts in FY10.

- Glennallen Cultural Resources and Site Delineation
- Propane Supply Coordinator
- Gas Supply Coordinator
- Aerial Wetlands Photography
- Contaminated Sites Data for B2F
- Kenai Industrial Representative
- 360 Video Editing – B2F route
- Propane Extraction Facility Estimate #1
- Propane Extraction Facility Estimate #2
- B2F Corridor Mapping
- Propane Economics Study - Retail
- GIS Mapping
- BLM Cost Recovery for participation in EIS
- Enterprise Coordinator
- Wild & Scenic Rivers Alignment
- North Slope Prudhoe Bay Unit Advisor
- EIS Contractor
- Pipeline Project Manager
- Permitting Coordinator
- Pipeline Alignment and Engineering Coordinator
- Report to the People III

ANGDA is requesting that \$312,100 be appropriated in FY11 to support the ANGDA office and staff. The remaining appropriation funding (currently \$318,000) will be used throughout FY11 for Open Season preparation and additional work related to an in-state gas line.

Prepared by the Department of Revenue's, Alaska Natural Gas Development Authority, February 23, 2010.

AOGCC Gas Studies FY2010 Progress and Future Work

At the beginning of FY2010 the AOGCC had \$1.5 million of the multi year operating appropriation (AR 3559-10)-available. The entire amount of a capital appropriation, (AR 7699-12) \$1.5 million is unexpended and remains available.

The multi year operating appropriation originated in SLA 2005, Chapter 3, Sec. 20 (a), where \$1.2 million was appropriated. SLA 2007, Chapter 30, Sec. 13 (c) increased the amount to \$2.2 million. Sec. 61 (d) of this same chapter extended the lapse date to June 30, 2008. SLA 2008, Chapter 29, Sec. 34 (a) extended the lapse date to June 30, 2009. SLA 2009, Chapter 14, Sec. 4 extended the lapse date to June 30, 2010.

The FY2010 expenditures are as follows:

Gaffney, Cline & Associates

9/11/2009 \$54,230.00

10/6/2009 \$3,795.00

10/9/2010 \$44,785.00

12/14/2010 \$16,790.00

1/13/2010 \$2,385.00

TOTAL \$121,985.00

During FY2010 the Commission and its contractor Gaffney, Cline & Associates, expects to complete the data gathering and initial analysis of the existing reservoir data for the Thomson Sand in the Point Thomson Unit (PTU) as well as an independent reservoir simulation model based on the existing data. This will include geologic and reservoir simulation models based on data gathered from the existing exploration wells in the unit but will likely not include any new data from the wells being drilled as part of the ongoing PTU Initial Production System (IPS) since the drilling and testing of those wells will not likely be completed prior to FY2011. During FY2010 the Commission also expects to start gathering new information on the Prudhoe Bay Unit (PBU) based on a revised reservoir model created by the PBU owners. This is valuable because it will enable the Commission to understand this complex reservoir better, to anticipate additional information necessary to make appropriate determinations on pool rules and gas offtake, to respond timely on such rulings, and to advise legislators and others on important considerations in major gas sales planning.

Currently, \$228,363.64 is encumbered. The funding will be used to continue work with the contractor Gaffney, Cline & Associates as described above.

For FY2011 we are requesting that \$1,150,900 be appropriated. This is the amount of the previous GF gas pipeline funding appropriation that is estimated to be unexpended and unobligated at June 30, 2010. During FY2011 the Commission expects to complete work on the PTU reservoir study including

incorporating geologic and well testing information from the initial 2 wells, the producer/injector pair, being drilled as part of the IPS. The Commission also expects to continue to gather data from the new PBU reservoir models and may employ a contractor to help us analyze the new data and incorporate it into our existing studies.

Beyond FY2011 the Commission expects to incorporate production data from the IPS, which isn't expected to come online until 2014, into our analysis of the PTU and to gather and analyze updated information on PBU, such as data on new wells and pre-gas sales depletion planning, as it becomes available. If other productive reservoirs in the PTU are discovered the Commission will also evaluate and incorporate information from them in our analyses. Also, any other oil reservoir expected to contribute gas to major gas sales (such as Kuparuk, Lisburne, or even an as-yet-undiscovered reservoir) will need a similar analysis to that done for Prudhoe Bay and Pt Thomson.

Additionally, at some point in FY2011 and/or future years the Commission will likely hold hearings on gas offtake allowables for the PBU and PTU and pool rules for the PTU that would require the Commission to call upon the contractor for the PBU major gas study that was completed in 2007 and the contractor for the ongoing PTU reservoir study to provide testimony as expert witnesses.

The Commission has considered the pros and cons of relinquishing existing funds and feels strongly that it is important to have the funds available when needed so that the Commission does not create delays in the forward progress of major gas sales by having to reacquire the funds necessary to complete future tasks, which are certain to be required.

Alaska Department of Labor and Workforce Development
Gasline Funding History

The Alaska Gasline Inducement Act required the Commissioner of Labor and Workforce Development (DOLWD) to develop a job training program for Alaskans in gas pipeline project management, construction, operations, maintenance and other gas pipeline related positions (AS 43.90.470).

In FY 08, the department was appropriated \$850.0 GF for the development of the program and the commissioner convened a steering committee to develop what became the Alaska Gasline Training Strategic Plan. The plan, first published in January 2008 identified four broad strategies to address system-wide improvements to Alaska's job training system and infrastructure focusing on preparing Alaskans for today's jobs that would give Alaskans an advantage in competing for gasline construction, maintenance and operation jobs as they became available. The steering committee emphasized that with or without the gasline Alaska has a skills gap that needs to be addressed through comprehensive system improvement. The lapse date for these funds was extended to year end FY09.

In FY 09, the department received a \$600.0 GF capital appropriation to make improvements to the on-line labor exchange system, and the Alaska Works Partnership was granted \$3 million GF toward construction of the Fairbanks Pipeline Training Center. In addition \$860.0 GF was transferred to the department from an appropriation to Governor's Office to be used for Oil and Gas Development. These funds were provided to the department to continue the strategic planning effort, to implement targeted job training activities, to develop an on-line training provider data base and improve presentation of labor market data at the regional and local levels. Each of these items was called for in the Gasline Training Strategic Plan.

In FY 10, the department was authorized \$410.0 GF carry-forward funding from the FY08 and FY09 appropriations and \$550.0 GF in new authorization by the legislature to continue the strategic planning effort, to implement targeted job training activities, and to continue development of the on-line training provider data base and improve presentation of labor market data at the regional and local levels. The department also realigned other existing internal funding (\$250.0 GF) to support Alaska Workforce Investment Board gasline activities.

In FY 11, due to a recognition that this planning, workforce development and training is necessary even without a gasline, the department instead of requesting continued gasline funding has reallocated funds within the existing budget to continue the strategic planning effort, to implement targeted job training activities, and improve the on-line training provider data base and presentation of labor market data at the regional and local levels. The realignment is included in the budget request which is currently before the House Finance Subcommittee for Labor and Workforce Development.

To date (FY 09 and FY 10 to date) the department has sponsored training for over 250 Alaskans in gasline related occupations with the funding identified above.

Department of Law
Gas Line Funding History

The Department of Law is requesting \$2,500.0 for work related to the state natural gas pipeline and to bringing North Slope gas to market.

The Department of Law's Oil, Gas and Mining section continues to play a major role in the State's top priority project related to the development of a natural gas pipeline and bringing natural gas to market. A number of contracts with outside counsel and experts are underway and will continue as needed. Funding will assist the department in analyzing and responding to federal regulatory decision-making and other regulatory efforts to commercialize North Slope gas, and representing the Departments of Natural Resources and Revenue in addressing legal issues related to implementation of the AGIA license and the Alaska Pipeline Project (APP).

The Department of Law has contracts with law firms with extensive oil and gas experience. The primary contract is with Greenberg Traurig (GT), a Washington, D.C. based firm with gas pipeline experience and considerable expertise representing clients before the Federal Energy Regulatory Commission (FERC). The firm has assisted the state with analysis of federal regulatory issues including FERC rate making practices, federal open season requirements, use of precedent agreements for firm transportation capacity, analysis of Natural Gas Act requirements, analysis of the AGIA licensee's project plan, analysis of LNG export issues, analysis of royalty inducements for proposed regulations, and the successful request for a waiver of FERC capacity provisions to reduce risks to potential shippers related to the state's ability to switch between taking its royalty gas in-kind to in-value. The department has also contracted with Bennett Jones, a law firm that has assisted the department with Canadian regulatory issues relevant to the pipeline project. The legal work that the firms perform is highly specialized and critical to the pipeline project's success.

In FY 2009 \$3.5 million was transferred from the Governor's office to the Department of Law. At the end of 2009, \$1,697.2 was encumbered for an existing contract with Greenberg Traurig and expected to fund the Department's needs in FY10. As of February 22nd, \$835,179 remains encumbered under that contract and we anticipate expending most if not all of these funds prior to the end of the FY10. Additionally, at the request of the Governor's Office, we identified \$550.0 that would be available and returned the funds to the Office of the Governor.

The requested funds will be used to continue to assist the department in the upcoming open season, including review of the APP open season filing, continued monitoring of the FERC pre-filing process and analysis of FERC issues, resulting transportation agreements, FERC filings relating to a certificate of public convenience and necessity, filing and evaluations relating to Canadian regulatory issues and other FERC and regulatory issues.

Department of Revenue

Status of FY 2010 Gas Line Appropriations

Ch27 SLA 09, (HB 177) North Slope Gas to Market (OP)

Original Approp	\$1,221,000.00
Adjustment from OMB pre FY10	\$550,000.00
Spent pre FY10	\$ 539,000.00
Balance Going Into FY10	\$1,232,000.00
Spent during FY10	\$878,300.00
Encumbered during FY10	\$353,700.00

Gaffney Cline & Assoc = \$188,700.00

- Remaining Balance on current contract obligation.

Goldman Sachs = \$165,000.00

- Awaiting final billing to close out the contract.

Lapse	0
Balance	0

Ch6 SLA 07 (SB82) Commercialization North Slope Gas (CAP)

Original Approp	\$3,000,000.00
Spent pre FY10	\$2,442,600.00
Balance going into FY10	\$557,400.00
Spent during FY10	0
Encumbered during FY10	0
Lapse	0
Balance	\$557,500.00

Description:

These funds are intended to be used for the following purposes:

- Contractor services to finalize the department's AGIA regulations (\$50.0).

- Remaining Funds are held for anticipated consultant/contractor services necessary for fiscal system analysis associated with gas commercialization discussions during and after the upcoming open seasons. The timing of such discussions is uncertain and depends on factors outside the state's control. The state needs to be able to ramp up quickly if the situation develops, where such discussions are timely and necessary.

REVISED

**Department of Natural Resources
House Finance Gasline Hearing
February 25, 2010**

	Multi- Year Approp (SPCO, LPP, DOG, CO)	One- Time Items (ACO)	Base Budget (ACO)	CIP (DGGs, DOG)	Total
Available at 7/1/2009	3,815,345	3,200,000	681,700	4,785,160	12,482,205
Expended as of 2/22/2010 (does not include encumbrances)	234,678	1,335,400	481,800	926,922	2,978,800
Unexpended balance at 2/22/2010	3,580,667	1,864,600	199,900	3,858,238	9,503,405
Less: Encumbrances	599,567	1,592,100	35,100	77,600	2,304,367
Unobligated balance at 2/22/2010	<u>2,981,100</u>	<u>272,500</u>	<u>164,800</u>	<u>3,780,638</u>	<u>7,199,038</u>

What has DNR done with the money spent in FY10?

Multi-Year Operating Appropriations for Right-of-Way permitting, \$3,488,788 available, AR 37998 & AR 37934 (from FY05) – State Pipeline Coordinator’s Office and Large Project Permitting

- \$22,200 has been utilized by the Joint Pipeline Office for 25% of a position that is providing planning and coordination support related to AGIA right-of-way work
- \$481,100 has been RSA’d to UAF for hydrologic analysis in support of the Bullen Point Rd. project
- \$10,178 for personal services and related costs for a portion of a large project coordinator position

Multi-Year Operating Appropriations for Increased Workload, \$320,857 available, AR 37936, AR 37995, AR 37996 (from FY05 and FY06) – Division of Oil & Gas and Commissioner’s Office

- \$95,000 has been used to pay part of the personal services costs of a project manager in the Commissioner’s Office for AGIA Outreach.
- Due to multiple projects including gasline, the following projects for the Division of Oil & Gas were contracted out:
 - \$82,567 to KL& Gates for Unit Regulations (encumbered)
 - \$78,390 to Arcadis for Best Interest Findings (\$42.4 paid and \$35.9 encumbered)
 - \$64,900 to AK IT Group and Vorian Technology for Royalty Accounting software development

Multi-Year Operating Appropriation for Gas Pipeline Analysis, \$5,700 available, AR 40757

- This balance is available to lapse

One-time FY10 Operating Budget Item, \$3.2 million for AGIA Implementation (Consultants), AR 37093 – AGIA Coordinator’s Office

Actual expenditures of \$1,335,400 thus far in FY10, with an additional \$1,592,100 encumbered

- Black & Veatch, two contracts (\$560,321 expended and \$676,806 encumbered)

- Economic risk & modeling – Identifying and developing a range of potential commercial instruments by which the state may reduce risks faced by potential shippers
- Royalty inducement regulation assistance - Assembling models relating to possible LNG shipments of N. Slope gas and valuation of substances such as CO2 and non-methane components of the gas stream
- Blaskovich Services, Inc. - Oil and gas energy planning model
Gathering large volumes of relevant data and meeting with state policy makers to determine framework needed for an Alaska Oil and Gas Energy Planning model (\$115,026 expended and \$161,254 encumbered)
- Bonnie Robson - AGIA royalty regulations drafting assistance
The contractor has incorporated policy decisions, based on information and analyses provided by other contractors, into an initial draft of the royalty regulations required under AS 43.90.310. (\$153,581 expended and \$296,419 encumbered)
- Energy Capital Advisors/Energy Project Consultants - Commercial advisor
Monitor and review licensee's commercial and overall project plan, and provide assistance to state policy makers regarding various commercial measures the state may take to increase the likelihood of project success (\$5,000 expended and \$266,092 encumbered)
- PINGO Int'l. - Project plan monitoring of the AGIA licensee's pipeline project
Review of pipeline design, construction and mitigation issues, review of cost and schedule estimates and licensee reimbursement requests. (\$501,471 expended and \$191,529 encumbered)

FY10 Base budget for AGIA Coordinator's Office - \$681,700, AR 37093

Current expenditures are \$360,725 in personal services, \$64,576 in travel, \$49,724 for services, and \$6,775 for commodities: Total of \$481,800 which is \$70% of FY10 budget. An additional amount of \$35,100 has been encumbered.

Capital Improvement Projects - \$4,785,160 available for two projects

- Gasline Corridor Hazards Evaluations, \$785,160 available from FY08 and FY09 CIP's, AR 40774 & AR 40841 – Division of Geological and Geophysical Surveys
 - \$190,189 has been used to pay contractors including Coastal Helicopters, Inc., Michael Smith, University of Alaska Fairbanks, Carver Geologic, and Alaska Aerofuel, and another \$77,600 is encumbered
 - \$79,333 has been used for in-house expense in the Division of Geological and Geophysical Surveys for personal services, travel, services and commodities for the project manager
- Reservoir Modeling Studies, North Slope, \$4.0 million available from FY09 CIP, AR 40852 – Division of Oil & Gas
 - \$657,400 was used to pay contractor PetroTel for completion of a study in the NorthStar unit.

What value was received?

- 1) Ensured licensee and state compliance and fulfillment of contractual obligations under AGIA
- 2) Ensured that the largest private project in North American history is moving forward on an accelerated schedule as required by the AGIA license and statute
- 3) Increased coordination between state and federal agencies as well as state and Canadian regulatory agencies
- 4) Increased information flow to the public
- 5) Completed initial field work to identify potential geologic hazards along the proposed corridor route
- 6) Established contracts for reservoir modeling to determine optimal use of N. Slope gas

- Black & Veatch - \$364,325 for economic risk & modeling
Identified and developed a range of potential commercial instruments by which the state may reduce risks faced by potential shippers
- Black & Veatch - \$428,556 for royalty inducement regulation assistance
Assembled models relating to possible LNG shipments of N. Slope gas and valuation of substances such as CO2 and non-methane components of the gas stream
- Energy Capital Advisors/Energy Project Consultants - \$197,876 for Commercial Advisor
Monitor and review licensee's commercial and overall project plan, and provide assistance to state policy makers regarding various commercial measures the state may take to increase the likelihood of project success
- Blaskovich Services, Inc. - \$138,746 for oil and gas energy planning model
Gathering large volumes of relevant data and meeting with state policy makers to determine framework needed for an Alaska Oil and Gas Energy Planning model
- Bonnie Robson - \$153,581 for AGIA royalty regulations drafting assistance
The contractor has incorporated policy decisions, based on information and analyses provided by other contractors, into an initial draft of the royalty regulations required under AS 43.90.310.

FY10 Base budget for AGIA Coordinator's Office - \$681,700, AR 37093

Current expenditures are \$360,725 in personal services, \$64,576 in travel, \$49,724 for services, and \$6,775 for commodities: Total of \$481,800 which is 72% of FY10 budget. An additional amount of \$35,100 has been encumbered.

Capital Improvement Projects - \$4,785,160 for two projects

Gasline Corridor Hazards Evaluations, \$785,160 available from FY08 and FY09 CIP's, AR 40774 & AR 40841 – Division of Geological and Geophysical Surveys

- \$267,827 has been used to pay contractors including Coastal Helicopters, Inc., Michael Smith, University of Alaska Fairbanks, Carver Geologic, and Alaska Aerofuel
- \$79,333 has been used for in-house expense in the Division of Geological and Geophysical Surveys for personal services, travel, services and commodities for the project manager

Reservoir Modeling Studies, North Slope, \$4.0 million available from FY09 CIP, AR 40852 – Division of Oil & Gas

- \$657,400 was used to pay contractor PetroTel for completion of a study in the NorthStar unit.

What value was received?

- 1) Ensured licensee and state compliance and fulfillment of contractual obligations under AGIA
- 2) Ensured that the largest private project in North American history is moving forward on an accelerated schedule as required by the AGIA license and statute
- 3) Increased coordination between state and federal agencies as well as state and Canadian regulatory agencies
- 4) Increased information flow to the public
- 5) Completed field work to identify potential geologic hazards along the proposed corridor route
- 6) Established contracts for reservoir modeling to determine optimal use of N. Slope gas

Department of Natural Resources
 House Finance Gasline Hearing
 February 24, 2010

	Multi- Year Appropri (SPCO, CO, DOG)	One- Time Items (ACO)	Base Budget (ACO)	CIP (DGGG, DOG)	Total
Available at 7/1/2009	3,241,500	3,200,000	681,700	4,785,160	11,907,960
Expended as of 2/22/2010 (does not include encumbrances)	260,400	1,876,256	481,800	1,004,522	3,633,210
Unexpended balance at 2/22/2010	2,981,100	1,323,744	199,900	3,780,638	8,274,750
Less: Encumbrances		1,051,244	35,100		1,086,344
Unobligated balance at 2/22/2010	2,981,100	272,500	164,800	3,780,638	7,188,406

What has DNR done with the money spent in FY10?

Multi-Year Operating Appropriations for Right-of-Way permitting, \$2,996,700 available, AR 37998 & AR 37934 (from FY05) – State Pipeline Coordinator’s Office

- \$22,200 has been utilized by the Joint Pipeline Office for 25% of a position that is providing planning and coordination support related to AGIA right-of-way work.

Multi-Year Operating Appropriations for Increased Workload, \$239,100 available, AR 37905, AR 37936, AR 37995, AR 37996 (from FY05 and FY06) – Division of Oil & Gas, Commissioner’s Office

- \$95,000 has been used to pay part of the personal services costs of a project manager in the Commissioner’s Office for AGIA Outreach.
- Due to multiple projects including gasline, the following projects for the Division of Oil and Gas were contracted out:
 - \$64,910 has been used to pay a contract programmer for improvements to the royalty accounting system,
 - \$78,290 has been used to pay for a contractor to perform two Best Interest Findings

Multi-Year Operating Appropriation for Gas Pipeline Analysis, \$5,700 available, AR 40757

- No spending thus far in FY10 on this appropriation

One-time FY10 Operating Budget Item, \$3.2 million for AGIA Implementation (Consultants), AR 37093 – AGIA Coordinator’s Office

Actual expenditures of \$1,876,256 thus far in FY10, with an additional \$1,051,244 encumbered

- PINGO Int’l. - \$593,171 for project plan monitoring of the AGIA licensee’s pipeline project
 Review of pipeline design, construction and mitigation issues, review of cost and schedule estimates and licensee reimbursement requests

2/24/10

House Finance Committee
 Governor's FY2011 Oil & Gas Requests
 February 24, 2010

Teleconference Number 1-877-763-5073

I. In-State Gas Pipeline

Department	Juneau	Teleconference
Governor's Office	Bob Swenson, Instate Gas Pipeline Coordinator	

II. Alaska Gasline Inducement Act

Department	Juneau	Teleconference
Administration - Alaska Oil & Gas Conservation Commission	Dan Seamount, Chair ✓	
Administration - Alaska Oil & Gas Conservation Commission		Cathy Foerster, Commissioner ✓
Administration	Eric Swanson, Administrative Services Director ✓	
Labor	David Stone, Deputy Commissioner ✓	
Labor	Guy Bell, Assistant Commissioner ✓	
Labor	Mike Helms, Budget Manager	
Law	Craig Tillery, Deputy Attorney General	
Law	Lisa Weissler, Assistant Attorney General, Oil & Gas	
Law	Dave Blaisdell, Administrative Services Director	
Natural Resources	Marty Rutherford, Deputy Commissioner Ⓟ	
Natural Resources	Mark Myers, AGIA Project Coordinator	
Natural Resources	Leta Simons, Support Services Division Director	Rod Combellick, Acting Director, Geological & Geophysical Surveys
Revenue	Pat Galvin, Commissioner	
Revenue	Marcia Davis, Deputy Commissioner	
Revenue		Dona Keppers, Audit Master
Revenue	Ginger Blaisdell, Administrative Services Director	

III. Alaska Natural Gas Development Authority

Department	Juneau	Teleconference
Alaska Natural Gas Development Authority		Harold Heinze, Chief Executive Officer

Revised O&G Participants 02.24.2010
 Office of Management & Budget

Alaska State Legislature
HOUSE FINANCE COMMITTEE

Agenda
1:30 PM

Wednesday, February 24, 2010

HB 300 - APPROP: OPERATING BUDGET/LOANS/FUNDS
HB 302 - APPROP: MENTAL HEALTH BUDGET

Briefing on Governor's FY11 Oil and Gas Requests:

✓ Alaska Oil and Gas Conservation Commission
Dan Seamount, Chair

✓ Alaska In-State Gas Pipeline Project
Bob Swenson, Instate Gas Pipeline Coordinator

✓ Department of Labor and Workforce Development
David Stone, Deputy Commissioner

~~Department of Law
Craig Tillery, Deputy Attorney General~~

* Department of Natural Resources *ALASKA Gasline Inducement Act*
Mark Meyers, AGIA Project Coordinator *NOT IN SYSTEM*

~~Department of Revenue
Pat Galvin, Commissioner~~

ANGDA *ALASKA NATURAL GAS Pipeline Authority*
Harold Heinze, Chief Executive Officer

Alaska State Legislature
HOUSE FINANCE COMMITTEE

Agenda

1:30 PM

Thursday, February 25, 2010

HB 300 - APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 302 - APPROP: MENTAL HEALTH BUDGET

(Continued from Wednesday, February 24, 2010)

Briefing on Governor's FY11 Oil and Gas Requests:

Alaska Oil and Gas Conservation Commission

Dan Seamount, Chair

Alaska In-State Gas Pipeline Project

Bob Swenson, Instate Gas Pipeline Coordinator

Department of Labor and Workforce Development

David Stone, Deputy Commissioner

Department of Law

Craig Tillery, Deputy Attorney General

Department of Natural Resources

Mark Meyers, AGIA Project Coordinator

Department of Revenue

Pat Galvin, Commissioner

ANGDA

Harold Heinze, Chief Executive Officer

2/24/10

Governor's FY2011 Gasline Appropriation Requests

	A	B	C	D	E	F
1	Department	Section	Appropriation / Allocation	Description	AK Housing Capital Corporation	Total Funds
2	OPERATING - HB 300 / SB 229					
3	Governor	16 (f)	AK Resources Marketing and Development	Ongoing development of an in-state natural gas pipeline	6,500.0	6,500.0
4	Administration	19	Alaska Oil and Gas Conservation Commission	AOGCC Gasline Funding continued evaluation of depletion plans for reservoirs.	1,150.9	1,150.9
5	Law	19	Oil, Gas, and Mining	Gas Pipeline Outside Counsel and Experts	2,500.0	2,500.0
6	Natural Resources	19	Gas Pipeline Implementation	Gas pipeline implementation	4,217.5	4,217.5
7	Revenue	19	Tax Division	AGIA Reporting System and Fiscal Systems Analysis to Support Negotiations of Gasline Fiscal Terms	1,100.0	1,100.0
8	Revenue	19	Natural Gas Commercialization	Fiscal Systems Analysis to Support Negotiations of Gasline Fiscal Terms and Audit of AGIA Reimbursement Fund	1,550.0	1,550.0
9				Subtotal Operating	17,018.4	17,018.4
10	CAPITAL - HB 301 / SB 230					
11	Commerce	1	Named Recipient Grants	Municipality of Anchorage: Port of Anchorage Expansion	10,000.0	10,000.0
12	Revenue	8(d)	Alaska Gasline Inducement Act Reimbursement Fund	Reimbursement of allowable expenditures under the natural gas pipeline project construction inducement under AS 43.90.110(a)(1) original request 150.0M, reduced by 10.0M in Governor Amended submission	140,000.0	140,000.0
13				Subtotal Capital	150,000.0	150,000.0
14				FY2011 Gasline Appropriation Requests Total	167,018.4	167,018.4

2/24/10

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

A	D	E	F	H	I	J	K	L	M	N
CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
2										
3	FY2008-FY2012	Administration	Reservoir depletion studies prior to major gas sales	1,500.0	0.0	1,500.0	0.0	0.0	0.0	1,500.0
4		Administration Total		1,500.0	0.0	1,500.0	0.0	0.0	0.0	1,500.0
5	FY2008-FY2012	Labor	AK Labor Exchange System Enhancement and Gas Pipeline Skills Inventory	600.0		600.0	448.4	151.6	0.0	0.0
6	FY2008-FY2012	Labor	Alaska Works Partnership - Fairbanks Pipeline Training Center	6,000.0		6,000.0	860.4	2,139.6	0.0	3,000.0
7		Labor Total		6,600.0	0.0	6,600.0	1,308.8	2,291.2	0.0	3,000.0
8	FY2007-FY2011	Law	Work related to the state gas pipeline and to bringing North Slope natural gas to market, and to other oil and gas projects. Original appropriation \$21,500.0 Gasline portion only \$7,203.4	7,203.4		7,203.4	7,203.4		0.0	0.0
9		Law Total		7,203.4	0.0	7,203.4	7,203.4	0.0	0.0	0.0
10	FY2007-FY2011	Natural Resources	Gas Pipeline Corridor Geologic Hazards and Resources	350.0		350.0	350.0	0.0	0.0	0.0
11	FY2007-FY2012	Natural Resources	Gas pipeline analysis	6,550.0		6,550.0	6,544.3	0.0	0.0	5.7
12	FY2008-FY2012	Natural Resources	Gas Pipeline Corridor Geologic Hazards and Resources	600.0		600.0	555.9	21.0	0.0	23.1

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

A	D	E	F	H	I	J	K	L	M	N
CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
13	Ch 29 SLA 2008 AR 40841	Natural Resources	Gas Pipeline Corridor Geologic Hazards and Resources	600.0		600.0	128.5	56.6	0.0	414.9
14	Ch 29 SLA 2008 AR 40852	Natural Resources	Reservoir Studies to Evaluate Oil and gas resources in the North Slope	4,000.0		4,000.0	657.4	0.0	0.0	3,342.6
15		Natural Resources Total		12,100.0	0.0	12,100.0	8,236.1	77.6	0.0	3,786.3
16	Ch 6 SLA 2007 AR 16194	Revenue	Commercialization of North Slope gas	3,000.0		3,000.0	2,442.6	0.0	0.0	557.4
17	Ch 30 SLA 2007 AR 16200	Revenue	ANGDA Alaska Gas Market System Evaluation	5,000.0		5,000.0	4,548.2	451.8	0.0	0.0
18	Ch 29 SLA 2008 AR 16227	Revenue	ANGDA Engineering and Economic Study on In State Gas Use	4,000.0		4,000.0	1,439.8	2,243.2	0.0	317.0
19		Revenue Total		12,000.0	0.0	12,000.0	8,430.6	2,695.0	0.0	874.4
20	Ch 3 FSSLA 2005 AR 56864	Transportation	Fairbanks - Richardson Highway, Northbound Chena Overflow Bypass/Bridge for Gas Pipeline	2,500.0	(1,648.4)	851.6	851.6	0.0	0.0	(0.0)
21	Ch 29 SLA 2008 AR 57498	Transportation	Richardson Highway, Shaw Creek Bridge	1,648.4		1,648.4	0.0	1,648.4	0.0	0.0
22	Ch 3 FSSLA 2005 AR 60054	Transportation	Richardson Highway, Shaw Creek Bridge	2,500.0	0.0	2,500.0	485.7	1,835.3	0.0	179.0
23	Ch 32 SLA 2006 AR 59978	Transportation	Gas Pipeline	1,700.0		1,700.0	64.1	1,635.9	0.0	0.0
24	Ch 29 SLA 2008 AR 62145	Transportation	Richardson Highway, Shaw Creek Bridge	4,000.0		4,000.0	0.0	4,000.0	0.0	0.0
25		Transportation Total		12,348.4	(1,648.4)	10,700.0	1,401.4	9,119.6	0.0	179.0

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

A	D	E	F	H	I	J	K	L	M	N
CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
33	Ch 28 SLA 2007 AR 1531	Governor	Fiscal Note for HB 177 Natural Gas Pipeline Project	132.0	0.0	132.0	132.0	0.0	0.0	0.0
34	Ch 27 SLA 2008	Governor	Branch-wide Oil & Gas Development The \$7,290.8 was transferred to Labor \$860.0, Law \$2,950.0, Natural Resources \$1,709.8, and Revenue \$1,771.0 as shown on this spreadsheet as ATRINS.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
35	Ch 28 SLA 2008 AR 1531	Governor	Fiscal Note for HB 177 Natural Gas Pipeline Project	332.2	0.0	332.2	332.2	0.0	0.0	0.0
36	CH 14 SLA 2009 AR 1720	Governor	development of an in-state natural gas pipeline.	4,322.0	0.0	4,322.0	1,828.3	2,493.7	0.0	0.0
37	CH 14 SLA 2009 AR 1721	Governor	development of an in-state natural gas pipeline.	3,967.0	0.0	3,967.0	0.0	3,967.0	0.0	0.0
38		Governor Total		10,759.3	0.0	10,759.3	3,892.2	6,460.7	406.4	0.0

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

A	D	E	F	H	I	J	K	L	M	N
CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
39	Ch 28 SLA 2007 AR 28103	Labor	AGIA fiscal note for training plan development, infrastructure and implementation and expansion of training programs. Lapse date was extended to 6/30/2009 via Sec 34(e); Ch 29 SLA 2008. Reappropriated to department Ch 14 SLA 2009 section 9(a-c)	850.0	(325.0)	525.0	511.1	0.0	13.9	(0.0)
40	Ch 27 SLA 2008 AR28183	Labor	ATRIN: Oil & Gas Development Transfer from Governor's Office	145.0		145.0	104.7	0.0	40.3	0.0
41	Ch 27 SLA 2008 AR 28603	Labor	ATRIN: Oil & Gas Development Transfer from Governor's Office Reappropriated to department Ch 14 SLA 2009 section 9(d)	130.0	(85.0)	45.0	18.2	0.0	26.8	0.0
42	Ch 27 SLA 2008 AR 28613	Labor	ATRIN: Oil & Gas Development Transfer from Governor's Office	585.0		585.0	451.8	0.0	133.2	0.0

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

A	D	E	F	H	I	J	K	L	M	N
CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
1										
43	FY2010	Labor	AWIB Education Specialist, Career and Technical Education (CTE) Oversight; includes \$85.0 reappropriated to department	130.0		130.0	88.9	9.1		32.0
44	FY2010	Labor	Commissioner's Office, Gasline Training Plan implementation \$100.0 Reappropriated to department	100.0		100.0	33.7	0.0		66.3
45	FY2010	Labor	AK Workforce Investment Board (AWIB), Training Program Administrator, Administrative Assistant, and implementation activities	250.0		250.0	88.9	9.1		152.0
46	FY2010	Labor	Labor Market Information, Clearinghouse/Reginal Data Gathering \$145.0 Reappropriated to department	145.0		145.0	35.4	4.0		105.6
47	FY2010	Labor	Business Partnerships, Pipeline Worker Training Grant	2,500.0		2,500.0	618.8	1,544.7		336.5

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

A	D	E	F	H	I	J	K	L	M	N
CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
1										
48	FY2010	Labor	Business Services, preapprenticeship and apprenticeship development \$80.0 Reappropriated to department	585.0		585.0	34.5	80.0		470.5
49		Labor Total		5,420.0	(410.0)	5,010.0	1,986.0	1,646.9	214.2	1,162.9
50	FY2005-FY2006	Law	Oil, Gas and Mining, for work related to the state gas pipeline and to bringing North Slope natural gas to market, and other oil and gas projects	9,000.0		9,000.0	9,000.0			0.0
51	FY2006	Law	Civil Division is for work related to the state gas pipeline and to bringing North Slope natural gas to market and other oil and gas projects	3,900.0		3,900.0	3,900.0	0.0	0.0	0.0
52	FY2006	Law	Work related to the Gas Pipeline and other oil and gas projects.	1,200.0		1,200.0	1,200.0	0.0	0.0	0.0
53	FY2007	Law	Oil, Gas, and Mining, for work related to the state gas pipeline, to bringing North Slope natural gas to market, and to other oil and gas projects.	1,500.0		1,500.0	1,483.7	0.0	16.3	(0.0)

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

	A	D	E	F	H	I	J	K	L	M	N
	CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
1											
54	Ch 11 SLA 2008 AR 14180	FY2008	Law	Oil, Gas and Mining: Gas Pipeline	1,250.0		1,250.0	1,250.0	0.0	0.0	0.0
55	Ch 27 SLA 2008 AR 14180	FY2009	Law	ATRIN: Oil & Gas Development Transfer from Governor's Office	2,950.0		2,950.0	2,111.7	836.2	2.1	0.0
56			Law Total		19,800.0	0.0	19,800.0	18,945.4	836.2	18.4	0.0
57	Ch 159 SLA 2004 AR 37991	FY2004-FY2009	Natural Resources	Risk analysis related to the state gas pipeline and to bringing North Slope natural gas to market	1,580.0		1,580.0	1,580.0	0.0	0.0	0.0
58	Ch 159 SLA 2004 AR 37992	FY2004-FY2009	Natural Resources	Permitting and application processing related to the state gas pipeline right-of-way work. Reappropriated to department Ch 14 SLA 2009 Sec. 12	3,900.0	(2,962.3)	937.7	937.7	0.0	0.0	(0.0)
59	Ch 3 FSSLA 2005 AR 37931	FY2005-FY2009	Natural Resources	Risk analysis and royalty issues	2,500.0		2,500.0	2,428.5	0.0	71.5	0.0
60	Ch 3 FSSLA 2005 AR 37932	FY2005-FY2009	Natural Resources	Gas pipeline corridor geologic hazards and resource evaluation	2,000.0		2,000.0	2,000.0	0.0	0.0	0.0
61	Ch 3 FSSLA 2005 AR 37934	FY2005-FY2010	Natural Resources	Bullen Pt. Road right-of-way permitting	800.0		800.0	284.5	481.1	0.0	34.4
62	Ch 3 FSSLA 2005 AR 37935	FY2005-FY2010	Natural Resources	Division of oil and gas increased workload	675.0		675.0	675.0	0.0	0.0	0.0
63	Ch 3 FSSLA 2005 AR 37936	FY2005-FY2010	Natural Resources	Commissioner's office increased workload	50.0		50.0	50.0	0.0	0.0	0.0

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

A	D	E	F	H	I	J	K	L	M	N
CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
1										
64	FY2005-FY2010	Natural Resources	Bullen PL Road right-of-way permitting	2,400.0		2,400.0	2,400.0	0.0	0.0	0.0
65	FY2005-FY2010	Natural Resources	Division of oil and gas increased workload	2,025.0		2,025.0	1,905.6	118.5	0.0	0.9
66	FY2005-FY2010	Natural Resources	Commissioner's office increased workload	150.0		150.0	150.0	0.0	0.0	0.0
67	FY2009	Natural Resources	Gas Pipeline Implementation Reappropriated to Governor Office Ch 14 SLA 2009 Sec 19(b)	5,500.0	(3,967.0)	1,533.0	1,533.0	0.0	0.0	0.0
68	FY2009	Natural Resources	ATRIN: Oil & Gas Workload Funding transferred from Governor's Office (cc 10400137 and 10400138)	1,709.8		1,709.8	1,613.8	13.9	82.1	0.0
69	FY 2010-FY2011	Natural Resources	permitting and application processing related to the state gas pipeline right-of-way work related to bringing North Slope natural gas to market (Reappropriated to department Ch 14 SLA 2009 Sec. 12)	2,962.3		2,962.3	22.2	0.0	0.0	2,940.1
70	FY2010	Natural Resources	Gas Pipeline Office Budget	681.7		681.7	481.8	35.1	0.0	164.8

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

A	D	E	F	H	I	J	K	L	M	N
CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
1										
71	FY2010	Natural Resources	Gas Pipeline Implemetation	3,200.0		3,200.0	1,335.4	1,592.1	0.0	272.5
72		Natural Resources Total		30,133.8	(6,929.3)	23,204.5	17,397.5	2,240.7	153.6	3,412.7
73	FY2004	Revenue	Stranded Gas Act - A fiscal note authorized \$871.5. In addition, \$750.0 of SDPR was authorized via RPL 04-4-1026 on Oct. 29, 2003. Revenue's base operating budget included some Stranded Gas Act funding until removed in FY08 budget.	1,621.5		1,621.5	913.8	0.0	707.7	0.0
74	FY2004	Revenue	ANGDA operating appropriation (original appropriation was for \$150.0 GF, final authorized was for \$350.0 due to a \$200.0 federal RPL)	350.0		350.0	347.6		2.4	(0.0)
75	FY2004-FY2005	Revenue	North Slope Natural Gas	1,650.0		1,650.0	1,641.4		8.6	(0.0)
76	FY2004-FY2009	Revenue	Related to bringing North Slope natural gas to market.	5,100.0		5,100.0	4,319.5	0.0	780.5	0.0
77	FY2005	Revenue	ANGDA operating appropriation	256.6		256.6	256.3		0.3	0.0

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

A	D	E	F	H	I	J	K	L	M	N
CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
1										
78	FY2005-FY2008	Revenue	Commissioner's Office, for work related to the state gas pipeline and to bringing North Slope natural gas to market.	7,100.0		7,100.0	7,100.0	0.0		0.0
79	FY2005-FY2008	Revenue	ANGDA for work related to the state gas pipeline and to bringing North Slope natural gas to market.	2,170.0		2,170.0	2,159.6	0.0	10.4	0.0
80	FY2006	Revenue	ANGDA operating appropriation	278.3		278.3	278.2		0.1	0.0
81	FY2007	Revenue	ANGDA operating appropriation	299.6		299.6	299.6		0.0	0.0
82	FY2008	Revenue	ANGDA operating appropriation	302.7		302.7	302.6		0.1	(0.0)
83	FY2009	Revenue	ANGDA operating appropriation	305.3		305.3	305.3		0.0	0.0
84	FY2009	Revenue	ATRIN: Oil & Gas Workload Funding transferred from Governor's Office	1,771.0		1,771.0	922.3	848.7	0.0	0.0
85	FY2010	Revenue	ANGDA operating appropriation	312.1		312.1	227.9			84.2
86		Revenue Total		21,517.1	0.0	21,517.1	19,074.1	848.7	1,510.1	84.2
87		Total Operating		89,830.2	(7,339.3)	82,490.9	62,116.3	12,261.6	2,302.7	5810.3
88										
TOTALS BY DEPARTMENT										
89		Administration		3,700.0	0.0	3,700.0	821.1	228.4	0.0	2,650.5
90		Governor		10,759.3	0.0	10,759.3	3,892.2	6,460.7	406.4	0.0
91										

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

A	D	E	F	H	I	J	K	L	M	N
CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
92		Labor		12,020.0	(410.0)	11,610.0	3,294.8	3,938.1	214.2	4,162.9
93		Law		27,003.4	0.0	27,003.4	26,148.8	836.2	18.4	0.0
94		Natural Resources		42,233.8	(6,929.3)	35,304.5	25,633.6	2,318.3	153.6	7,199.0
95		Revenue		33,517.1	0.0	33,517.1	27,504.7	3,543.7	1,510.1	958.6
96		Transportation		12,348.4	(1,648.4)	10,700.0	1,401.4	9,119.6	0.0	179.0
97			TOTALS	141,582.0	(8,987.7)	132,594.3	88,696.6	26,445.0	2,302.7	15,150.0
98										
99			Removed from previous historical summary. Oil and gas appropriations that are not gasoline related have been removed.							
100	Ch 1 SLA 2003	Commerce	Grant to Arctic Power to aid in the opening of the coastal plain of the Arctic National Wildlife Refuge, and assist in promoting public support for oil and gas development in Alaska.	1,100.0		1,100.0	1,100.0	-	-	0.0
101	Ch 82 SLA 2003	Commerce	Grant to Arctic Power to aid in the opening of the coastal plain of the Arctic National Wildlife Refuge, and assist in promoting public support for oil and gas development in Alaska. Balance repealed and reappropriated to Gov Office.	500.0		500.0	446.0	-	-	54.0
102	Ch 82 SLA 2003	Commerce	Grant to Arctic Power to aid in the opening of the coastal plain of the Arctic National Wildlife Refuge, and assist in promoting public support for oil and gas development in Alaska. Balance repealed and reappropriated to Gov Office.	300.0		300.0	70.3	-	-	229.7
103	Ch 3 SLA 2005	Commerce	Pipeline Training Equipment	1,500.0		1,500.0	1,500.0	-	-	0.0

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

	A	D	E	F	H	I	J	K	L	M	N
	CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
104	Ch 23 SLA 2005		Commerce	the opening of the coastal plain of the Arctic National Wildlife Refuge, and assist in promoting public support for oil and gas development in Alaska. Authorization included \$50.0 to Native Village of Kaktovik (lapsed) and \$50.0 to City of Kaktovik.	1,300.0		1,300.0	1,250.0	-	50.0	0.0
105	Ch 82 SLA 2006		Commerce	Pipeline Training Facility (named recipient grant to AK Works Partnership)	3,000.0		3,000.0	3,000.0	-	-	0.0
106	Ch 13 SLA 2006		Commerce	Grant to Arctic Power to aid in the opening of the coastal plain of the Arctic National Wildlife Refuge, and assist in promoting public support for oil and gas development in Alaska. Balance repealed per sec. 47(c), ch. 30, SLA 2007 - reappropriated \$120.	750.0	(120.0)	630.0	123.8	-	-	506.2
107	Ch 30 SLA 2007		Commerce	Pipeline Training Facility (named recipient grant)	2,700.0		2,700.0	2,660.4	39.6	-	(0.0)
108	Ch 29 SLA 2008		Commerce	Grant to Arctic Power to aid in the opening of the coastal plain of the Arctic National Wildlife Refuge, and assist in promoting public support for oil and gas development in Alaska. Direct support on national efforts to open the coastal plain of the Arctic National Wildlife Refuge for oil and gas exploration and development.	120.0		120.0	120.0	-	-	0.0
109	Ch 1 SLA 2003		Governor		100.0		100.0	100.0			0.0

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

A	D	E	F	H	I	J	K	L	M	N
CITATION/ APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
110	Ch 159 SLA 2004	Governor	and gas development, states's rights advocacy, and national and international marketing and development of Alaska resources and products. (This was a reappropriation from the Department of Commerce, Community, and Economic Development of the balances of sec. 40(a) and (c), ch. 82, SLA 2003.) Balance of \$19.5 is expected to lapse at the end of FY2009.	283.7		283.7	203.3	-	80.4	0.0
111	Ch 159 SLA 2004	Governor	National and international marketing and development of Alaska's resources and products. There will be more expenditures during the remainder of FY2009, but it is expected that approximately \$78.0 may lapse. <small>Direct support of national efforts</small>	950.0		950.0	846.8		103.2	0.0
112	Ch 3 FSSLA 2005		to open the coastal plain of the Arctic National Wildlife Refuge for oil and gas exploration and development and other oil and gas and natural resource development projects <small>Direct support of national efforts</small>	125.0			125.0		-	
113	Ch 6 SLA 2005		to open the coastal plain of the Arctic National Wildlife Refuge for oil and gas exploration and development	375.0			231.3		143.7	

Historical Summary
Gasline Related Appropriations
FY2004-FY2010

A	D	E	F	H	I	J	K	L	M	N
CITATION/ 1 APPN	TERM	DEPARTMENT	DESCRIPTION	ORIGINAL APPN	REAPPN	ADJ TOTAL APPN	EXPENDED	ENCUMBERED	LAPSE	BALANCE as of 2/22/2010
114	CH 27 SLA 2009	Natural Resources	Royalty reopener - outside legal counsel and outside experts for reopener of state's arbitrations	500.0		500.0	362.4	0.0	137.6	0.0
115	CH 27 SLA 2009	Natural Resources	Funing for outside contract auditors to reduce or eliminate current backlog of royalty and net profit share audits	200.0		200.0	0.0	0.0	200.0	0.0
116	Ch 3 FSSLA 2005	Transportation	Richardson Highway, Shaw Creek Bridge	4,148.3		4,148.3	485.7	2,014.3	0.0	1,648.3
117	Ch 82 SLA 2006	Transportation	Alaska Highway: Milepost 1303.3 Bridge Replacement - Tanana River	4,250.0		4,250.0	4,250.0	0.0	0.0	0.0
118	Ch 30 SLA 2007	Transportation	Alaska Highway: Milepost 1303.3 Bridge Replacement - Tanana River	20,850.0		20,850.0	11,718.5	9,131.5	0.0	0.0
119	Ch 29 SLA 2008	Transportation	Dalton Highway: Milepost 274 to 289 Reconstruction	11,900.0		11,900.0	1,495.3	10,404.7	0.0	0.0
120	Ch 29 SLA 2008	Transportation	Dalton Highway: Milepost 274 to 289 Reconstruction	11,250.0		11,250.0	0.0	11,250.0	0.0	0.0
121		TOTAL REMOVED		66,202.0	(120.0)	66,082.0	30,088.8	32,840.1	714.9	2,438.2

2/24/10

ALASKA IN-STATE GAS PIPELINE PROJECT



Budget Summary

Bob Swenson, Project Manager

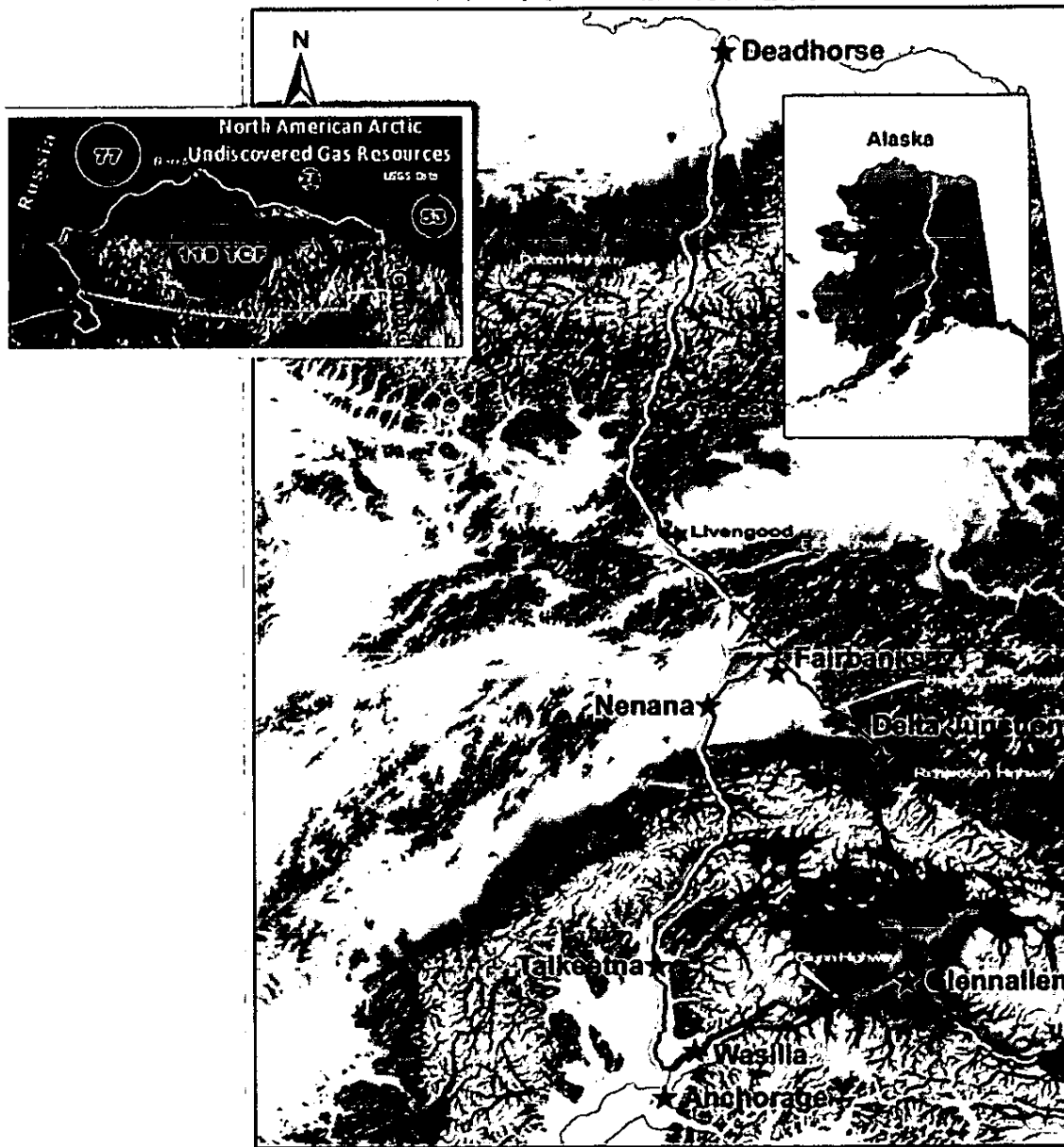
February 18, 2010

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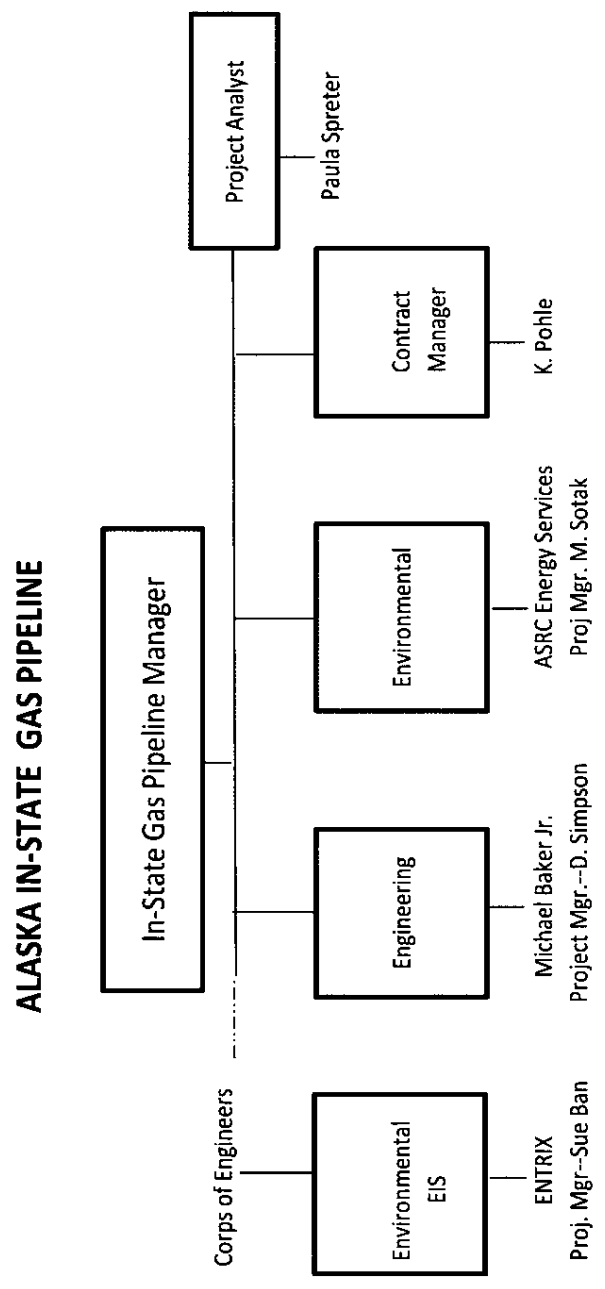
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Alaska In-State Gas Pipeline - Proposed Project Map

Map showing all primary routes and alternate routes for small diameter in-state natural gas pipeline options. Alternate route analysis for the stand alone project is complete. Routes include; Stand Alone Parks (yellow), Stand alone Richardson (blue), Spur Line Parks (Purple), Spur Line Richardson (red). Inset map shows mean estimates of undiscovered conventional natural gas resources for the North American Arctic region (Data from USGS, MMS, and GSC assessments).



Organization Chart



Project Task Outline

Contract Task Number	Contractor	NTP Start Date	2/16/2010 Status
BAKER ENGINEERING			
1	Proj Mgt/Proj Controls	6/9/2009	ongoing
2	Project Library / Data Mgt	6/9/2009	ongoing
3	Outreach	6/9/2009	ongoing
4	Alternatives Analysis	6/9/2009	complete
5	Supply/Demand Analysis	6/17/2009	partial completion-still open with money.
6	Project Description (Eng)	8/5/2009	Initial Permit Description complete. Eng.ongoing.
7	Cost of Delivery	10/20/2009	Currently the major engineering focus.
8	ROA Application	10/20/2009	Applications have been turned in.
9	Construction Planning		No NTP at this time.
10	EIS Support		No NTP at this time
ASRC Environmental			
01-001	Project Management	7/1/2009	on going
01-002	Project Management (continued)	2/16/2010	just starting
02-001	Cultural Resources	7/1/2009	scoping complete, field work next
02-002	2010 Field Program Prep. Cultural Res	2/16/2010	just starting
03-001	Wetlands Surveys/Analysis	7/10/2009	Parks initial complete
03-002	Analysis of Pre-mapped Wetland Data	7/10/2009	Parks complete
03-003	Premapping Richardson HWY Corridor	8/19/2009	Field wk complete, reports coming in.
03-004	Minto Flats Alignment	9/15/2009	Wetlands deliniation along new alignment.
03-005	Glen to Fairbanks Premapping	11/16/2009	on going
03-006	Richardson Hwy wetlands premapping		
03-007	2010 Field Program Prep, Wetlands Delination	2/16/2010	permitting fieldwork preparation.
04-001	Literature Search/Project Library	7/1/2009	on going
05-001	State & Federal ROW permitting	10/15/2009	ongoing
06-001	CSI Support for Enviro & Permitting	10/15/2009	on going
07-001	2010 Field Program Prep-Lake studies	2/16/2010	just starting

Budget Overview

Total funds for FY2010		\$8,289,043
Total Expenditures through January 15, 2010		\$2,214,968
Balance as of January 15, 2010		\$6,074,075
Proposed Expenditures	January 16, 2010 through June 30, 2010	\$6,074,75
Personal Services		\$ 160,950
Travel		\$ 18,000
Commodities		\$ 11,629
Services (items listed below):		\$5,883,496
• Existing contracts (Baker, ASRC, ENTRIX)	\$5,524,000	
• Department of Natural Resources -	\$ 200,000	
• US Bureau of Land Management – EIS Services	\$ 150,000	
• Facilities	\$ 9,496	
Balance Remaining	June 30, 2010	\$ 0

	Payroll & Expenditures 1/15/2010	Contract Commitments (Encumbrances)	Estimated Budget Jan-10	Estimated Budget Feb-10	Estimated Budget Mar-10	Estimated Budget Apr-10	Estimated Budget May-10	Estimated Budget Jun-10
Personal Services	170,252		26,825	26,825	26,825	26,825	26,825	26,825
Travel	17,832		3,000	3,000	3,000	3,000	3,000	3,000
Services	2,024,396	3,904,496	330,000.0	330,000.0	330,000.0	330,000.0	330,000.0	329,000.0
Commodities	2,488		2,000	2,000	2,000	2,000	2,000	1,629
Total Expended	2,214,968	3,904,496	361,825	361,825	361,825	361,825	361,825	360,454

Supplemental Bill language

Sec. 16. AMENDMENT OF LAPSE OF CERTAIN FISCAL YEAR 2010

31 APPROPRIATIONS. Section 22(e), ch. 14, SLA 2009, is amended to read:

1 (e) The appropriations made by sec. 19 of this Act lapse June 30, 2010 [February 28, 2 2010].

FY10 Budget Narrative

The following appropriations to the Office of the Governor totaling \$8,289,042 for the development of an in-state natural gas pipeline will lapse on February 28, 2010:

- a. Sum of \$4,322,000 appropriated from the Alaska capital income fund (AS 37.05.565)
- b. The unexpended and unobligated balance of \$3,967,042 of an appropriation made in Sec. 8, Ch. 1, 4SSLA 2008 (Department of Natural Resources, gas pipeline implementation)

Approval of this supplemental request will extend authorization for expenditure of the appropriations through June 30, 2010 so that work related to the development of an in-state natural gas pipeline can continue.

The funds will be used to pay personal services costs for the project director and project analyst, as well as travel, lease, and office expenses including office relocation. The majority of the funds will continue to be used to pay contractors for:

- Cost of Transportation analysis for the 16 pipeline configurations under investigation by the Baker engineering group
 - These data will be used to perform the model analyses for cost of service determination provide cost distributions for economic feasibility analyses
- Support of Permitting and Right of Way activity
 - Including field investigations on wetlands, culture, stream crossing and lakes.
 - Geotechnical evaluation of seismic hazards, landslides and permafrost mitigation along pipeline routes under investigation
- Continued refinement of project description and pipeline construction cost estimates as new engineering data is acquired
- Commercial feasibility and supply-demand opportunity identification
- Commercial Group meetings and information transfer to prospective developers
- Economic, environmental, and engineering reviews and reports in preparation for development of a sales package to be marketed to pipeline companies
- Continued Development of a GIS database and data library
- Facilitation of information data exchange and public meetings

All efforts are being made to coordinate with other state agencies to minimize overlap in the various permitting and ROW activities by State Agencies along the various pipeline routes.

Michael Baker, Inc. - Progress Report - Alaska In-State Gas Pipeline

Total Estimated Expenditures **January 1, 2010 through June 30, 2010** **\$3,504,000**

TASK 1 PROJECT MANAGEMENT:

Progress to Date:

- Ongoing internal project coordination/planning meetings to manage team activities
- Ongoing public relations
- Accounting activities, preparing invoices
- Preparing sub consulting scopes, schedules and budgets
- Requesting Notice to Proceeds
- Reviewing sub invoices
- Reviewing project expenditures, budget.
- Reporting activities

Forecast Task Activity:

Future activity will consist of continuing the same activities accomplished this far.

TASK 2 DATA MANAGEMENT/LIBRARY:

Progress to Date:

- Data gathering from federal, state and borough databases, ongoing and previous studies
- Geo database creation, compilation and assimilation of developed and acquired data
- Meta data research and compilation
- Data analysis
- Coordinating activities to support engineering, route analysis and environmental analysis. Map making to display requested information, support Alternatives Analysis and Project Description
- Developed SharePoint web based collaboration library site
- Ongoing SharePoint document population
- Quality control activities

Forecast Task Activity:

Future activity will consist of ongoing data collection and analysis to support the environmental analysis, engineering, cost estimating. At the end of the project, the geodatabase will be sufficiently developed to provide a basis for future design engineering activity if required.

TASK 3 OUTREACH:

Progress to Date:

- Established Commercial Working Group
- Conducted 2-day facilitated project planning with Commercial Working Group
- Conducted Legislative multi-day Field Reviews, Prudhoe Bay to Fairbanks (3)
- Conducted Legislative Briefing, presented Project Overview
- Conducted Legislative Briefing, presented Alternatives Analysis
- Conducted Legislative Briefing, presented initial Project Description
- Conducted Commercial Working Group meeting, presented initial Project Description
- Various Agency meetings
- Distributed Project Description to Legislative Contacts
- NEPA Public Scoping meeting support (Anchorage)
- NEPA Agency Scoping Meeting support

Forecast Task Activity:

Outreach activities will continue to support the permitting process and Legislative reporting requirements. Activities may also include a continuing dialogue with the commercial working group and coordinating work with ANGDA.

TASK 4 ALTERNATIVE ANALYSIS:

Progress to Date:

The Alternative Analysis was completed and presented to the Legislature. It compared the two standalone routes (Parks Highway and the Richardson Highway) using parametric cost analysis and concluded that the Parks Highway was approximately \$500 million less expensive than the Richardson Highway Route. The two Spur line routes were also compared. Baker Progress Report 3

TASK 5 SUPPLY/DEMAND ANALYSIS:

Progress to Date:

An analysis of potential customers along the pipeline routes was completed to support the Alternatives Analysis document.

Forecast Task Activity:

Supply /Demand work will focus on potential markets including in-state demand for propane, GTL, CO₂, butane and ethane.

TASK 6 PROJECT DESCRIPTION:

Progress to Date:

- An Initial Project Description derived from the results of the Alternative Analysis was compiled, presented to the Legislature and attached to the ROW Applications to provide a basis for the NEPA documentation.

- The final Project Description will be completed concurrent with the end of this project. It will include the GIS, Library, Mapping and Cost of Service products as its elements. The work on this task is focused on the construction cost. Progress on this task is described as follows:
- Design Basis is approximately 90 percent complete
- Alignment Sheet map templates have been created and are awaiting final background photography and mapping.
- Construction cost estimating has been divided into two areas: Facilities and Pipeline
- There are 16 separate facility scenarios being evaluated
- Facility cost estimating is approximately 20 percent complete
- Pipeline cost estimating is approximately 20 percent complete

Forecast Task Activity:

Construction Cost Estimates will be completed for use in calculating cost of service. Additional hard data such as geotechnical bore hole logs, soil temperature data and property ownership information will be gathered, analyzed and added to the Project Description as part of the GIS. Baker Progress Report 4

TASK 7 COST OF SERVICE:

Progress to Date: Minimal

Forecast Task Activity:

An economic model considering relevant factors such as system phasing, flow ramp up, the construction cost of facilities and pipeline, operating, maintenance construction administration and financing costs will be developed to predict the Cost of Service for the pipeline.

TASK 8 ROW APPLICATION:

Progress to Date: *Initial application*

Forecast Task Activity:

Responding to requests for further analysis or information from the BLM and DNR ROW permitting agencies

TASK 9 CONSTRUCTION PLANNING: *Not Currently Authorized*

TASK 10 EIS SUPPORT: *Not Currently Authorized*

ENTRIX, Inc. Progress Report - Alaska In-State Gas Pipeline

Total Estimated Expenditures **January 1, 2010 through June 30, 2010** **\$720,000**

Progress to date –

- Project kickoff meeting with USACE, cooperating agencies and ADNR
- Reviewed Alternatives Report, Project Description, ROW applications and other project information
- Established FTP sites for agencies, ADNR and project team
- Developed NEPA overview for scoping meeting presentations
- Planned and executed scoping meetings and activities concerning the EIS process – Glennallen, Delta Junction, Nenana, Fairbanks, Denali Park, Anchorage, Wasilla, and Barrow. This included all materials, etc.
- Established the EIS website and protocol for accepting on-line and email comments.
- Developed Stakeholder Database

Alaska State Department of Natural Resources

Total Estimated Expenditures **January 1, 2010 through June 30, 2010** **\$200,000**

- Develop deterministic pricing scenarios for In-State gas markets
- Evaluate various in-state natural gas demand scenarios using options defined by Baker through put options
- Build and evaluate the Tarriff and fiscal models to determine economic scenarios for various stand alone line configurations
- Review and perform gap analysis on costing and pipeline schedule for route and configuration analysis

US Bureau of Land Management

Total Estimated Expenditures **January 1, 2010 through June 30, 2010** **\$ 150,000**

- Applicant Fee and cost recovery for Right of Way determination and the Environmental Impact Statement for the In-State Gas Line Project.

In-State Stand Alone Pipeline - FY11 Budget Narrative

1. Completion of environmental and permitting for USACE and State and Federal right-of-way approvals.

Total Estimated Expenditures

\$ 2,000,000

- Project Management - AES will continue to support the State of Alaska's project team and be involved with State of Alaska and the U.S. Army Corps of Engineers (USACE) in supporting the third-party EIS consultant with the NEPA review.
- Permitting - AES continue with the development and coordination with the USACE, BLM and State Pipeline Coordinator on the three major permits filed in 2009 and will begin working on ten other key permits for submission in late 2010 so that processing and the negotiations for permit approvals and mitigation measures may be completed in time for sale of the In-State pipeline asset to a future pipeline company.
- Stakeholder Engagement - Prepare and implement a stakeholder engagement program to support project development. Includes stakeholder contact database, and issues information. Engagement with the local boroughs, their communities and residents, tribal governments, the USACE, USFWS, BLM, State of Alaska, Native Corporations are critical.
- Wetlands - Conduct wetlands field program in the northern and southern sections of the proposed In-State Pipeline Project corridor to complete verification of wetlands pre-mapped to prepare for submission of the Preliminary Jurisdictional Determination to the USACE for their approval of the Section 404 Jurisdictional Determination; complete vegetation and habitat analysis. Provide assistance to the EIS contractor as required.
- Stream Crossings - compile the fish and wildlife resource data necessary for permit applications and assessing potential project impacts under the NEPA process. All data collection needs will be adjusted as necessary in accordance with the outcome of the draft EIS and provide information for engineering design and routing.
- Cultural - Phase one cultural resource studies will examine a potential corridor sufficiently large so that a right-of-way can be refined to the best possible alignment to avoid or minimize impacts to cultural resources.
- Lake Studies - Lake studies and surveys will be conducted primarily on the North Slope to assess the potential for water availability for use during winter construction.
- Wildlife and Bird Surveys - As needed to support the EIS process, wildlife and bird (raptor) studies will be conducted during the 2010 field season.
- Air and Noise Analysis - Evaluate compressor station locations for air emission issues and determine the need for air monitoring and weather stations to develop information for ADEC permitting.

- Pre-mapping - Prepare the wetlands pre-mapping information for route changes or alignments that have not been assessed such as the Gubik route, the Denali reroute, some of Minto Flats rerouted alignment, and so forth.

2. Engineering data acquisition for detailed engineering design of the project.

Total Estimated Expenditures: \$3,500,000

- Gather detailed geotechnical data on major river crossings. The preferred river crossing method is assumed to be HDD (Horizontal Directional Drill). The assessment of the applicability of crossing rivers with HDD requires site specific geotechnical information. Additional field information on river approaches and total crossing length needs to be collected to verify use of HDD. This activity includes mapping and the drilling of geotechnical site investigation boreholes.
- Gather engineering field data. Pinch points such as Atigun Pass, Yukon River, and Denali Park require additional field verification of soils, available construction space and detailed routing to avoid conflicts with other facilities and to develop and verify conceptual design. Engineering field data is required to investigate and verify route geotechnical conditions and includes information on seasonal ground temperatures, geohazards and foundation conditions at project facilities (Gas Conditioning, Compressor Stations and NGL separation and storage). This information will be used to verify locations and develop conceptual designs to be included in final project documentation. This activity includes field mapping and the drilling of geotechnical site investigation boreholes with installation and monitoring of ground temperatures. Results will be analyzed and will be reported in an engineering report.
- Refine pipeline routing. The current pipeline routing is within a 2000 foot wide corridor. The actual centerline of the corridor has not been vetted and verified as the optimum route. Final route identification will be optimized for pipeline constructability, avoidance of environmentally sensitive areas, minimized TAPS, Highway and Railroad crossings, facilities location and optimized river crossings locations. These route adjustments will be made, if possible, within the 2000 foot wide corridor currently identified. Results of the engineering evaluation will be used to update the project GIS (Geographical Information System) and will be reported in an engineering report.

3. Refinement of Cost of Service estimates and Tariff modeling

Total Estimated Expenditures: \$750,000

- Peer review engineering cost assessment of railbelt natural gas alternatives, and commercial assessment of options. There are a number of different project alternatives that have been proposed to alleviate the need for augmented railbelt energy supply. They include two bullet line alternatives, two spur line alternatives, provision of propane from Prudhoe Bay to Fairbanks and other interior communities, LNG manufacturing on the North Slope to provide gas supply to Fairbanks and possibly other railbelt communities, and facilities to import LNG. Most of the analyses developed do not compare alternatives using similar assumptions for

input costs (e.g. steel prices, labor rates). Just as importantly, they do not make similar or consistent commercial assumptions. Peer review will assure that assumptions made by the various project proposals are consistent.

- Analyze the cost of Capital for in-state gas supply options, and Cost of Service Modeling. The commercial viability of all in-state gasline options depends on the cost of transportation. Because the contemplated scope of these projects would entail expenditures of several billion dollars, the transportation cost will be determined by the cost of capital – both the relative mix of debt and equity, and the cost of each. Assessment, for planning purposes, of the cost of capital for these small diameter pipelines is problematic and will be reviewed
- The cost-of-capital inputs need to be developed through scenario analysis. With the requested funds we will hire a financial advisor to help develop several realistic financing scenarios. Potential risks to the state's credit-rating, were the state to be called upon to take a major position in the project, will also be assessed. Some of the funds will be used for pipeline commercial expertise to develop realistic transportation contract scenarios and tariff modeling.

4. Prepare complete project documentation of In-State pipeline asset for consideration by private pipeline developer

Total Estimated Expenditures:

Budget Estimate; \$250,000

- Coordinate project team to include all, cost and design data, environmental, stakeholder, and permitting information for a 'data room' for prospective purchasers to review and evaluate. Be available to participate in presentations to the prospective purchasers and respond to technical questions that may be raised with regard to specific issues.