1/21/09
NATURAL GAS FOR INSTATE USE

1382

Alaska Gasline
PORT AUTHORITY

Project Update

Senate Resources Committee

January 21st, 2009

Juneau, Alaska

1383

Continued Support from the State

Alaska Gasline PORT AUTHORITY

- Legislative intent language in AGIA (July 23,2008)
  - calls for the continued advancement of the All-Alaska/LNG project within the AGIA framework
  - adopted overwhelmingly: 58-1
  - "It is the intent of the legislature that an AGIA license will enable and encourage an All Alaska gas line/liquefied natural gas (LNG) project within the TransCanada project."

- Governor Palin's Administrative Order No. 242 (August 20,2008)
  - directs State agencies to assist the development of the LNG project
  - "I...direct [DNR and DOR] to assist entities...in pursuing development of an economically and technically viable liquefied natural gas (LNG) project in this state, such as the project envisioned by the Alaska Gasline Port Authority."

➢ **Thank you for your continued support!**

Interest from Hawaii

Alaska Gasline PORT AUTHORITY

- We continue to work with the Office of Hawaiian Affairs to bring Alaskan LNG to Hawaii

- Alaska Federation of Natives: Resolution No. 08-42 (October 2008) adopted in support of LNG project within AGIA to benefit rural Alaska and Hawaii

Port Authority Project Advancement

Alaska Gasline PORT AUTHORITY

- The Port Authority, Mitsubishi Corporation and Sempra LNG, continue to advance the development of the All-Alaska Gasline/LNG project
  - Mitsubishi
    - Japan's largest trading company with a wide range of business activities
    - Strong experience in LNG projects (handles approximately half of Japan's LNG imports)
  - Sempra LNG
    - Owns the only LNG receiving terminal on the West Coast
    - Subsidiary of Sempra Energy, one of the largest traders of natural gas in North America

1386

Focus on AGIA Open Season

Alaska Gasline PORT AUTHORITY

- Our focus is to position our project for TransCanada's open season targeted for July 2010
- As part of the AGIA process, TransCanada committed to build a pipeline to Valdez – if sufficient gas volumes are committed – either on a standalone basis or in conjunction with a pipeline into Canada
- The Port Authority along with Mitsubishi and Sempra LNG have met with TransCanada to discuss the open season
- We anticipate further discussions with TransCanada as we seek to coordinate our effort

Focus on AGIA Open Season (continued)

Alaska Gasline PORT AUTHORITY

- We intend to participate, either directly or through prospective gas shippers, in TransCanada's Open Season

- We are planning significant technical, environmental and other development work for the LNG terminal
  - We will develop a cost estimate for the liquefaction and other Valdez facilities that is consistent with that being prepared by TransCanada for the pipeline to Valdez
  - This cost estimation level is consistent with TransCanada's plan for the pipeline open season

- Our objective: to develop a project that provides a highly attractive economic proposition for the North Slope producers and the State of Alaska

Committed to Meeting Alaska's Gas Needs

Alaska Gasline Port Authority

- We believe our project will maximize ANS gas wellhead value by exporting LNG out of Alaska to reach global markets, including the U.S. and Asia

- However, we have always been committed to prioritizing the needs of Alaska's domestic gas consumers. Indeed, we believe that our project provides the best opportunity to maximize in-State access to our North Slope gas resources

- We will continue to work in cooperation with ANGDA on meeting this important goal

Market Developments Favor an LNG Project

Alaska Gasline PORT AUTHORITY

- Recent market developments have underscored the importance of the All-Alaska/LNG project as the most attractive option to monetize Alaska's gas.

- Lower 48 and Canada have experienced significant increases in production
  - shale gas has been at the forefront of increases in "non-conventional" gas production.
  - Navigant Consulting and ICF Consulting have recently estimated America's potential gas resources at about 2,000 tcf.
    - That's 100 years worth of U.S. natural gas demand.
    - "That's 50 percent more gas than the current proven reserves of Russia and twice as much as the proven reserves in Iran. Put into oil terms, that 2,200 Tcf of gas is the equivalent of one-and-a-half Saudi Arabia's."[1]

- In Canada BC shale gas is a "game changer," with projected production of 5.3 bcf/d within 10 years. [2]

- The gas market in the Lower 48 has dramatically changed. The viability and need for the LNG option has never been greater from Alaska's perspective.

[1] Energy Tribune (1/12/2009) <energytribune.com/articles.cfm?aid=1055>
[2] Calgary Herald (1/11/2009) <calgaryherald.com/business/Lure/116250/story.html>

Alaska's Competition is Not Waiting

Alaska Gasline PORT AUTHORITY

- The market changes are being acted upon by our competition
- Kitimat LNG, previously conceived as an LNG import terminal, has recently reversed their project from an LNG receiving terminal and now intends to develop an LNG export project
- Kitimat LNG will target the growing, premium LNG markets in Asia, and has partnered with Mitsubishi to try to satisfy Asian demand for North American gas
- The window of opportunity is here for Alaska to maximize the value of its gas. Our competition is not waiting!

1391

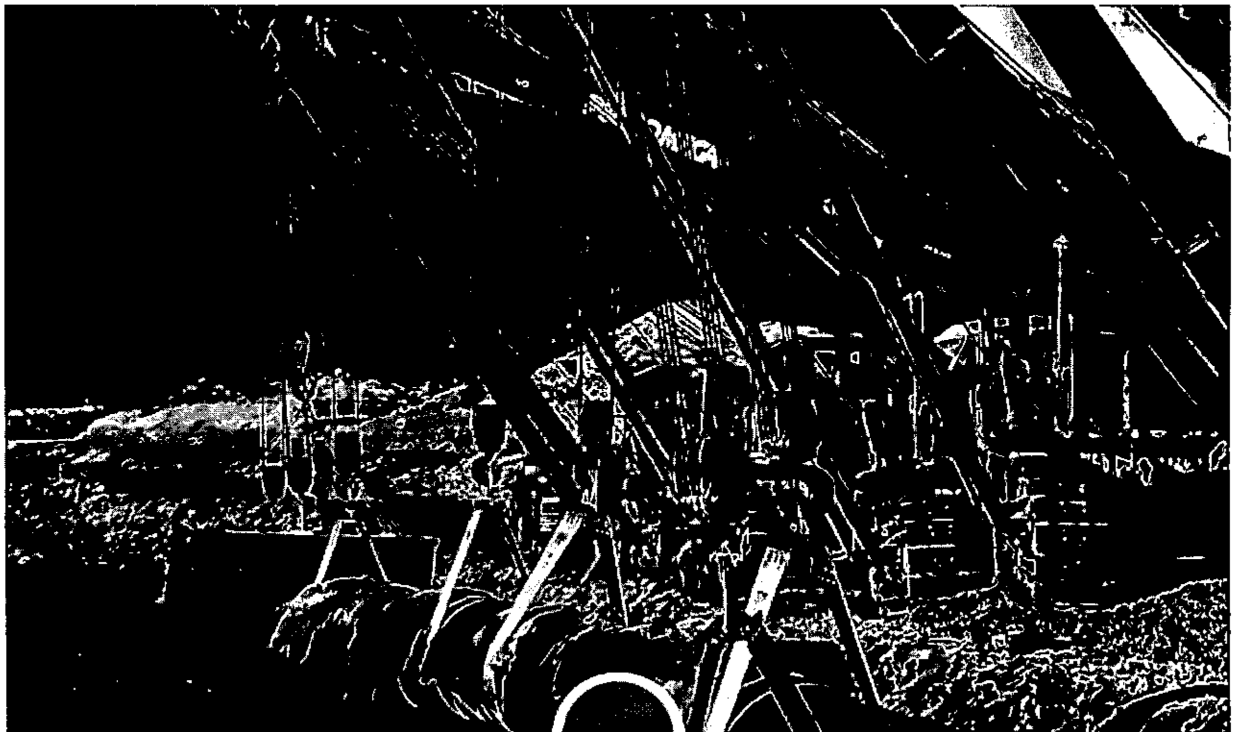
The LNG Project is Alaska's Best Option

Alaska Gasline PORT AUTHORITY

- Existing North Slope reserves are more than sufficient for an All-Alaska/LNG project (supply source proved reserves)
- LNG generates the highest netback price for North Slope producers and the State's gas
- Benefits a later Canadian line tied in at Delta Junction
- Volume not restricted to 500 mcf
- Pipeline company already selected and working on the cost estimate for open season
- Pipeline route adjacent to TAPS well studied with 3 previous EIS.
- Enjoys all of the project benefits set forth in AGIA
- A larger in-State line, "anchored" by export volumes, will reduce cost of service for Alaska's consumers
- The All-Alaska/LNG project is completely within Alaska's control

Thank you

Alaska Gasline PORT AUTHORITY



Alaska Gasline PORT AUTHORITY

The Lure of gas

Formations bring new life to Canadian natural gas and could be market 'game changer'

By Dina O'Meara, Calgary Herald January 11, 2009

Last November, natural gas giant EnCana Corp. quietly filed a multi billion-dollar natural gas plant proposal with provincial regulators in British Columbia.

The massive Cabin Gas Plant would process natural gas from shale plays in the Horn River basin for eight companies led by the Calgary-based producer.

Estimated to cost $400 million for the first phase, the plant's initial capacity was slated at 400 million cubic feet per day, twice as much as the province's largest natural gas processing plant.

Plans call for the plant to launch in 2011 and for up to six expansion phases, depending on future production.

Key here is "future."

Although the Horn River play in the tip of B. C.'s northeastern corner has attracted billions of dollars in investments from companies across North America, shale gas production in 2008 was small enough to be considered not commercial.

Yet some say last year was when the face of natural gas development in North America changed forever.

In the second month of the year, word of a potentially huge resource play in northeast British Columbia was unveiled at a conference in Houston. The Horn River (Muskwa) play could hold up to six trillion cubic feet (tcf) of natural gas, according to U. S. company EOG Resources.

By the end of 2008 -- and several billion dollars in land sales later -- the amount had doubled to an estimated 13 tcf of recoverable resources from a 35 tcf potential, and included the 50-tcf Montney play, just south of the Horn River formation.

The Montney play produced about 500 million cubic feet of natural gas last year. And that's just the beginning.

Across North America, nine unconventional shale gas plays could make up 260 tcf reserve potential.

"It was a game changer," Mark Leggett, with BMO Capital Markets said.

Not only has the lure of shale shifted billions of dollars into British Columbia, which saw land lease prices in its northeast corner skyrocket to $300,000 a hectare in 2008 from $300 in 2005, unconventional activity has revitalized a floundering service industry that saw conventional drilling fall some 11 per cent last year.

"Shale will have a very big impact because our basin is a conventional basin," Leggett said. "There is a need to replace declining conventional production and these will play a huge role in maintaining that growth profile and satisfy natural gas demand in the oilsands years down the road. It gives industry visible natural gas supply."

Shale rock is pretty common around the world and estimates of shale gas within the Western Canada Sedimentary Basin vary from 86 tcf to more than 1,000 tcf.

The huge potential could see half of Canada's natural gas production stem from unconventional sources by 2025, according to the Canadian Society of Unconventional Gas.

However, unconventional shale gas is as variable as the weather in Calgary -- it can be packed in a space as wide as a molecule, or spread across wide swaths of complex layers of rock, shallow or deep, prolifi c in spots, sparse in others.

Until recently, unconventional reserves were "tighter than cement," but a combination of horizontal drilling and multi-staged fractioning unlocked the rock.

"The technology enhancements on the shale gas are allowing a $7 per thousand cubic feet to be profitable because of the size of the prizes," Bruce Edgelow, with ATB Financial, said.

"These pools in certain basins are significant as to the new technology being able to produce them -- it's quite amazing, it's a quantum leap as to what we're doing on the conventional size.

"You can make reasonable money, as long as you have a good acreage play and you have followup locations. You have to have control of your infrastructure, you have to have repeatable process to get the economy of scale pricing from service companies."

Build up, build out is the credo for companies pursuing unconventional resources, such as Talisman Energy Nexen Inc., Devon Canada and ARC Energy Trust, one that natural gas giant EnCana followed as it quietly acquired the largest land bases in the Montney play in B. C., which could hold up to 700 tcf of gas in place, and the Horn River.

"This resource represents the future," spokesman Alan Boras said.

One of the keys to unlocking unconventional sources is focusing on basins that are spread out, as opposed to conventional basins were there are small pockets of oil and gas, he said.

"The question is how do you advance the technology to make it economic," Boras said.

The firm holds close to 250,000 net lease hectares in the Montney, and has drilled seven wells, drawing on experience honed south of the border in Wyoming and on the famed Barnett shale in Texas.

But EnCana has yet to call the monstrous B. C. play commercial, saying it needs more concrete numbers on recovery factors and production rates.

The region is remote, lacks infrastructure and hasn't provided the economy of scale the company seeks. EnCana wants to see well costs fall a third from the current level of around $10 million before deeming the play economic.

Ever a canny oilpatch player, EnCana doesn't disclose much data but acknowledges the potential prize makes ongoing investments in the region worthwhile.

Unconventional gas in the U. S. represents about 11 per cent of projected demand in 2008, about 6.8 billion cubic feet per day.

Canadian shale production is in its infancy, at about 600 million cubic feet per day. The volume is expected to rise to 5.3 bcf per day within a decade, but still won't offset conventional declines during that period.

"Shale is everything," David Johnson, president of ProEx Energy Ltd. said. "I've been in this business since 1975, and unconventional has revitalized me as an engineer since the technology is quite exciting. I think it will take us beyond where we were on the conventional assets, which are solely a harvest situation. Companies involved in unconventional resource plays will have repeatability because gas is continuous, and that's the difference between the conventional."

The mid-sized which recently merged with Progress Energy Trust, started building its land base in B. C. in 2002 as it looked for semi-conventional reserves, including tight sands and shale. Land was a lot cheaper then, and the small company was able to accumulate one of the largest blocks of contiguous land in the region.

"The problem with conventional resources is they're hard to find, and the repeatability aspect, when you look at the risk-reward ratio, is the problem," Johnson said. The target size also is smaller and smaller in a maturing basin, noted.

Big companies will dominate the game, as wells average between $7 million to $10 million to drill, but "we happened to be blessed with a ton of land already, so we have a starting point and what we have to do is investigate the vertical and horizontal drilling of these opportunities."

Shale has proved a boon to the beleaguered Canadian service industry which has seen conventional drilling drop some 30 per cent since 2007. Investment house Tristone Capital estimates wells drilled in just three Canadian plays, the Montney, Muskwa and Utica in Quebec, likely will jump to more than 800 in 2009, from a measly 157 just two years before.

"As impressive as this well count growth is, growth in exploration and production spending and rig count will likely be even higher, as these wells are four to six times more service intensive than average Western Canada Sedimentary Basin wells" Tristone Capital said in its report, A Shale Gas Revolution.

"This superlative growth should have positive implications for drilling contractors, pressure pumpers and directional drillers."

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http://energytribune.com/articles.cfm?aid=1055

Posted on Dec. 11, 2008

By Robert Bryce

It's a Gas, Gas, Gas: The Paradigm Shift in the U.S. Natural Gas Business

The collapse in oil prices gets most of the headlines. But the corresponding collapse in natural gas prices may be the more important story for both the short- and long-term interests of the U.S.

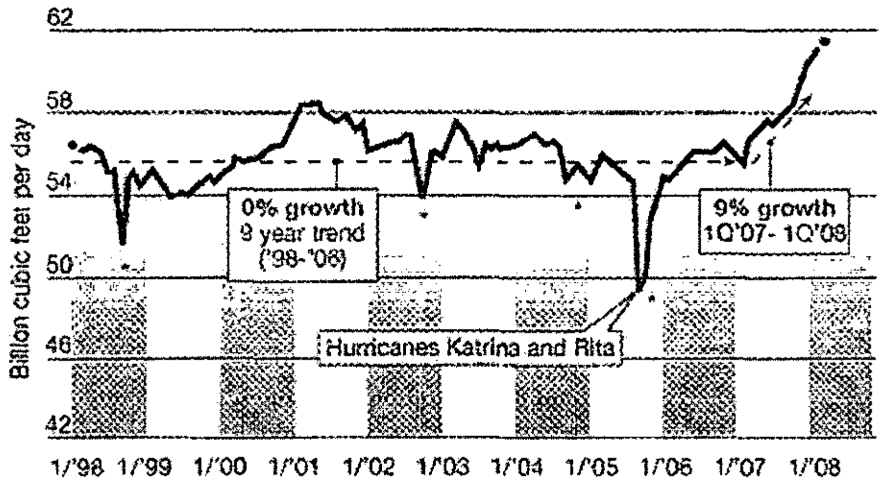
On July 1, natural **gas futures** peaked at $13.51. On July 14, crude **oil futures** peaked at $145.16 per barrel. Today, the spot price for natural gas is about $5.67 and the spot price for oil is about $46. And those prices may go lower still. On November 24, Jen Snynder, the head of North American gas research for the energy consulting firm Wood Mackenzie, **released a report** which she claimed that the U.S. gas market should expect to see natural gas prices "in the range of $5 to $6" for the next five years.

While many analysts have discounted Snyder's prediction, the potential for a long-term slowdown in natural gas drilling in the U.S. could have devastating effects on the drillers and oilfield service companies. The number of rigs drilling for gas usually outnumber those looking for oil by more than 3 to 1. But now that the U.S. is awash in gas, a drastic slowdown in drilling has begun. That can be seen by looking at the latest rig count numbers from Baker Hughes. And Texas, the biggest natural gas producer in the country, provides a good barometer for the trend. In September, an average of 946 rigs were working in the Lone Star State. By the first week in December, the number of active rigs in Texas had fallen to 852.

The bear market in gas will be exacerbated by recent announcements. Yesterday, Houston-based Petrohawk Energy announced that three of its new wells in the Haynesville Shale in Louisiana were each producing more than 20 million cubic feet of gas per day. Those are the biggest wells ever recorded in Petrohawk's history. Also yesterday, Dallas-based Exco Resources announced its own Haynesville well, which was also flowing gas at more than **20 MMcf/d**.

Those are sizable wells by any measure. Keep in mind that the U.S. produces about 19.2 billion cubic feet of gas per day from more than 448,000 wells. That means that the average U.S. gas well produces about **43,000 cubic feet per day**. These new Haynesville wells are showing initial production rates that are three orders of magnitude larger than that. And those new wells are coming online at the same time that some gas producers in Oklahoma have shut in their wells rather than sell their gas at current prices. Furthermore, some 2 billion cubic feet of daily gas production in the Gulf of Mexico continues to be shut in due to lingering damage from this summer's hurricanes.

Natural Gas Production Lower 48 States 1998-2008



*Gulf of Mexico Hurricanes
Source: EIA

The new reality for the gas industry is one of enormous available resources, with much of that availability coming from the new shale plays like the Haynesville, Fayetteville, and Marcellus. In July, a study done by Navigant Consulting estimated that America's potential gas resources may total 2,200 trillion cubic feet. That's 50 percent more gas than the current proven reserves of Russia and twice as much as the proven reserves in Iran. Put into oil terms, that 2,200 Tcf of gas is the equivalent of one-and-a-half Saudi Arabias. A more recent **study**, published in mid-November by consulting firm ICF International, estimated U.S. gas resources at 1,830 trillion cubic feet.In petroleum terms, that's the oil equivalent of 329 billion barrels of oil or about three Kuwaits.

On November 11, during a meeting of the Independent Petroleum Association of America held in Houston, Mark Papa, the chairman and CEO of EOG Resources said the U.S. gas industry was in the midst of a "total sea change unlike anything we've seen in our careers. Don't underestimate the power of that sea change." Papa said that the Haynesville Shale, which may contain 50 trillion cubic feet of gas, the equivalent of about 9 billion barrels of oil, is one of "the biggest fields found in the entire world over the last decade." At that size, the Haynesville field would be bigger than the massive offshore Tupi discovery in Brazil that was announced by Petrobras in 2007. Papa said that the shale gas deposits provide a "huge amount of gas that can be mined. And I use the term 'mined' because the geologic risk has been minimized."

Although the geologic risk has been minimized, other risks have come to the fore. Fifteen years ago, natural gas was "hard to find and easy to produce," says David Pursell, a managing director at Tudor, Pickering, Holt & Co., a Houston-based investment banking firm. With these new shale plays, gas is "easy to find and hard to produce.... You have traded one risk for another." In the past, the U.S. gas business was focused on geology and geophysics. Now, says Pursell, "It's a much more of a completion and engineering game."

Indeed, the ability of natural gas producers to get big production numbers from their shale wells requires them to employ multiple hydraulic fractures in a single well. The Exco well announced yesterday had a nine stage fracture on a horizontal lateral that was 4,481 feet long.

Pete Stark, the vice president of industry relations at IHS, a Denver-based data and consulting firm says these new shale plays are "an incredible plus for U.S. energy security." But he adds that the negative for the gas companies and gas drillers is that this "huge supply growth is coming onstream at the same time that demand is falling out of bed. So it's a killer for the industry going forward."

Thus, the problem for the gas industry is a familiar one: profits. During their discussion at the IPAA meeting in Houston, Papa of EOG Resources and Jeff Wojahn of EnCana said that their companies needed natural gas prices to be in the $7 to $8 range for their shale drilling programs to be profitable. Obviously, given current prices, all of the gas-focused independent companies are scaling back their drilling programs by as much as 50 percent. And it's not yet apparent how many drilling rigs will be idled in the coming months as more and more companies slash their capital expenditure budgets.

H.G. "Buddy" Kleemeier, the president and CEO of Tulsa-based Kaiser-Francis Oil Company, says that the gas industry must adapt to this new paradigm: huge available resources, minimized geologic risk, increased engineering risks, and ongoing price risk. In the past, the oil and gas industry was largely regulated by either government restrictions on production (prorationing that was administered by the Texas Railroad Commission) or restrictions on how gas could be used (like the Powerplant and Industrial Fuel Use Act of 1978) or by pricing regimes imposed by regulators.

Today, the natural gas industry operates in a largely deregulated environment. Given that fact, Kleemeier, (who is also the current chairman of the IPAA) expects the gas industry to be governed by what he calls "prorationing by price." When prices fall, drilling rigs will be idled. And those rigs will remain idle until prices recover.

Obviously, the U.S. will need to keep drilling lots of new wells as these shale gas wells have steep decline curves. But it will take many months, or perhaps several years, before the U.S. gas industry understands the optimal rate of drilling. The hard truth about the current gas glut is that the U.S. gas industry has been victimized by its own success. The amazing technological breakthroughs in extracting natural gas from shale has led to a surfeit of gas. At the IPAA meeting last month, Porter Bennett, the president and CEO of Bentek Energy, an Evergreen, Colorado-based consulting firm, said "We have more gas that we know what to do with." That's good news for consumers. It's good news for the environment, as increased natural gas use should result in cleaner air. And more natural gas use in the truck and car fleet could help reduce U.S. oil consumption.

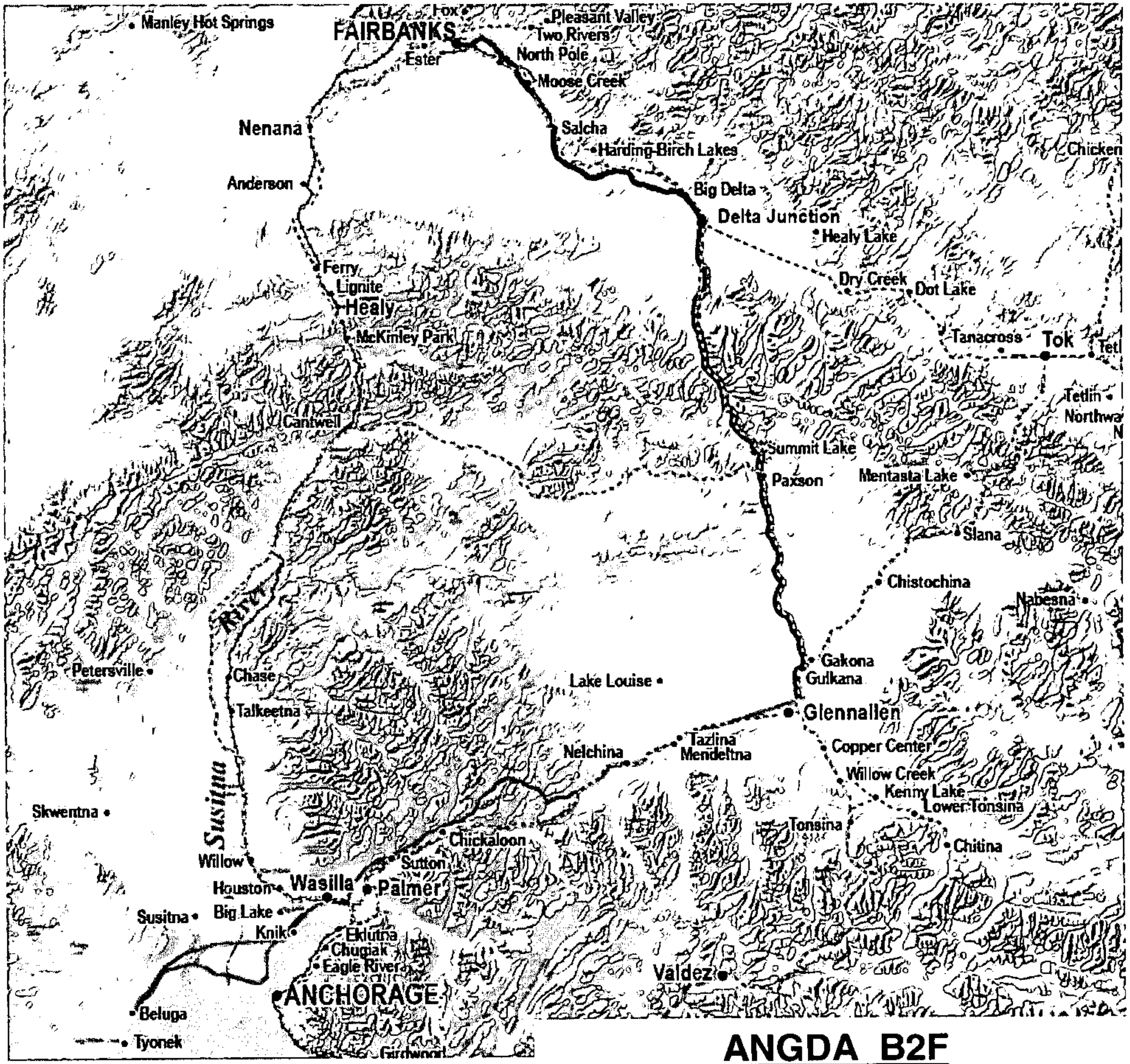
The irony is that the current excess of domestic natural gas is bad news for the very industry that made the gas glut possible. And now, the gas industry must look to the new Obama administration for some type of legislation that could help spur natural gas demand and therefore raise prices. That legislation could come in the form of a tax on carbon or more restrictions on coal-fired power plants. For Stark, the policy path should be obvious: "If the Obama administration is at all clever, they will capitalize on this increased gas production and use it to solve quite a few clean energy objectives for the country."

ANGDA Since July . . .

- Defined B2F Gas Line
- Finished Wetlands Field Work -- B2F
- Started Federal Environmental Impact Statement (EIS) Process – B2F
- International Gas Fed Value-Added Manufacturing Conference is April 28 in Anchorage
- Opened Mutual Interest Discussions with TransCanada
- Negotiating North Slope Propane Purchase Terms
- Announced a Gas Supply Co-op for Utilities
- Exploring Potential Private Sector Partners for PPP

1402

Beluga To Fairbanks Gas Pipeline



ANGDA B2F

ANGDA's View of Key Alaska In-State Gas Opportunities

- ANGDA will prepare & work with utilities to fully participate during 2010 initial FERC "open season" by TC Alaska or Denali
- Summer of 2010 field construction along B2F is still a possibility, BUT .... Need support now to keep window open
- Large L-48 gas pipeline company(s) considering in-state gas line commitments:
  - AGIA competitive momentum is positive

1404

ENSTAR
Natural Gas Company

Natural Gas Markets in Alaska

Presented to

Senate Resources Committee

George A. Schreiber, Jr.
President and Chief Executive Officer
Continental Energy Systems
January 21, 2009

1405

Presentation Topics

- Current Situation
- Impact on Customers
- ENSTAR's Proposed Course of Action
- Future Supply & Demand
- Conclusions

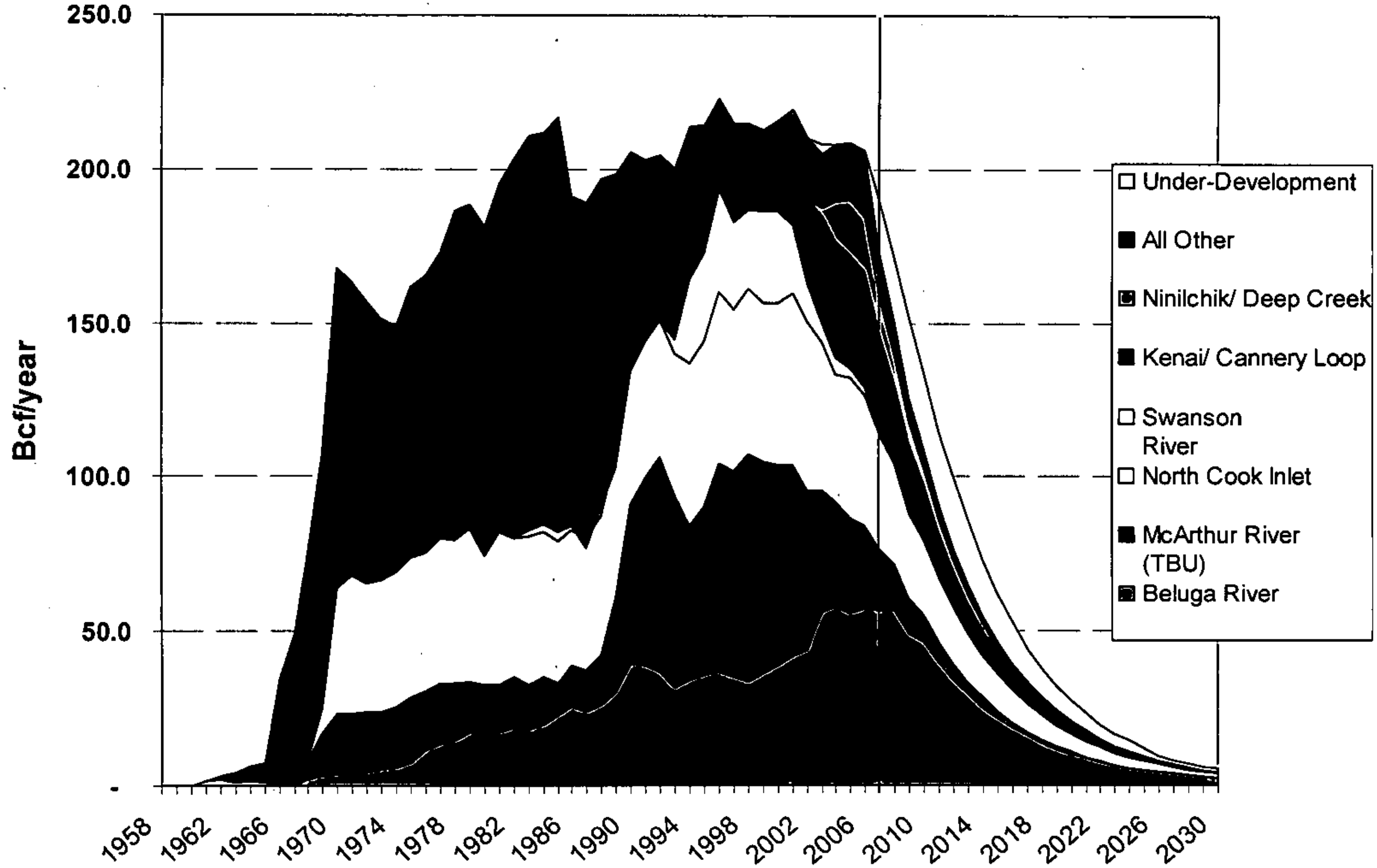
Current Situation

1407

Historic & Projected Natural Gas Production

(Bcf/Year)

Source: Division of Oil & Gas Report 2006



1408

ENSTAR Gas Supply Contract Comparison

CONTRACTS NOT APPROVED	APL-5	APL-6	ConocoPhillips	Marathon WACOG	ConocoPhillips WACOG
VOLUMES	60 BCF	28 BCF	11 BCF	5 BCF	5 BCF
DATE SIGNED	October 2005	April 2008	April 2008	December 2008	December 2008
PRICE 2009*	$8.96	$9.35	$8.01	$8.94	$8.92
PRICE 2010*	$7.10	$7.43	$7.86	$7.83	$7.81
PRICE 2011*	$7.81	$8.47	Price point not available	No Gas under contract	No gas under contract
PRICE 2012*	$8.01	$8.62	Price point not available	No gas under contract	No gas under contract
PRICE 2013*	$7.98	$8.39	Price point not available	No gas under contract	No gas under contract
DELIVERABILITY	All requirements provided	% of daily req's, no peak gas 2011	Tiered delivery, % of daily req's, base gas only Q2 2011-2013	% of daily req's ENSTAR has no all req's provider	% of daily req's ENSTAR has no all req's provider
TERM OF AGREEMENT	Est. 2016	2013	2013	2010	2010
INDEX	Henry Hub 12 month trailing	PG&E, SoCal, Chicago	Cook Inlet Index	WAGOG – Avg. cost of system gas	WACOG – Avg. cost of system gas

***Price estimates based on 10/31/08 forecast forward**

- $2.3 million legal fees & other costs
- $25-$100 million of storage investments also needed (e.g., LNG-regasification equip., reservoir development and/or third-party storage service)

1409

What Do All Of These Figures Mean?

- RCA contract rejections have caused less gas to be committed to ENSTAR, and have increased the risk of deliverability to ENSTAR customers
- Producers are unwilling to sell gas at deeply discounted prices
  - Declining Cook Inlet gas supplies
  - Declining Cook Inlet deliverability
  - Declining Cook Inlet investment and perhaps lack of success
- Customers must pay fair market prices over time, to reverse the Cook Inlet market conditions and induce investment, inside and outside Cook Inlet

Impact On Customers

1410

1411

Where Your Heating Dollar Goes

3 cents
Taxes

83 cents
Cost of Natural Gas

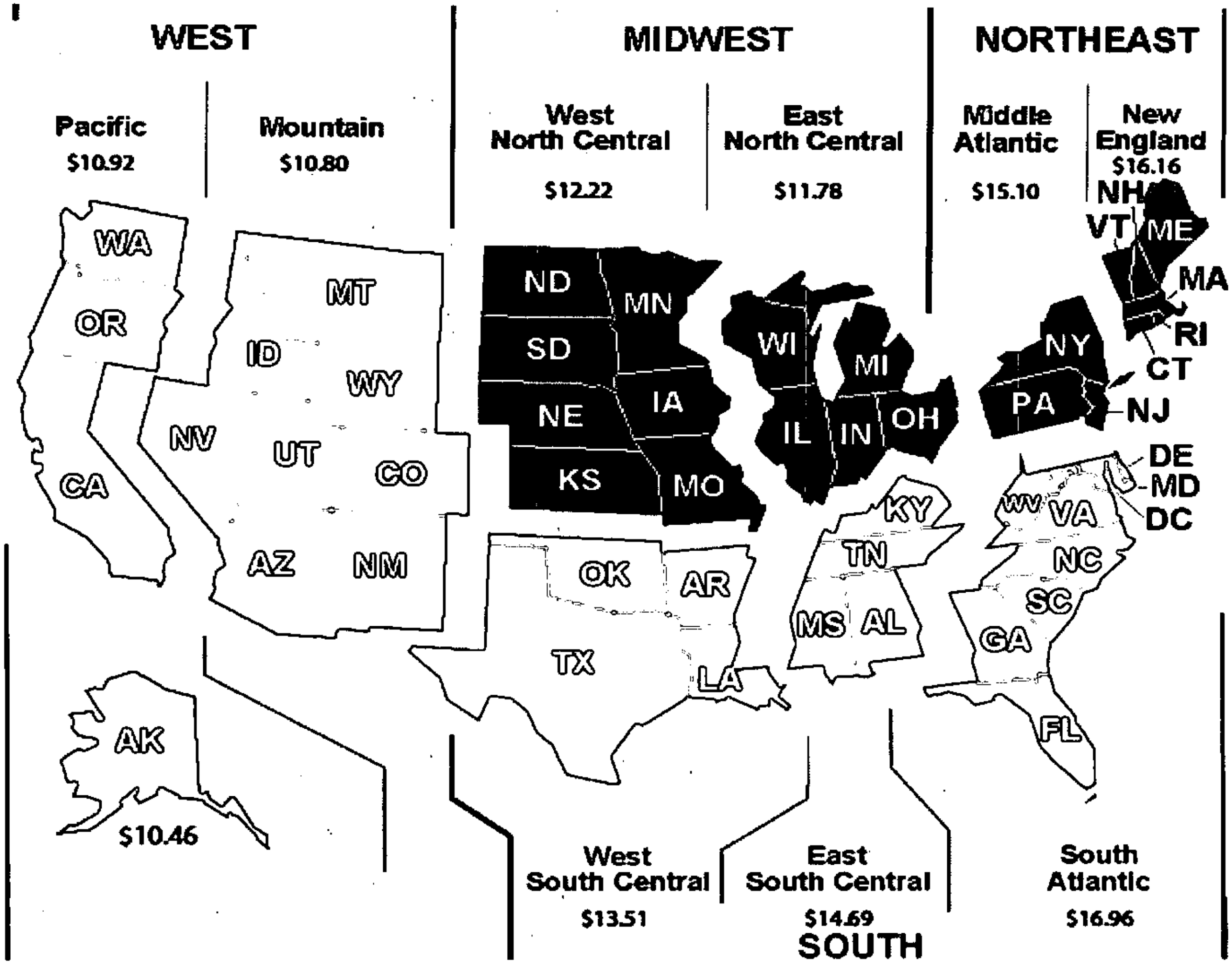
10 cents
Cost of Delivering Gas to Customers

4 cents
ENSTAR Income

1412

Residential Costs by Region

Average Natural Gas Cost for 2009($/Mcf)
Source: EIA of DOE



ENSTAR
Natural Gas Company

All Our Energy Goes Into Our Customers

Home Heating Monthly Bill Comparison

- Natural Gas: $154.00*
- Oil: $218.64*
- Electricity: $514.79*
- Propane: $657.55*

*Assuming today's prices for each fuel source and average use per residential customers (169 mcf)

*This does not include the capital costs associated with switching to other fuel sources

ENSTAR's Proposed Course of Action

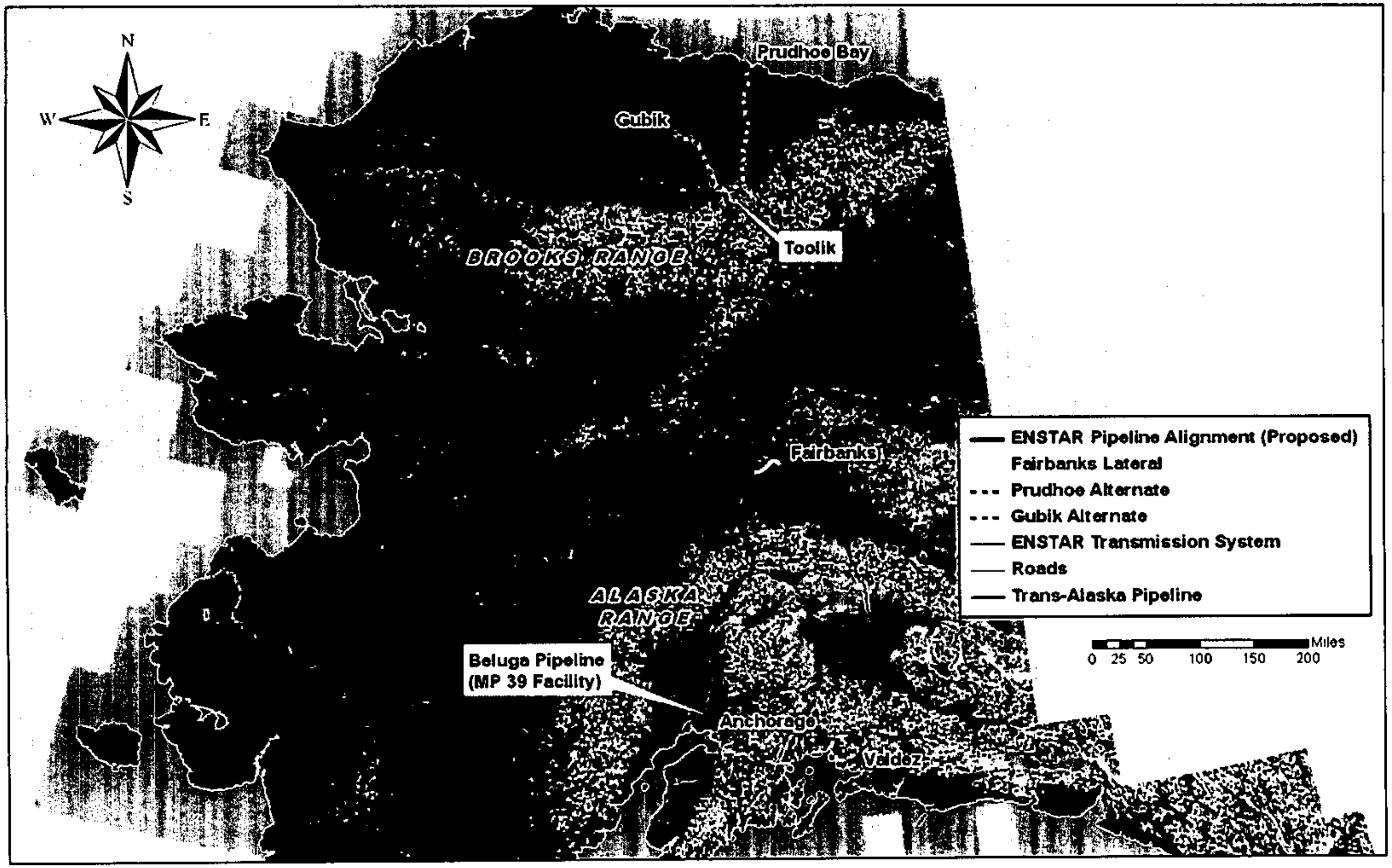
1415

The ENSTAR Line

- ENSTAR's plan is to change the market conditions by bringing newly-discovered gas to the Interior and South Central markets
- Doing this requires the right governmental framework and conditions for investment, including paying a predictable fair market price for natural gas

1416

ENSTAR Line - Proposed Route



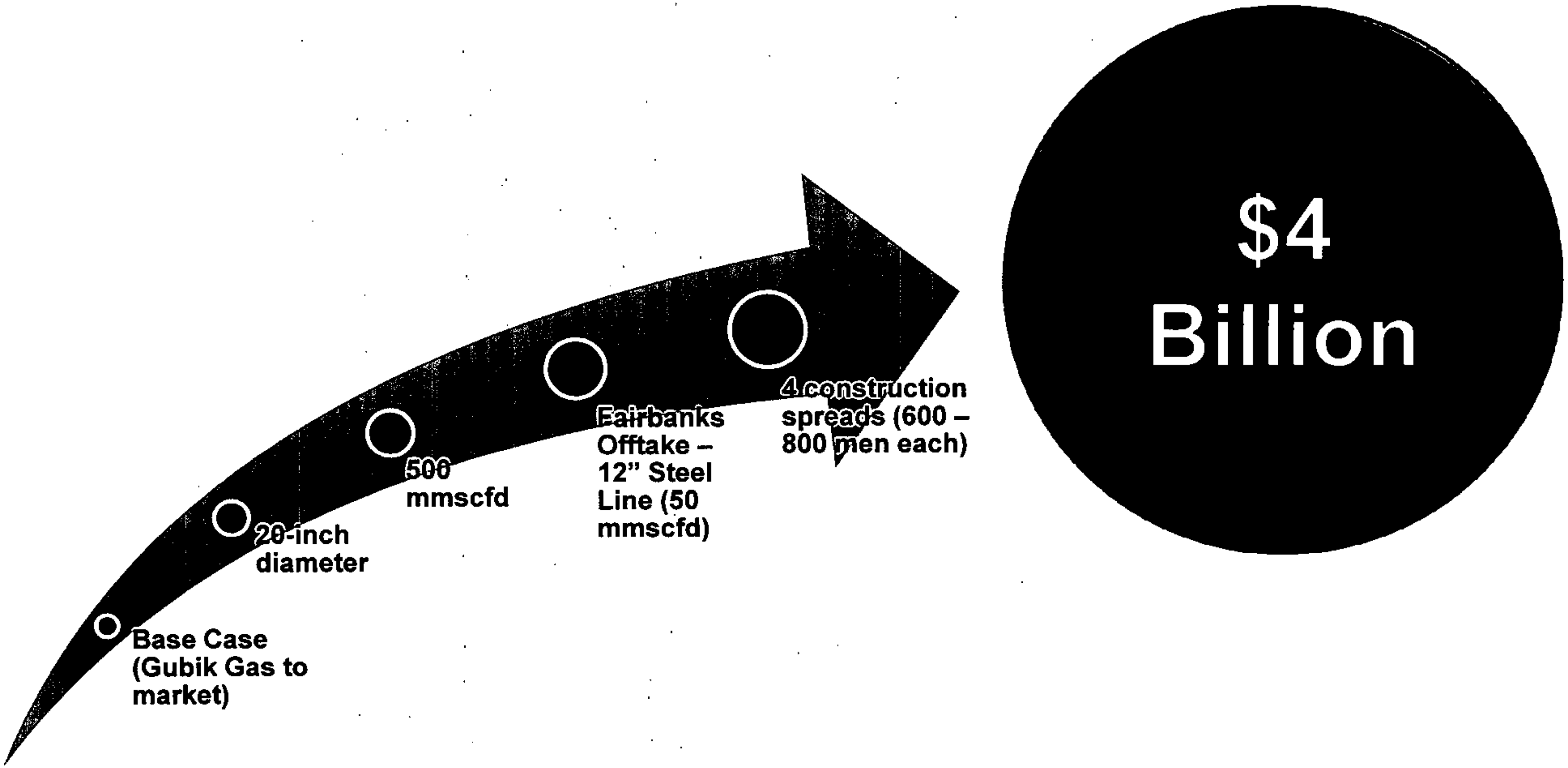
ENSTAR Line

- Pipeline – 690 miles
- Product* - Sales Quality Natural Gas
- Gas Source** - Gubik (in Foothills near Umiat)
- Diameter - 20 inch
- Wall Thickness - 0.496 inch
- Unit Weight – 104 plf
- Steel Grade - API 5LX70
- MAOP - 2,500 psig
- Flow - 500 mmscfd
- Stations - 1-3 for startup (7 for full build out)

*** Operating pressure & design allow for additional hydrocarbon spiking**
**** Alternate source could be Prudhoe Bay area gas**

1418

Preliminary Capital Cost



Final cost estimate will be completed in March 2009, at which time a more refined estimate will be available.

Key Milestones to Securing Additional Gas from New Sources by 2015

2009
- Field Work
- Legislative Package
- File State and Federal Applications
- Complete Environmental Evaluation Document (EED)
- Preliminary Engineering
- $14MM

2010
- Permit Support
- Complete EIS => Record of Decision
- Preliminary/Detailed Engineering
- $53MM

2011
- Detailed Engineering
- Begin Procurement
- RFP => Issue NTP
- Preliminary Construction
- $680MM

2012-2014
- Pipeline Constructio n
- $3.0 Billion

2014-2015
- Pipeline Startup
- $53MM

ENSTAR committed $5 million in March, 2008
(Senate Resources Presentation)

Contracted engineering, environmental & construction entities
Aerial Photography
LIDAR Data
Field Work
Develop Document Management System

1420

ENSTAR Team

Primary Project Consultants

- Michael Baker Jr., Inc. – Engineering Baker
- ASRC Energy Services – Environmental & Regulatory ASRC Energy Services

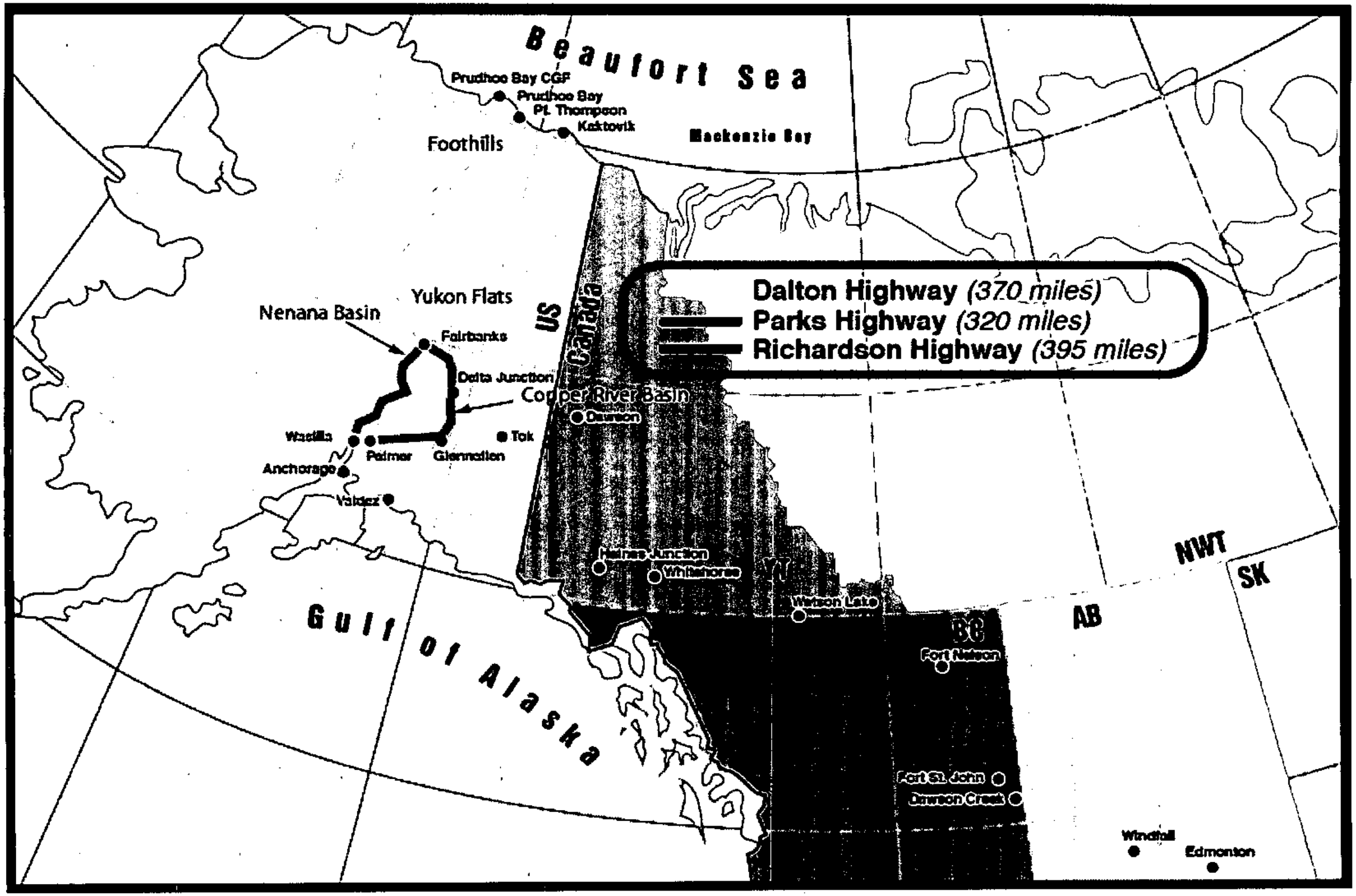
Other Specialized Consultants

- DEM Services – Cost Estimating & Construction Planning
- HC Price/CONAM – Cost Estimating & Constructability Review
- Ward Whitmore & Associates – Pipeline Hydraulics & Station Design
- Mike Metz & Associates – Geotechnical & Seismic Consulting
- AeroMetric – Aerial Photography & Lidar
- True Nature 3D – Graphics
- Ray Krieg & Associates – Permafrost & Terrain Unit Mapping

Future Supply & Demand

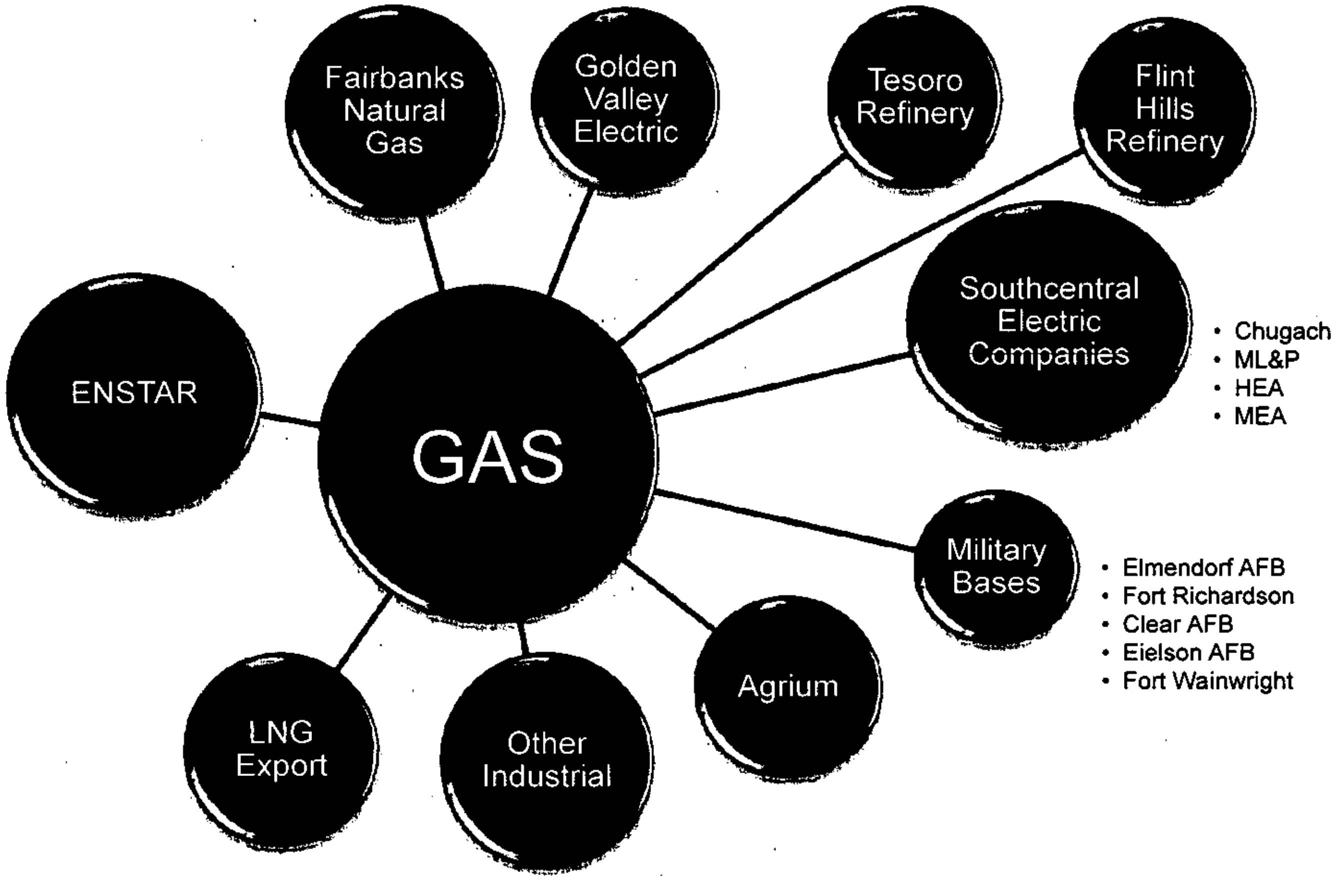
1422

Natural Gas Options for Alaska



1423

Accessible In-State Market



Conclusions

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Conclusions

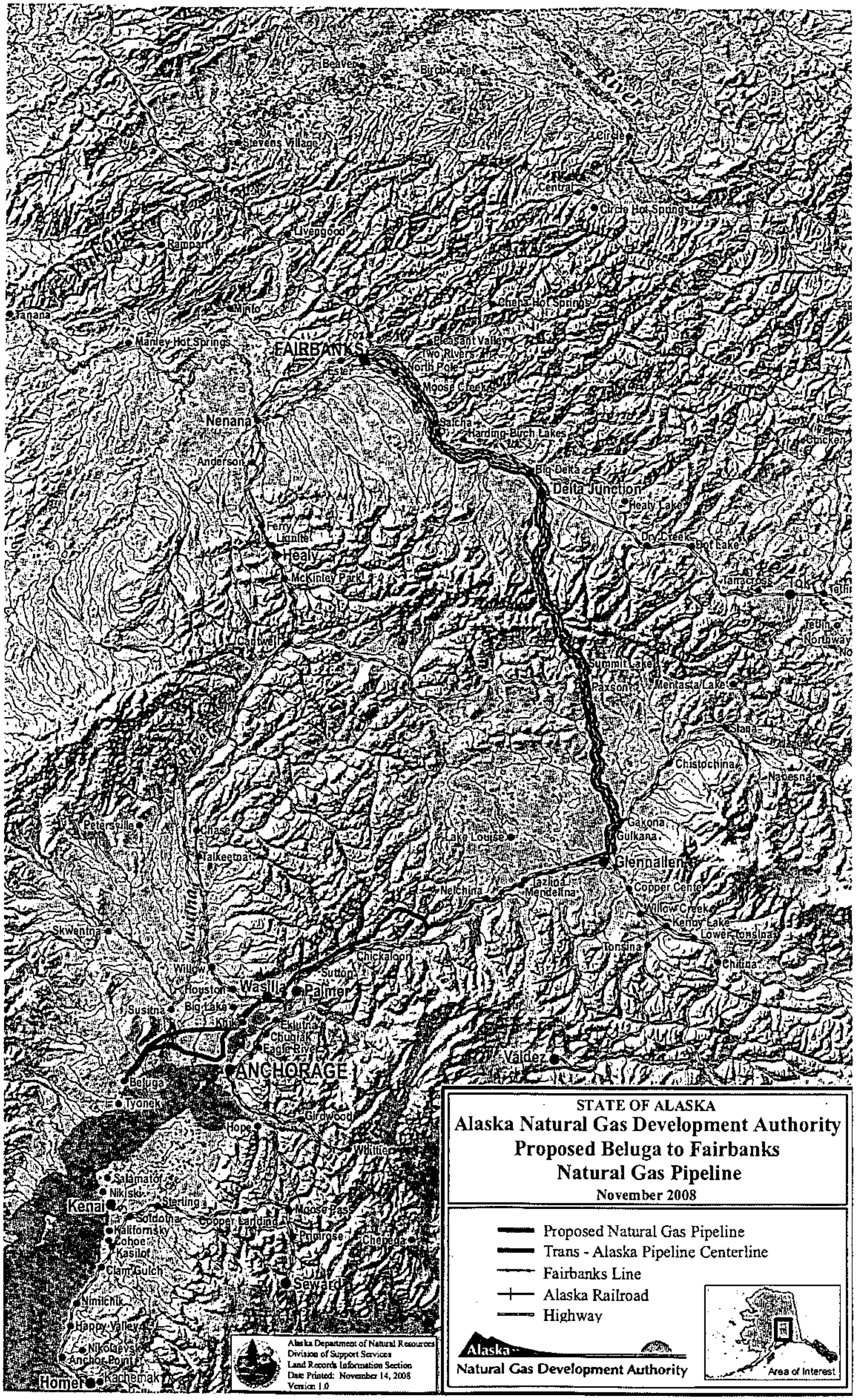
- The need for additional natural gas in Alaska has reached a critical point
- ENSTAR only has gas under contract through 2010, rather than 2016
- Natural gas consumption is vitally important to continued economic growth
- Fair market prices are important to securing future gas supplies, because paying those prices supports necessary capital expenditures
- The cost of switching to alternative energy sources for heating would hurt customers and slow Alaska's economic growth
- Government-mandated discounts won't remedy supply and deliverability challenges
- Government should set sound public policy that allows private enterprise to invest capital to find gas and build needed storage and pipeline facilities
- Time is of the essence

1426

"Timely delivery of North Slope gas to the Cook Inlet utilities is the number one goal of the ENSTAR Line. In contrast, any of the spur line projects, are dependent upon construction of a larger diameter line. Serious gas delivery shortfalls, beginning in 2015, are best addressed by connection to a new source of gas. Current Cook Inlet gas users and conversion of the Fairbanks market cannot be put at risk awaiting a larger diameter project."

Colleen Starring

President, ENSTAR Natural Gas


Beaver
Birch Creek
Stevens Village
Circle
Central
Circle Hot Springs
Livengood
Rampart
Tanana
Minto
Manley Hot Springs
FAIRBANKS
Chena Hot Springs
Pleasant Valley
Two Rivers
North Pole
Moose Creek
Nenana
Salcha
Harding-Birch Lakes
Anderson
Big Delta
Delta Junction
Healy Lake
Dry Creek
Dot Lake
Ferry
Lignite
Healy
McKinley Park
Tanacross
Tok
Cantwell
Tetlin
Northway
Summit Lake
Paxson
Mentasta Lake
Slana
Chistochina
Nabesna
Gakona
Gulkana
Lake Louise
Petersville
Chase
Talkeetna
Glennallen
Copper Center
Nelchina
Tazlina
Mendeltna
Willow Creek
Kenny Lake
Lower Tonsina
Skwentna
Chickaloon
Tonsina
Chitina
Willow
Sutton
Houston
Wasilla
Palmer
Susitna
Big Lake
Knik
Eklutna
Chugiak
Eagle River
Valdez
ANCHORAGE
Beluga
Tyonek
Girdwood
Hope
Whittier
Salamatof
Nikiski
Kenai
Sterling
Moose Pass
Soldotna
Cooper Landing
Kalifornsky
Cohoe
Primrose
Chenega
Kasilof
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Ninilchik
Happy Valley
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Anchor Point
Homer
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Land Records Information Section
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Proposed Beluga to Fairbanks
Natural Gas Pipeline
November 2008
Proposed Natural Gas Pipeline
Trans - Alaska Pipeline Centerline
Fairbanks Line
Alaska Railroad
Highway
Alaska
Natural Gas Development Authority
Area of Interest