

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672

2939 SCOMM 128: HOUSE SPEC.COMM. ON OIL AND GAS, 2001-02 783

within an active floodplain is prohibited unless no feasible or prudent alternative exists. Removal of water from fishbearing rivers, streams, and natural lakes shall be subject to prior written approval by DMLW and ADF&G. Water intake pipes must be designed to prevent harm to fish. Use of explosives is prohibited in open water areas of fishbearing streams and lakes.

Birds: Potential impacts include habitat loss, barriers to movement, disturbance during nesting and brooding, and oil spills. In order to minimize the possibility of these impacts, the following mitigation measures will apply. The siting of new facilities in key wetlands and sensitive habitat areas may be restricted. Surface entry may be prohibited within ¼ mile of trumpeter swan nesting sites during summer. The siting of permanent facilities within ¼ mile of known nesting sites may be prohibited.

Moose: Alteration or loss of moose calving and wintering habitat could induce or contribute to a decline in moose populations. In order to minimize the possibility of these impacts, the following mitigation measures will apply. Exploration facilities, including roads and pads, must be temporary and constructed of ice, though, the construction of winter roads will also be allowed. Exceptions, including the use of gravel may be allowed. Wherever possible, pipelines must use existing transportation corridors and be buried where soil and geophysical conditions permit. In areas where pipelines must be placed above ground, pipelines must be sited, designed, and constructed to allow free movement of moose and other terrestrial animals.

Brown Bear and Black Bear: During exploration, these bear species are most likely to be affected by disturbances during denning. During development and production, human activity may attract foraging bears to facilities, especially refuse disposal sites. This may pose a threat to human safety and the potential need to shoot "problem" animals. Oil spills could contaminate some local food sources. Mitigation measures specify that garbage must be incinerated. Facilities may not be sited within 500 ft. of anadromous streams or within 1/2 mile of major rivers. Permanent roads will not be approved for exploration activities. Exploration facilities, including roads and pads, must be temporary and constructed of ice, though, the construction of winter roads will also be allowed. Exceptions, including the use of gravel may be allowed. For projects in close proximity to areas frequented by bears, licensees should to prepare and implement bear interaction plans to minimize conflicts between bears and humans. Prior to commencement of any activities, bear den location information must be obtained by ADF&G and occupied dens avoided by ½-mile.

2. Effects on Subsistence

Effects on subsistence activities in the study area could include increased access to limited resources by competing users, land use limitations and restrictions on access to subsistence, and the immediate effects of oil spills. Potential benefits from oil and gas activity include a potential increase in wage earning opportunities to supplement subsistence activities. Workers must be educated about the land and its people. The licensee, including any contractors and subcontractors, must train employees about the environmental, social, and cultural values of the people of this area. Employees must understand how to avoid damaging biological and archaeological resources. They should have an increased sensitivity and understanding of community values, customs, and lifestyles of local residents. Public access to, or use of, the licensed area may not be restricted except within the immediate vicinity of drill sites, buildings, and other related structures. No license facilities or operations may be located so as to block public access to or along navigable and public waters as defined by state law. During review of plans of operation or development, DO&G will work with other agencies and the public to assure that potential conflicts are identified and avoided. License related activity will be restricted if the ADNR commissioner determines it is necessary to prevent unreasonable conflicts with local subsistence harvests. Plans of operation submitted for review and approval must describe the licensee's efforts to communicate with local communities, and interested local community groups, if any, in the development of such plans. Additional, site-specific and project-specific mitigation measures may be imposed as necessary to protect subsistence access.

3. Effects on Cultural and Historic Resources

There are more than 31 known historic and archaeological sites within the study area and the potential for the discovery of additional sites is high. To prevent damage and insure preservation, an inventory of prehistoric, historic, and archeological sites must be conducted prior to the construction or placement of any structure, road, or facility. The inventory must include consideration of literature provided by local residents; documentation of oral history regarding prehistoric and historic uses of such sites; evidence of consultation with the Alaska Heritage Resources Survey and the National Register of Historic Places; and site surveys. In the event any site, structure, or object of prehistoric, historic, or archaeological significance is discovered during license operations, the licensee must immediately report such findings to the Director. These proposed measures will insure these resources are protected and preserved. Additionally, state laws prohibit the removal of historic and cultural resources. Violators are subject to criminal (misdemeanor) penalties and civil penalties, including fines up to \$100,000.

C. Specific Issues Related To Oil And Gas Exploration, Development, Production, and Transportation

1. Geophysical Hazards

The primary geophysical hazards within the Nenana basin study area include earthquakes, faulting, seasonal flooding, and sediment hazards. These geophysical hazards could impose constraints to exploration, production, and transportation activities and should be considered prior to any siting, design, or construction of facilities. Structures in the study area must be built to meet or exceed the Uniform Building Code requirements for zone 4, areas of high earthquake probability. Pre-development planning should include surveys of spring break-up activity, as well as flood-frequency analyses. Structural failure can be avoided by proper facility setbacks from rivers and main tributaries. Containment dikes and berms can be installed to reduce flood damage. Mechanisms for blowout prevention and well control must be employed in the event over pressured shallow gas deposits are encountered.

2. Likely methods of Transportation

Elevated or buried flow, gathering, and common carrier pipelines would carry petroleum or natural gas from wellheads to processing centers. Elevated pipelines can restrict wildlife movements, especially if accompanied by a road with regular vehicle traffic. Buried pipelines have little impact on wildlife, but cannot be visually inspected and spill response is more difficult. Elevated oil pipelines are typically used in Alaska to prevent heat transfer from the hot oil in the pipeline to frozen soils, since heat would degrade the permafrost. Elevated pipelines are easy to maintain and visually inspect for leaks. However, mitigation measures require that pipelines be designed and constructed to allow free movement of moose and other terrestrial animals.

Gas pipelines are generally buried since there is not a heat transfer or spill problem. Under proposed Mitigation Measure 8, wherever possible, pipelines must utilize existing transportation corridors and be buried where soil and geophysical conditions permit. Buried pipelines are feasible as long as the integrity of the frozen soils is maintained, but buried pipe is more difficult to monitor and maintain and can result in some habitat loss from gravel fill. On the other hand, buried oil pipelines are sometimes not feasible from an engineering standpoint because of the thermal instability of fill and underlying substrate.

D. Summary and Signature

No activity may occur without proper authorization from the appropriate permitting agencies. When specific activities are proposed, more detailed information such as site, type, and size of facilities will be known, in addition to the historical project data. Except for some very limited types of proprietary information, permit applications are public information and most permitting processes include public comment periods. DO&G will give public notice for any plans of operation for development. Additional terms may be imposed in any subsequent permits when applied for if additional issues are identified at that time.

Developing the state's petroleum resources is vital to the state economy and the well-being of its citizens. With the proposed mitigation measures presented in this preliminary finding imposed on licenses and plans of operation, and additional project-specific and site-specific mitigation measures imposed in response to specific proposals, the petroleum resources of the study area can most likely be explored and developed without significantly affecting fish and wildlife populations or traditional human uses. The state has sufficient authority from general constitutional, statutory and regulatory empowerments, the terms of the license agreement, and plan of operations permit terms to ensure that licensees conduct their activities safely and in a manner that protects the integrity of the environment and maintains opportunities for subsistence uses.

On the basis of the facts and issues presented at this time, the foregoing findings, applicable laws and regulations, and the documents reviewed during preparations of this preliminary finding, I conclude, as a preliminary matter, that the potential benefits of the exploration license, as conditioned, outweigh the possible adverse impacts, and that this proposed Nenana Basin Exploration License, will best serve the interests of the state of Alaska.

The preliminary conclusion is subject to revision based on comments to DO&G. Government agencies, members of the public, environmental organizations, and industry are invited to comment on any part of this document. Comments must be received by May 31, 2000 in order to be considered and should be sent to the following address:

Division of Oil and Gas
550 W. 7th Ave. Suite 800
Anchorage, AK 99501-3560
ATTN: James Hansen, Lease Sales Manager

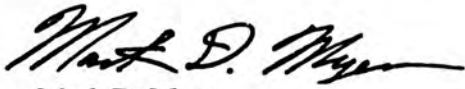
Comments may also be submitted via courier (Suite 800, 550 W. 7th Ave, Anchorage), by FAX (907-269-8938), or by email (Jim_Hansen@dnr.state.ak.us).

Following review of comments on this document and any additional available information, the Director will determine if the proposed license is in the state's best interests and issue a final finding and decision. If a finding is made that the license serves the best interests of the state, the final finding and decision document will list mitigation measures to be imposed on licensee, indicate the term of the licenses, and the extent of the license area.

Any decision regarding whether to issue the proposed exploration licenses will be made with the advance knowledge and concurrence of the commissioner, ADNR. A decision by the director, with concurrence by the commissioner of ADNR, whether or not to proceed with this license will be issued August 2002.

In commenting on this preliminary finding please be as specific as possible. In accordance with AS 38.05.035, a person is eligible to file a request for reconsideration and subsequently an appeal to the

superior court of a Best Interest Finding decision if they have meaningfully participated in the process by either submitting written comment during the public comment period or presenting testimony at a public hearing.



Mark D. Myers
Director

April 12, 2002

SCOMM

128:34

22-LS0764J
Chenoweth
3/28/01

CS FOR HOUSE CONCURRENT RESOLUTION NO. 8(O&G)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE HOUSE SPECIAL COMMITTEE ON OIL AND GAS

Offered:

Referred:

Sponsor(s): REPRESENTATIVES WHITAKER, Harris

A RESOLUTION

1 **Expressing the legislature's opposition to the proposed "northern" or "over-the-top"**
2 **route for a natural gas pipeline to transport North Slope natural gas reserves to the**
3 **domestic North American market, and expressing the legislature's support of**
4 **commercialization of North Slope natural gas for the maximum benefit of the people of**
5 **the state.**

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

7 **WHEREAS** art. VIII, sec. 1, Constitution of the State of Alaska, provides that it is the
8 policy of the state to encourage the settlement of its land and the development of its resources
9 by making them available for maximum use consistent with the public interest; and

10 **WHEREAS** art. VIII, sec. 2, Constitution of the State of Alaska, requires the
11 legislature to provide for the utilization, development, and conservation of all natural
12 resources belonging to the state, including land and waters, for the maximum benefit of its
13 people; and

14 **WHEREAS** 35 trillion cubic feet of known natural gas reserves are acknowledged to
15 be adherent to oil and gas leases on the North Slope of Alaska, and, additionally, realistic

1 estimates of total recoverable gas from the reserves exceed 100 trillion cubic feet; and

2 **WHEREAS** demand for new sources of natural gas supply in North American and
3 Asian markets places Alaska's North Slope natural gas in the unique position of being
4 attractive to both markets; and

5 **WHEREAS** improved economics, technological advances, and the possibility of
6 public financing of a natural gas pipeline, including particularly the financing proposal of the
7 Alaska Gasline Port Authority, a public authority established by Alaska municipalities for the
8 promotion of transportation-related commerce, have removed previously perceived barriers to
9 the commercialization of Alaska's North Slope natural gas; and

10 **WHEREAS** it is widely recognized that maximum benefit to Alaskans from the
11 commercialization of North Slope natural gas lies in market exposure for Alaska North Slope
12 gas reserves, opportunities for in-state use of the natural gas and for participation by Alaskans
13 in construction, maintenance, and operation of the gas line transportation project, and the
14 recovery of revenue by the state from the development, transport, and sale of Alaska North
15 Slope gas reserves; and

16 **WHEREAS** the "northern" or "over-the-top" route for the proposed pipeline, running
17 east from the North Slope to Canada's Mackenzie River Valley, then south through that valley
18 to link to existing pipeline networks, under consideration by the North American Gas Pipeline
19 Group, offers none of these benefits; and

20 **WHEREAS** oil and gas leaseholders on Alaska's North Slope continue to develop
21 competing gas projects elsewhere in the world, including liquefied natural gas shipments to
22 North American West Coast ports, while Alaska gas remains warehoused;

23 **BE IT RESOLVED** that the Alaska State Legislature supports the commercialization
24 of Alaska North Slope natural gas for the maximum benefit of the people of the state; and be
25 it

26 **FURTHER RESOLVED** that the legislature will exercise every power within its
27 constitutionally required authority to guarantee commercialization of Alaska North Slope
28 natural gas for the maximum benefit of the people of the state; and be it

29 **FURTHER RESOLVED** that the legislature opposes construction of a "northern" or
30 "over-the-top" route for a natural gas pipeline; and be it

31 **FURTHER RESOLVED** that the legislature will exercise every power within its

1 authority to prevent the routing of a North Slope natural gas pipeline that bypasses Alaska.

2

HOUSE CONCURRENT RESOLUTION NO. 8
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES WHITAKER, Harris

Introduced: 3/16/01

Referred: House Special Committee on Oil and Gas, Resources

A RESOLUTION

1 Expressing the legislature's opposition to the proposed "northern" or "over-the-top"
2 route for a natural gas pipeline to transport North Slope natural gas reserves to the
3 domestic North American market, and expressing the legislature's support of
4 commercialization of North Slope natural gas for the maximum benefit of the people of
5 the state.

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

7 **WHEREAS** 35 trillion cubic feet of known natural gas reserves are acknowledged to
8 be adherent to oil and gas leases on the North Slope of Alaska, and, additionally, realistic
9 estimates of total recoverable gas from the reserves exceed 100 trillion cubic feet; and

10 **WHEREAS** demand for new sources of natural gas supply in North American and
11 Asian markets places Alaska's North Slope natural gas in the unique position of being
12 attractive to both markets; and

13 **WHEREAS** improved economics, technological advances, and the possibility of
14 public financing of a natural gas pipeline have removed previously perceived barriers to the
15 commercialization of Alaska's North Slope natural gas; and

1 **WHEREAS** oil and gas leaseholders on Alaska's North Slope continue to develop
2 competing gas projects elsewhere in the world while Alaska gas remains warehoused; and

3 **WHEREAS** art. VIII, sec. 1, Constitution of the State of Alaska, provides that it is the
4 policy of the state to encourage the settlement of its land and the development of its resources
5 by making them available for maximum use consistent with the public interest; and

6 **WHEREAS** art. VIII, sec. 2, Constitution of the State of Alaska, requires the
7 legislature to provide for the utilization, development, and conservation of all natural
8 resources belonging to the state, including land and waters, for the maximum benefit of its
9 people; and

10 **WHEREAS** it is widely recognized that maximum benefit to Alaska from the
11 commercialization of North Slope natural gas lies in maximum market exposure for Alaska
12 North Slope gas reserves, maximum opportunities for in-state use of the natural gas,
13 maximum opportunities for participation by Alaskans in construction, maintenance, and
14 operation of the gas line transportation project, and maximum revenue to the state from the
15 development, transport, and sale of Alaska North Slope gas reserves; and

16 **WHEREAS** the "northern" or "over-the-top" route for the proposed pipeline, running
17 east from the North Slope to Canada's Mackenzie River Valley, then south through that valley
18 to link to existing pipeline networks, under consideration by the North American Gas Pipeline
19 Group, offers none of these benefits;

20 **BE IT RESOLVED** that the Alaska State Legislature supports the commercialization
21 of Alaska North Slope natural gas for the maximum benefit of the people of the state; and be
22 it

23 **FURTHER RESOLVED** that the legislature will exercise every power within its
24 constitutionally required authority to guarantee commercialization of Alaska North Slope
25 natural gas for the maximum benefit of the people of the state; and be it

26 **FURTHER RESOLVED** that the legislature opposes construction of a "northern" or
27 "over-the-top" route for a natural gas pipeline; and be it

28 **FURTHER RESOLVED** that the legislature will exercise every power within its
29 authority to prevent the routing of a North Slope natural gas pipeline that bypasses Alaska.

HCR-8

Testimony to House Oil and Gas Committee

Good Afternoon Mr. Chairman, members of the committee. My name is Michael Hurley and I am here today, representing the North American Natural Gas Pipeline Group, to express our views on HCR-8 .

As you are aware, the three companies participating in the group (BP, ExxonMobil, and Phillips) are working diligently to develop an economically viable project to commercialize North Slope natural gas by pipeline through Canada to the Lower 48 market. And in doing that, it is incumbent on us to fully consider the options that could help accomplish that goal.

Indeed, the Federal Energy Regulatory Commission, before it issues a certificate of public convenience and necessity, requires us to analyze alternative pipeline route options as part of the application process.

This project has the potential to be the largest energy project in North America, and will require capital investments in the billions of dollars. Investment decisions cannot be taken lightly, and must be made with the confidence that can only be gained by a thorough evaluation of the alternatives, and an understanding of their relative strengths, weaknesses, risks, and rewards. Such an approach is fundamental to good business decision-making.

Our efforts are focused on creating and understanding opportunities, not prematurely discarding them. This resolution seems to suggest we do the latter. We believe that legislative action which recommends shutting down options before they are fully understood limits dialog and interferes with the fundamental dynamics of a free-market economy.

It cannot be forgotten that any Alaskan gas project, whether it be LNG, GTL or pipeline technology, must be able to deliver products to the market at a competitive cost in order to succeed. There are many other competing sources of supply, and buyers will go elsewhere if a project fails in this regard. If either Alaska project advances, the benefits to the state and its citizens and businesses will be substantial, and will make a significant contribution to Alaska's economic future.

Finally, the work we are undertaking this year will yield information we believe will be necessary for reasoned decision-making. We have been listening to the views and concerns of the Alaska Legislature and of Alaska's citizens, and we will be evaluating alternatives on the basis of seven criteria:

- Overall project economics,
- Alaskan access to gas,
- Jobs for Alaskans,

- Revenues to the State,
- Safety,
- Environmental Protection, and,
- Project timing.

We do not feel we have enough information yet to make a route decision. Indeed, that is the reason for our aggressive work program. Again, we think that the interests of commercializing North Slope gas are best served by creating choices, not eliminating them. We expect that there will be many future opportunities for legislative guidance and action.

Thank you Mr. Chairman for this opportunity to express our views on this resolution.

Walter J. Hickel

Box 101700
Anchorage, Alaska 99510-1700
907-276-7400

March 23, 2001

The Honorable Scott Ogan
Alaska State House of Representatives
State Capitol (MS 3100)
Juneau, AK 99801-1182

FAX 907-465-3265

Dear Representative Ogan,

While I had hoped to visit you and the House Special Committee on Oil and Gas before the end of March, I'm not able to do so because I'm traveling to Moscow for a meeting of Northern Forum leaders. Nevertheless, I want to compliment you and the Committee on its efforts to understand where Alaska stands in world markets for natural gas.

Any successful gas project requires willing buyers, willing sellers, willing transporters, and financing. My work in this area has been to try to bring those elements together, and I hope your committee can do the same.

If I were there, I would make three points.

First, Alaska has to look out for its own interests. In the late 1970s, an overland project failed – but not before Alaska's efforts helped Canadian reserves get to market. If overland was the best way to go, we would have an oil pipeline to Bellingham today. We don't. Tidewater gives us the most options, and while we can pursue an overland route, we can't allow the tidewater option to be ignored by the state or the producers. We must aggressively pursue Asian markets, and that means ensuring that a gas supply is independently offered for sale. So far, that has not been done. Instead, we're telling the Asian market we're not ready to sell.

Second, I've attached an excerpt from a talk the late Senator Bob Bartlett gave to Alaska's Constitutional Convention. He warned about companies with assets Outside Alaska warehousing assets they acquire in Alaska. Of course, no oil company would admit that they are warehousing gas, or keeping it out of the market because it has other supplies available. But a state owner of such a large resource has to protect itself, because it could happen. It is clear to me we haven't protected ourselves.

What do we do? We must be tough. Our options range from a reserve tax to taking back the resource for non-performance. Neither of these options would

be necessary if a sufficient gas supply to serve the LNG route were committed to an independent marketing effort.

Third, we must learn our lessons from the oil line: Unless structured correctly, a pipeline owned by producers is likely to result in tariff, royalty, and tax disputes because of a conflict in incentives between profits from transportation and profits from wellhead production. Since TAPS began, the state has had to collect close to \$10 billion in dispute because of the way the Trans-Alaska Pipeline was structured. Two options could help head off similar disputes on gas. First may be requiring an independent transportation company to carry the gas. Second may be having the state take an ownership interest in the pipeline at least equal to its royalty interest in the gas. Ken Thompson's trading hub idea also has merit in heading off this kind of conflict.

At least two transport companies have invested millions of dollars designing and permitting systems to deliver North Slope gas. The state is doing nothing I'm aware of to help bring these investors together with the producers.

I look forward to further discussion with you on my return. I'm doing what I can, as an individual, to urge producers, transporters, buyers, and financiers to get together. The state must help to do the same.

If this letter is presented to your Committee in my absence, Mead Treadwell – who works with me – can attempt to answer any questions you have.

With best regards.

Sincerely,


Walter J. Hickel

Enc.

Excerpt from

MEETING THE CHALLENGE

By

Delegate E. L. Bartlett

Alaska Constitutional Convention

University of Alaska

November 8, 1955

... The various bills for statehood enabling legislation which have been introduced in the Congress in recent years have uniformly called for large grants of land from the United States public domain to be made to the State of Alaska. The figure mentioned has been in excess of 100 million acres, an area roughly equal to the total land area of the State of California. The 100 million acre figure would appear to be approximately the figure which will finally be adopted.

The State of Alaska would choose almost all this acreage from the lands not included in present federal reservations and withdrawals, or which is otherwise unappropriated. The 100 million plus acres represent a veritable empire, a wealth of land and resources never before conferred on any state, saving only Texas which, upon its entry into the Union, was allowed to retain all its public lands. Alaska will receive also, in addition to the 100 million acre plus grant, an uncounted but tremendous acreage of submerged lands, land which under decisions of the Supreme Court of the United States have been held in trust for the future state. These submerged lands include lands under the beds of navigable rivers, lakes, and streams; the tidelands proper; and the submerged soils of the marginal sea out to the three-mile limit.

... Two very real dangers are present. The first, and most obvious, danger is that of exploitation under the thin disguise of development. The taking of Alaska's mineral resources without leaving some reasonable return for the support of Alaska governmental services and the use of all the people of Alaska will mean a betrayal in the administration of the people's wealth. The second danger is that outside interests, determined to stifle any development in Alaska which might compete with their activities elsewhere, will attempt to acquire great areas of Alaska's public lands in order NOT to develop them until such time as, in their omnipotence and the pursuance of their own interests, they see fit. If large areas of Alaska's patrimony are turned over to such corporations the people of Alaska may be even more the losers than if the lands had been exploited.

Natural Gas in Alaska

**What Does It Mean to
the People of the State?**

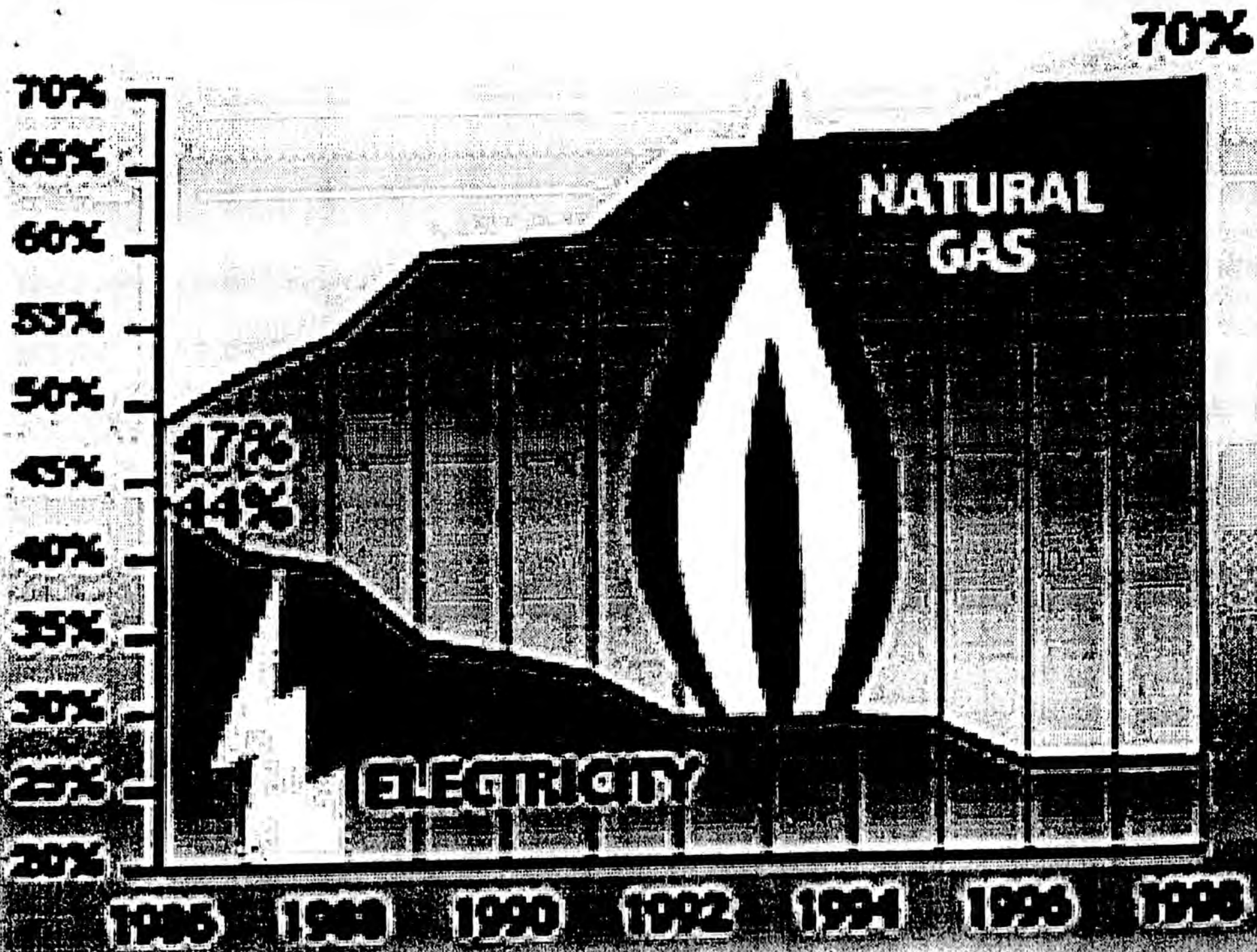
IT MEANS...

- **\$680 MILLION--\$4.2 BILLION TO THE STATE PER YEAR.**
- **SIGNIFICANTLY LOWER ENERGY COSTS FOR ALL ALASKANS.**
- **MAJOR DIRECT AND INDIRECT EMPLOYMENT OPPORTUNITIES FOR ALL ALASKANS.**

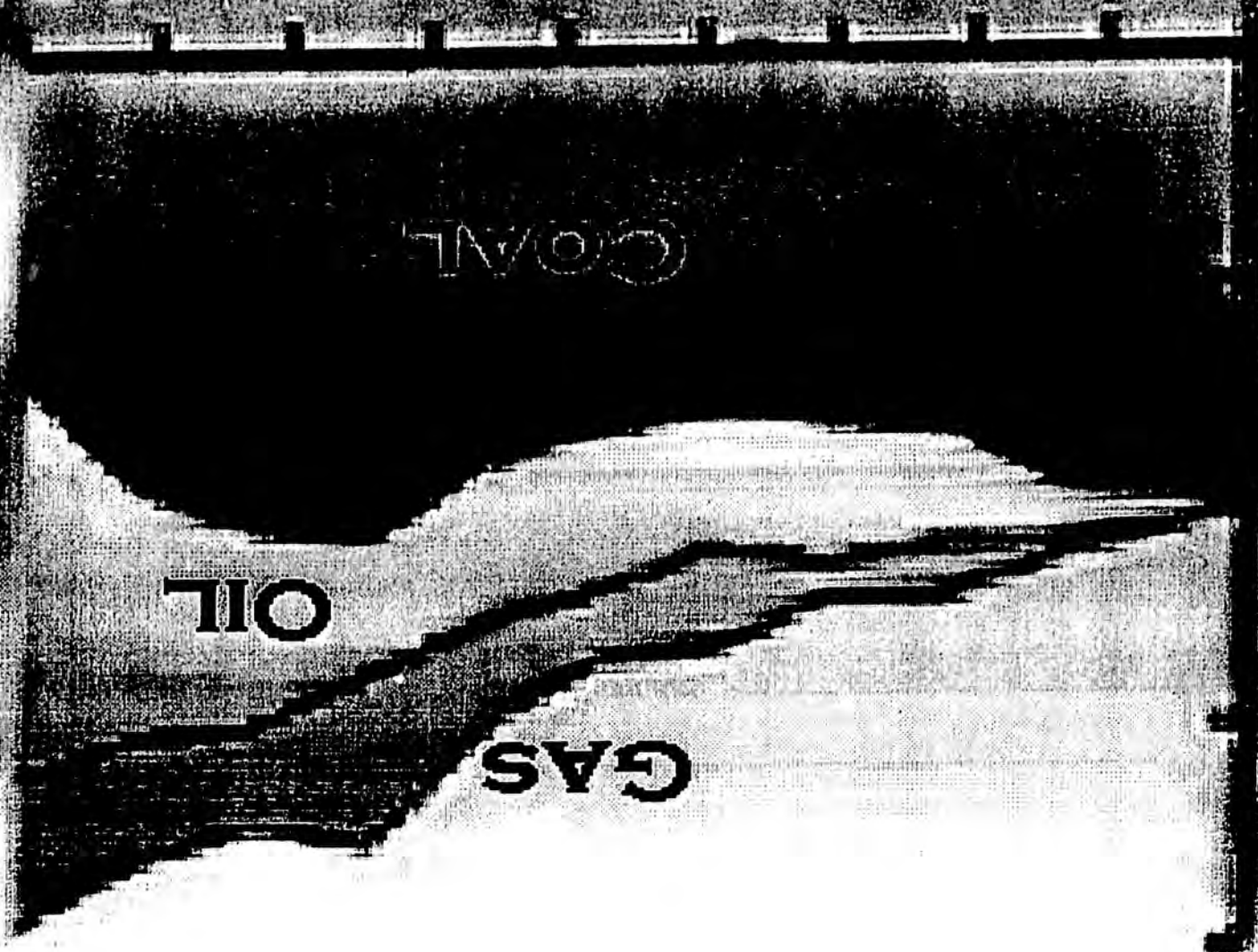
**IF WE DEMAND THAT OUR
RESOURCE BE DEVELOPED IN
OUR BEST INTEREST.**

AN OVERVIEW:

**NATURAL GAS AS AN
ENERGY SOURCE**

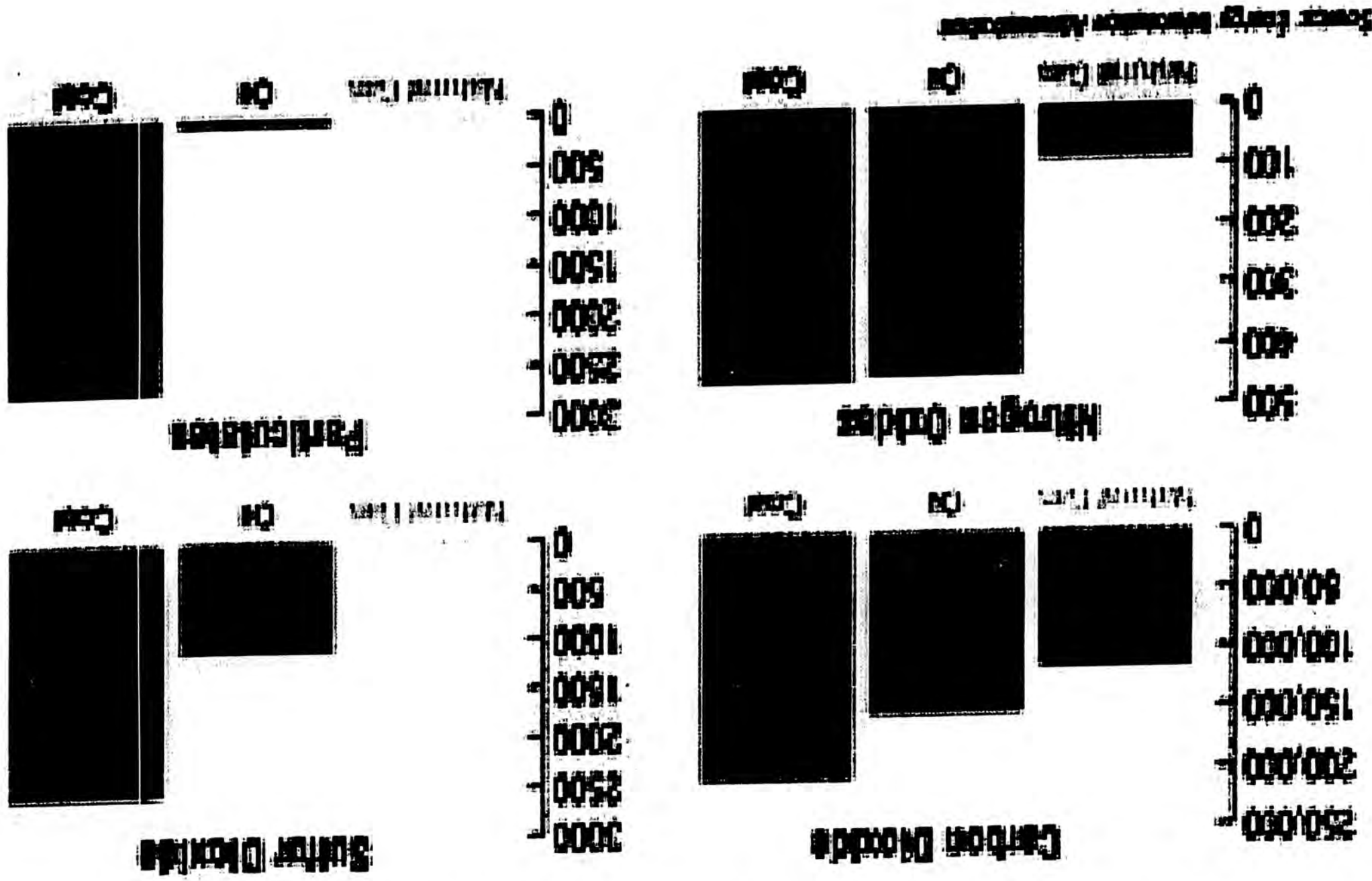


1990 1993 1996 1999

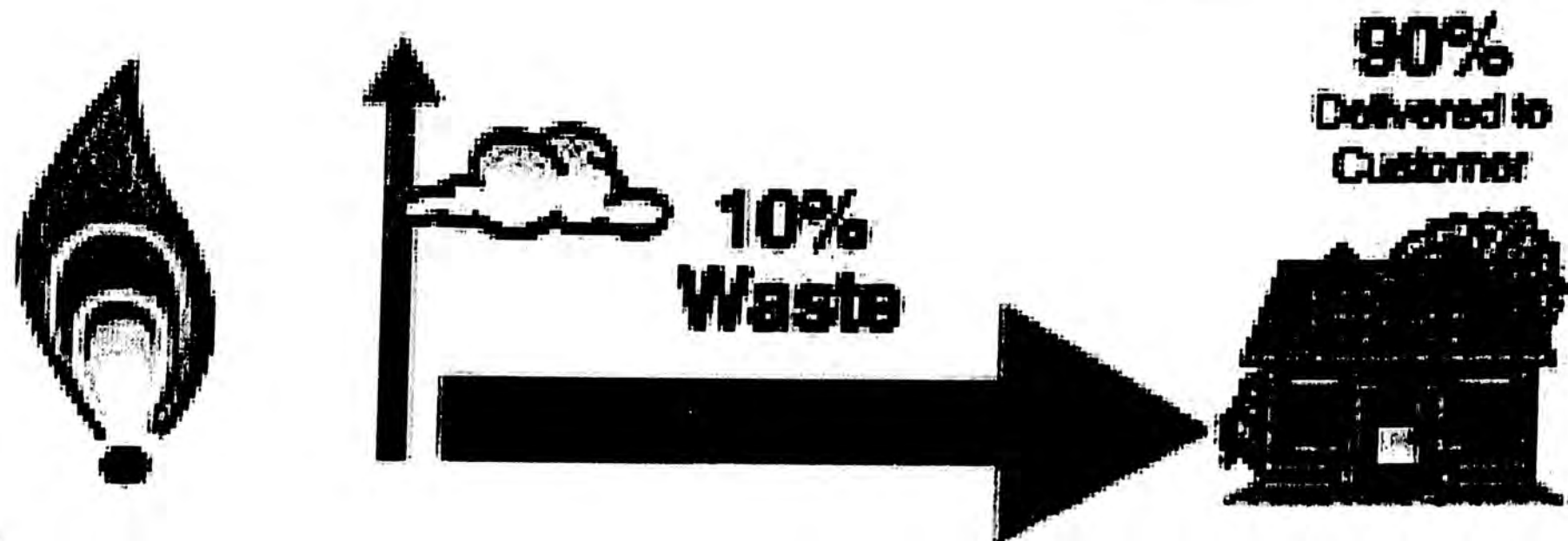
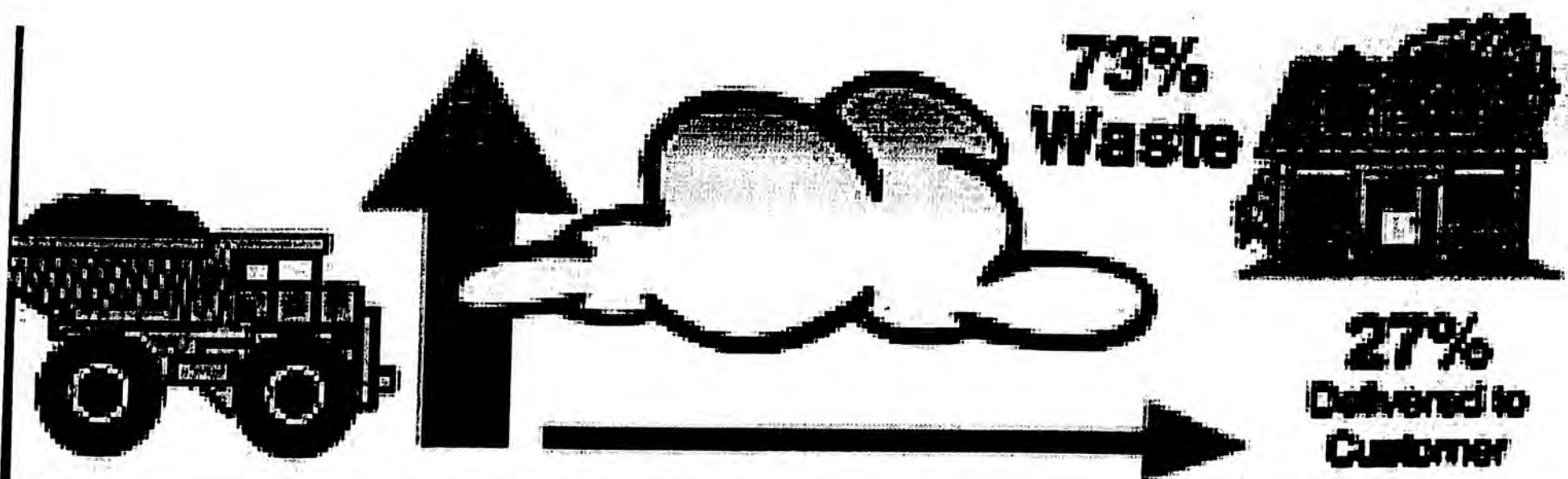


ENERGY MIX IS GETTING LIGHTER

Comparison of Air Pollution from Fossil Fuels (pounds of air pollutants produced per billion Btu of energy)



Natural Gas Is Cleaner, More Efficient than Coal-Fired Electric Power



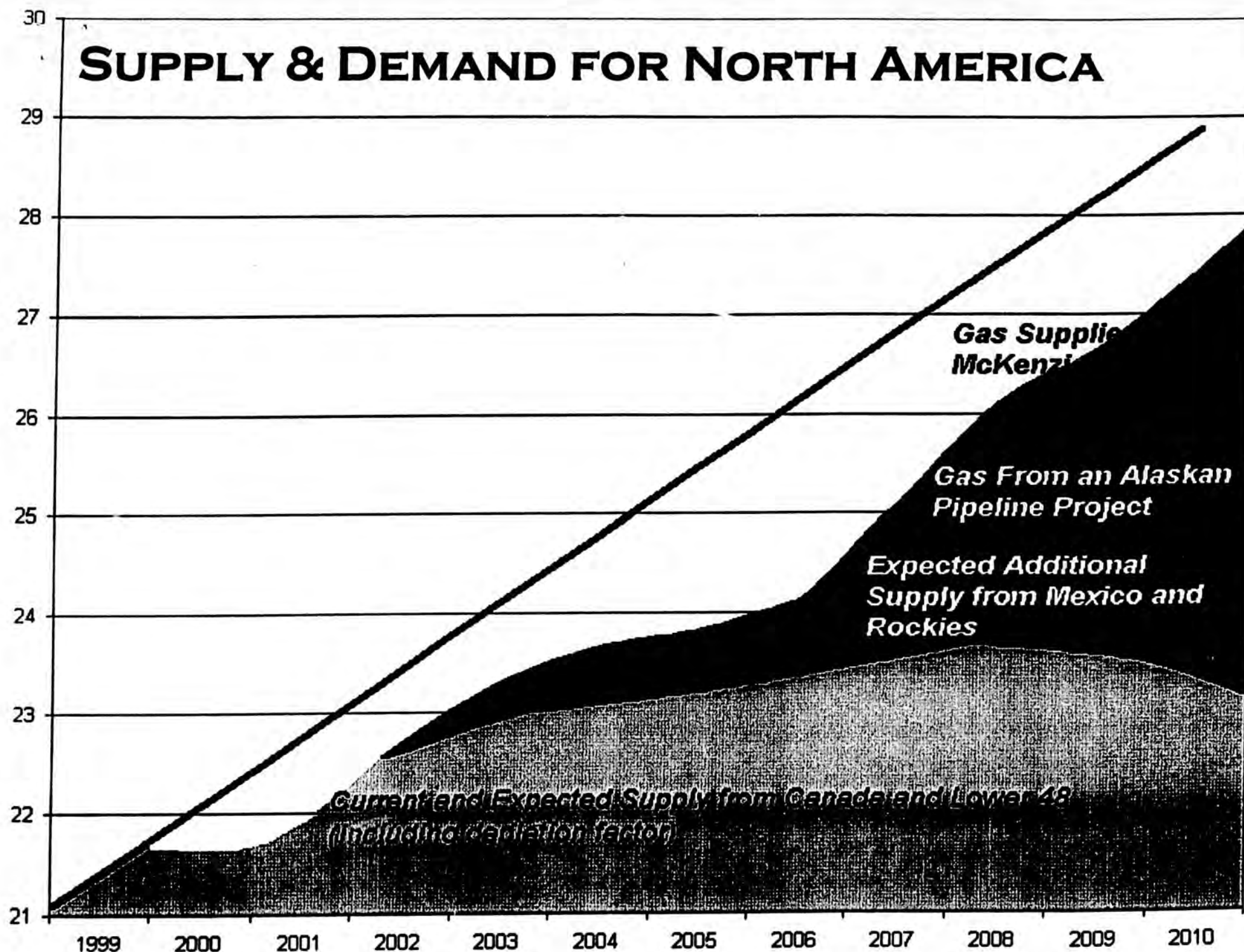
AND SO...

**DEMAND FOR
NATURAL GAS IS
SOARING**

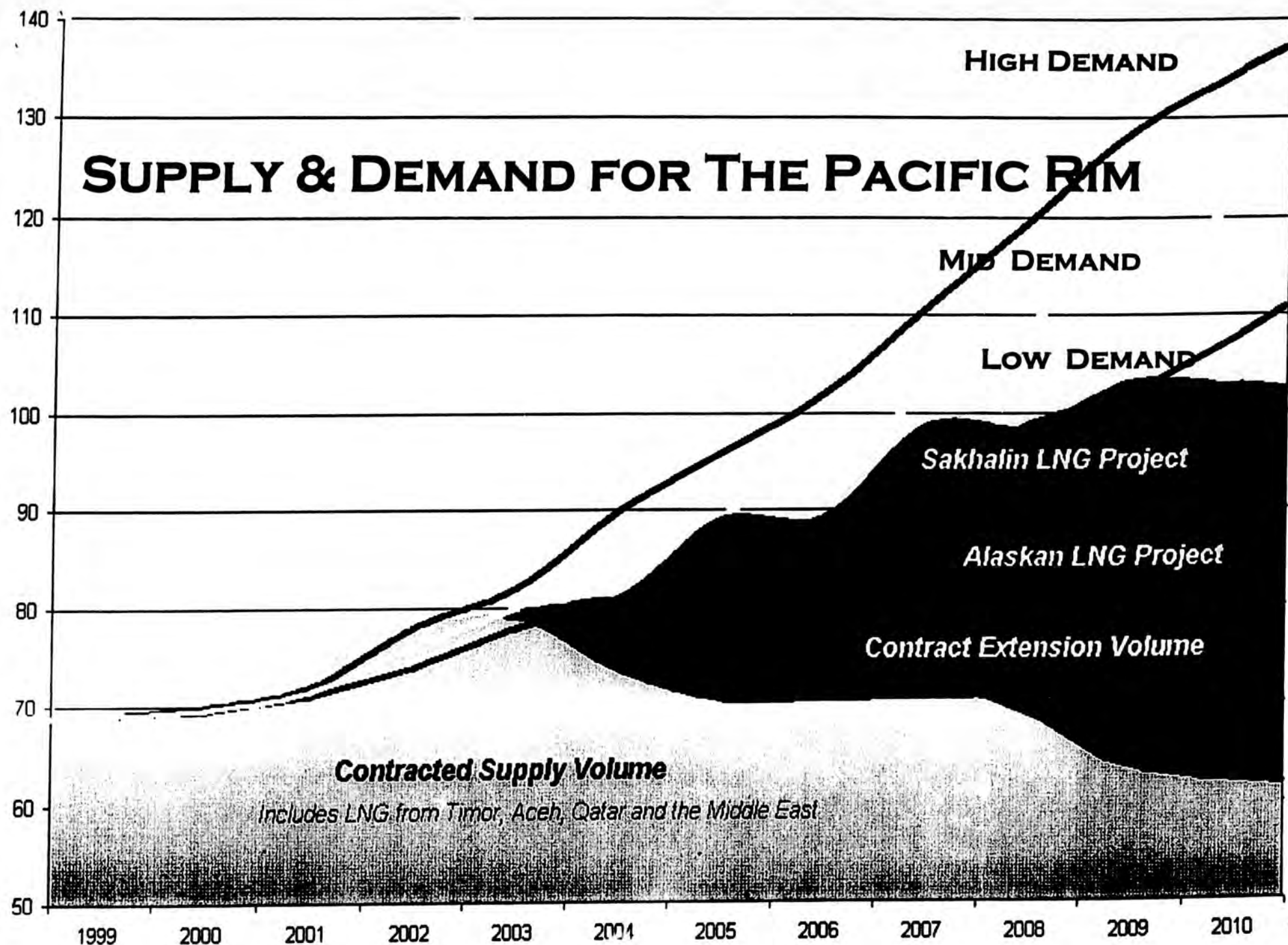
**ALASKA'S NATURAL
GAS:**

**THE WORLD MARKET
DYNAMIC**

SUPPLY & DEMAND FOR NORTH AMERICA



SUPPLY & DEMAND FOR THE PACIFIC RIM



**THE WORLD MARKET
DYNAMIC REALITY:**

**SUPPLY WILL RESTRICT
DEMAND FOR THE
FORESEEABLE FUTURE**

**GIVEN THAT ALASKA'S
NORTH SLOPE HAS THE
LARGEST
UNDEVELOPED
RESERVE OF NATURAL
GAS IN NORTH
AMERICA.....**

**HOW CAN WE
ALASKANS TAKE
ADVANTAGE OF THIS
SITUATION?**

**WE TAKE OUR GAS
TO MARKET!!!**

GAS PIPELINE ROUTING OPTIONS

Proposed Gasline Projects

Proposed Pipeline Routes, LNG and GTL Markets

- Northern Route
- Southern Route
- - - Proposed LNG Pipeline Routes
- Existing Pipeline Grid



To Asia

Prudhoe Bay
Fairbanks
Valdez
GTL
Test Facility
Midland

Whitehorse

Sault Ste. Marie

Calgary

Edmonton

Chicago

New York

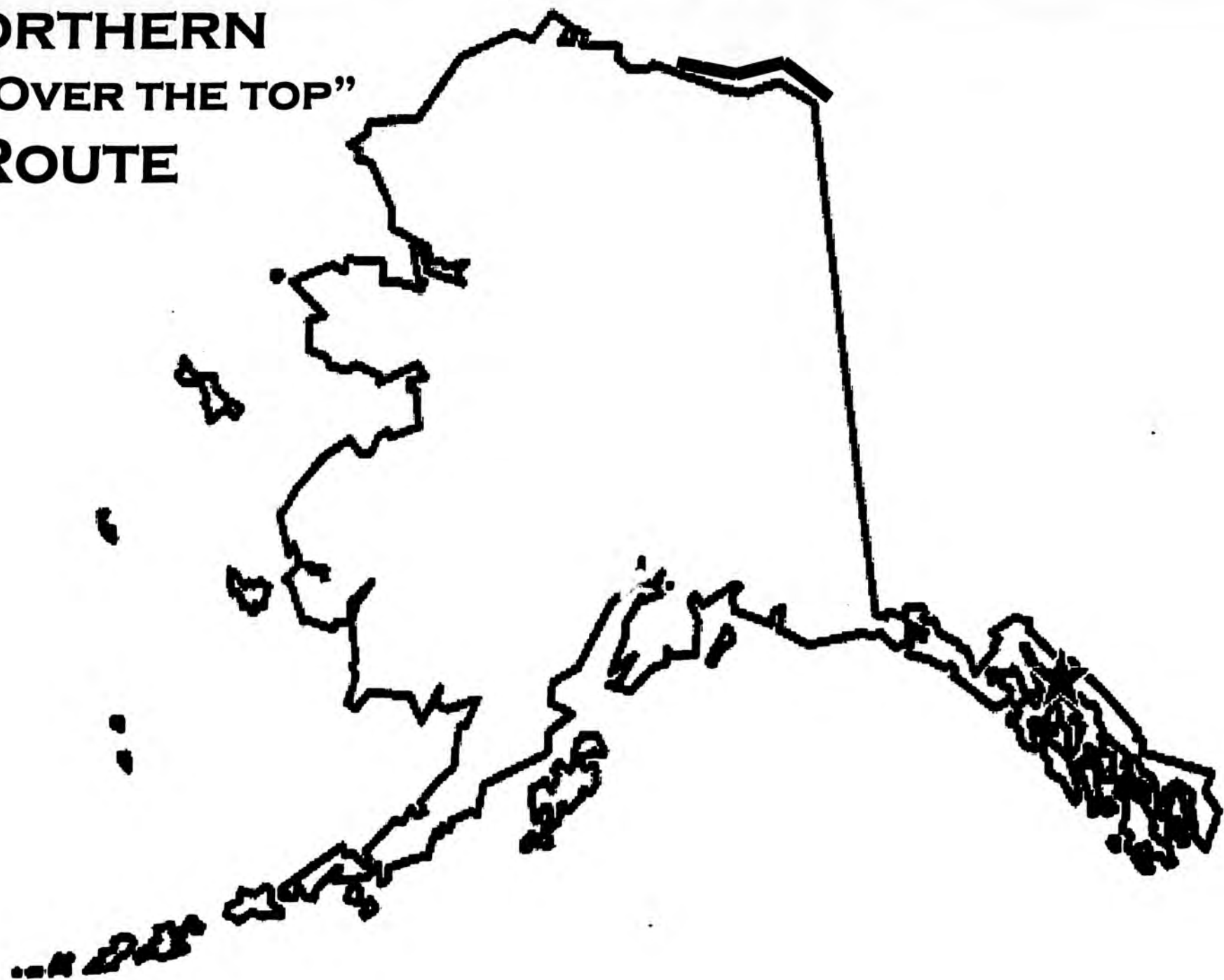
Los Angeles

Houston

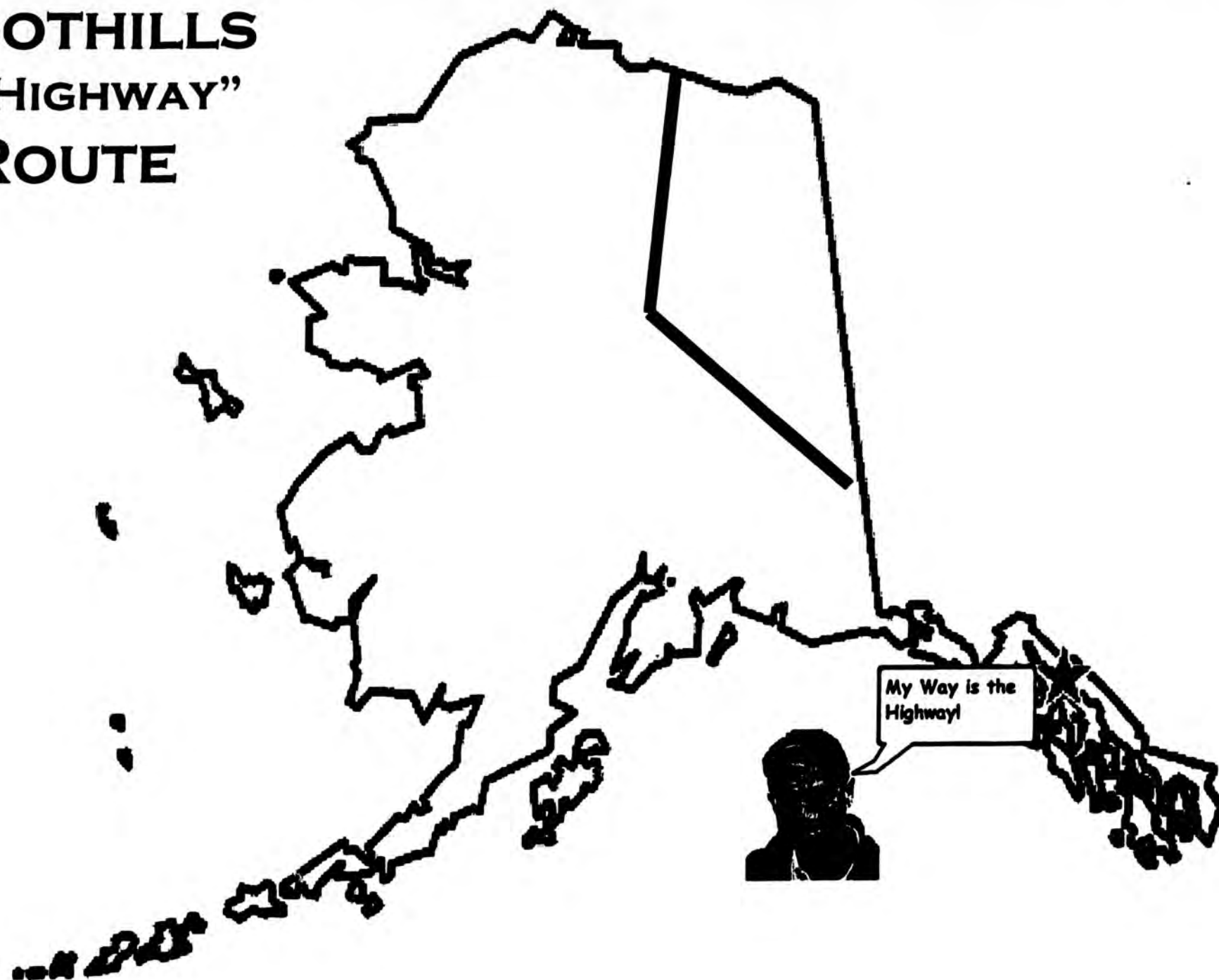
NORTHERN

"OVER THE TOP"

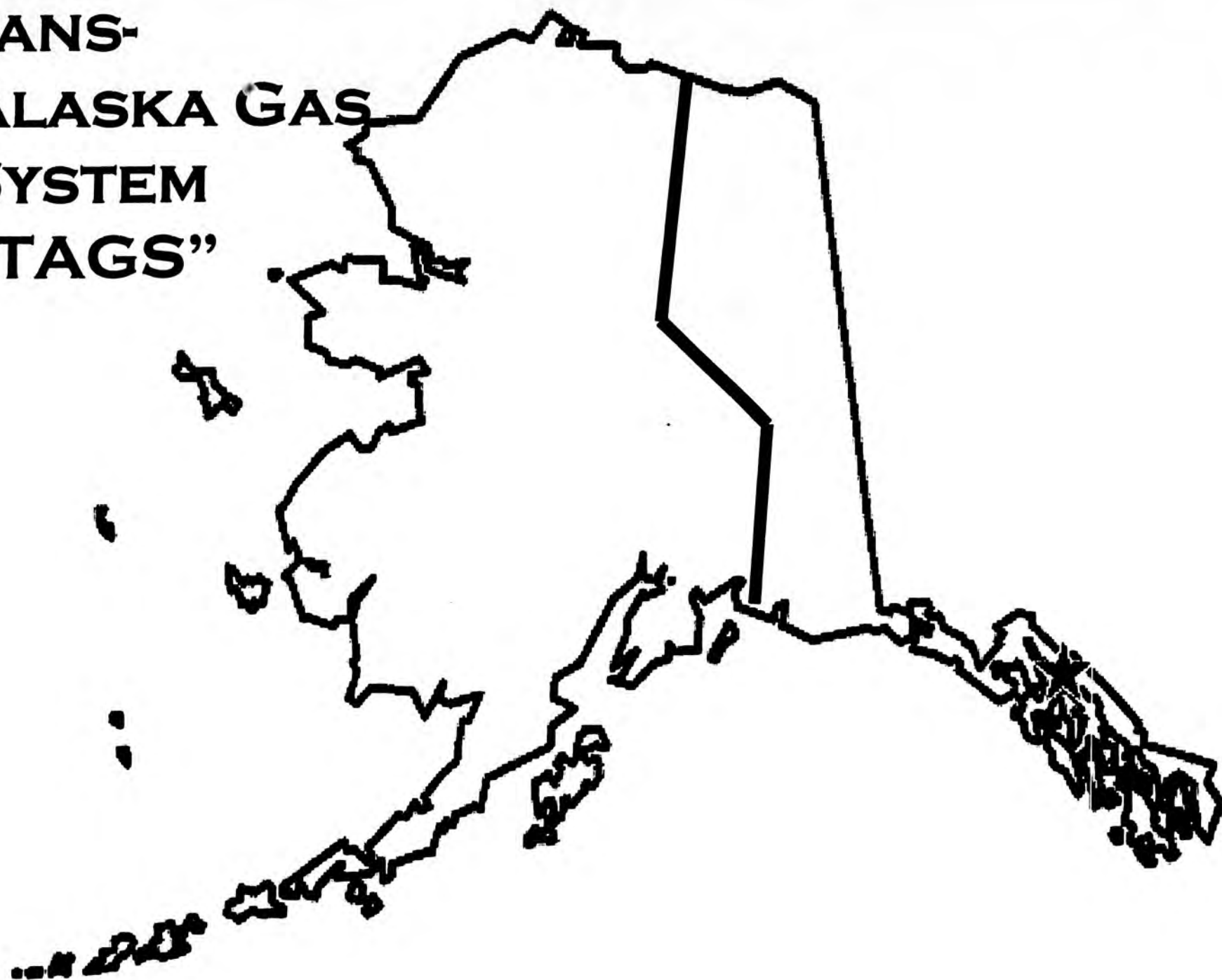
ROUTE



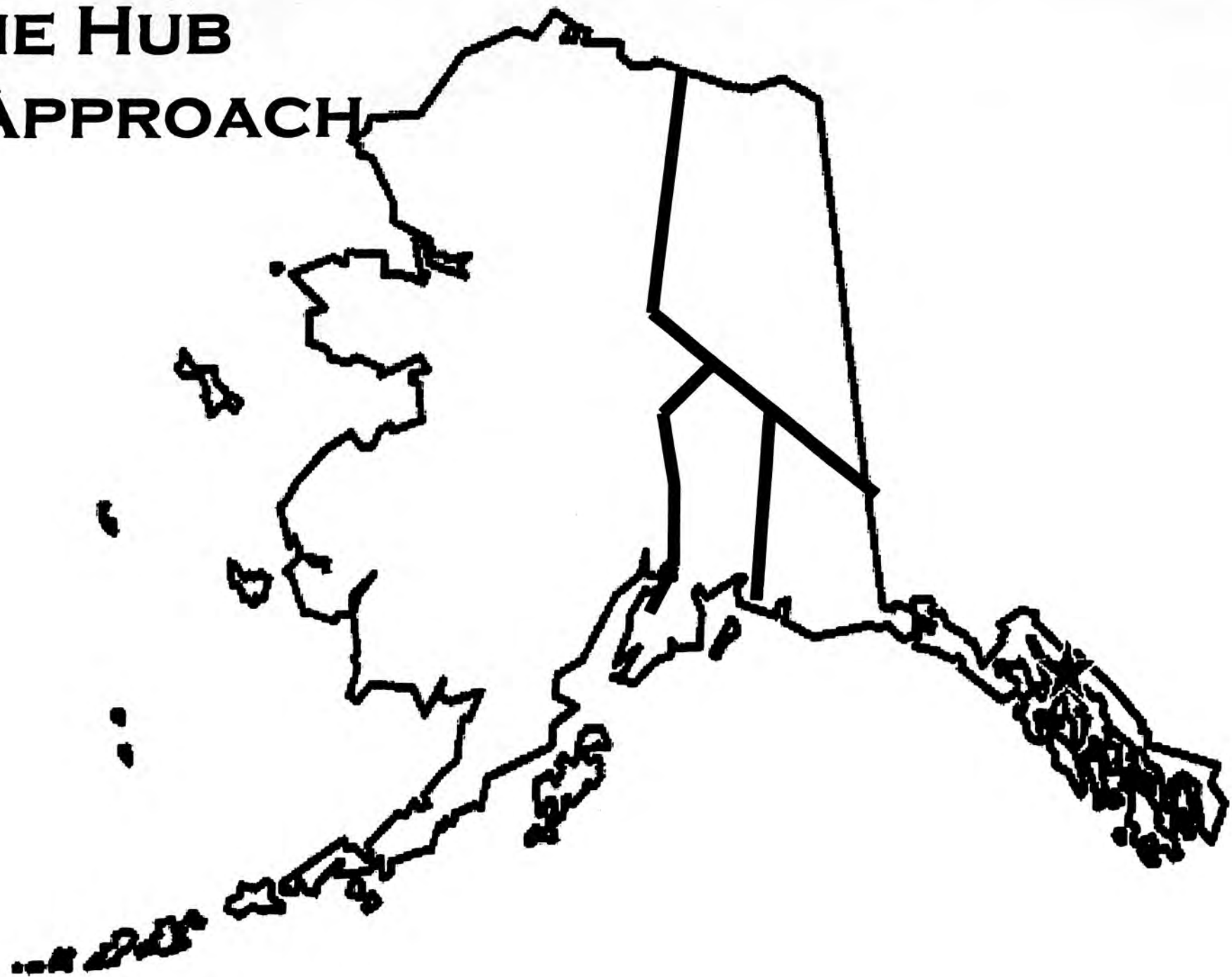
FOOTHILLS "HIGHWAY" ROUTE



**TRANS-
ALASKA GAS
SYSTEM
"TAGS"**



THE HUB APPROACH



THE ALASKA STATE CONSTITUTION:

SECTION 8.2

**THE LEGISLATURE SHALL PROVIDE
FOR THE UTILIZATION,
DEVELOPMENT, AND
CONSERVATION OF ALL NATURAL
RESOURCES BELONGING TO THE
STATE, INCLUDING LAND AND
WATERS, FOR THE MAXIMUM
BENEFIT OF ITS PEOPLE.**

**MAXIMUM BENEFIT:
HOW IS IT ATTAINED?**

MAXIMUM BEST INTEREST OF ALASKA:

- **MAXIMUM MARKET EXPOSURE.**
- **MAXIMUM DOLLARS TO THE STATE.**
- **MAXIMUM IN-STATE USAGE
OPPORTUNITIES.**
- **MAXIMUM COMPETITION FOR GAS
PRODUCTION.**
- **MAXIMUM JOB OPPORTUNITIES FOR
ALASKANS.**

MAXIMUM MARKET EXPOSURE

- ***AN OVERLAND ROUTE ALONE EXCLUDES MARKETS THROUGHOUT THE WORLD, SPECIFICALLY, ASIA, AND PROBABLY THE US WEST COAST.***
- ***BY CONNECTING TO MULTIPLE MARKETS, WE STABILIZE MARKET OPPORTUNITIES.***

\$

***MAXIMUM DOLLARS TO
THE STATE.***

\$

FINANCING

**THERE ARE TWO OPTIONS
FOR FINANCING:**

- **PUBLIC FINANCING**
- **PRIVATE FINANCING**

**PUBLIC FINANCING WILL
EXEMPT THE FINANCING
COMPONENT FROM
FEDERAL TAXES; WHICH
WILL SIGNIFICANTLY
ENHANCE THE ECONOMICS
OF AN ALASKAN GAS
PROJECT AND INCREASE
THE RETURN TO THE STATE**

***ADDITIONALLY THE
RETURN FOR
FINANCING A PROJECT
OF THIS SIZE WILL BE
8%-12% OF CAPITAL
COSTS PER YEAR FOR
30 YEARS***

OWNERSHIP OPTIONS

- **PUBLIC OWNERSHIP: BESIDES BEING EXEMPT FROM ALL FEDERAL INCOME TAXES, A STATE-OWNED PIPELINE WILL GIVE A GREATER NETBACK TO THE STATE:**

NO TAXES

NO TARIFF

OWNERSHIP OPTIONS

- **PRIVATE OWNERSHIP: GIVEN PRIVATE OWNERSHIP, THE RETURNS ON A PROJECT WILL BE MUCH LOWER.**

**TAXES PAID TO FEDERAL
GOVERNMENT**

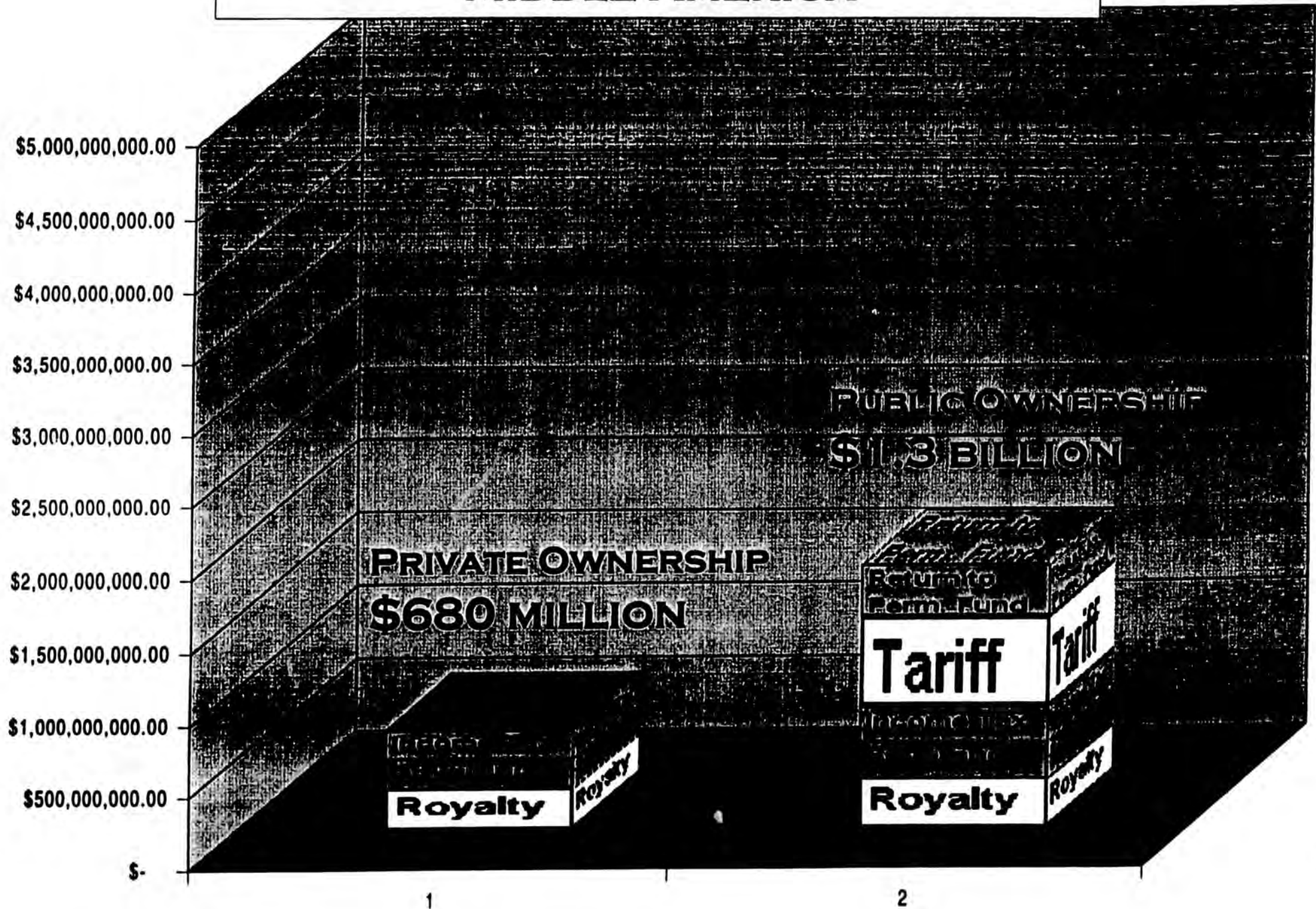
TARIFF PAID TO BIG OIL

DOLLARS TO THE STATE:

**WHAT'S THE DIFFERENCE
BETWEEN PUBLIC AND PRIVATE
OWNERSHIP?**

GIVEN A 6 BCFD PROJECT

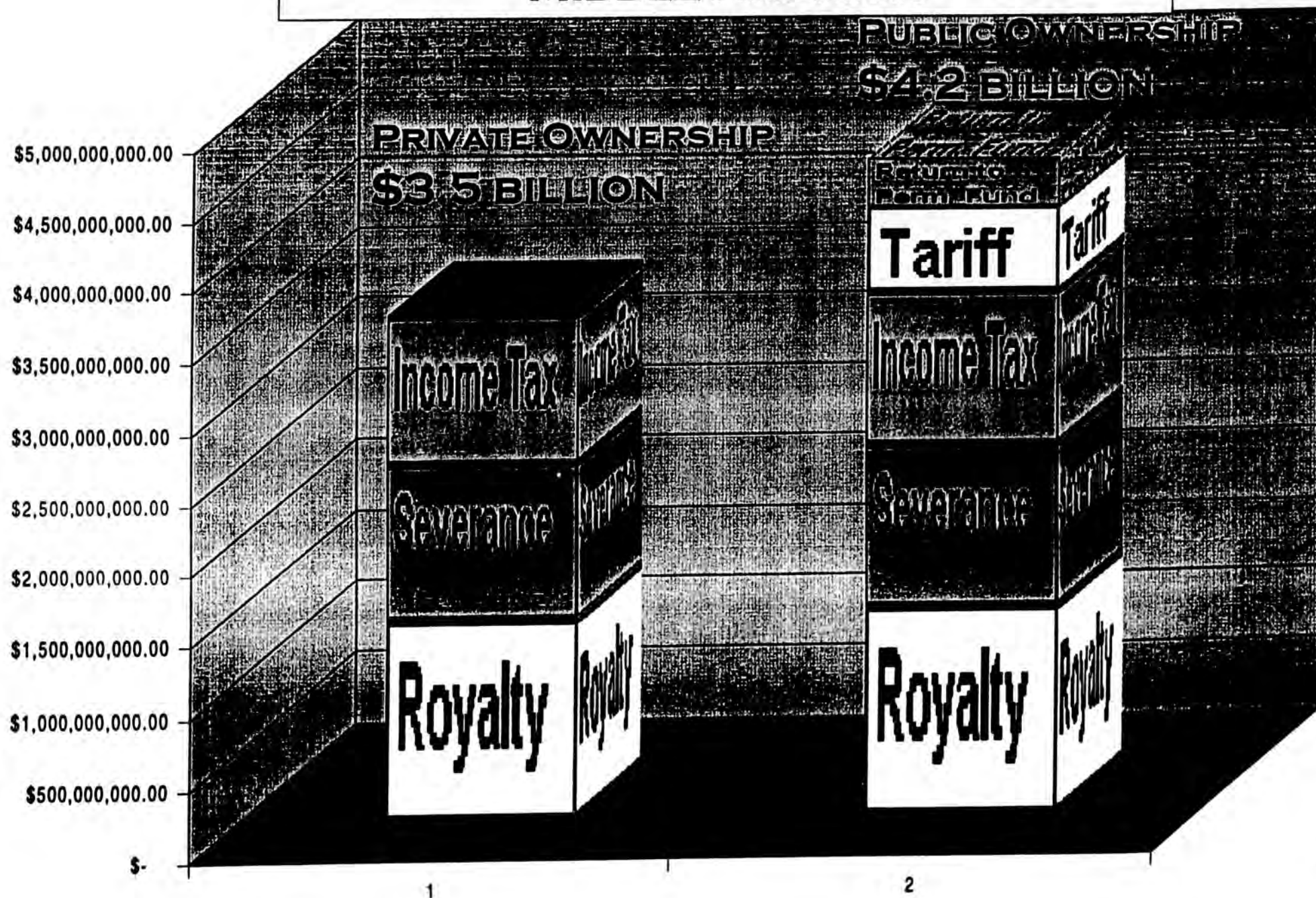
GAS PRICE AT \$2.59 PER MMBTU IN MIDDLE AMERICA



GAS PRICE AT \$4.50 PER MMBTU IN MIDDLE AMERICA



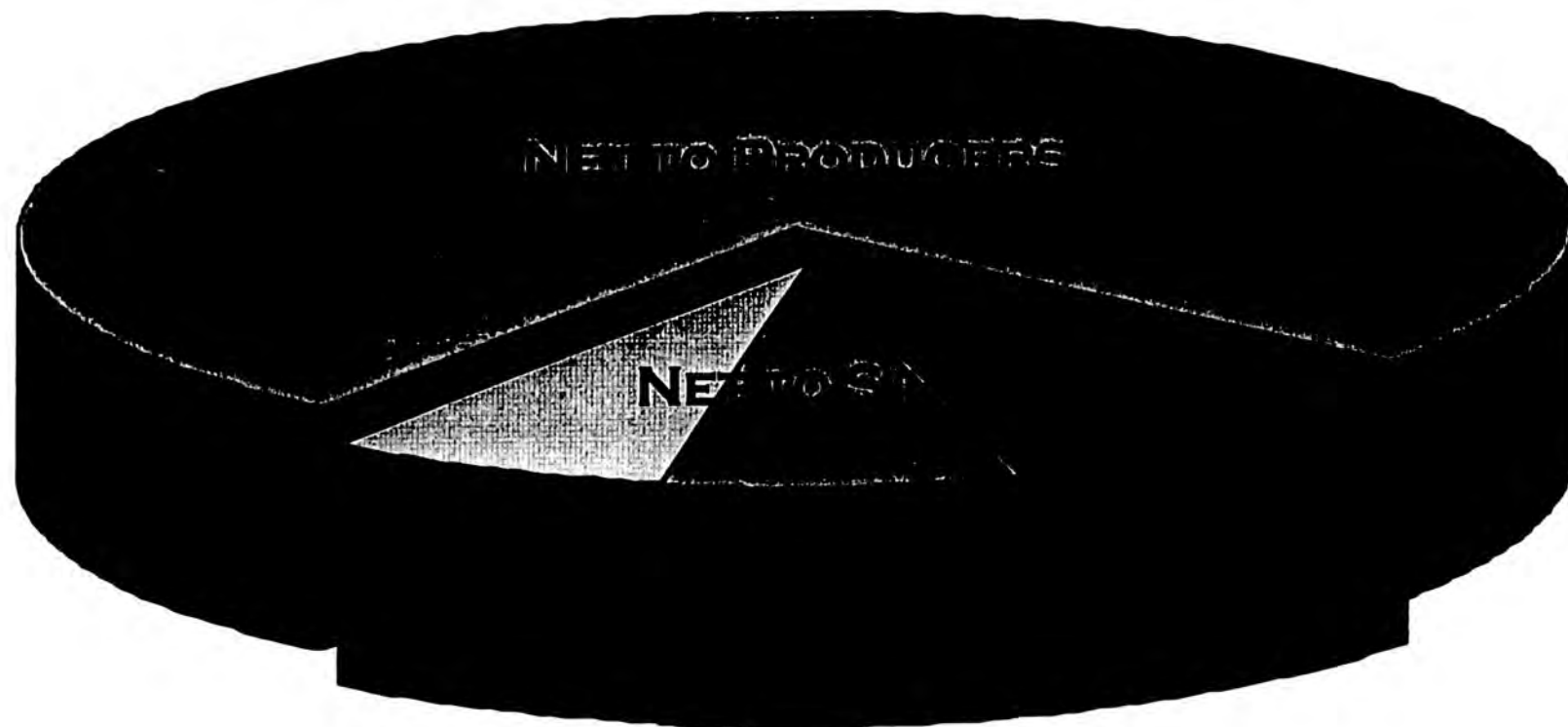
GAS PRICE AT \$8.00 PER MMBTU IN MIDDLE AMERICA



HOW BIG IS OUR SHARE OF THE PIE?

ASSUMING A PRICE OF \$2.59 IN MIDDLE AMERICA

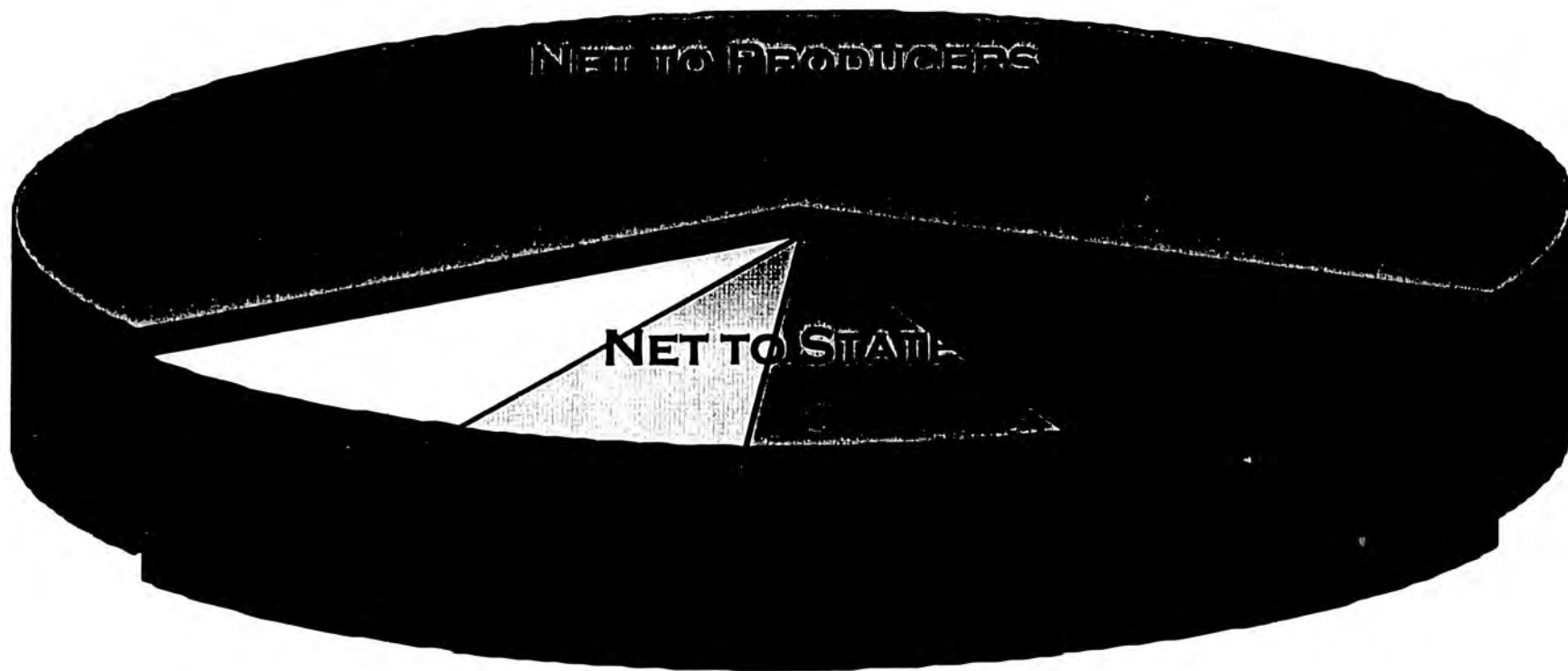
GIVEN PRIVATE OWNERSHIP



HOW BIG IS OUR SHARE OF THE PIE?

ASSUMING A PRICE OF \$2.59 IN MIDDLE AMERICA

GIVEN STATE OWNERSHIP



MAXIMUM IN-STATE USAGE OPPORTUNITIES.

**IN-STATE USAGE OPPORTUNITIES
INCREASE IN RELATION TO TWO
FACTORS:**

- THE NUMBER OF POPULATION
CENTERS THE PIPELINE CROSSES.**
- THE NUMBER OF MILES OF PIPE
IN THE STATE.**

MAXIMUM COMPETITION FOR GAS PRODUCTION.

**A PUBLICLY OWNED PIPELINE
ENSURES THAT NO PRODUCER ON
THE NORTH SLOPE WILL CONTROL
ACCESS TO THE GAS
TRANSPORTATION SYSTEM.**

**MAXIMUM JOB
OPPORTUNITIES FOR
ALASKANS.**

**THE STATE NEED ENSURE
THAT BOTH SHORT-TERM AND
LONG-TERM JOBS ASSOCIATED
WITH THE GAS PIPELINE
PROJECT ARE PROVIDED TO
ALASKANS.**

THE BOTTOM LINE IS BECOMING CLEAR



**WHICH ROUTE GIVES MAXIMUM MARKET EXPOSURE FOR ALASKAN
NORTH SLOPE GAS?**

THE HUB APPROACH

**WHICH FINANCING OPTION GIVES MAXIMUM DOLLARS TO THE
STATE?**

PUBLIC FINANCING

**WHICH ROUTE GIVES MAXIMUM GAS USAGE TO THE PEOPLE OF
THE STATE?**

THE HUB APPROACH

**WHICH OWNERSHIP OPTION ENSURES MAXIMUM COMPETITION
FOR NORTH SLOPE GAS PRODUCTION?**

PUBLIC OWNERSHIP

**WHICH OWNERSHIP OPTION ENSURES MAXIMUM JOBS FOR
ALASKANS, BOTH IN THE SHORT AND LONG TERM?**

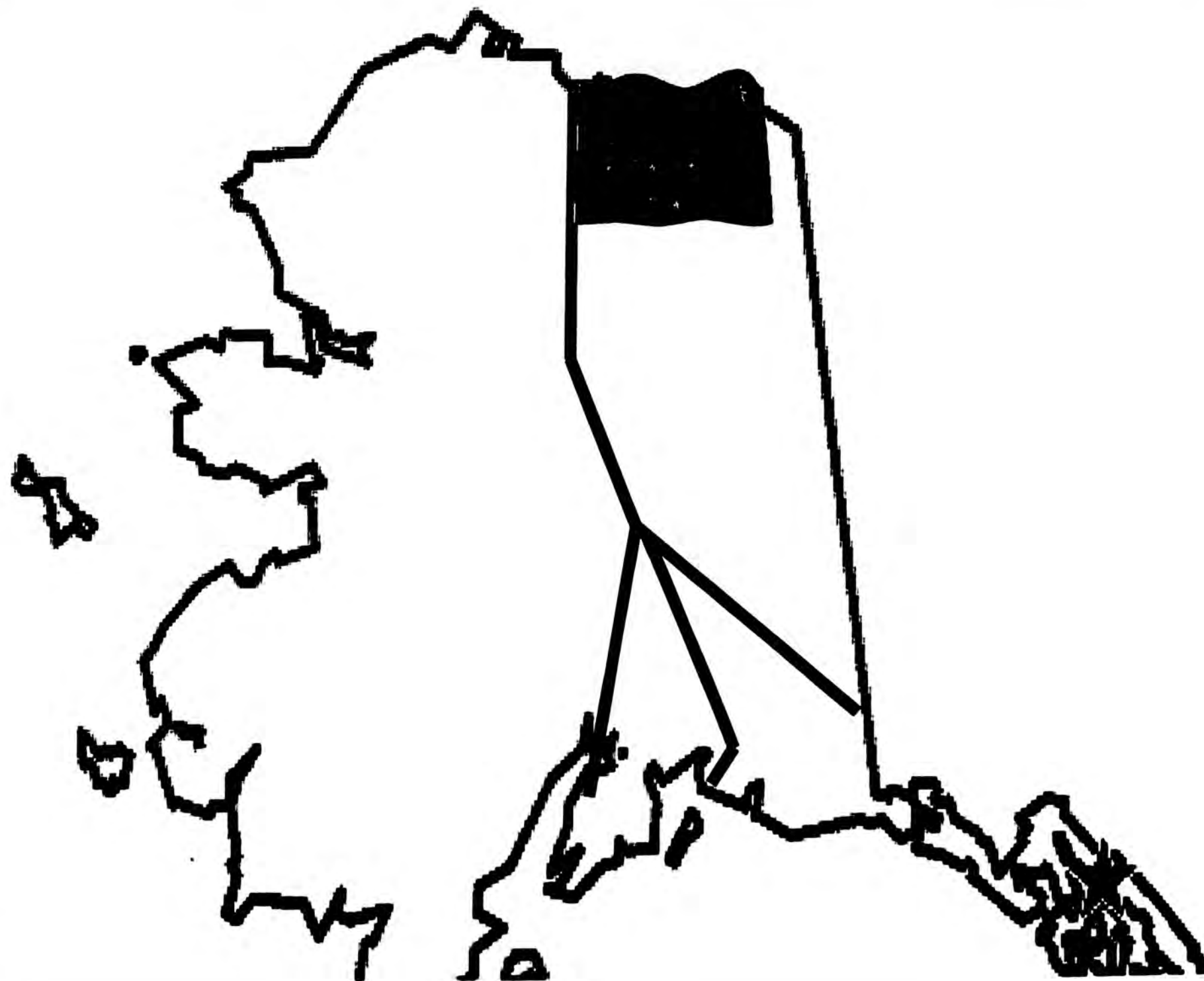
PUBLIC OWNERSHIP

**WHAT PROJECT IS IN THE
BEST INTEREST OF ALASKA?**

PUBLICLY OWNED

(BUT PRIVATELY OPERATED)

HUB



SCOMM

128:35

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HJR 7
() Publish Date: 1-29-2001

Revision Date/Time (Note if correction):
Title: Endorsing ANWR Leasing

Dept. Affected: _____
BRU: _____
Component: _____

Sponsor: Rep. Beverly Mack
Requester: House Oil & Gas Committee

Component Number: _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Sandra Hay - Comm. Aide
Division: House Special Comm. on Oil & Gas
Approved by: Scott Olin
Agency: Chairman - House Oil & Gas Committee

Phone: 465-2283
Date/Time: 1-29-2001
Date: 1-29-2001

For distribution information, call the Governor's Legislative Office

Committees:

Transportation
Chair

Resources
Vice Chair

Economic Development,
Trade & Tourism

Alaska State Legislature



Representative Beverly Masek

During Interim: (June-Dec.)
Mat-Su LIO
600 E. Railroad Avenue
Wasilla, AK 99654
(907) 376-2679
Fax: 373-4745

During Session: (Jan.-May)
State Capitol
Juneau, AK 99801-1182
(907) 465-2679
Fax: 465-4822
1-800-505-2678

Sponsor Statement for HJR 7

Resolution Supporting Oil Exploration and Development in ANWR

The need for expanding Alaska's resource based industries remains imperative if we want to maintain or increase the State's economic base. Although other sectors of the economy may provide jobs, they more than likely would not be able to support the financial infrastructure of state government to the extent that natural resource development does, especially the oil and gas sectors.

Most reliable indicators show Alaska's North Slope oil production is in decline. Geologists have indicated that one of the best prospects for new discoveries lies within the 1002 section of the Arctic National Wildlife Refuge which has been left open by Congress for potential exploration and development. It seems that a prudent course of action would be to open this area of the Arctic Coastal Plain so that Alaskans can derive the economic benefits therein.

HJR 7 is not a new piece of legislation. It has been introduced on numerous occasions in the past and has always enjoyed overwhelming support from the Governor and the Legislature, as well as the general public. Alaska's chances of moving ahead on this project have been greatly increased now that George W. Bush is President. We need to take advantage of this opportunity and once again send our message to the Nation's Capitol.

Committees:

Transportation
Chair

Resources
Vice Chair

Economic Development,
Trade & Tourism

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Juneau, AK 99801-1182
(907) 465-2679
Fax: 465-4822
1-800-505-2678

MEMORANDUM

Dt: January 26, 2001

To: Representative *Scott* Ogan

Fr: Representative *Bev* Masek

Re: HJR 7 "Relating to the opening of ANWR to oil exploration and development"

I would appreciate your consideration in scheduling HJR 7 at your earliest convenience. This legislation is an important message that needs to be sent once again to Congress and the President. It is not new legislation having passed the legislature on several occasions in the past; however, it's importance is greater than ever, now that a friendly administration has arrived in Washington D.C.



ANWR:
JOBS AND ENERGY
FOR AMERICA

ARCTIC POWER
1049 West 5th Avenue, Suite 102
Anchorage, Alaska 99501
(907) 274-2547
Fax (907) 274-2706
<http://www.anwr.org>

2013 Maryland Avenue, N.E.
Washington, D.C. 20002
(202) 544-6355
(202) 544-6655
Fax (202) 544-5763
<http://www.anwr.org>

A CASE FOR OIL DEVELOPMENT IN ALASKA

- * The U.S. imports over 55% of the nation's needed petroleum. These oil imports cost more than \$100 billion a year. These figures are rising and could exceed 65% imports by the year 2020.
- * Beneath a 1.5 million acre tract on the North Slope of Alaska is estimated to be between 6 and 16 billion barrels of recoverable oil (between 11.6 and 31.5 billion barrels in-place). This area is a specially designated area within the 19 million-acre Arctic National Wildlife Refuge (ANWR), known as the "Coastal Plain". This region was designated by Congress in 1981 as requiring special study to determine its oil and gas potential and the effects of development on the environment. In 1987, the Department of Interior recommended development. Congressional and presidential authorization is required for the Coastal Plain to be open.
- * ANWR production could replace imports of Saudi oil for over 30 years.
- * Prudhoe Bay, located 60 miles to the west of ANWR, has been operating for over 20 years and has produced in excess of 10 billion barrels of oil during that time. It is among the most environmentally sensitive oil operations in the world. Present output from Prudhoe Bay area fields has declined to 1.1 million barrels per day, and is continuing to decline.
- * The Coastal Plain of ANWR is America's best bet for the discovery of another giant "Prudhoe Bay-sized" oil and gas region in North America. Many economic benefits would result:
 - The Coastal Plain could produce up to 1.5 million barrels per day for at least 25 years - nearly 25% of current daily U.S. production.
 - The U.S. would save \$14 billion per year in oil imports.
 - Between 250,000 and 735,000 jobs are estimated to be created by development of the Coastal Plain.
 - Federal revenues would be enhanced by billions of dollars from bonus bids, lease rentals, royalties, and taxes.
- * Advancing technology has greatly reduced the "footprint" of Arctic oil development. If Prudhoe Bay were built today, the footprint would be 1,526 acres, 64% smaller.
- * Oil and gas development and wildlife are successfully coexisting in Alaska's Arctic. For example, the Central Arctic caribou herd at Prudhoe Bay has grown from 3,000 to as high as 27,000 during the last 20 years.
- * More than 71% of Alaskans favor exploration and production in ANWR. Polling conducted in April, 2000.
- * The Inupiat Eskimos who live in and near ANWR strongly support onshore oil development on the Coastal Plain.
- * For more information logon to www.anwr.org or call 907-274-2697.

1/29/01

President Bush's National Energy Policy

September 29, 2000

Governor George W. Bush:

"A Comprehensive National Energy Policy"

"America must have an energy policy that plans for the future, but meets the needs of today. I believe that we can develop our natural resources and protect our environment. We are paying a steep price for seven and a half years without an energy policy." – Governor George W. Bush

EXECUTIVE SUMMARY

The Clinton-Gore Administration has failed to develop a comprehensive energy policy. It has raised gasoline taxes, discouraged domestic production of oil and natural gas, and admitted it was "caught napping" when oil prices spiked earlier this year. It has also failed to plan for the New Economy's accelerating demand for electricity. On this Administration's watch, U.S. dependence on foreign oil has jumped to 56 percent – the highest percentage ever. In 1973, during the oil crisis, U.S. dependence on foreign oil was at only 36 percent. Over the past seven and a half years, our international credibility has been diminished, and Saddam Hussein's Iraq is now a major oil supplier to the U.S.

Governor Bush understands that ensuring U.S. energy security requires presidential leadership and a comprehensive national energy policy. His policy, which includes more than 20 initiatives, helps low-income households with their energy bills, improves air quality, encourages the development of renewable and alternative fuels, and, recognizing that alternative sources supply less than 4 percent of U.S. energy needs, promotes access to foreign oil and the development of U.S. oil, coal and natural gas resources.

To Provide Energy Assistance to Low-Income Households and Address Short-Term Supply Threats, Governor Bush will:

- Expand the Low Income Home Energy Assistance Program (LIHEAP) by seeking the release of \$155 million, and directing a portion of oil and gas royalty payments to the program, costing \$1 billion over ten years.
- Reform and increase the funding for the Weatherization Program and State Energy Program, costing \$1.4 billion over ten years.
- Establish a privately-managed Northeast Home Heating Oil Reserve and allocate \$100 million over 10 years.
- Use the Strategic Petroleum Reserve only in times of war or major disruption in supply, and propose "wake up" legislation requiring the Department of Energy to notify Congress when oil stocks are low.

To Make Energy Security a Priority of U.S. Foreign Policy, Governor Bush will:

- Promote the development of a "North American Energy Policy" with Canada and Mexico.
- Reestablish U.S. influence and credibility with oil-producing nations in the Persian Gulf.
- Promote development of energy resources in non-OPEC countries, such as the Caspian Sea Basin and Western and Southern Africa.
- Establish an annual meeting of G-8 Energy Ministers, or their equivalents, to encourage international energy cooperation.

EXECUTIVE SUMMARY

To Promote the Development of U.S. Oil and Gas Resources, and To Meet the Electricity Needs of the New Economy, Governor Bush will:

- Open only 8 percent of the Arctic National Wildlife Refuge to environmentally responsible exploration, which could replace the oil that the U.S. now imports from Iraq.
- Examine whether certain promising natural gas reserves in federal lands should be opened to environmentally responsible and regulated exploration.
- Improve the regulatory process to encourage more refining capacity.
- Require federal regulators to develop a comprehensive policy for approving pipelines.
- Invest \$2 billion over ten years to fund research in "clean coal" technologies, \$1 billion over ten years to establish clear rules to help efficient utilities purchase nuclear plants, streamline the re-licensing process for hydroelectric projects, and oppose the breaching of dams.
- Support federal legislation restructuring the electric utility industry.

To Protect the Environment and Develop Alternative Energy Sources, Governor Bush will:

- Propose legislation *requiring* electric utilities to reduce harmful emissions; in contrast, Vice President Gore has advocated only a voluntary program.
- Create the "Royalties Conservation Fund" by earmarking potentially billions in royalties from new oil and gas exploration in ANWR to fund conservation efforts.
- Earmark an estimated \$1.2 billion of bid bonuses from opening up ANWR for funding research into alternative energy resources.
- Support tax credits for electricity produced from renewable and alternative fuels at a cost of \$1.4 billion over ten years.

2051 Baxter Avenue
P.O. Box 27
Kaktovik, Alaska 99747

City of Kaktovik
Office of the Mayor

(907) 640-6313
(907) 640-6315
Fax (907) 640-6914

February 7, 2000

To: All residents of Kaktovik
Re: ANWR Survey

Dear Residents,

Here are the survey results that you helped us conduct. The survey was a questionnaire about what local people thought about the possible exploration and development for oil and gas in the Arctic National Wildlife Refuge. It tried to address the Kaktovik people's concerns about oil and gas development, wildlife and the environment and how each affects the other.

The survey was conducted between January 14, 2000 and January 28, 2000 in Kaktovik. There were sixty-eight (68) people who answered and returned the surveys. Thank you very much for your assistance. It's important that other people elsewhere know what the local people here think about their land. Some of the questions add up to more than 100% because some people checked more than one answer on those questions.

The results are also posted on the City's web site. Its address is: kaktovik.com. We hope that you also enjoyed the Kaktovik calendars. We plan on doing another calendar next year, so if you have some good, clear pictures that you would like to see included on the next calendar, please bring the pictures to the City Office. We'll scan them in and give them right back to you. Once again, thank you for your help on this survey.

Sincerely,



Lon Sonsalla, Mayor



*Results of the January 2000 survey of
Kaktovik residents regarding ANWR*

1. Do you participate in the harvest of whales, game and fish to sustain your diet?
 - 71% A. Yes. My family actively participates in all of the above.
 - 16% B. Yes. My family hunts game and fishes.
 - 4% C. Yes. My family participates in fishing.
 - 7% D. No. My family does not harvest whales, game or fish to sustain our diet.
2. Please estimate the percentage of your family's food that comes from the harvest of whale, game & fish.
 - 16% A. 100% — My family only consumes harvested game.
 - 34% B. 75% — My family eats mostly harvested game.
 - 24% C. 50% — My family eats some harvested game and purchases the rest.
 - 16% D. 25% — My family occasionally eats harvested game.
 - 7% E. 10% — My family eats harvested game when it is given to us.
 - 4% F. 0% — My family does not hunt or fish and we only eat food that is purchased.
3. What is the number one advantage of oil development on the North Slope?
 - 44% A. Improved schools
 - 35% B. Improved health care
 - 53% C. Improved job opportunities
 - 21% D. Improved recreation activities
 - 4% E. No advantage
 - 8% F. Other
4. The quality of life in Kaktovik will diminish if oil development ceases.
 - 31% A. Strongly agree
 - 40% B. Agree
 - 15% C. Neutral
 - 8% D. Disagree
 - 6% E. Strongly disagree
5. As government spending continues to decline, what public services do you fear most of losing?
 - 44% A. Municipal Services (running water, electrical service, sanitation, etc.)
 - 50% B. Health care
 - 16% C. Public Transportation
 - 35% D. Education
 - 7% E. Recreation activities
 - 6% F. Other
6. To what degree are you satisfied with the environmental practices of the oil industry on the North Slope?
 - 35% A. Very satisfied
 - 40% B. Somewhat satisfied
 - 18% C. Neutral
 - 4% D. Somewhat dissatisfied
 - 1% E. Very dissatisfied
7. Please mark the advantages and disadvantages you see of opening ANWR to oil and gas development.

Advantages:

 - 68% 1. More jobs for local people
 - 26% 2. Will stabilize the economy
 - 50% 3. Will help Kaktovik grow
 - 26% 4. More business opportunities
 - 13% 5. Other

Disadvantages:

 - 22% 1. Will increase population
 - 31% 2. May hurt wildlife
 - 25% 3. May hurt the environment
 - 46% 4. Increased alcohol and drug abuse
 - 5% 5. Other
8. If ANWR is not opened to oil and gas exploration, what other resources are available in Kaktovik that, if developed, will help sustain our economy?
 - 15% A. Coal
 - 35% B. Tourism
 - 38% C. Fishing
 - 44% D. Arts & Crafts
 - 15% E. Other
9. Based on your information about the Porcupine Caribou Herd, will oil development in ANWR diminish the herd's use of the core calving area?
 - 18% A. Yes. The caribou will go away.
 - 18% B. It might affect their use, but the oil companies can stop drilling during calving season.
 - 15% C. I don't know.
 - 15% D. More research is needed.
 - 41% E. No. The caribou will not be affected.
10. The coastal plain of the Arctic National Wildlife Refuge should be open to oil and gas exploration.
 - 43% A. Strongly agree
 - 35% B. Agree
 - 10% C. Neutral
 - 5% D. Disagree
 - 4% E. Strongly disagree

SCOMM

128:36

AMENDMENT #2

HJR 44

ALASKA NATURAL GAS PIPELINE ROUTE

Page 3 line 10 delete (and which right is not in S. 1766)

AMENDMENT #1

HJR 44

ALASKA NATURAL GAS PIPELINE ROUTE

Page 3, line 2 delete (S. 1766)

replace with the "Energy Policy Act of 2002",

22-LS1577\C
Chenoweth
2/28/02

*adopted
by committee for
work purposes*

CS FOR HOUSE JOINT RESOLUTION NO. 44(O&G)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE SPECIAL COMMITTEE ON OIL AND GAS

**Offered:
Referred:**

**Sponsor(s): HOUSE SPECIAL COMMITTEE ON OIL AND GAS BY REQUEST OF THE JOINT
COMMITTEE ON NATURAL GAS PIPELINES**

A RESOLUTION

**1 Strongly urging the President of the United States, the United States Congress, and
2 appropriate federal officials to support the construction and operation of the Alaska
3 Highway Natural Gas Pipeline route.**

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

**5 WHEREAS the Alaska North Slope (ANS) has the largest known, discovered natural
6 gas resources, estimated to be 35 trillion cubic feet, in the United States and estimated,
7 undiscovered gas resources in excess of 100 trillion cubic feet; and**

**8 WHEREAS demand for natural gas in the lower 48 states is expected to experience
9 record growth, rising from approximately 22 trillion cubic feet a year in 2000 to 30 - 35
10 trillion cubic feet a year in 2020, with some experts predicting demand to be as large as 50
11 trillion cubic feet a year in 2020; and**

**12 WHEREAS the lower 48 states have an inadequate resource base to meet this
13 expected demand and experts expect that more natural gas will have to be imported from
14 Canada and from other countries in the form of liquefied natural gas (LNG); and**

15 WHEREAS the near record drilling in the last two years in the lower 48 failed to

1 deliver any significant supply response and many experts are questioning whether other
2 United States frontier areas like the deepwater Gulf of Mexico will be able to deliver materi
3 new gas supplies and, therefore, more imports may be required than previously thought; and

4 **WHEREAS** it is important for the United States to have a reliable and affordable
5 source of domestic natural gas for its citizens and businesses, and for national security,
6 especially given the recent tragic events; and

7 **WHEREAS** energy supply disruptions have significant negative effect on the United
8 States economy, including the losses of tens of millions of United States jobs; and

9 **WHEREAS** if the United States imports significant amounts of LNG, it can be
10 subjected to the market power of the exporting country through mechanisms such as
11 embargos and price making; and

12 **WHEREAS** ANS is one of few known locations in the United States that can supply
13 significant natural gas supplies to the lower 48 for years to come; and

14 **WHEREAS**, given these supply and demand projections, several companies and
15 entities have been studying three different pipeline routes, including a "northern" route,
16 running off the shore of the Arctic National Wildlife Refuge in the Beaufort Sea to the
17 MacKenzie Delta and south through Canada to the lower 48; a "southern" route along the
18 Alaska Highway through Canada to the lower 48; and an "LNG" route adjacent to the Trans
19 Alaska Pipeline System pipeline to Valdez and LNG tankers for delivery to California; and

20 **WHEREAS**, in 1976, Congress passed the Alaska Natural Gas Transportation Act of
21 1976 (ANGTA) authorizing the President to select a route to transport natural gas from ANS
22 to the lower 48 and providing procedures to expedite the construction and operation of the
23 selected route; and

24 **WHEREAS**, in 1977, following lengthy public hearings and negotiations with
25 Canada, the President issued a decision ("President's Decision") choosing the southern route
26 and selecting the predecessor of a consortium of pipeline companies headed by Foothills Pipe
27 Lines, Ltd. ("Pipeline Companies") to construct and operate the Alaska segment of the
28 project; and

29 **WHEREAS** the Alaska Gas Producers Pipeline Team ("Producers") has proposed
30 new federal enabling legislation that they believe will expedite the construction and operation
31 of a natural gas pipeline from the ANS to the lower 48, including the possibility of a northern