

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 8672

1067 SCOMM 28: JOINT GAS PIPELINE COMMITTEE, 1981-82



Alaskan Newsline

Vol. 2, No. 2

Don Piper
Don Piper
Feb. 9, 1979

* SPECIAL ISSUE: PROJECT SCHEDULING *

Originally, the construction schedule for the Alaska Highway Pipeline Project called for planning and pre-construction activities in 1978 and 1979, with actual construction to commence in 1980 and service to begin after January 1, 1983.

These two years of planning and design activities were required to take the project through the complex and multi-layered procedures involved in obtaining the many permits from various government agencies, as well as all necessary regulatory approvals for a project of this magnitude. The Congress, cognizant of the inordinate amount of time routinely spent in processing these myriad permit and regulatory approvals, included in the Alaska Natural Gas Transportation Act of 1976 an expedited procedure for achieving all necessary government approvals in order to deliver North Slope gas at the earliest possible date.

Due initially to the delay in passage of the Natural Gas Policy Act of 1978, which included two vital provisions for the pricing treatment of Alaskan gas, the project's original schedule was set back by at least one year. Now, this delayed in-service date of late 1983 has incurred further slippage because of substantial delays encountered in dealings with the federal government.

At a January 9, 1979 meeting of the acting Executive Policy Board (EPB), created to oversee policy responsibilities for the project, project sponsors indicated that many necessary decisions and actions on items critical to forward movement of the pipeline project remain unresolved. They further stated that failure to effect prompt resolution has now caused a schedule delay to 1984. Northwest Alaskan Pipeline Company officials stated that they were in the process of drawing up check lists of critical items and dates when actions must be taken in order to keep the project on its current time schedule. (A partial listing of these check list items appears at the end of this newsletter.)

On January 17, company president, R.R. "Andy" Meyer forwarded these check lists to the EPB, stating, "We believe the (new) schedule is achievable if there is the requisite determination and dedication of resources by all concerned. For our part, we pledge ourselves to make a maximum effort. From the government, we seek a commitment to overcome obstacles and actively look for ways to help us get the job done."

In direct action to draw attention to this most critical issue of delay, with consequent cost increases of up to \$3 million a day, or \$1 billion a year, John G. McMillian, Chairman of Northwest Alaskan Pipeline Company, sent a letter complete with check lists to President Carter. McMillian affirms, "The Alaskan pipeline will be built. It is too important to this country for it not to be built. But you are entitled to know our problems and concerns, and I trust that it is not too presumptuous for us to bring to your attention significant problems which we have not been able to resolve otherwise."

Underscoring sponsors' dedication to achieve private sector financing for the project, McMillian outlined for the President some of the most pressing issues needing resolution:

- Federal government activities relating to design issues, and project permits and authorizations, must be coordinated and expedited.
- Federal Energy Regulatory Commission (FERC) proceedings relating to the variable rate of return, pending since May 1978, must be resolved in a manner consistent with the President's preference for private financing without further delay.
- FERC procedures to resolve gas processing/treating cost issues must be initiated and completed without further delay.
- The proposal to prebuild the Southern portions of the Alaskan system should receive prompt government approvals.

In order to achieve a 1984 completion date, an application for final certification should be filed with FERC in mid-1980. Included in that application must be a financing plan and final cost estimates. Issues awaiting resolution necessary to provide these two vital elements are the following:

- Basic decisions regarding gasline proximity to the oil line, and system pressure must be made by the federal government before the pipeline design can be finalized.
- Final cost estimates cannot be furnished until the basic design has been settled, and the basic right-of-way stipulations for general environmental, technical and construction standards are known.
- Full equity support for the necessary preconstruction work will not be forthcoming until the FERC implements a variable rate of return structure which permits reasonable assurance that a fair return will be permitted equity investors in the project.

Certainly one of the most important items in the regulatory arena, the resolution of which could lead to expedited treatment of other issues, is Congressional approval of a Limited Reorganization Plan defining relevant federal agency responsibilities. The plan also calls for the appointment (with the advice and consent of the Senate) of a Federal Inspector to coordinate the issuance of permits and supervise enforcement and compliance actions. This plan has not

yet been presented to the Congress for consideration. The present EPB members are operating only in 'acting' capacity due to this lack of Congressional approval and consequently cannot as yet provide clear and decisive direction to project sponsors on critical issues. Of paramount importance is the swift nomination and approval of a Federal Inspector to provide the centralized leadership necessary to reach expedited decisions on matters now pending as well as those which will arise during the next several months.

Vital to the interests of current and future equity investors is the resolution by FERC of the Incentive Rate of Return (IROR) mechanism, mandated by President Carter in his Decision and Report to Congress on the selection of an Alaskan gas transportation system. Recent FERC orders No. 17 and 17-A do establish components to be contained in an IROR mechanism, procedures for drawing up specific definitions and setting up parameters. They also contain language indicating FERC's awareness that uncertainty and delay are causing project sponsors concern regarding equity financing. But they do nothing to actually expedite matters. Accordingly, project sponsors intend to submit a petition in February in which they request a supplemental proceeding to provide the necessary framework to attract and sustain equity investment. The petition requests the commission to issue a rule-making establishing two essential criteria:

- a) The IROR mechanism will permit the Partnership to earn a rate of return neither greater nor less than that which is just and reasonable.
- b) The range of rates of return will constitute a "zone of reasonableness" (that is, set upper and lower limits), which will take into consideration both the need to attract capital and the need to protect consumers.

In order to obtain private financing in a time frame permitting project completion in 1984, these two issues must be settled by May 15, 1979. Project sponsors recognize that resolution of other essential parts of the IROR mechanism may be subjected to lengthy procedures and may cause equity investors to rethink current capital commitments. Therefore, in order to achieve timely financing objectives and provide a just and fair climate for positive project decisions to be made and carried out, these two interim considerations and favorable determinations are essential.

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CHECK LIST OF CRITICAL ITEMS

Listed below are many of the critical items which must be resolved by various government entities to ensure project completion in a timely and cost efficient manner:

Federal Energy Regulatory Commission

<u>Action</u>	<u>Required Date of Action in 1979</u>
1. Initiate proceeding to resolve scope change, inflation, & cost control issues relating to Incentive Rate of Return (IROR).	Early February

Federal Energy Regulatory Commission -- Cont'd.

<u>Action</u>	<u>Required Date of Action in 1979</u>
2. Initiate proceeding on project tariff based on: (a) tariff to be filed by sponsors and (b) report to Commission on tariff issues by FERC's Alaskan Delegate.	Early March
3. Initiate rulemaking to determine Project Risk Premium.	Early March
4. Issue final order implementing Sec. 110 of the Natural Gas Pipeline Act concerning production-related costs.	Mid-March
5. Issue final order on scope change, inflation, and cost responsibility issues relating to the Incentive Rate of Return.	Early April
6. Issue final order approving 1260 psig design pressure, 48-inch pipe diameter, and initial system capacity of 2.0 to 2.4 billion cubic feet per day.	Early May

Federal Government (Excluding FERC)

1. Advise Northwest Alaskan of Haines pipeline right-of-way availability, about 160 miles of which is planned to be coincident with the gas pipeline alignment. Responsibility: Executive Policy Board, Dept. of Interior, and General Services Administration.	Mid-February
2. Provisionally approve pipeline alignment, including resolution of proximity to TAPS as a "compatible use" of the right-of-way. Responsibility: Executive Policy Board, Dept. of Interior.	Mid-February
3. Definitively resolve issues concerning Northwest Alaskan's reimbursement of Department of the Interior expenses. Responsibility: Dept. of Interior.	Early March
4. Provide definitive statement concerning any restrictions or special conditions to be imposed on right-of-way acquisition or construction in Tetlin Wildlife Refuge, recently withdrawn by Public Land Order 5653. The statement should also cover any other areas on or adjacent to the proposed pipeline alignment. Responsibility: Dept. of Interior.	Mid-March

Federal Government (Excluding FERC -- Cont'd.)

<u>Action</u>	<u>Required Date of Action in 1979</u>
5. Advise Northwest Alaskan of proposed contractual terms for Agreement and Grant of Right-of-Way for Federal lands in Alaska. In addition, specify what, if any, stipulations or other requirements are planned other than those worked out with the Executive Policy Board. (For cost estimation and to obtain financing, it will be important to avoid open-ended provisions or other sources of uncertainty, delay, or potential cost escalation.) Responsibility: Dept. of Interior.	Mid-March
6. Nominate the Federal Inspector. Responsibility: The White House.	Mid-March
7. Issue <u>final</u> stipulations covering general, environmental, and technical matters. Responsibility: Executive Policy Board/ Federal Agencies.	Late March
8. Approve the Limited Reorganization Plan. Responsibility: U.S. Senate & House.	Mid-April
9. Confirm the Federal Inspector. Responsibility: U.S. Senate	Mid-April

Federal Government Check List
For Prebuilding (Canadian Imports) Elements

1. Resolve, with finality, Incentive Rate of Return issues for Eastern U.S. leg, including the rate of return zone, scope change procedures, and inflation adjustments. Responsibility: FERC.	Mid-May
2. Issue Final Certificates of Convenience and Necessity for the Western and Eastern legs, which necessitates prior approval of the Overall Management Plans by the Federal Inspector per the President's Decision. <u>Responsibility: FERC.</u>	Late June

State of Alaska
Check List of Critical Actions

<u>Action</u>	<u>Required Date of Action in 1979</u>
1. Provisionally approve pipeline alignment on State lands, including joint use of rights-of-way and permit areas with TAPS as a "compatible use."	Mid-February
2. Advise Northwest Alaskan of proposed contractual terms for Right-of-Way Lease for State-owned lands. This should include a complete statement of all liabilities and obligations that Northwest Alaskan would be asked to assume. It should be accompanied by a complete listing of any limitations or requirements that would be imposed in the form of stipulations attached to the lease or to any permits issued by the State. (This information is essential for the project's cost estimate and for obtaining equity support for the project).	Mid-March
3. Provide Northwest Alaskan with a draft of proposed terms for joint surveillance and monitoring agreement with the Federal Government.	Mid-March
4. Issue final stipulations covering general, environmental, and technical matters.	Late March

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Alaskan Pipeline

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FOR IMMEDIATE RELEASE

EPA GRANTS AIR, WATER PERMITS FOR
ALASKAN GAS CONDITIONING FACILITY

SALT LAKE CITY, March 15 -- A key regulatory decision advancing the Alaska Natural Gas Transportation System was received recently when the Environmental Protection Agency (EPA) granted air quality and water discharge permits for the Alaska Gas Conditioning Facility to be built at Prudhoe Bay, Alaska.

The EPA's Seattle regional office on March 12 issued Prevention of Significant Deterioration (PSD) and National Pollutant Discharge Elimination System (NPDES) permits to Northwest Alaskan Pipeline Company for the construction and operation of a plant to condition gas on the North Slope for transportation through the Alaska gas pipeline to the lower 48 states.

These permits, representing more than 15 months of preparatory work by project sponsors, will enable the company to request proposals for the purchase of gas turbines, generator and compressor units and water treatment equipment to be installed at the plant.

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After a thorough analysis of data submitted by the company, EPA determined under guidelines of the Clean Air Act that conditioning plant construction and the use of natural gas fueled turbines, totalling roughly 600,000 h.p. and employing the best available control technology, will not cause significant deterioration of the air quality. Similarly EPA determined, pursuant to the Federal Water Pollution Control Act, that a proposed treatment process for the discharge of up to 150,000 gallons of waste water per day is in compliance with established standards.

The Alaska Gas Conditioning Facility will be built at the Prudhoe Bay field adjacent to an existing central compressor plant, near a barge causeway and dock head. Approximately 200 prefabricated modules will be moved by barge-lift from west coast ports to the site during the three major construction seasons.

Northwest Alaskan, a wholly-owned subsidiary of Northwest Energy Company, Salt Lake City, is operating partner for a consortium of ten natural gas companies and three Prudhoe Bay gas producers responsible for the design and engineering of the Alaskan segments of the 4,800-mile Alaska Natural Gas Transportation System.

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From: Northwest Alaskan Pipeline Company
701 Douglas Avenue
Fairbanks, Alaska 99701

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Done in Washington, D.C. on August 28, 1981.

Peter F. Cole,

Secretary, Federal Crop Insurance Corporation.

Dated: August 28, 1981.

Approved:

Melvin E. Sims,

Chairman.

[FR Doc. 81-25091 Filed 9-1-81; 8:45 am]

BILLING CODE 3410-08-M

Forest Service

North Kaibab Grazing Advisory Board Meeting

The North Kaibab Grazing Advisory Board will meet at 1:00 P.M., Tuesday, October 6, 1981, at the Conconino County Building, Fredonia, Arizona.

The purpose of this meeting is:

1. Development of Allotment Management Plans.
2. Utilization of Range Betterment Funds.

The meeting will be open to the public. Persons who wish to attend should notify: Forest Supervisor, Kaibab National Forest, 800 South 6th Street, Williams, Arizona 86046. Telephone: (602) 635-2681.

Those attending may express their views when recognized by the chairman.

Dated: August 27, 1981.

Leonard A. Lindquist,

Forest Supervisor.

[FR Doc. 81-25097 Filed 9-1-81; 8:45 am]

BILLING CODE 3410-11-M

Packers and Stockyards Administration

Farmers Live Stock Exchange, Inc., Boonsboro, Maryland, et al.; Deposting of Stockyards

It has been ascertained, and notice is hereby given, that the livestock markets named herein, originally posted on the respective dates specified below as being subject to the Packers and Stockyards Act, 1921, as amended (7 U.S.C. 181 *et seq.*), no longer come within the definition of a stockyard under said Act and are, therefore, no longer subject to the provisions of the Act.

Facility No.	Name, and location of stockyard	Date of posting
2	The Farmers Live Stock Exchange, Inc., Boonsboro, Maryland.	Oct. 14, 1959.
	Dukes Stockyard, Inc., Eden, Maryland.	Dec. 12, 1966.
	Melcor Stables, Inc., Capitol Heights, Maryland.	July 18, 1975.

Facility No.	Name, and location of stockyard	Date of posting
NC-104	Nonwood Stock Yard, Inc., Charlotte, North Carolina.	Apr. 1, 1959.
NC-109	Franklin Livestock Auction, Franklin, North Carolina.	Apr. 3, 1959.
NC-110	D. F. Foust Livestock Auction Market, Inc., Greensboro, North Carolina.	Apr. 7, 1959.
NC-111	Greenville Live Stock Sales, Greenville, North Carolina.	Apr. 30, 1959.
NC-112	Jamari Stables, Greenville, North Carolina.	May 15, 1957.
NC-115	Kinston Stockyards, Kinston, North Carolina.	May 13, 1959.
NC-120	Shelby Stockyards, Shelby, North Carolina.	Apr. 1, 1959.
VA-129	Petersburg Livestock Market, Petersburg, Virginia.	Mar. 9, 1959.
VA-151	Abingdon Livestock Market, Inc., Abingdon, Virginia.	Aug. 10, 1978.
WV-113	Point Pleasant Livestock Co., Inc., Point Pleasant, West Virginia.	Nov. 5, 1959.

Notice or other public procedure has not preceded promulgation of the foregoing rule. There is no legal justification for not promptly deposting a stockyard which is no longer within the definition of that term contained in the Act.

The foregoing is in the nature of a change relieving a restriction and may be made effective in less than 30 days after publication in the Federal Register. This notice shall become effective upon September 2, 1981.

(42 Stat. 159, as amended and supplemented: 7 U.S.C. 181 *et seq.*)

Done at Washington, D.C., this 28th day of August 1981.

Jack W. Brinckmeyer,

Chief, Financial Protection Branch, Livestock Marketing Division.

[FR Doc. 81-25091 Filed 9-1-81; 8:45 am]

BILLING CODE 3410-02-M

OFFICE OF THE FEDERAL INSPECTOR FOR THE ALASKA NATURAL GAS TRANSPORTATION SYSTEM

Approval of Affirmative Action Plan

On August 13, 1981, the Federal Inspector, John T. Rhett, approved the Alaska Northwest Natural Gas Transportation Company's Affirmative Action Plan for employment and procurement activities on its segment of the Alaska Natural Gas Transportation System (ANGTS).

On May 12, 1980, the Equal Opportunity Regulations (43 CFR Part 34) for ANGTS became effective. These regulations were promulgated to carry out the requirements of Section 17 of the Alaska Natural Gas Transportation Act and Condition 11 of the President's Decision, directing Federal Officers and agencies to take affirmative action to ensure that no person will be excluded on the grounds of race, creed, color, national origin, or sex from participating

in ANGTS-related activities. Section 34.8(a)(1) of the Regulations, 43 CFR 34.8(a)(1), requires project sponsors to have acceptable affirmative action plans approved by the Federal Inspector.

Alaska Northwest's Affirmative Action Plan contains the following goals for minority and female employment and procurement:

1981 Employment Goals

	Minority (percent)	Female (percent)
Officials and managers	7.8	12.7
Professionals	9.4	8.7
Technicians	12.8	9.4
Clerical	23.0	45.6
Craft	14.9	2.9
Operatives	17.3	3.3
Laborers	21.5	5.5

The plan contains employment goals for each year through completion of construction. However, the goals were based upon 1985-1986 project completion, the outyear goals will have to be revised to reflect the new schedule (the project schedule has slipped at least one year).

Procurement

The plan projects Minority Business Enterprise (MBE)/Female Business Enterprise (FBE) goals on an annual basis throughout construction. The goals are firm for 1981, and projected for later years. The dollar goals are given in 1980 dollars and are based on a project cost estimate that is being reviewed by the Federal Energy Regulatory Commission. A detailed chart showing the contractable opportunities and goals is contained in the affirmative action plan. Because this chart was based upon a 1985-1986 project completion date, the specific out-year opportunities and goals will have to be revised to reflect the new schedule. A summary of the goals is given below:

Year	Contractable opportunities (dollars)	MBE/FBE (millions)
Pre 1981	\$150	\$15
1981	208	135
Outyears (1982-completion)	4,464	430
Totals	4,842	480

¹ Minority businesses—\$31 million or 15 percent of contractable opportunities. Female businesses—\$4 million or 2 percent of contractable opportunities.

For Further Information Contact: Mr. John Alexander, Director, Equal Employment Opportunity/Minority Business Enterprise, Office of the Federal Inspector (ANGTS), Room 3212, Post Office Building, 1200 Pennsylvania Ave., NW, Washington, D.C. 20044 (202) 275-0582.



Alaskan Pipeline

Contact: J.N. Vallery, (801) 534-3531 or
Kathleen Kelly-Dyer, (907) 451-1000

FOR IMMEDIATE RELEASE

ANGTS WAIVER PACKAGE IS APPROVED BY HOUSE

WASHINGTON, D.C., Dec. 9 -- The House of Representatives, by a vote of 233 to 173 today approved a waiver of law designed to remove government obstacles hindering development of a private sector financing plan for the Alaska Natural Gas Transportation System (ANGTS).

The U.S. Senate previously approved the Administration-backed measure on November 19 by a vote of 75 to 19.

"We are delighted with the strong showing of bipartisan support for the ANGTS," said John G. McMillian, chairman and chief executive officer of Northwest Alaskan Pipeline Company, principal U.S. sponsor of the proposed 4,800-mile pipeline system that will extend from the North Slope of Alaska through Canada to the lower 48 states.

"The approval granted today was essential for private financing of the project. It significantly strengthens our financial base by allowing equity participation in the project by the major Prudhoe Bay gas producers -- Exxon, Arco and Sohio," McMillian said.

The waiver package also permits the inclusion of a North Slope Alaska gas conditioning plant as an integral part of the ANGTS; authorizes the Federal Energy Regulatory Commission (FERC) to approve at its discretion a tariff that will provide lenders with sufficient assurances of repayment of funds needed for private financing; and

allows for expedited treatment of remaining federal regulatory approvals.

The Next Step

According to McMillian, "Passage of the waiver package now permits us to move forward with our transmission company partners, the North Slope gas producers and the major banks to forge a definitive private financing plan."

Development of such a plan, he said, will require "a cooperative and concerted effort on the part of the oil and gas industry participants, plus the strong support of the domestic and international financial community."

A number of leading U.S. banks testified in favor of the waiver package as a means of facilitating private financing, he said.

Project Benefits

McMillian said the U.S. has much to gain from the project. "The Alaska Natural Gas Transportation System will provide American gas consumers with access to the nation's largest proven reserve of natural gas. The 26 trillion cubic feet of gas already known to exist at Prudhoe Bay represents more than 13 percent of America's known supplies. Further, Alaska has a potential of between 100 and 200 trillion cubic feet of additional gas reserves," he said.

"Having such a reliable supply of domestic energy will reduce the risk of future energy shortages and strengthen national security by limiting U.S. vulnerability to foreign oil embargo," McMillian said.

"The ANGTS not only will provide a dependable long-term energy alternative to OPEC oil, but also stimulate exploration and development of vast additional reserves in Alaska and create thousands of jobs for U.S. workers," he said.

The Alaska Natural Gas Transportation System will have an initial capacity of 2 billion cubic feet of gas per day, enough energy to displace approximately 400,000 barrels of imported oil each day for the next 25 to 30 years.

The 745-mile Alaska segment of the project will be built and operated by a consortium of ten U.S. and Canadian natural gas companies called the Alaskan Northwest Natural Gas Transportation Company. Northwest Alaskan Pipeline Company, a wholly-owned subsidiary of Northwest Energy Company of Salt Lake City, Utah, is the operating partner for the consortium.

Other members are subsidiaries of: Pacific Gas & Electric Company, San Francisco, California; Pacific Lighting Corporation, Los Angeles, California; InterNorth, Inc., Omaha, Nebraska; Panhandle Eastern Pipe Line Company, United Gas Pipe Line Company and Texas Eastern Corporation, all of Houston, Texas; American Natural Resources Company, Detroit, Michigan; Columbia Gas System, Inc., Wilmington, Delaware; and TransCanada PipeLines, Ltd., Toronto, Ontario.

In addition, the major Alaskan North Slope gas producers, Exxon Corporation, Atlantic Richfield Company and The Standard Oil Company (Ohio), have agreed to participate in financing the Alaskan segment.

From: Northwest Alaskan Pipeline Co.
701 Douglas Avenue
Fairbanks, Alaska 99701

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Alaskan Newsline

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August 1, 1980

**** HIGHLIGHTS ****

PREBUILD CONSTRUCTION BEGINS. . . '81 DATE SET FOR WESTERN DELIVERIES. . . CANADA ACCEPTS U.S. ASSURANCES. . . DESIGN AND ENGINEERING BOARD ESTABLISHED FOR PIPELINE, PLANT.

PREBUILD CONSTRUCTION BEGINS: Construction has begun on southern portions of the Alaska Natural Gas Transportation System according to John G. McMillian, chairman and chief executive officer of Northwest Alaskan Pipeline Company, principal U.S. sponsor of the gasline project.

All of the necessary regulatory and government approvals in both the U.S. and Canada have been granted for early construction, or "prebuilding", of selected portions of the system in advance of the Alaska segment to deliver surplus Canadian gas to U.S. markets.

The portions to be prebuilt are integral parts of the overall Alaska system. Construction of approximately 1,500 miles of pipeline in the U.S. and Canada segments will make up about 30 percent of the entire 4,800-mile system. The U.S. sections, to be built at a cost of approximately \$1.5 billion, comprise the largest pipeline project ever constructed in the lower 48 states.

The prebuilt portion will transport more than one billion cubic feet of Alberta gas per day for six full years to the U.S. markets. Up to 300 million cubic feet per day will be delivered to Southern California through the western delivery system, and approximately 800 million cubic feet per day will be transported through the U.S. eastern leg, or Northern Border Pipeline, for markets in the midwest, south and east.

"In future years, consumers will benefit from substantially lower transportation costs when the completed system carries both Canadian and Alaskan gas," McMillian said.

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'81 DATE SET FOR WESTERN DELIVERIES: The U.S. western delivery system will be comprised of 160 miles of 42-inch diameter pipeline looped to the existing Pacific Gas Transmission Company (PGT) system between Kingsgate, British Columbia and Stanfield, Oregon, and expansion of existing facilities of Northwest Pipeline Corporation and El Paso Natural Gas Company in Oregon, Idaho, Colorado and New Mexico. Completion of the U.S. western delivery system is set for the summer of 1981.

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Northwest Pipeline will be adding some 351 miles of pipeline to its system between Stanfield, Oregon, where it interconnects with the PGT system, and a point 14 miles east of Burley, Idaho. The company has placed an order with Kaiser Steel Company in California for approximately 70,000 tons of coated steel pipe at an estimated cost of \$52 million. Included in the order is approximately 100 miles of 30-inch diameter pipe (25,000 tons) and about 251 miles of 24-inch pipe (44,700 tons).

On July 29, the Northern Pipeline Agency issued Foothills Pipe Lines, formal notice to proceed with construction in Canada. The company began immediately to clear a right-of-way of approximately 130 miles between Caroline Junction, Alberta, and Kingsgate, British Columbia. The western Canadian portion is expected to be completed by the end of this year.

Northern Border Pipeline Company also expects to begin construction this year of the prebuild portions of the U.S. eastern leg, consisting of 821 miles of 42-inch diameter pipeline.

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REGULATORY APPROVALS FALL IN PLACE: The Federal Energy Regulatory Commission (FERC) set the stage for early construction of the U.S. segments in June when it approved the western delivery system and issued a final order approving the Northern Border prebuild segment. Canadian government approval of the prebuild plan and authorization of the required gas exports came on July 17, 1980.

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WHITE HOUSE HOLDS PREBUILD BRIEFING: Following the July 17 Canadian approval, a special briefing was held at the White House by Stuart Eizenstat, Assistant to the President, John Sawhill, Deputy Secretary of Energy, and Les Goldman, Assistant Secretary of Energy for International Affairs.

A statement issued by President Carter expressed the U.S. government's appreciation that Canada "announced its willingness to move forward on this vast project by approving the construction of the first major segment of what is intended eventually to be a 4,800-mile pipeline from Prudhoe Bay in Alaska...to the heartland of the United States.

The President referred to a letter he had sent to Canada's Prime Minister Trudeau in which he expressed confidence, "that this project will be carried forward to completion and become an example to the world of how international cooperation can serve the common energy needs of both partners.

"The pipeline is one of the most complex and demanding energy ventures ever undertaken," he said. "When completed, it will be a major element in our transition to a more diversified and secure energy economy."

Eizenstat and Sawhill called the Alaska natural gas pipeline, "one of the most significant parts of our program for national energy security."

Sawhill also acknowledged that the project represents "a major opportunity to reduce our dependence on foreign oil...it will enable us, when the entire system is complete, to displace 400,000 barrels a day of imported oil; and when the pre-

build portion is complete, we will be in a position to displace 200,000 barrels a day of imported oil from insecure sources."

Goldman explained the advantage of the project in lowering costs to consumers. "The largest piece of the cost would be the transportation. Given the major investment involved, it's going to fall very rapidly as the pipeline is depreciated, so as world oil prices are rising and the transportation costs are falling, it's a very good investment for the United States," he said.

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CANADA ACCEPTS U.S. ASSURANCES: The U.S. was able to satisfy Canada that the project, once begun, will be completed. The Canadian Cabinet was provided assurances in the form of a joint Congressional resolution, producer-sponsor agreements to fund final design and cost estimation and to negotiate a private financing plan, and letters from President Carter and other government officials that the U.S. government is prepared to support all necessary executive and legislative measures for timely completion of the overall system.

Following approval by the Canadian government, Senator H. A. (Bud) Olson, Minister responsible for the Northern Pipeline Agency (Canadian counterpart to the U.S. Office of the Federal Inspector) told the Canadian people, "Given the nature of the U.S. assurances, the government has decided there is minimal risk of non-completion or long delay in the construction of the entire Alaska Highway Gas Pipeline System. On the other hand are the very substantial benefits that pre-building will provide facilitating completion of the entire project and immediate return to Canada in terms of jobs, output, producer revenues and balance of payment inflows. I do not believe there can be any doubt that our national interest lies in proceeding with this important undertaking at the earliest possible date."

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PREBUILD BENEFITS: Early construction of portions of the eastern and western legs of the overall Alaskan system has significant advantages for the project as a whole. First, the transportation cost of Alaskan gas will be less because: (a) earlier installation of facilities in the U.S. and Canada will avoid higher inflationary costs; and (b) earlier depreciation of facilities will result in a reduction of the rate base and cost of service when Alaskan gas comes on stream. Further, the total construction program for the Alaska gasline system will be spread out over a greater period of time, which will lessen the impact of the project on availability of labor, materials and capital.

The benefits to Canada of increased gas exports and the related prebuild construction effort, including production wells, conditioning plants and gathering and pipeline facilities, involves direct capital expenditures of approximately \$1.6 billion (Can.), providing an estimated 150,000 man-years of employment between 1980 and 1984.

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DESIGN AND ENGINEERING BOARD ESTABLISHED FOR PIPELINE, PLANT: Alaskan North Slope gas producers and U.S. pipeline sponsors of the Alaska Natural Gas Transportation System have established a Design and Engineering Board and three Advisory Committees for the joint entity created June 19, 1980, for the continued design and engineering of the Alaska gas pipeline and conditioning plant.

John G. McMillian is Chairman of the Design and Engineering Board.

Others elected to positions by the Board are: Kenneth E. Kalen, Panhandle Eastern Pipe Line Company (co-chairman); E. M. Benson, Jr., Atlantic Richfield Company (vice chairman); Harry L. Lepape, Pacific Interstate Transmission Company (secretary); and Robert W. Reed, Panhandle Eastern Pipe Line Company (assistant secretary).

Also serving on the Board are: Fred C. Ackman, Exxon Company, U.S.A.; Frank E. Mosier, The Standard Oil Company (Ohio); Gordon Severa, InterNorth, Inc.; D. Lamar Smith, United Gas Pipe Line Company; John A. Sproul, Pacific Gas & Electric Company; and James J. Trebilcott, American Natural Resources Company.

The State of Alaska is also represented on the board in a non-voting capacity by Lt. Governor Terry Miller.

The three Advisory Committees are: A Technical Committee, to be chaired by Luke D. Legg, Northwest Alaskan; an Audit Committee, chaired by A. O. Hinkle, Exxon; and an Accounting Committee, chaired by Vint L. Wolfe, Northwest Alaskan.

The board also approved a preliminary budget of approximately \$12 million for the remainder of 1980 for design and engineering work on the conditioning plant which will prepare the North Slope gas for transportation through the planned 4,800-mile pipeline system. This amount is in addition to the previously authorized 1980 budget of approximately \$127 million for design and engineering of the Alaska segment of the pipeline system.

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Alaskan Newsline

Vol. 3, No. 6

September 30, 1980

HIGHLIGHTS

ALASKAN NORTHWEST ANNOUNCES FOUR NEW PARTNERS
. . . WELD CEREMONY COMMEMORATES CANADIAN GAS-
LINE CONSTRUCTION. . . NORTHWEST PIPELINE BEGINS
CONSTRUCTION ON WESTERN DELIVERY SYSTEM. . .
EXECUTIVE POLICY BOARD MEETING HELD IN ALASKA
. . . FERC HOLDS ALASKAN COST ESTIMATE CONFER-
ENCES. . . INTERIOR SUBMITS RIGHT-OF-WAY GRANT
TO CONGRESS. . . AFFIRMATIVE ACTION PLAN SUB-
MITTED TO FEDERAL INSPECTOR. . . TEMPORARY WORK
CAMPS IN ALASKA ARE IN OPERATION. . . ALASKAN
NATIVES TOUR COMPRESSOR STATION.

ALASKAN NORTHWEST ANNOUNCES FOUR NEW PARTNERS: The Alaskan Northwest Natural Gas Transportation Company announced at the end of August the addition of four natural gas transmission companies to the consortium which will build and operate the 743-mile Alaskan segment of the Alaska Highway Natural Gas Pipeline Project.

Columbia Alaskan Natural Gas Transmission Corporation joined the partnership August 25. Columbia Alaskan is a wholly-owned subsidiary of the Columbia Gas System, Inc., Wilmington, Delaware, which has the right to purchase up to 5.6 trillion cubic feet of North Slope gas owned by Sohio Natural Resources Company and BP-Alaska, Inc. The Columbia System currently supplies natural gas to 4 million customers in seven midwestern and mid-Atlantic states.

On August 28, eastern Canada's largest natural gas transmission company, TransCanada PipeLines, Ltd., of Toronto, Ontario, joined the consortium through a wholly-owned subsidiary, TransCanada Pipeline Alaska, Ltd. Unlike the U.S. companies in the consortium, TransCanada will not be a shipper of Alaskan gas, but views the project as an excellent investment opportunity.

Two additional U.S. companies joined the partnership August 29. The first, Tetco Four, Inc., is a corporation whose stock will be owned 50 percent each by Texas Eastern Transmission Corporation and Transwestern Pipeline Company. Both are wholly-owned subsidiaries of Texas Eastern Corporation, Houston, Texas. Texas Eastern and Transwestern have executed letters of understanding with ARCO Oil and Gas Company for the purchase of a total of 20 percent of ARCO's Prudhoe Bay natural gas production. Texas Eastern Corporation is a diversified energy company whose pipeline systems supply natural gas to the east and west coasts.

(more)

The second company, Texas Gas Alaska Corporation, is a wholly-owned subsidiary of Texas Gas Transmission Corporation, Owensboro, Kentucky. Texas Gas has the right to purchase 12 percent of the natural gas production from ARCO Oil and Gas Company's interest in the Prudhoe Bay field. The existing Texas Gas system provides natural gas supplies to 90 distribution companies serving 554 communities in the central U.S.

John G. McMillian, chairman of Alaskan Northwest's Board of Partners, said, "These four new companies are a most beneficial addition to the Alaska Highway Pipeline Project and we welcome their participation. With the addition of these new partners," McMillian continued, "every U.S. company that has contracted for North Slope Alaskan gas is now a part of our project." (A map of the U.S. partners' existing pipeline systems to deliver Alaskan gas to lower 48 markets is on page 8.)

The Alaskan Northwest Natural Gas Transportation Company is now comprised of eleven partners whose combined assets total over \$35 billion. With respect to consolidated sales, eliminating inter-company sales and excluding TransCanada, the Alaskan consortium represents about 38% of total U.S. natural gas consumption. Other members of the consortium are subsidiaries of: American Natural Resources Company, Detroit; Internorth Inc., Omaha; Panhandle Eastern Pipe Line Company, Houston; United Gas Pipe Line Company, Houston; Pacific Lighting Corporation, Los Angeles; Pacific Gas & Electric Company, San Francisco; and Northwest Energy Company, Salt Lake City. The Northwest Energy subsidiary, Northwest Alaskan Pipeline Company, is the operating partner for the consortium.

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WELD CEREMONY COMMEMORATES CANADIAN GASLINE CONSTRUCTION: On September 27, representatives of the Canadian and U.S. governments and project sponsors attended a commemorative weld ceremony at Burton Creek, Alberta, marking the beginning of construction of the western Canadian portion of the Alaska Highway Pipeline Project. Foothills Pipe Lines (Yukon) Ltd., sponsor of the project's Canadian segment, hosted the ceremony.

The western Canadian segment will be comprised of 132 miles of 36-inch diameter looped line between James River, Alberta, and Kingsgate, British Columbia. When completed, this portion of the pipeline will tie into the U.S. western delivery system (see below).

Attending the ceremonies at Burton Creek were: R. L. Pierce, president and chief executive officer of Foothills; S. R. Blair, chairman of the Board of Partners of Foothills; Sen. H. A. Olson, (Federal) Minister Responsible for Canada's Northern Pipeline Agency; E. C. Phillips, chairman and chief executive officer for Westcoast Transmission Company, Vancouver; C. G. Edge, acting chairman of Canada's National Energy Board; John Stabbach, former chairman of the National Energy Board; and the Hon. Mitchell Sharp, Commissioner of Canada's Northern Pipeline Agency. Also attending were John Rhett, the Federal Inspector for the U.S. portions of the gasline project; and John Adger, of the Federal Energy Regulatory Commission's Alaska Gas Pipeline Project Office, as well as representatives from Northwest Alaskan and other U.S. project sponsors.

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NORTHWEST PIPELINE BEGINS CONSTRUCTION ON WESTERN DELIVERY SYSTEM: September 3 marked the start of construction of 351 miles of looped pipeline, as well as additional compression, along Northwest's existing rights-of-way in Oregon and Idaho as part of the western delivery system of the Alaska Highway Natural Gas Pipeline Project.

The 351-mile project extends from Stanfield, Oregon, to a point 14 miles east of Burley, Idaho, and will consist of 24-inch and 30-inch diameter pipe with additional compressor units installed at Baker, Oregon (2,000 horsepower), and at Caldwell, Idaho (1,500 horsepower).

The early construction phase of the western leg of the project is authorized to transport up to a daily average of 300 million cubic feet of gas from Alberta, Canada, to consumers in southern California. The approved route for the western leg prebuild phase also involves installation of 160 miles of new 36-inch diameter pipeline on Pacific Gas Transmission Company's existing rights-of-way between the Canadian border and Stanfield, Oregon, where it will connect with the expanded Northwest Pipeline system.

The first segment of the Northwest Pipeline expansion is scheduled for completion in January 1981, and the full project is scheduled to be completed in late summer 1981. Ownership of the new Oregon-Idaho facilities is shared, with Northwest Pipeline owning 70 percent and Pacific Interstate Transmission Company, purchaser of the Canadian volumes, owning 30 percent.

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EXECUTIVE POLICY BOARD MEETING HELD IN ALASKA: The Executive Policy Board (EPB) held its meeting in Fairbanks, Alaska on September 9 and heard comments from several Northwest Alaskan Pipeline Company officials on the status of the gasline project. The EPB is a Federal interagency advisory group established by the President to advise the Federal Inspector on policy matters and enforcement actions concerning the project.

The company gave a presentation on the status of its affirmative action planning and results to date, and reported that from January-July of this year, Northwest has awarded or committed awards of \$10.02 million to firms identified as Minority Business Enterprises (MBE) or Female Business Enterprises (FBE). The value of prime contracts involving MBE/FBE participation (January-July) totals \$29.5 million. Northwest said that "the minority hiring in these contracts is substantial."

The company reported it had contracted with Dr. David Reaume, former chief economist with the State of Alaska Department of Commerce and Economic Development, to develop statistical data on minority representation in the population and workforce that the company needed for its Affirmative Action Plan, which has been developed to facilitate Equal Employment Opportunity (EEO) and MBE/FBE contracting.

Northwest officials also gave a presentation before the EPB on the status of socioeconomic activities in Alaska. The company expressed the need for final state socioeconomic stipulations to be attached to the state's right-of-way lease and stated that the absence of agreed upon guidelines is an impediment to socioeconomic planning.

Northwest added that a major focus of its socioeconomic planning will be in communities near the proposed gasline route, particularly those between Delta Junction and the Canadian Border.

Company representatives noted that the gas pipeline will not be the only major energy-related construction project in Alaska between now and 1985. Although the gasline will be the largest, they expressed that it should not be the only project which has to meet socioeconomic requirements. They suggested that the involvement of planners from other projects will better enable industry to work cooperatively with government to the benefit of the people of the state.

The EPB is made up of representatives of the Departments of Labor, Agriculture, Energy, Transportation, and Interior; the Army Corps of Engineers, Federal Energy Regulatory Commission, and the Environmental Protection Agency. They assess, at least every six months, progress made and problems encountered in constructing the gasline system and make necessary recommendations to the Federal Inspector. Their goal is to facilitate construction of the gas pipeline system in a timely, cost efficient manner without undue environmental damage.

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FERC HOLDS ALASKAN COST ESTIMATE CONFERENCES: As previously reported (see Alaskan Newsline Vol. 3, No. 4), project sponsors submitted an application July 1 to the Federal Energy Regulatory Commission (FERC) for a certificate of public convenience and necessity to construct and operate the 743-mile Alaskan segment of the Alaska Highway Natural Gas Transportation System. In an August 1 order pursuant to the application, FERC reviewed the main points on which project sponsors have requested approval. These included the Certification Cost Estimate (CCE) and establishment of the center point for the incentive rate of return (IROR) determination, permission to use the indices in the Project Labor Agreement for deflation of direct construction labor costs, and actual third-party monitoring costs.

The Commission agreed with project sponsors' request to "utilize notice and comment procedures, rather than adjudication, to resolve these particular matters."

The Commission recognized that, although certain of the matters relating to final certification are pending, such as the marketability of Alaskan gas, and the relationship of project costs to those stated in the President's Decision and Report to Congress, other outstanding matters relating to the IROR mechanism for the Alaskan segment must be resolved as expeditiously as possible. Therefore, the Commission is instituting a special series of technical conferences to assist in this determination.

Chairing the conferences will be John Adger, head of FERC's Alaska Gas Project Office (the Alaskan delegate). Richard Berman, Director of the Division of Audit and Cost Analysis of the Office of the Federal Inspector, will co-chair the conferences.

In conjunction with the Commission's August 1 notice, a procedural conference was held September 3-5 at FERC offices in Washington, D.C., where the Alaskan delegate discussed the handling of major design issues which could materially

affect the cost estimate, and the possible cost consequences of resolution of those issues. Project sponsors consider the pipeline design contained in their July 1, 1980 filing to be a valid basis for considering the CCE, with the two exceptions discussed at the September 3-5 conference. These are changes in the pipeline route necessitated by the proposed DOI grant of right-of-way, and consideration of tunnelling rather than traversing the Atigun Pass. Northwest Alaskan is working to provide the Alaskan delegate with this new design and cost information prior to a final and complete review of the certification cost estimate for the project.

Project sponsors hope that all procedural matters are expedited in connection with reviewing the certificate application and have indicated that the cost and design information required on the above outstanding design issues should be available in October.

All parties are proceeding with an initial series of technical conferences to clarify and resolve the issues, beginning on a bi-weekly basis at the project management contractor's location in Irvine, California. On September 16-17, Northwest Alaskan briefed FERC staff on all the existing components of the CCE. The first technical conference will take place on September 30.

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INTERIOR SUBMITS RIGHT-OF-WAY GRANT TO CONGRESS: On August 19, the Department of Interior (DOI) submitted the project sponsors' proposed right-of-way grant to the jurisdictional congressional committees for review. In an accompanying letter, DOI's Assistant Secretary for Land and Water Resources, Guy Martin, requested a waiver of the 60-day congressional review period called for in the Mineral Leasing Act of 1920. Martin referred to "the national interest in expediting" the gasline project, and stated that the existence of the Federal Inspector in a monitoring capacity and the "benefits of the FERC certification process" obviate the need to hold up approval pending receipt of "greater levels of detail...on a number of technical issues."

DOI believes that Northwest Alaskan has provided sufficient information to support the grant, and Martin informed the company that DOI finds it to be "technically and financially capable of fulfilling the requirements of the Mineral Leasing Act..." DOI also found that the proposal is "compatible with other uses in the (right-of-way) corridor in Alaska, including the TransAlaska Oil Pipeline System (TAPS) already located in that corridor."

However, DOI added two conditions to the grant relative to the gasline route its relation to the TAPS oil line. First, the grant states that the two pipeline systems must be separated by at least 200 feet, instead of the 80 feet in the sponsors' proposal, except under specific conditions to be approved by the Federal Inspector. According to DOI, virtually all government reviewers of the company's proposal were in agreement that substantial delays would result in pursuing a route calling for an 80-foot separation, due to necessary additional work required to support such a separation. Key government officials indicated to the company that they were doubtful of ever approving an 80-foot spacing. Accordingly, Northwest Alaskan has altered its route planning to remain at least 200 feet from the oil pipeline except where terrain constraints dictate a closer distance. No schedule delays are expected as a result.

The second DOI condition provides for a mutual indemnification agreement between Northwest Alaskan and the TAPS owners covering damages which may occur in the corridor. Martin has stated that "the department believes that there must be a reasonable and equitable method of resolving issues involving damages between the two systems...determined by a reasonable division of responsibilities...based on the types of activities of the two systems." Northwest Alaskan and the TAPS owners are working together to formulate such an agreement.

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AFFIRMATIVE ACTION PLAN SUBMITTED TO FEDERAL INSPECTOR: Northwest Alaskan recently submitted a project Affirmative Action Plan (AAP) for the Alaska segment of the gasline project to the Office of the Federal Inspector (OFI) in Washington, D.C. The company's plan complies with each of the detailed requirements set forth in the equal opportunity regulations mandated by the Alaska Natural Gas Transportation Act and published May 12 of this year. It sets forth specific goals and timetables for both equal employment opportunity (EEO) and contract awards to Minority Business Enterprise (MBE) and Female Business Enterprise (FBE) firms.

In a September 5 notice in the Federal Register, OFI acknowledged receipt of the plan and stated that it has been initially reviewed but action to either approve or disapprove it could not be completed by the September 9 due date. OFI is taking additional time for review because of "the voluminous nature of the submittals and the complex issues presented therein." Although the plan is still under review, Northwest Alaskan is basing its present activities on the current document.

OFI also published a notice of proposed rulemaking in the September 11 Federal Register instituting procedures to enforce the equal opportunity regulations. The procedures cover compliance review, complaint investigation, conciliation and enforcement for both employment discrimination and contracting activities.

The procedures include periodic on-site inspections, investigation of all complaints, and written notice of any non-compliance. The primary enforcement measure will be conciliation, with injunctions and civil fines up to \$25,000 a day as alternatives in the event of continuing non-compliance. For blatant violations, used only as a last resort, work-stop actions may be ordered.

Since OFI and the Equal Employment Opportunity Commission (EEOC) have concurrent jurisdiction over EEO claims, the two offices propose a memorandum of understanding regarding employment discrimination which will allow OFI to devote most of its resources to affirmative action and take advantage of the EEOC's expertise in processing charges of discrimination. Public comment on the enforcement regulations is requested by October 10 and on the memorandum of understanding by October 14.

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TEMPORARY WORK CAMPS IN ALASKA ARE IN OPERATION: Four temporary work camps have been constructed in Alaska and are operating to augment pre-construction field activities for the Alaskan segment of the project. The camps, which can be relocated, were needed because the increasing number of people working on preliminary field programs exceeded available facilities.

The camps are set up along the gasline route north of the Yukon River for temporary housing and as operational bases for gas pipeline activities. The 78-man camps are located at Seven Mile, Prospect, Chandalar, and near Slope Mountain. The Arctic Slope Alaska General Construction Company, Inc., Alaska's largest minority construction firm, has been awarded a contract to supply and operate the camps for Northwest Alaskan. Another Alaskan firm, Modern Construction, Inc., has been awarded a contract to provide maintenance and fueling services to the camps.

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ALASKAN NATIVES TOUR COMPRESSOR STATION: Representatives of four Alaska Native Corporations located along the route of the gasline were guests of Northwest Alaskan Pipeline Company on a recent tour of right-of-way and compressor station facilities similar to those which will be constructed for the Alaska Highway Gas Pipeline Project. The facilities, located near Spokane, Washington, are owned by Pacific Gas Transmission Company which is currently involved in early construction of portions of the project's western U.S. leg in Washington and Oregon. Representatives of the Dot Lake Native Corporation; Tanacross, Inc.; Tetlin Native Corporation; and Northway Natives, Inc. attended the tour.

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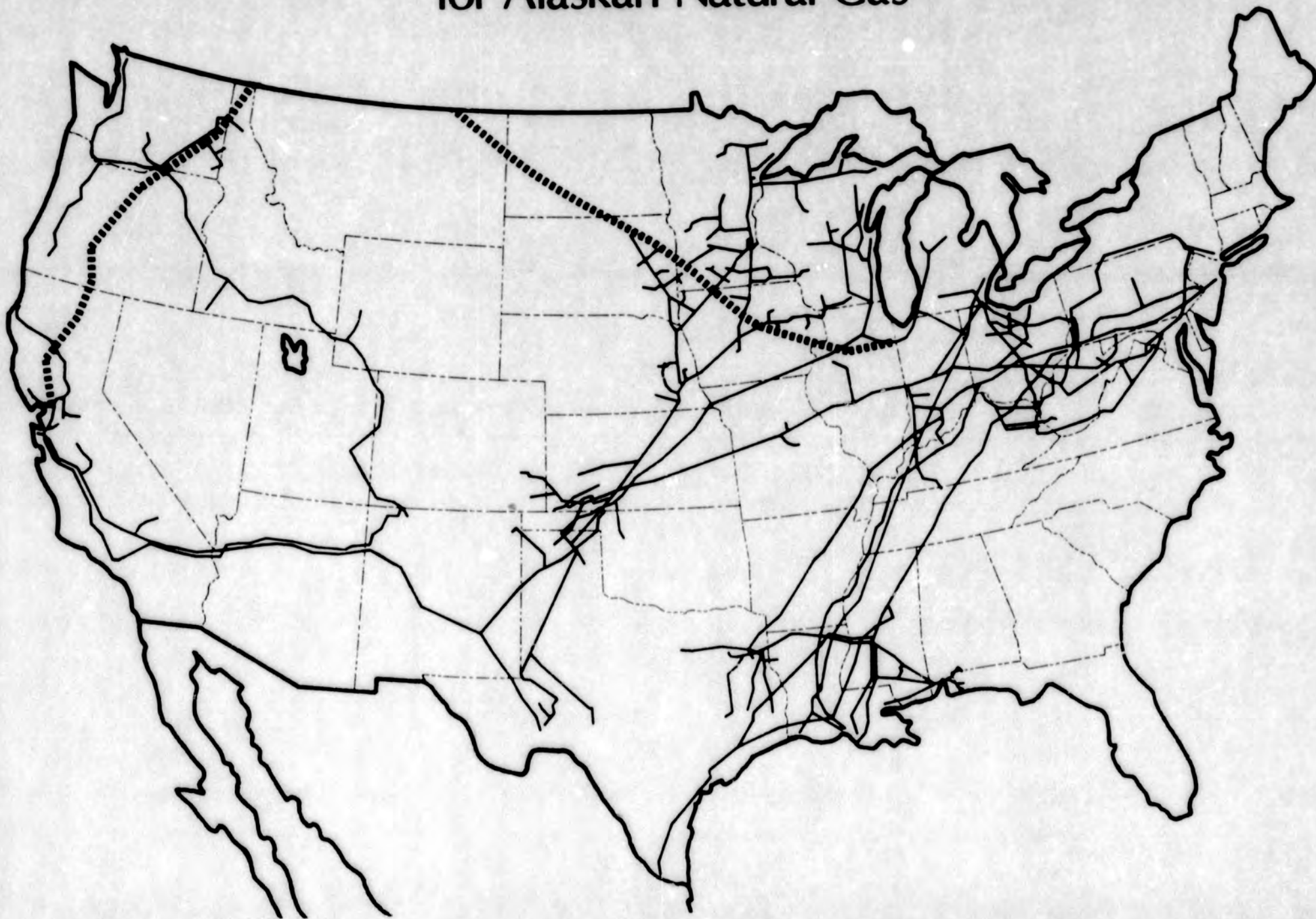
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U.S. Pipeline Partners: Delivery Systems for Alaskan Natural Gas





Alaskan Newsline

Vol. 4, No. 1

January 30, 1981

HIGHLIGHTS

PIPELINE GETS FEDERAL RIGHT-OF-WAY GRANT
. . . FINANCE ACCORD SIGNED FOR EASTERN
LEG. . . CONSTRUCTION BEGINS ON WESTERN
LEG. . . REVISED AFFIRMATIVE ACTION PLAN
SUBMITTED. . . 1980, THE YEAR IN REVIEW.

PIPELINE GETS FEDERAL RIGHT-OF-WAY GRANT: The Alaskan Natural Gas Transportation System received a significant boost in December with the issuance of a federal right-of-way grant for Alaska.

John G. McMillian, chairman and chief executive officer of Northwest Alaskan Pipeline Company, and Secretary of the Interior Cecil D. Andrus signed the 30-year federal right-of-way grant at a ceremony held December 1.

"The Alaskan Natural Gas Transportation System has taken a giant step forward with the granting of a right-of-way for our pipeline across more than 400 miles of federal land," McMillian said.

In addition to permitting pipeline construction, operation and maintenance on federal lands in Alaska, the right-of-way grant also requires that the gas pipeline be separated by 200 feet or more from facilities of the TransAlaska Oil Pipeline, except under specific conditions to be approved by the Office of the Federal (Pipeline) Inspector (OFI).

"Since these stipulations provide clear construction guidelines, they will aid us immeasurably in confirming the reliability of the cost estimates for the Alaskan segment of our pipeline system," McMillian added.

Excluded from the right-of-way grant are lands selected by Native Corporations pursuant to the Alaska Native Claims Settlement Act and lands subject to valid applications for Native allotments that are still pending before the DOI.

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INDEMNITY AGREEMENT SIGNED: Prior to the execution of the grant of right-of-way by the United States to Alaskan Northwest Natural Gas Transportation Company on December 1, the company and the owners of the TransAlaska Pipeline System (TAPS) executed a Mutual Agreement of Liability and Indemnity, effective November 26, which defines and limits the liability of the respective parties to each other, including liability of their contractors, subcontractors, agents and employees under circumstances specified in the agreement.

The mutual indemnification agreement between Northwest Alaskan and TAPS owners was one of two conditions required by DOI to be satisfied before the right-of-way was granted. The other requirement called for the oil line and gas line to be separated by at least 200 feet, instead of the proposed 80 feet.

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FINANCE ACCORD SIGNED FOR EASTERN LEG: Northern Border Pipeline Company on December 10 signed an agreement on a \$1.055 billion loan from a consortium of North American banks for financing most of the eastern leg of the Alaskan Pipeline Project. Canadian Imperial Bank of Commerce is leading a consortium of 28 Canadian and U.S. banks syndicating the loans for construction of an 823-mile segment from Monchy, Saskatchewan on the U.S./Canadian border to Ventura, Iowa.

Northern Border Pipeline Company is headed by Northern Plains Gas Company, a subsidiary of InterNorth, Inc., Omaha, Nebraska. Other partners in the Northern Border consortium are subsidiaries of: Northwest Energy Co., Salt Lake City, Utah; Panhandle Eastern Pipe Line Co., Houston, Texas; United Gas Pipe Line Co., Houston, Texas; and TransCanada Pipelines Ltd., Toronto, Ontario.

In addition to the financial agreement, Northern Border has contracted for 581,000 tons of steel pipe at a total cost of almost \$500 million. Bethlehem Steel will manufacture 139,000 tons of 42-inch diameter pipe. Other mills involved in the total order are Kaiser - 136,000 tons; U.S. Steel - 73,000 tons; Italsider - 113,000 tons; and a Japanese consortium - 120,000 tons.

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CONSTRUCTION BEGINS ON WESTERN LEG: Construction of the first U.S. portion of the Alaska Highway Pipeline Project started on December 11 in Idaho on the initial 160 miles of the western leg being built by Pacific Gas Transmission Company (PGT).

The 42-inch diameter pipeline is an expansion of PGT's existing facilities in the states of Idaho, Washington and Oregon and is being built at an approximate cost of \$186 million. Ultimately, PGT and its parent, Pacific Gas and Electric Company, will complete the entire 911-mile western leg.

The total 160-mile length, which will loop PGT's present line, is scheduled for completion by October 1981, at which time it will deliver approximately 240 million cubic feet daily of imported Canadian gas for that portion of the California market served by Southern California Gas Company.

Northwest Pipeline Corporation and El Paso Natural Gas Company are currently expanding certain portions of their pipeline systems to accommodate their deliveries of Canadian gas.

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REVISED AFFIRMATIVE ACTION PLAN SUBMITTED: On December 16, Northwest Alaskan Pipeline Company submitted a revised Affirmative Action Plan (AAP) to the Office of the Federal Inspector.

The AAP is a comprehensive document which describes the policies, procedures, organization and staffing required to implement Northwest Alaskan Pipeline Company's commitment to assure: that minority and female business enterprises

(MBE/FBE) are afforded opportunities to participate to the maximum practicable extent in the economic benefits flowing from the design and construction of the Alaskan segment of the Alaska Natural Gas Transportation System (ANGTS); that employment opportunities are afforded individuals without regard to race, creed, color, national origin or sex; and that Alaskan firms and individuals will be utilized wherever it is practical, reasonable and legal to do so.

The AAP provides guidance to all participants in the Alaskan segment; however, the AAP is not intended to provide detailed information regarding hiring in particular geographic areas. It is anticipated that most of the craft labor needed on the project will be obtained by the execution contractors through union halls in Alaska.

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1980 AFFIRMATIVE ACTION PERFORMANCE: Preliminary results of Northwest's affirmative actions in 1980 with respect to minority and female hiring and contracting to minority and female businesses indicate that Northwest had a successful year. Contracts to these firms amounted to about 25% of contractable opportunities i.e., about \$17 million out of procurement for services and materials totaling about \$68 million. Complete employment figures are not yet available; however, it is estimated that overall 1980 minority hiring in construction crafts was about 15% and about 4.5% for females. In the administrative workforce, tentative figures are about 10% for minorities and about 33% for females.

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CONFERENCES ON COST AND SCHEDULE: The Federal Energy Regulatory Commission (FERC) Alaskan Delegate and the OFI's Director of Audit and Cost Analysis recently concluded a series of technical conferences dealing with Northwest Alaskan Pipeline Company's proposed Certification Cost and Schedule Estimate (CCSE), center point values, and certain other remaining Incentive Rate of Return (IROR) matters.

Pursuant to the FERC's order of August 1, 1980, a series of technical conferences covering 19 days were conducted by the Commission's Alaskan Delegate and the OFI director in Irvine, California, and Washington, D.C., which provided all parties an opportunity to express their views on the CCSE and center point values.

The two agencies are preparing a draft of a report to the Commission, detailing the results of their evaluation. It is anticipated that the report will be available to all parties in the near future.

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FERC DELEGATES AUTHORITY: On December 19, 1980, the FERC issued an Order (effective December 29, 1980) delegating to the OFI the FERC's authority under Sections 4, 5, 7 and 8 of the Natural Gas Act to the extent necessary to enable the Federal Inspector to review and approve ANGTS costs incurred subsequent to December 31, 1979, for inclusion in the project sponsors' rate bases.

Pursuant to the order, the Federal Inspector must perform this function in accordance with the FERC's Uniform System of Accounts. The Order also delegates ancillary authority to review and approve accounts, records and other

papers, but explicitly reserves to the FERC all statutory authority to issue or condition certificates, determine the certification cost estimates and approve or modify tariffs.

The principal reason for this delegation was to centralize in one agency, thereby reducing uncertainty as to the responsibility of its performance, the ongoing cost control responsibilities, the continued process of project rate base audit and rate base approval of expenditures of pre-construction and construction. These sponsors of the Alaskan segment will continue to file actual expenditures on a quarterly basis for approval of ultimate inclusion in rate base.

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OFI APPROVES AFFIRMATIVE ACTION PLAN FOR EASTERN LEG: The Office of the Federal Inspector (OFI) has approved the affirmative action and minority business contracting plan for the \$1.239 billion Northern Border Pipeline, the eastern leg of the U.S. delivery system.

When completed, the Northern Border Pipeline will extend 1,131 miles from the Montana-Canadian border through North and South Dakota, Minnesota and Iowa, terminating near Chicago. About 823 miles will be built in 1981-82, initially to carry Canadian gas to Midwest customers while the Alaskan portion of the Alaska Natural Gas Transportation System is being built.

The plan, which applies to the company, its contractors and subcontractors, sets employment goals for each of four minority groups and for females for each employment classification. A total of 7,100 employees are expected to work on the eastern leg during peak employment.

Northern Border is anticipating a spring construction start according to the OFI which emphasized the importance of the plan being in place to aid minority workers and female businesses.

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1980, THE YEAR IN REVIEW: A great deal of progress was made during 1980 as the Alaska Highway Pipeline Project moved forward on numerous fronts. The following is a review of significant achievements.

January 28 - Gasline Sponsors Approved Funding for 1980 Programs: U.S. sponsors of the gasline project approved a budget of \$127.5 million for 1980 to advance plans for construction of the Alaska segment. Nearly \$47 million was spent in Alaska, compared to approximately \$10 million in 1978 and 1979.

February 19 - Alaskan Firm Began Largest Gasline Field Program: The largest gasline field activity, the borehole drilling program, was conducted by an Anchorage firm, The Drilling Company. Of the 80 people hired to work on the project, 79 were Alaskan residents.

March 12 - First Federal Grant Issued on Project: The first federal grant issued to the project to bring Alaskan gas to markets in the lower 48 states was issued to Pacific Gas Transmission Company, San Francisco, for early construction of portions of the western leg on federal lands.

June 13 - FERC Approved Western Delivery System: A system for delivering Canadian natural gas to California through certain portions of the U.S. western leg of the

Alaska gasline project was approved by the Federal Energy Regulatory Commission.

X June 19 - Agreements With Producers: In a major breakthrough, the three principal North Slope gas producers and pipeline project sponsors signed two agreements. The first agreement established a joint entity to jointly fund continuation of the design, engineering, and construction planning of the gas pipeline in Alaska and to begin design and engineering of the gas conditioning plant necessary to prepare the gas for pipeline transportation.

The second agreement set up a process to develop financing for construction of the 745-mile Alaskan segment of the gas pipeline and anticipates substantial participation by the North Slope producing companies.

June 20 - FERC Issued Final Order on U.S. Eastern Leg: FERC issued its final order in the certification process for an 823-mile segment of the U.S. eastern leg.

July 1 - Congress Passed Resolution Supporting Gasline: A concurrent resolution of Congress in support of the gasline system was passed by the House on July 1 and the Senate on June 27. The resolution stated that "it is the sense of Congress that the system remains an essential part of securing this nation's energy future and, as such, enjoys the highest level of congressional support for its expeditious construction and completion by the end of 1985."

July 1 - Two Major Government Filings Were Made: Two filings seeking key government approvals of the gasline project were made. The first application, submitted to FERC, seeks a final, unconditional Certificate of Public Convenience and Necessity authorizing construction of 745-miles of 48-inch diameter pipeline, plus seven compressor stations and related facilities. Initial approval of the cost estimate was requested in order to establish the incentive rate of return variables. The financing plan which will be submitted later, will allow the FERC to issue Certificate requested. The second filing, a supplement to a previously filed application to the Department of the Interior, requested a single right-of-way grant for the pipeline through federal lands in Alaska.

X July 14 - Design Engineering Board Set Up: Alaska North Slope gas producers -- Arco, Sohio, Exxon -- and U.S. pipeline sponsors of the gasline established a Design and Engineering Board and Advisory Committees for the joint entity created in June for the continued design and engineering of the Alaska gas pipeline and conditioning plant. The State of Alaska is also represented on the Board in a non-voting capacity by the Lieutenant Governor.

July 17 - Early Construction Approved by Canadian Government: The Canadian government granted final approval to proceed with construction and the export of natural gas for certain southern portions of the project in Canada.

August - Four New Partners Joined the Project: Four natural gas transmission companies joined the Alaskan Northwest Natural Gas Transportation Company, the consortium that will build and operate the Alaska segment of the gasline system. The new partners are subsidiaries of Columbia Gas System, Texas Eastern Corp., Texas Gas Transmission Corporation and TransCanada PipeLines, Ltd.

August 1 - Construction Begins in Canada: Construction begins in Canada on southern portions of the Alaska Natural Gas Transportation System.

September 5 - Northwest Alaskan Submitted Affirmative Action Plan: An affirmative action plan for the Alaska segment of the gasline project was submitted by

Northwest to the Federal Inspector. The plan sets forth specific goals and time tables for both Equal Employment Opportunity and contract awards to Minority Business Enterprise and Female Business Enterprise firms.

September 30 - Pipe Ordered for Eastern Leg: Purchase contracts valued at approximately \$500 million were awarded for steel pipe for construction of the U.S. eastern delivery system.

October 7 - Phillips Petroleum Joins D & E Board: Phillips Petroleum Company, Bartlesville, Oklahoma, became a member of the Design and Engineering Board for the Alaskan segment of the project. Their participation brought to four the number of North Slope producers on the Board. Others include Arco, Sohio and Exxon as well as the eleven members of the Alaskan Northwest partnership.

November 26 - Indemnification Pact Signed: Northwest Alaskan and TAPS owners sign mutual indemnification agreement covering any damages which may occur in the pipeline corridor. The agreement provides an equitable method of resolving issues involving damages between the two systems.

December 1 - Federal Right-of-Way Granted: The Department of the Interior grants right-of-way for pipeline across more than 400 miles of federal land in Alaska. The right-of-way grant spells out several hundred terms and conditions which set environmental, technical and construction standards for the pipeline.

December 11 - U.S. Western Leg Construction Begins: Pacific Gas Transmission began installing 160 miles of looped pipeline between Kingsgate, B.C. and Stanfield, Oregon. This marked the first construction in the U.S. of the ANGTS.

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Alaskan Newsline

Vol. 4, No. 2

March 5, 1981

HIGHLIGHTS

WESTERN LEG CEREMONY MARKS FIRST U.S. CONSTRUCTION. . . PERMITS GIVEN FOR COMPRESSOR STATIONS. . . FERC RECOMMENDS 42-INCH PIPE FOR WESTERN LEG. . . NORTHERN BORDER AFFIRMATIVE ACTION PLAN APPROVED. . . 1981 ALASKAN FIELD PROGRAMS ANNOUNCED.

CEREMONY COMMEMORATES FIRST U.S. CONSTRUCTION: A ceremony hailing the start of construction on the first U.S. portion of the 4,800-mile Alaska Natural Gas Transportation System (ANGTS) was held in Spokane, Washington on February 9.

Summarizing the significance of the occasion, John G. McMillian, chairman and chief executive officer of Northwest Alaskan Pipeline Company, said, "With the advent of construction in the U.S. and Canada, the Alaskan Natural Gas Transportation System is set firmly in place and well along the road toward completion.

"By the fall of 1982, approximately 1,500 miles or more than 30 percent of the total Alaskan system will be in operation. Early construction of the western and eastern legs will provide several advantages to the overall Alaskan project," McMillian said. "It will allow an increase in needed near-term gas supplies to U.S. markets, avoid higher inflation in construction costs and provide a lower cost of service via earlier depreciation of facilities.

"In addition, this construction will help reduce the project's impact on labor, material and capital by spreading the demand for these items over a greater period of time," he said.

The initial phase of the western leg involves construction by Pacific Gas Transmission Company (PGT) of 160 miles of 42-inch diameter pipeline paralleling its existing system between Kingsgate, British Columbia, on the U.S.-Canada border, and Stanfield, Oregon.

The Spokane ceremony was attended by numerous U.S. and Canadian government officials, governors and other state and civic leaders from throughout the Pacific Northwest. The keynote speaker was Idaho Senator James A. McClure, chairman, U.S. Senate Committee on Energy and Natural Resources.

EPA GRANTS COMPRESSOR STATION PERMITS: Northwest Alaskan Pipeline Company on February 23 received Federal air quality permits for the proposed Alaska pipeline compressor stations. The Environmental Protection Agency (EPA) issued Prevention of Significant Deterioration (PSD) permits for the construction and operation of seven compressor stations which will move Prudhoe Bay natural gas to the lower 48 states.

The PSD permits, representing over two years of preparatory work by the pipeline sponsors, represent a major achievement in obtaining regulatory approvals from the government. The terms of the permits prescribe emission constraints and clear the way for obtaining manufacturers' bids on the gas turbines and compressor units to be installed at each station.

EPA completed its analysis of the information submitted by Northwest Alaskan and determined that the construction of the stations and the use of natural gas fueled turbines, employing the best available control technology, will not cause significant deterioration of air quality and fall within the guidelines of the Clean Air Act.

Seven compressor stations will be located 80 to 130 miles apart along the pipeline route. Two stations will be north of the Brooks Range and three will be between the Brooks and Delta Junction, where the gasline roughly parallels the existing oil pipeline. The two remaining compressor stations are between Delta Junction and the U.S.-Canadian border.

- - -

LARGER PIPE SIZE RECOMMENDED FOR WESTERN LEG: The Secretary of Energy on January 19 officially recommended to the Federal Energy Regulatory Commission (FERC) that PGT's second phase of the western leg pipeline be 42 inches in diameter rather than the previously planned 36 inches.

The principal reason for the decision to increase the pipe size for that segment was that the outlook for additional Alaskan and Canadian gas supplies was more favorable than at the time of the President's Decision, 1977.

The Secretary further concluded that when the outlook for increased supplies was coupled with the dramatic increase in the price of Canadian gas since the Decision, a 42-inch diameter pipe was warranted in order to provide increased capacity and fuel savings benefits.

The change from 36-inch to 42-inch diameter pipe increases pipe cross-section area by approximately 36 percent and adds \$102 million in capital costs for the 328-mile segment. The Northern portion of the western leg, under construction, was upgraded to 42 inches in February 1980.

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CONTRACTORS SELECTED FOR EASTERN LEG: Northern Border Pipeline Company has selected contractors for the construction of the initial phase of the eastern leg of the Alaska Natural Gas Transportation System. This 823-mile pipeline project traverses the states of Montana, North Dakota, South Dakota, Minnesota and Iowa.

The project is divided into nine construction spreads with work to begin this spring. Northern Plains Natural Gas Company, a subsidiary of InterNorth, Inc., is the managing partner for the project.

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EASTERN LEG AFFIRMATIVE ACTION PLAN APPROVED: The Federal Inspector on December 29 announced approval of the affirmative action and minority business contracting plan for the U.S. eastern leg of ANGTS.

The plan, which applies to the company, its contractors and subcontractors, sets employment goals for each of four minority groups and for females, for each employment classification. A total of 7,100 employees are expected to work on the eastern leg during the peak employment period.

The eastern leg affirmative action plan approval is the first to be given. Decisions on the western leg and Alaska segment plans are expected shortly.

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FLUOR RECEIVES ENGINEERING CONTRACT: Northwest Alaskan Pipeline Company and Fluor Engineers and Constructors, Inc., have executed a contract covering engineering services on the Alaska segment of the gasline system. Fluor is proceeding with \$300 million of additional engineering work, the continuation of field programs in Alaska, and the start of the final design. Fluor has been conducting engineering work for Northwest since its selection as managing contractor in 1978.

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NORTHWEST ALASKAN RESPONDS TO SHOW CAUSE ORDER: On February 13, 1981, Alaskan Northwest filed its response to a FERC Order to Show Cause issued December 15, 1980. The Commission Order directed interested persons to comment on three staff audit reports based on a review of actual project expenditures through December 31, 1979. The auditors recommended that the majority of these costs be included in the rate base of Alaskan Northwest, but recommended disallowance of certain expenditures. The Alaskan Northwest response explains in detail why the Commission should include in the rate base, with minor exceptions, all of the costs. Replies to the Alaskan Northwest comments are due March 16, 1981. Alaskan Northwest's response to any replies to the Company's comments are due by March 31, 1981.

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PGT ACTIONS SUPPORT WESTERN LEG CONSTRUCTION: Pacific Gas Transmission Company (PGT), western leg sponsor, in the past several weeks took several actions in support of its ongoing construction. On December 22 it announced signing of a \$160 million loan by a consortium of nine U.S. commercial banks, for construction of the initial phase. The banking consortium was led by Bankers Trust Company. Earlier in the month the company sold 1.2 million shares of common stock to help finance the construction.

On January 19 PGT awarded a contract for compressor station modifications valued at about \$1.8 million, to Swinterton & Walbert Co., of Portland, Oregon. Work will begin next month.

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ANGTS STEPS UP FIELD PROGRAMS: The Alaska Natural Gas Transportation System plans a busy year with a wide variety of field programs in Alaska either under way or scheduled.

The 1981 field programs will be the last year of intensive data gathering activities. Programs continued in the following years will consist mainly of monitoring activities with emphasis on the endangered peregrine falcon, fish overwintering areas, human-carnivore interactions, frost-heave data, and long-term surface disturbance effects. Following is the field program schedule:

Fisheries, May-October; the Fisheries Field Program will obtain additional data on fish use of water bodies crossed or potentially affected by pipeline preconstruction, construction and operation.

Cultural Resources, June-September; the summer Archaeological Field Program will include ground surveys of the remaining alignment segments and approximately 152 exploration material sites.

Human-Carnivore Interaction, June-October; the human-carnivore interaction field studies will continue to evaluate existing and anticipated carnivore problems.

Endangered Species and Raptors, late May-August; peregrine falcon field monitoring will continue twice yearly to determine nest site occupancy in late May to early June, and again in late July to early August.

Revegetation Field Studies, June-September; revegetation data will be obtained by field analysis of Alyeska disturbed sites, and experimentation in field test plots.

Timber Survey, August-September; a field survey of merchantable timber will be conducted from the Yukon River to the Alaska-Yukon Border.

Site Assessment, June-September; the Site Assessment program will provide a site-specific environmental analysis of 80 material sites, 372 spoil disposal sites, 10-15 solid waste disposal sites, 100 temporary facilities including access roads; and 30 miscellaneous sites.

Trench Stability, March-July; the program is designed to develop blasting techniques in frozen soils as well as to gather data in relation to ditch wall stability under varying seasonal construction and soil types.

Field Survey, March-November; the field survey will be a continuation of the 1980 programs. Survey work will be done along the route at compressor station sites, proposed access roads, temporary facilities, stream crossings, and other miscellaneous areas.

Material Sites, January-September; material site reconnaissance and exploration is a program continued from 1980. The field work, already started, is required to identify additional potential mineral material sites to provide the necessary material for the workpad, ditch backfills and other construction needs.

Airports and Temporary Facilities, March-August; the field work involves survey drilling and laboratory testing of soil samples.

Drilling, January-November; this program is a continuation of the 1980 program. Boreholes will be drilled along the entire route, including compressor stations and river crossing.

Fault Study Delta Junction North, June-October; this program is an extension of the fault study done in 1980 from the Canadian Border to Delta Junction.

Frost Heave Test Sites, January-December; seven frost heave test sites are being constructed for operation throughout 1981.

Hydrographic Survey, June-November; continued field work will be conducted at stream crossings to gather hydrologic information for stream crossing designs.

Water Resource Survey, March-April; a search for water sources for 7 compressor stations, 3 new camps, and 1 Alyeska camp is scheduled to start in March and to be completed by May.

Soil Uplift and Differential Frost Heave, January-December; test sections will be constructed in the Fairbanks frost heave test area to gather frost heave data in relation to soil uplift resistance and potential differential involvement along a pipe caused by frost heave.

Long-Term Surface Disturbances, March-December; field data will be gathered at numerous sites to provide input to assist in calibrations of the EPR and other computer models used in the thermal analysis of pipeline design.

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FAIRBANKS OFFICE MOVES: The Alaska headquarters office of Northwest Alaskan Pipeline Company moved to a new location on March 1, 1981. The new address and phone number are:

701 Douglas Avenue
Fairbanks, Alaska 99701
(907) 451-1000

For further information contact:

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Alaskan Newsline

Vol. 4, No. 3

April 15, 1981

HIGHLIGHTS

PRESIDENT REAGAN URGES PROMPT COMPLETION OF ANGTS. . . NEGOTIATIONS CONTINUE ON FINANCING. . . AFFIRMATIVE ACTION GOALS APPROVED FOR WESTERN LEG. . . NWA OFFICIALS BRIEF LEGISLATORS. . . FOOTHILLS WILL BUILD YUKON TEST FACILITY. . . NORTHWEST ALASKA FILES EPA APPLICATION FOR CONDITIONING PLANT AIR QUALITY PERMIT.

REAGAN AND DOE REAFFIRM SUPPORT FOR PIPELINE COMPLETION: During his visit to Canada March 11, President Ronald Reagan told members of the Canadian Parliament he strongly favors prompt completion of the Alaskan Natural Gas Transportation System. "Our governments have already discussed one of the largest joint private projects ever undertaken by two nations. We strongly favor prompt completion of this project based on private financing," the President said.

In an exchange of letters prior to the President's visit, Department of Energy Secretary James Edwards and Senator H.A. Olson, Minister Responsible for the Canadian Northern Pipeline Agency, restated their support for ANGTS completion. Edwards' letter stated, in part: "I would like to take this opportunity to state again that the United States Government is firmly committed to the completion of the ANGTS in conformity with agreements between our countries. We expect the United State sponsors and producers will soon reach an agreement on a tentative financing plan. This agreement will be a major step toward arranging private financing and obtaining final regulatory approvals for construction of the Alaskan segment."

Senator Olson's response states, in part: "With construction under way on the southern sections of the pipeline in both Canada and the United States, we in Canada are confident that the entire line will be completed in a timely manner."

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NEGOTIATIONS CONTINUE ON FINANCING: Negotiations with the North Slope gas producers -- principally Atlantic Richfield Company, Exxon Corporation and Sohio Alaska Petroleum Company -- with respect to development of a financing plan for the Alaskan segment of ANGTS are progressing in an encouraging fashion.

(more)

The producer group is in agreement that the ANGTS is the right physical concept for delivering North Slope Alaskan gas to major markets in the continental U.S. The producers also approved the organizational structure established by Northwest Alaskan and its ability to effectively manage the project. Further, both producers and pipelines are convinced that there is sufficient equity available in the combined group to support the Alaskan pipeline system.

It is expected that a definitive financing plan will be presented in the near future.

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NWA OFFICIALS BRIEF ALASKA LEGISLATORS: Several Alaska legislators were briefed on the status of project activities at a recent meeting of the Alaska Legislature's Joint Natural Gas Pipeline Committee in Juneau.

Darrell MacKay, vice-president of Regulatory & Governmental Affairs for Northwest, and Harold Moles, Northwest's vice-president, Operations in Alaska, gave presentations and answered questions on progress of the project and Alaska activities.

MacKay summarized major milestones reached during 1980 and outlined primary project objectives for 1981. Among them: development of a financing plan (see above), and receipt of a final certificate from the Federal Energy Regulatory Commission (FERC).

The financing plan, MacKay said, is being devised without reliance on possible participation by the State of Alaska, although the plan would permit the State's participation if it so desires.

Moles told those assembled that as of mid-March, there were approximately 550 persons working on the project in Alaska: 51 Northwest Alaskan, 86 Fluor and 413 contractor personnel. He went on to say that more than 81 percent of these have been local Alaska hires. Alaska employment on the gasline is expected to peak at more than 700 this year and approximately 250 of these would be located in Fairbanks with the remaining in field locations along the pipeline route, Moles said.

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OFI APPROVES WESTERN LEG AFFIRMATIVE ACTION GOALS: The Office of the Federal Inspector (OFI) has approved Affirmative Action goals proposed by Pacific Gas Transmission Company for construction of its 592-mile segment of the western leg of the Alaska Natural Gas Transportation System.

The approved plan contains goals for minority employment of 5.9 percent and 3.8 percent for females, of the approximately 463 jobs projected for contractors and subcontractors. The goal for minority business participation is 10 percent, and for female businesses, one percent of contractable opportunities.

The dollar goals contained in the plan are \$2.8 million for minority firms and \$.3 million for female businesses.

(more)

The first portion of the western leg is being built to carry Canadian gas to southern California prior to the building of the Alaskan segment. The western leg is scheduled for completion in late 1981 at a cost of about \$166 million.

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FOOTHILLS TO BUILD YUKON TEST FACILITY: Foothills Pipe Lines (South Yukon Ltd.) is preparing for construction of a facility to test pipeline construction methods and equipment to determine their suitability in permafrost areas.

The field-test program will be conducted northwest of Whitehorse in the Quill Creek area. Preparations for facility operation involve the establishment of a 120-man camp and the installation of 3,000 feet of 48-inch project specification pipe.

Engineering, construction and environmental experts will monitor the tests both during and after construction. Data collection will continue for several years to allow for sufficient summer and winter recordings.

- - -

GAS PLANT SITE LEASE APPLICATION FILED: On March 18, Northwest Alaskan filed an application with the State of Alaska for a site lease for the gas conditioning plant. The application had been withheld since January at the request of the state to review other ways of handling the matter. On March 13, Gov. Jay S. Hammond suggested that the filing be made with the admonition that the state may request several conditions as part of the issuance of the lease.

An acceptable lease must be available by June 1981 in order to commence preparatory work on the site and maintain the present project completion schedule. The conditioning plant is the pacing item for the overall project.

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GAS CONDITIONING PLANT PERMIT SOUGHT: Northwest Alaskan Pipeline Company has applied for an air quality permit for the proposed gas conditioning plant to be built in Alaska. The application was filed with the Environmental Protection Agency's Seattle Office with a preliminary determination expected by late June. Work on the design of the conditioning plant is progressing on schedule with the Ralph M. Parsons Co. assigning about 225 people to the project.

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PARSONS LOOKS AT COAST ASSEMBLY SITES: Ralph M. Parsons Co., contractor for design and engineering of the gas conditioning plant for the Alaska Natural Gas Transportation System, is currently evaluating several west-coast ports for use as assembly areas.

At least two port facilities will be needed to assemble and transport by barge sections of the conditioning plant. The sections or modules, some expected to be taller than a 10-story building, will be sealed in cocoon-like coverings for the trip to Prudhoe Bay.

Parsons' personnel have been meeting with various port authorities and discussing man-power and construction facility requirements.

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(more)

ALASKA IMPACT PLANNING SURVEYS UNDER WAY: Northwest's Manpower and Impact Planning Department is conducting a housing survey in the Fairbanks area to help determine what the availability of housing will be for project personnel.

In addition, Northwest is surveying gasline project management personnel in lower 48 states who may be relocated to Alaska to determine their housing needs and preferences. The survey also includes Office of the Federal Inspector personnel. One of the company's concerns in planning for the gasline is that the housing shortage which occurred in Fairbanks during the oil pipeline not be repeated.

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FEMALE HIRE REPORT: Edwin (Al) Kuhn, Northwest Alaskan's director of Government Affairs, testified before the Alaska Commission on the status of women, on March 20 in Fairbanks. He stated that "24 percent of Northwest Alaskan's current work force in Alaska, including contract personnel, are women. This includes 22 percent women in the Officials and Managers category." Kuhn also said Northwest Alaskan had so far identified 174 "Female Business Enterprise (FBE)" firms, that have expressed an interest in contracting with Northwest Alaskan, including 57 in Alaska. Northwest Alaska's FBE contracting goal for 1981 was stated to be \$4 million.

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Kathleen Kelly,
Tel.: (907) 451-1000

FOR IMMEDIATE RELEASE

EPA GRANTS AIR QUALITY PERMITS
FOR SEVEN COMPRESSOR STATIONS

SALT LAKE CITY, MARCH 5 -- A key regulatory decision advancing the Alaska Natural Gas Transportation System was received recently when the Environmental Protection Agency (EPA) granted air quality permits for seven pipeline compressor stations in Alaska, according to Northwest Alaskan Pipeline Company.

The EPA on February 23 issued Prevention of Significant Deterioration (PSD) permits to Northwest Alaskan for the construction and operation of the seven compressor stations which will move Prudhoe Bay gas from the North Slope through the 745-mile Alaska segment of the pipeline system to the Yukon border.

The PSD permits, representing more than two years of preparatory work by pipeline sponsors, clear the way for the company to obtain manufacturers' bids on the gas turbines and compressor units to be installed at each location.

After a thorough analysis of data submitted by the company, EPA determined under guidelines of the Clean Air Act that compressor station construction and the use of natural gas fueled turbines, employing the latest available control technology, will not cause deterioration of the air quality.

The seven compressor stations are located 80 to 130 miles apart along the pipeline route in Alaska. Two stations will be north of the Brooks Range and three will be between the Brooks and Delta Junction, where the gasline roughly parallels the existing Alyeska oil line. The two remaining compressor stations are between Delta Junction and the U.S.-Canadian border.

Northwest Alaskan, a subsidiary of Northwest Energy Company, Salt Lake City, is operating partner for a consortium of eleven natural gas companies that will build and operate the Alaskan segment of the 4,800-mile Alaska Natural Gas Transportation System.

From: Northwest Alaskan Pipeline Company
701 Douglas Avenue
Fairbanks, Alaska 99701
030581



Alaskan Pipeline

1980 KEY EVENTS

- Producer Agreements Signed.
- FERC - DOI Filings.
- Continued Strong Government Support.
- U. S. Western Delivery System Approved.
- U. S. Eastern Prebuild Approved.
- Gas Exports and Prebuild Approved by Canada.



Alaskan Pipeline

ALASKA SEGMENT CERTIFICATION COST ESTIMATE (IN BILLIONS OF DOLLARS)

Pipeline and Civil Work - - - - -	\$4.10
Temporary Facilities and Services - - - - -	.88
Compressor and Metering Stations - - - - -	.69
Communications and Supervisory Systems - - - - -	.09
Operation and Maintenance - - - - -	.05
Project Directorate - - - - -	1.20
Contingency Allowance - - - - -	<u>.84</u>
TOTAL - - -	\$7.85

- 0 -

(8/13/80)



Alaskan Pipeline

ALASKA SEGMENT CONSTRUCTION 1985-1986 PROJECT SCHEDULE

1980 - - - - - Government Filings
Financing Plan

1981 - - - - - Detailed Design
Federal Approvals

1982 - - - - - Temporary Facilities

1983 - - - - - Civil Construction

1984-1985 - - - - - Pipeline and Compressor
Station Construction

- 0 -

(8/13/80)

Gas Pipeline Contracting

In an effort to keep Alaskans informed on current field programs being conducted in Alaska in preparation for pipeline construction, Northwest Alaskan Pipeline Company will list them in this publication.

The following contractors have received awards for work in Alaska in 1980 and 1981 or will continue work on contracts awarded previously:

CONTRACTORS*	OFFICES	DESCRIPTION OF WORK	SCHEDULE
Gulf Interstate/ Michael Baker, J.V.	Houston/ Fairbanks	Civil & Pipeline Design Consultant	Continuing
Acetic Slope Alaska General Modern Construction	Anchorage Fairbanks	Temporary Camps Pond & Maintenance Services for Temporary Camps	Continuing Continuing
Boeing Computer Services/ ISW & Associates	Anchorage	Records & Data Management	Continuing
R. A. Kretz & Assoc.	Anchorage	Geotechnical Services	Continuing
The Drilling Company	Anchorage	Barohole Drilling	Continuing
Nortec	Anchorage	Hydrology Consultant	Continuing
R & M Consultants	Fairbanks	Geotechnical Consultant	Continuing
Williams Bros.	Anchorage	Thermistor Readings	Continuing
Arctic Test Lab	Fairbanks	Soil Sample Testing	Continuing
University of Alaska	Fairbanks	Archaeological Studies	Continuing
Fairbanks Medical Clinic	Fairbanks	Medical Services	Continuing
Geo-physi-con	Calgary	Resistivity Testing	Continuing
Communication Equipment Services	Fairbanks	Vehicle Communication Maintenance	Continuing
LGI Alaska Inc.	Fairbanks	Fisheries	Continuing
C. R. Lewis Co., Inc.	Anchorage	Frost Heave Test Program	Continuing
Dr. Brian Kessel	Fairbanks	Avian Study	Continuing
Nortec	Anchorage	Hydrographic Survey	Continuing
Modern/Tamih, JV	Fairbanks	Frost Heave Test Program	Continuing
H. C. Price Co.	Fairbanks	Backhoe Services for Field Programs	Continuing
H. C. Price/Earth Movers of Fairbanks, J.V.	Fairbanks	Blasting and Trench Excavation	Continuing
International Technology Limited	Anchorage	Route Survey	Continuing
Dayan/Reading & Bates, J.V.	Fairbanks	Frost Heave Test Program	Continuing
PAC-M	Fairbanks	Facilities & Maintenance Support	Continuing
Chit-Holmes-Narver	Anchorage	Temporary Camps	Continuing
Professional Contractors, Inc.	Anchorage	Frost Heave Test Program	Continuing
Alaska Welding Center	Fairbanks	Weld Testing	Continuing
Troubridge Engineering	Wisconsin	Survey Coordinators	Continuing
Alascom	Fairbanks	Telecommunications	Continuing
Earth Movers of Fairbanks, Inc.	Fairbanks	Frost Heave Test Program	Continuing
J.G. Fisher & Associates	Anchorage	Civil Design Consultant	Continuing
Dames & Moore	Anchorage	Fisheries Study	Continuing
Woodward-Clyde	Anchorage	Fault Studies/Oil Spill Contingency	Continuing
Reading & Bates/Dayan	Houston/ Fairbanks	Drilling	Continuing
Alaska Photogrammetric Group	Anchorage	Aerial Photography	Continuing
SUBCONTRACTORS*			
Money-maker Construction	Fairbanks	Soil Sample Testing	
NANA Surveying Co.	Anchorage	Route Survey	
Eyah - Finstad, J.V.	Fairbanks	Route Survey	
LHD and Associates	Anchorage	Route Survey	
Polaris Survey	Anchorage	Hydrological Surveys	
Alascom	Fairbanks	Communications	

*Additional subcontracting opportunities may be available on the above listed contracts.

SCHEDULED 1981 FIELD PROGRAMS IN ALASKA

CIVIL RECONNAISSANCE UPLIFT RESISTIVITY TEST ICE DAMMING/
FROST HEAVE FIELD TEST FROST HEAVE TEST SITE CROSS DRAINAGE
The above listed programs will contain both contract and subcontract opportunities during 1981. Those wanting to participate in these programs and future programs should fill out a contractor questionnaire form that may be obtained from the Gasline Project Management Contractor at the following address:

Fluor Northwest, Inc.

P.O. Box 60069, Fairbanks, Alaska 99706, ATTN: Contracts Administration



NORTHWEST ALASKAN PIPELINE COMPANY
Putting Alaska's Energy to Work!

1980

Gas Pipeline Contracting

Northwest Alaskan Pipeline Company will be contracting for a number of Alaska field programs in 1980 in preparation for gasline construction. In an effort to keep Alaskans informed on these programs, they will be listed in this publication.

The following contractors have received awards for work in Alaska in 1980 or will continue work on contracts awarded previously:

CONTRACTORS*	OFFICES	DESCRIPTION OF WORK	SCHEDULE
Gulf Interstate/ Michael Baker Jr.	Houston/ Fairbanks	Civil & Pipeline Design Consultant	Continuing
Arctic Slope Alaska General	Anchorage	Temporary Camps	Continuing
Modern Construction	Anchorage	Fuel & Maintenance Services for Temporary Camps	Continuing
Boeing Computer Services/ MSW & Associates	Anchorage	Records & Data Management	Continuing
Bearfoot, Inc.	Anchorage	Borehole Drilling	June-September
The Drilling Company	Anchorage	Borehole Drilling	February-September
Nortec	Anchorage	Hydrology Consultant	Continuing
R & M Consultants	Fairbanks	Geotechnical Consultant	Continuing
Williams Bros.	Anchorage	Thermister Readings	Continuing
Arctic Test Lab	Fairbanks	Soil Sample Testing	February-October
University of Alaska	Fairbanks	Archaeological Studies	Continuing
LGL Alaska Inc.	Fairbanks	Mammal Studies	Continuing
Geo-physi-con Communication	Calgary Fairbanks	Resistivity Testing Vehicle Communication	February-September Continuing
Equipment Services LGL Alaska Inc.	Fairbanks	Raptor Studies	April-October
Dr. Brina Kessel	Fairbanks	Waterfowl Survey	April-November
Dr. Brina Kessel	Fairbanks	Upland Birds Study	March-November
Land Design North	Anchorage	Erosion Control and Restoration Reconnaissance	June-October
Nortec	Anchorage	Hydrographic Survey	May-August
Fluor Northwest	Fairbanks	Fisheries Studies/Stream Surveys	June-December
H. C. Price Co.	Fairbanks	Backhoe Services for Field Programs	November
H. C. Price/Earthmovers of Alaska, J.V.	Fairbanks	Trench Stability & Blast Testing	November
International Technology Limited	Anchorage	Route Survey	September
Woodward Clyde Consultants	Anchorage	Fault Studies	October

SUBCONTRACTORS*

Moneymaker Construction	Fairbanks	Soil Sample Testing
University of Alaska	Fairbanks	Mammal Studies

*Additional subcontracting opportunities may be available on the above listed contracts.

SCHEDULED 1980 FIELD PROGRAMS IN ALASKA

ICE DAMMING OF CROSS DRAINAGE
CONSTRUCTION COMPATIBILITY TESTING
CIVIL RECONNAISSANCE
FROST HEAVE FIELD TESTS
WORKPAD ASSESSMENT
DESIGN SERVICES FOR CONSTRUCTION CAMPS

The above listed programs will contain both contract and subcontract opportunities during 1980. Those wanting to participate in these programs and future programs should fill out a contractor questionnaire form that may be obtained from the Gasline Project Management Contractor at the following address:

Fluor Northwest, Inc.
P.O. Box 60089
Fairbanks, Alaska 99706
ATTENTION: Contracts Administration



NORTHWEST ALASKAN PIPELINE COMPANY
Putting Alaska's Energy to Work!

1980



We depend on Alaskans

Northwest Alaskan Pipeline Company is depending upon Alaskans.

We're depending upon Alaskan talent, Alaskan know-how, and Alaskan manpower to help us build the Alaska Highway Gas Pipeline. We have to, because Alaskans have that one ingredient that all the technical knowledge in the world can't compete with—experience in Alaska.

We're looking to Alaskan experience to help us build a safe, cost efficient pipeline. As one of our Alaskan consultants told us, "... your only guide can be experience in Alaska because without it you're done for ... the land is just too unforgiving if you make a mistake."

Our most recent effort involves the construction, supply and operation of temporary field camps for the gas pipeline in Alaska. We've con-

tracted with Alaska's largest minority construction firm, the Arctic Slope Alaska General Construction Company, Inc., to supply and operate four temporary camps along the gasline route in Alaska.

We've also contracted with Modern Construction, Inc., another Alaskan firm, to provide maintenance and fueling services for the camps. In addition, several other Alaskan firms received subcontracts on this program, including Northern Fencing, Alcan Electric and Ed Pohl & Associates.

Whether building camps or studying Alaska's unique ecology, we're working with Alaskans. Using Alaskans and Alaskan firms to provide facilities in support of pre-construction field activity in Alaska is just one of the ways Northwest Alaskan Pipeline Company is helping to put Alaska's energy to work!



NORTHWEST ALASKAN PIPELINE COMPANY
Putting Alaska's Energy to Work!

1980



1980 Laying the groundwork.

942 million for Alaska in 1980

In 1980, Northwest Alaskan Pipeline Company is planning to spend nearly \$42 million in Alaska to prepare for construction of the Alaska Highway Natural Gas Pipeline. This is a substantial increase over the amount Northwest spent in Alaska last year. Following is a brief summary of Alaskan activities taking place in 1980 as part of the planning and design phase of the project.

Using Alaskan companies for an Alaskan project

Northwest is contracting with several Alaskan firms to conduct field testing programs, including engineering and environmental studies in preparation for pipeline construction. The largest field program to date on the project, a borehole drilling program, is being conducted by five Alaskan firms. Other major engineering programs that will be conducted by Alaskan contractors in 1980 include:

- Material Site Exploration
- Construction Compatibility Tests
- Fault Studies
- Ice Dam Tests
- Frost Heave Field Tests

Using Alaskans for jobs in Alaska

Northwest Alaskan, Fluor Northwest, Inc. (the management contractor on the gasline project), and the Office of the Federal Inspector, are expanding their Alaska operations and hiring personnel to support the field programs and other Alaska project activities. Northwest and Fluor plan to add approximately 50 employees to their Alaska staffs during 1980. In addition, approximately 400 people at the peak will be employed by Alaska contractors and subcontractors working on gasline field programs this year.

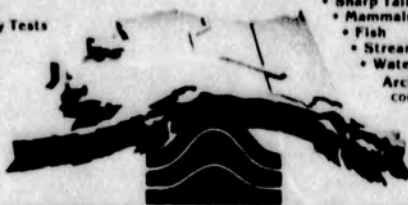
Safeguarding our Alaskan Environment

Northwest also has contracted with Alaskan firms to continue environmental research along the route of the gasline in Alaska. Among the environmental programs planned are studies of:

- Peregrine Falcons
- Sharp Tailed Grouse
- Mammals
- Fish
- Streams
- Waterfowl

Archaeological Field Studies also will be continued along the entire route.

These are just some of the things Northwest is doing in Alaska in 1980 as we help put Alaska's energy to work!



NORTHWEST ALASKAN PIPELINE COMPANY
Putting Alaska's Energy to Work!

1980



Understanding Alaska's Ecology

The planning and design of the Alaska Highway Gas Pipeline require a thorough understanding of Alaska's unique ecology. Northwest Alaskan Pipeline Company has retained some of Alaska's most experienced environmental scientists, such as David Roseneau of Fairbanks, to conduct our research and field studies.

Roseneau works for LGL Ecological Research Associates and has 12 years of experience in raptor biology. He serves on the government's Alaskan Peregrine Falcon Recovery Team.

Northwest Alaskan is using Roseneau's expertise to carry out extensive studies of the Peregrine Falcon, the only endangered species along the gasline route in Alaska. He is also conducting nest surveys and a field census of other raptors.

"The support of biological investigations designed to monitor Peregrine

Falcons in the vicinity of the gas pipeline is constructive and timely," says Roseneau. "These Northwest Alaskan-sponsored studies not only represent a major contribution to on-going lines of raptor research, but will help protect Peregrine Falcon populations in Alaska," he said.

Using a variety of Alaskan specialists, Northwest will be conducting many additional environmental programs along the pipeline route. Among these are:

- Mammal studies
- Wetland birds and waterfowl programs
- Fisheries investigations

These are just some of the programs Northwest Alaskan Pipeline Company will be conducting this year with the help of Alaskan experts, because a better understanding of Alaska's ecology will help us to build a better pipeline.



NORTHWEST ALASKAN PIPELINE COMPANY
Putting Alaska's Energy to Work!

1980



1979 was just the beginning

This is the first in a series of reports designed to keep you informed of progress on the Alaska Highway Pipeline Project. Following is a brief review of key Alaskan activities carried out last year:

\$9 Million in Alaskan Contracts

In 1979 Northwest Alaskan Pipeline Company spent \$10 million in Alaska to advance plans for building the Alaska Highway Natural Gas Pipeline Project. This includes \$9 million in contracts issued to Alaskan businesses. Most of these contracts were for engineering programs and environmental studies in preparation for pipeline construction.

Expanded Alaskan Operations

Northwest expanded its Alaskan operations in 1979 by opening an office in Anchorage for government

liaison personnel and by expanding the Fairbanks headquarters office facilities for increased staffing anticipated in 1980.

Test Facility Completed

A \$7 million frost heave test facility was completed just outside Fairbanks and Northwest began pipe testing operations to assure construction of the safest and most reliable gas pipeline system possible.

State Agencies Funded

Nearly \$1 million was spent in Alaska by Northwest to fund state agencies working on the gasline. These agencies include the Alaska Department of Fish and Game, the Department of Environmental Conservation and the State Pipeline Coordinator's office.

Environmental Studies

Northwest spent nearly \$1.4 million with the University of Alaska for environmental research, including sandhill crane migration and waterfowl studies and archaeological surveys. The company also contracted with private Alaskan firms to conduct additional studies of fish, animals, sharp-tailed grouse, and birds, including the peregrine falcon, the only endangered species along the pipeline corridor.

Public Meetings

Northwest and the State Pipeline Coordinator's office held meetings in communities along the gasline corridor to obtain information from residents that will be used by the company in developing effective socioeconomic programs. In addition,

The Department of the Interior held a series of public meetings in Barrow, Fairbanks and Anchorage so that Alaskans could comment on proposed affirmative action plans to ensure employment and contracting opportunities for minorities and women on the Alaskan gasline.

These are just some of the things Northwest Alaskan has been doing in Alaska to prepare for pipeline construction. And 1979 was just the beginning. A great deal more is planned for 1980 as we help put Alaska's Energy to Work.

**NORTHWEST ALASKAN
PIPELINE COMPANY**
1001 Noble Street
Fairbanks, Alaska



NORTHWEST ALASKAN PIPELINE COMPANY
Putting Alaska's Energy to Work!



Alaskan Pipeline

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Chronology of

Alaska Gas Pipeline Events

1979

January 26 - Northern Border Pipeline Company, a partnership of subsidiaries of four major U.S. pipeline companies, filed an application with the FERC to build about \$1.4 billion in pipeline facilities to transport Canadian and Alaskan natural gas to the U.S. midwest as part of the planned Alaskan natural gasline system as authorized last year by the President and Congress.

February 22 - FERC issued a report stating that the Commission intends to consider in a single consolidated rulemaking proceeding all the remaining issues associated with the Incentive Rate of Return (IROR) mechanism. It is believed that obtaining private financing for the project would be facilitated by further definition of the IROR parameters. Also, since the allowed rate for pipeline operation may materially affect risks facing equity investors and requires Commission consideration in resolving the IROR issues, the report contained an order requiring the project sponsors to file their proposed tariff by March 12.

February 28 - The Canadian National Energy Board issued its demand/supply report on natural gas and announced a surplus of Canadian gas available for export. Exports of Canadian gas are expected to be transported through the prebuild sections of the Alaskan Highway Pipeline Project.

March 5 - President Carter met with Canadian Prime Minister Pierre Trudeau to discuss energy matters of mutual interest. At the meeting, both leaders reaffirmed the "strong commitment" of their governments to completion of the Alaska Highway Pipeline Project.

March 9 - The FERC announced at a public briefing that it will expedite several of the key regulatory issues affecting progress of the Alaska Gasline system, giving the project renewed momentum.

March 12 - Alaskan Northwest Natural Gas Transportation Company, a partnership, filed its proposed tariff with FERC. The tariff is the contractual arrangement between the owners of the pipeline project and those companies using the transportation services of the pipeline.

April 25 - Alberta Gas Trunk Line Company Ltd., Dome Petroleum Limited, and TransCanada PipeLines agreed to join in a maximum effort to support early construction of southern segments of the Alaska gasline system. With the agreement, all of the major natural gas transmission companies in Canada support the Alaska Highway Pipeline Project.

May 29 - Congress approved President Carter's Limited Reorganization Plan for the Alaska gasline, thus establishing the Executive Policy Board to help expedite resolution of regulatory issues affecting the project.

June 13 - DOI granted provisional approval of the proposed general routing of the Alaskan segment of the Alaska Highway Pipeline Project, including proximity of the gasline to the existing oil pipeline. DOI stated that the route proposed by the pipeline project's sponsors was a valid basis for further planning and design of the project.

June 29 - Foothills Pipe Lines (Yukon) Ltd. filed an application with Canada's National Energy Board (NEB) and the Department of Indian and Northern Affairs for construction and operation of the Dempster Lateral gas pipeline. Foothills stated that construction of the Lateral, which will tap the 5.3 trillion cubic feet of gas reserves in the Mackenzie Delta and tie into the Alaska gasline system, will begin in 1985 with first gas flowing in January 1987.

July 12 - John Rhett was confirmed as the Federal Inspector for the Alaska gasline project by the U.S. Senate. As Federal Inspector, Rhett will coordinate federal permitting activities and oversee the planning and construction of the project.

July 16 - President Carter, in a nationally televised speech on America's energy situation, said the Alaska Highway Gasline Project is America's top, near-term energy priority. "The North Slope producers have dragged their feet in helping to finance a pipeline needed to bring that gas to market...I will insist personally that this gas pipeline be built without further delay," the President said.

July 30 - Canada's NEB approved a minimum bill payment for debt service and other out-of-pocket costs to Canadian sponsors of the gasline to go into effect 60 days after the NEB approves completion of gasline construction in Canada. The full cost-of-service will be instituted when gas flows through the system, or 12 months after the minimum bill starts, whichever comes first.

August 6 - The FERC issued its decision in favor of a 48-inch diameter pipe size and 1260 psig operating pressure, as proposed by project sponsors, for the Alaska gasline system. These two elements of gasline design are essential to finalizing cost estimates and obtaining financing for the project.

August 9 - The Canadian NEB completed omnibus proceedings on applications for exports of Canadian gas. The NEB expects to submit its report on availability of gas for export to the Canadian Cabinet in November 1979.

August 17 - The FERC issued a ruling that the North Slope gas producers are responsible for processing and conditioning costs associated with North Slope natural gas. FERC also selected Prudhoe Bay as the superior site for construction of the gas processing plant. Enforcement of this ruling has been delayed pending the outcome of project financing negotiations between gasline sponsors and the producers.

September 6 - The FERC issued its final order on the incentive rate of return for equity investors in the Alaskan and Northern Border (or eastern leg) segments of the Alaska Highway Pipeline Project. The order allows a 17.5% return on investment if the project is completed within the approved estimated costs.

The FERC order also approved project sponsors' pipeline tariffs for the Alaskan and Northern Border (eastern leg) segments.

September 14 - Arco, one of the three major gas producers on Alaska's North Slope, agreed to commit its volumes of Prudhoe Bay gas to subsidiaries of five U.S. pipeline companies. With the Arco agreements, all of the Prudhoe Bay gas owned by the three major producers has now been committed or is under contract to U.S. pipeline companies. The three producers own approximately 85% of the gas reserves in the Prudhoe Bay field.

October 16 - In response to questions during his testimony before the House Interior subcommittee hearings on the Alaska gasline system, FERC Chairman Charles Curtis said the FERC would be ready to issue a final decision on prebuild plans for the project's western leg by year-end 1979. Curtis also said that the commission would be ready to issue a final decision on the prebuild proposal for the eastern leg early in 1980 and on the Alaskan segment six months after project sponsors have submitted their final filing.

October 26 - TransCanada PipeLines of Toronto completed an agreement with the Northern Border Pipeline Company in its efforts to prebuild certain segments of the Alaska gasline project's eastern leg. The agreement provides for TransCanada to obtain a 30% interest in the prebuild project and an opportunity to participate in the remaining portion of the Northern Border project. Subsidiaries of four U.S. pipeline companies are partners in Northern Border and will share the remaining 70% ownership of the prebuild facilities.

November 1 - The U.S. House of Representatives and the U.S. Senate approved separate versions of the Priority Energy Act which is designed to expedite large-scale energy projects determined to be in the national interest. A joint House-Senate conference committee is working to effect a legislative compromise of the two versions. Project sponsors support an amendment in the House version which provides that no measures of the new legislation shall affect or interfere in any way with actions taken by federal officers or agencies relating to the Alaska Natural Gas Transportation System.

December 3 - American Natural Alaskan Company, a subsidiary of American Natural Resources of Detroit, Michigan, joined as an equal partner in the Alaskan Northwest Natural Gas Transportation Company, the consortium responsible for design, construction and operation of the Alaskan segment of the Alaska Highway Pipeline Project. This brought to seven the number of U.S. natural gas companies forming the partnership. Other companies are expected to join the partnership in the future.

December 6 - Canada's National Energy Board (NEB) issued its decision regarding export of surplus Canadian natural gas volumes to the U.S. through the Alaska Highway Pipeline Project. Northwest Alaskan Pipeline Company had requested export authorization of approximately 4.5 trillion cubic feet of Alberta gas, or 380 billion cubic feet a year over a 12-year period, to support prebuilding the portions of the project's eastern and western legs. Instead, Canada approved exports of only 1.8 trillion cubic feet, providing full volumes for a three-year period ending in 1984 and declining thereafter by 25 percent per year through 1987.

1980

January 11 - The FERC agreed to project sponsors' request that separate decisions on the prebuild facilities for the eastern and western legs be issued in order to expedite procedures necessary for completion of the western system by the end of 1980. Regarding the western leg, the Commission approved Northwest Alaskan's application for import of 240 million cubic feet daily of Canadian gas and sale of same to Pacific Interstate Transmission Company. Pacific Interstate is authorized to sell these daily volumes to Southern California Gas Company, according to the terms of the order.

The order also approved the application of Pacific Gas Transportation Company for construction of 160 miles of looped line between Kingsgate, British Columbia and Stanfield, Oregon. In conjunction with the western leg prebuild, the Commission issued certificates of Public Convenience and Necessity to Northwest Pipeline Corporation, Pacific Interstate Transmission Company, and El Paso Natural Gas Company, authorizing the transportation of the Canadian volumes to Pacific Interstate Transmission through June 1981.

January 23 - Foothills Pipe Lines (Yukon) Ltd., Alberta Gas Trunk Line Company, Ltd., and Pan-Alberta Gas Ltd., all of Calgary, Alberta, issued a joint statement expressing their support of the prebuild proposal for the Alaska gasline system. In their statement, the companies announced their intention to proceed with commitments which must be made to meet the November 1, 1980 start-up date of the western prebuild portions. They were joined in this commitment by Northwest Pipeline Corporation, Pacific Interstate Transmission Company, and El Paso Natural Gas Company.

January 28 - Encouraged by the strong support of the federal government and the expeditious handling of several key regulatory issues during 1979, the sponsors of the Alaska Highway Pipeline Project announced a 1980 budget for the project of \$127.5 million, or just about triple the expenditures approved for 1979. Nearly \$100 million of the amount budgeted will be spent on field programs in Alaska, and engineering and pipeline design activities necessary to develop design and cost estimates for a mid-1980 filing before the FERC.

January 31 - The FERC, following discussions with Energy Secretary Charles Duncan, issued a supplemental order authorizing a 42-inch diameter pipe size for the prebuild portions of the Alaskan project's western U.S. delivery system. It was felt that the larger pipe size would be more economical and efficient.

February 15 - The Department of the Interior advised it will provide a detailed response by April to Northwest Alaskan's final routing proposal for the Alaskan segment submitted on January 29. In the interim, DOI informed the company it may continue to plan and make cost and design estimates on the basis of the January 29 proposal.

March 12 - Pacific Gas Transmission Company, San Francisco, received a right-of-way grant from the DOI's Bureau of Land Management to construct a prebuild portion of the western leg of the gasline project on federal lands. This is the first such grant issued to the project.

March 18 - John G. McMillian, Chairman of Northwest Alaskan Pipeline Company, met with representatives of the North Slope producing companies (Exxon, ARCO and BP-Sohio), the State of Alaska, and the Department of Energy in Washington, D. C. to discuss joint participation in a private financing plan for the project. Producers and sponsors agreed to try to develop an operating agreement for the design and engineering phase of the project (Phase I) by mid-April. They also agreed to define the key issues involved in formulating a financing plan and establish a timetable for resolution of those issues (Phase II).

April 2 - Canada's National Energy Board (NEB) amended the Northern Pipeline Act to allow for the prebuild of the southern Canadian portions of the Alaska Highway Pipeline Project.

April 30 - Canada's NEB approved additional gas exports to support prebuilding in Canada and the U.S. The new NEB licenses, coupled with earlier authorizations, permits natural gas exports through the project's eastern and western delivery systems of approximately one billion cubic feet daily for the equivalent of six full years.

May 9 - The NEB approved a full cost-of-service tariff for the main Canadian segment of the gasline project. The order allows the tariff to go into effect when "leave to open" is granted to the project.

June 16 - The Federal Energy Regulatory Commission (FERC) approved a system for delivering Canadian natural gas to California through certain portions of the U.S. western delivery system of the project. The decision authorized the transport of up to 300 million cubic feet daily of Alberta gas. The approved route involves installation of 160 miles of new 42-inch diameter looped pipeline on Pacific Gas Transmission Company's existing right-of-way between the Canadian border and Stanfield, Oregon; and a 351-mile expansion of Northwest Pipeline Corporation's existing system in Oregon and Idaho.

The FERC order also approved the tariffs of Pacific Gas Transmission, Northwest Pipeline, and Pacific Interstate Transmission Company, which is sharing the cost of the Northwest Pipeline expansion.

June 19 - Project sponsors and the North Slope gas producers -- Exxon, Arco, and Sohio Alaska -- signed two agreements to assure delivery of Prudhoe Bay gas to U.S. consumers by the 1985-86 winter heating season.

The first agreement established a joint entity to continue design, engineering and construction planning of the gasline in Alaska and to begin design and engineering of the gas conditioning plant necessary to prepare the gas for pipeline transportation.

The second agreement sets up a process to develop private financing for construction of the 743-mile Alaskan segment of the pipeline and anticipates substantial participation by the producing companies.

June 20 - The FERC issued its final order approving the prebuild portions of the U.S. eastern leg of the Alaska Highway Pipeline Project. These portions consist of 821 miles of 42-inch diameter pipeline between Port of Morgan, Montana, and Ventura, Iowa, to transport initially 800 million cubic feet daily of Alberta natural gas to U.S. consumers in the midwest, east, and south.

July 1 - Project sponsors made two filings seeking key government approvals for the Alaska Highway Pipeline Project.

The first application, submitted to FERC, seeks a final, unconditional Certificate of Public Convenience and Necessity authorizing construction of 743 miles of 48-inch diameter pipeline in Alaska, plus seven compressor stations and related facilities.

The second application, submitted to the Department of Interior, requests a single right-of-way grant for the pipeline through Federal lands in Alaska.

Also on this date, the U.S. House of Representatives approved, without objection, a concurrent resolution supporting the Alaska Natural Gas Transportation System as an essential to securing America's energy future. The House action followed similar approval by the U.S. Senate on June 27.

July 17 - The Canadian government gave final approval to prebuild construction in Canada and authorization for the required Alberta natural gas exports.

July 18 - The White House held a special briefing on the Alaska Highway Pipeline Project and its importance to America's energy future. President Carter, referring to a letter he had sent to Canada's Prime Minister Trudeau, expressed confidence "that this project will be carried forward to completion and become an example to the world of how international cooperation can serve the common energy needs of both partners."

July 29 - Canada's Northern Pipeline Agency issued to Foothills Pipe Lines (Yukon) Ltd. formal notice to proceed with prebuild construction.

July 30 - Construction began on the U.S. western delivery system as part of the prebuild construction of the Alaska Highway Pipeline Project.

August 12 - Foothills Pipe Lines began construction of the Canadian western segment prebuild of the Alaska gasline system.

August 13 - More than 150,000 tons of steel pipe, valued in excess of \$110 million, was ordered by Pacific Gas Transmission Company and Northwest Pipeline Corporation for construction of the Alaska Highway Pipeline Project's western delivery system.

August 25-29 - Four additional companies joined the partnership to build the Alaska segment of the gasline system, bringing the total number of corporate sponsors to eleven. With the addition of three of the new partners, all of the U. S. pipeline companies that have contracts with the producers for North Slope gas are now part of the Northwest Consortium.

(more)

August 25 - Columbia Alaskan Gas Transmission Corporation, a subsidiary of Columbia Gas System of Wilmington, Delaware, joined the partnership. The Columbia System supplies 4 million customers in seven Mid-western and mid-Atlantic states.

August 28 - Eastern Canada's largest natural gas transmission company, TransCanada PipeLines, Ltd., joined the project consortium as an investor through a subsidiary, TransCanada Alaska Pipeline, Ltd. As such, TransCanada will not be a shipper of Alaska gas but sees the project as an excellent investment opportunity.

August 29 - Tetco Four, Inc., a Texas Eastern Corporation subsidiary of Houston became the tenth partner. Texas Eastern's pipeline systems supply natural gas to the east and west coasts.

August 29 - Texas Gas Alaska Corporation, a subsidiary of Texas Gas Transmission Corporation of Owensboro, Kentucky joined the partnership as the eleventh company. The Texas Gas Pipeline system provides natural gas supplies to 90 distribution companies serving 554 communities in the central U.S.

September 3 - Construction began on the southern portions of the project. Northwest Pipeline Corporation, a subsidiary of Northwest Energy Company, started construction as part of the early construction phase of the western leg of the Alaska Gasline Project.

From: Northwest Alaskan Pipeline Company
P. O. Box 1526
Salt Lake City, Utah 84110

9-4-80



Alaskan Pipeline

ALASKA NATURAL GAS TRANSPORTATION SYSTEM

-- FACT SHEET --

PROJECT DESCRIPTION:

The ANGTS is the largest private construction project of its kind in history. It consists of four integrated pipeline segments (Alaska, Canada, U.S. Eastern leg and U.S. Western leg) that will operate jointly to bring natural gas from the Prudhoe Bay region of Alaska's North Slope southward through Canada to markets in the lower 48 states. The system will transport approximately 26 trillion cubic feet of proven natural gas reserves over the next 25-30 years, supplying about five percent of the entire country's natural gas needs. It is estimated that over ten times that amount in Alaskan gas reserves can be made available through exploration and development over the next twenty years. The total system authorized by the Canadian and U.S. governments consists of some 4,800 miles of pipeline ranging in size from 36 to 56 inches plus other related facilities.

PROJECT SPONSORS:

Alaska

The Alaskan Northwest Natural Gas Transportation Company, a consortium of seven major gas transmission companies, will be responsible for designing, building and operating the Alaskan segment. The operating partner for the consortium is Northwest Alaskan Pipeline Company (formerly Alcan Pipeline Company) whose proposal was selected by President Carter in September 1977 as the preferred method of transportation for Alaskan North Slope gas. Northwest Alaskan is a wholly-owned subsidiary of Northwest Energy Company of Salt Lake City, Utah.

Joining Northwest Alaskan Pipeline in constructing the Alaskan segment of the pipeline are: American Natural Alaskan Company, a subsidiary of American Natural Resources Company, Detroit, Michigan; Northern Arctic Gas Company, a subsidiary of Northern Natural Gas Company of Omaha, Nebraska; Pan Alaskan Gas Company, a subsidiary of Panhandle Eastern Pipe Line Company, Houston, Texas; United Alaska Fuels Corporation, a subsidiary of United Gas Pipe Line Company, Houston, Texas; Calaska Energy Company, a subsidiary of Pacific Gas & Electric Company, San Francisco, California; and Pacific Interstate Transmission Company (Arctic), a subsidiary of Pacific Lighting Corporation of Los Angeles, California.

Canada

Alberta Gas Trunk Line Company Ltd., of Calgary, Alberta and West-Coast Transmission Company, Ltd., of Vancouver, British Columbia, principal sponsors of the project in Canada, have formed Foothills Pipe Lines (Yukon) Ltd., to design, construct and operate the system in Canada.

U.S. Eastern Leg

A consortium of U.S. and Canadian transmission companies headed by Northern Plains Gas Company, a subsidiary of Northern Natural Gas Company, has formed the Northern Border Pipeline Company to construct the U.S. Eastern Leg of the pipeline system. Other partners are: Northwest Border Pipeline Company, a subsidiary of Northwest Energy Company; Pan Border Gas Company, a subsidiary of Panhandle Eastern Pipe Line Company; United Mid-Continent Pipeline Company, a subsidiary of United Gas Pipe Line Company; and TransCanada Border Pipeline Ltd., a subsidiary of TransCanada Pipelines Ltd., Toronto, Canada.

U.S. Western Leg

Pacific Gas and Electric Company and its affiliate, Pacific Gas Transmission Company, will plan, design, construct and operate the U.S. Western Leg.

ROUTE:

The pipeline begins at Prudhoe Bay and follows the existing Alyeska oil pipeline 548 miles south to Delta Junction, just south of Fairbanks. For the remainder of the 743-mile Alaskan segment, the line will diverge from the oil line and follow the Alaska Highway to the Canadian border. In Canada, the route proceeds southeasterly through the Yukon Territory and British Columbia and into Alberta to James River where the pipeline will separate into eastern and western delivery systems. The western leg, carrying approximately 30 percent of the gas, will proceed through British Columbia, cross the U.S. border at Kingsgate, British Columbia, and pass through northern Idaho, southeastern Washington, central Oregon and northern California with delivery at Antioch, California. The eastern leg will cross the U.S. Border at Monchy, Saskatchewan, where approximately 70 percent of the gas will be delivered into the proposed Northern Border Pipeline for redelivery to U.S. markets in the midwest, south and east.

DESIGN:

The initial capacity of the total system will be 2.0 to 2.4 billion cubic feet per day of Alaskan gas, expandable up to 3.2 billion cubic feet per day. In addition to Alaskan gas for U.S. markets, the Canadian portion will be designed to transport up to 1.2 billion cubic feet per day of gas from Canada's Mackenzie Delta for Canadian markets.

The 743-mile Alaskan segment will consist of a 48-inch diameter pipeline operated at 1260 psig pressure. The 48-inch 1260 psig line continues into Canada where the 1,078-mile section from Whitehorse, Yukon to James River, Alberta will consist of 56-inch pipe at 1080 psig pressure. At James River, the line divides into a 496-mile eastern segment of 42-inch pipe and a 282-mile western segment of 36-inch pipe. Crossing the U.S.-Canadian border, in the lower 48 states, the eastern leg will consist of 1,117 miles of new 42-inch pipeline at 1440 psig pressure, and it is expected that the western leg will involve 911 miles of looped 42-inch line, at 911 psig, on the existing right-of-way of the Pacific Gas Transmission/Pacific Gas and Electric system.

PROJECT COST ESTIMATE:

The presently estimated capital cost, escalated to the date of expenditure and based upon a three-year delay from the originally planned in-service date in early 1983, is approximately \$15 billion excluding the cost of money during construction. Of this amount, about 45 percent is attributable to that portion of the pipeline to be constructed within the State of Alaska, 35 percent is attributable to that portion of the pipeline to be constructed in Canada, and 20 percent is attributable to those facilities which will be added in the lower 48 states.

PROJECT SCHEDULE:

Although project sponsors are prepared to meet a 1984-85 in-service date, recent reports indicate that the conditioning plant for natural gas from Prudhoe Bay cannot be completed until the 1985-86 heating season, even if work is commenced immediately. If the plant cannot be built to coincide with the 1984-85 pipeline schedule, a year's delay in completion of the project appears inevitable. Under a schedule reflecting this delay, final financing arrangements and filing for government approvals will be made in 1980, detailed project design will be completed in 1981, acquisition and preparation of temporary facilities will be accomplished in 1982, civil construction will commence in 1983, and actual pipeline and compressor station construction will commence in 1984 with completion and operation scheduled for the 1985-86 winter heating season.

DELIVERED COST
AND BENEFITS:

Although capital costs are high, under present plans the transportation cost of service, including the field price for Alaskan gas, will be within the range of \$5 per MMBtu initially and declining in constant 1980 dollars due to depreciating fixed costs to under \$4.00 per MMBtu in 1990. The initial cost is less than the current cost of heating oil and

equal to the current cost of imported crude oil. Based upon an independent study, the net national economic benefit for the project ranges from \$10.4 billion to \$23.5 billion. With respect to the nation's overall energy picture, Alaskan gas represents a proven and dependable domestic source of supply. Its marketability is assured because of the rapidly escalating cost of foreign oil, more than sufficient demand for natural gas to absorb all Alaskan volumes over the life of the project, and a regulated base field price established by the Natural Gas Policy Act of 1978.

PREBUILDING FOR
CANADIAN IMPORTS:

Northwest Alaskan Pipeline Company has signed contracts for importation of surplus volumes of Canadian gas which will be delivered through southern portions of the line constructed prior to completion of the total system. There are several advantages to the overall project of prebuilding. Among the advantages; prebuild results in: an increase in needed near-term gas supplies to markets in the U.S.; lower transportation costs because earlier installation of facilities avoids higher inflationary costs; earlier depreciation of facilities which helps to lower the cost of service when Alaskan gas comes on stream; and spreading out the total program over a greater period of time by constructing about 30% of the pipeline system in advance and lessening the impact of the project on availability of labor, materials and capital.

FINANCING:

In accordance with the President's Decision, the project must be privately financed, and it is planned to raise capital on a project-financing basis. Debt service and equity return will be accomplished by the cash flow generated by the project's operations. It is presently contemplated that 25 percent of the total commitment will come from equity financing and 75 percent from debt financing. Financing for the preliminary construction phase of the project is provided by the partner companies. Under this proposed financing plan, commitments will be obtained for an amount of capital large enough to assure all investors that there will be enough capital to complete the project.

The project's four integrated sections will be financed by four separate entities. The Alaska portion, although representing the greatest construction challenges, will benefit from the construction experience of the TAPS oil line, a developed right-of-way, utilization of existing technology and relatively proven construction techniques. The western leg will be built as an expansion of the existing operating company, Pacific Gas and Electric and

its affiliate, Pacific Gas Transmission Company. The eastern leg involves routine conventional construction by Northern Border with no unusual risks. Much of the Canadian system is adjacent to existing systems and the remaining portion presents largely uncomplicated terrain and geotechnical conditions.

The private capital markets are fully capable of providing all necessary funding to allow private financing for the project which can be achieved under the following conditions: 1) the principal project beneficiaries, that is, the State of Alaska, the Prudhoe Bay gas producers and the major gas transmission companies, provide their required significant financial support; and 2) the U.S. government demonstrates its significant support by providing responsible and timely government decisions on all procedural and organizational issues.

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PROCUREMENT INFORMATION

ALASKA NATURAL GAS TRANSPORTATION SYSTEM

Fluor Northwest, Inc., the pipeline Project Management Contractor will act as Northwest Alaskan's agent in the procurement of all permanent facility materials and equipment for the gasline and the compressor stations. The various execution contractors will be responsible for procuring their construction equipment, spare parts, small tools, and other operating supplies and consumables. At present, Fluor is also purchasing all materials, equipment and services for the on-going field test programs and surveys.

While the major portion of Fluor's procurement effort will take place at their Irvine, California office, they have opened a purchasing office in Fairbanks to support present field operations.

Fluor has established a Vendor Register for this project. It identifies vendors by location, products, ownership and size. At present, some 430 Alaskan vendors are listed in this register. Other vendors may be added to this list by submitting a completed vendor Questionnaire Form. These forms are available at the Fluor purchasing offices in Fairbanks and Irvine. Any vendor already listed need not submit a new questionnaire unless there have been changes in ownership, products handled, etc.

For information about the supply of any specific commodity to our project or answers to other questions, please contact:

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ALASKA HIGHWAY PIPELINE PROJECT

Sources of Information

ALASKAN SEGMENT

Northwest Alaskan Pipeline Company (Operating Partner), a subsidiary
of Northwest Energy Company
Joseph N. Vallyely, Vice President-Public Relations
P.O. Box 1526
Salt Lake City, Utah 84110
(801) 534-3531

Helen Burke, Public Affairs Specialist
1801 K Street, N.W.
Suite 901
Washington, D.C. 20036
(202) 466-5850

Kathleen Kelly, Public Affairs Specialist
Central Office Building
1001 Noble Street
Fairbanks, Alaska 99701
(907) 452-5500

OTHER PARTNERS IN THE ALASKAN SEGMENT ARE:

Northern Arctic Gas Company, a subsidiary of
Northern Natural Gas Company
Howard Sorenson, Director of Communications
2223 Dodge Street
Omaha, Nebraska 68102
(402) 348-4588

Calaska Energy Company, a subsidiary of
Pacific Gas & Electric Company
Al Hooker, Director-Public Relations
245 Market Street, Room 1602
San Francisco, California 94105
(415) 781-0474 (ext. 3621)

Pacific Interstate Transmission Company, (Arctic), a subsidiary of
Pacific Lighting Corporation
J.C. "Joe" Byrne, Public Affairs Coordinator
Steve Baer, Manager of Public and Employee Information
720 West 8th Street
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(213) 689-2183

Pan Alaskan Gas Company, a subsidiary of
Panhandle Eastern Pipe Line Company
Stan Wallace, Vice President-Public Relations
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(713) 664-3401 (ext. 637 or 646)

United Alaska Fuels Corporation, a subsidiary of
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C. Ray Holland, Director-Public Relations
P.O. Box 1478
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(713) 237-5300

American Natural Alaskan Company, a subsidiary of
American Natural Resources Company
Bill Curnow, Supervisor-Media Relations
One Woodward Avenue
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U.S. WESTERN LEG

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U.S. EASTERN LEG

Northern Plains Natural Gas Company (Operating Partner), a subsidiary
of Northern Natural Gas Company
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CANADIAN SEGMENTS

Foothills Pipe Lines (Yukon) Ltd. (Operating Partner)
Murray Stewart, Executive Vice President
1600 205 Fifth Avenue, S.W.
Calgary, Alberta T2P 2V7
(403) 237-1422



Alaskan Pipeline

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FOR IMMEDIATE RELEASE

GOBER IS NAMED

DIRECTOR OF RIGHTS-OF-WAY

FAIRBANKS, October 31 -- Northwest Alaskan Pipeline Company recently announced the promotion of Hershel Gober to Director of Rights-of-Way, Permits and Land Acquisition.

In his new position, Gober will be responsible for the acquisition of permits, rights-of-way and land involved with construction of the Alaska portion of the natural gas pipeline.

Gober joined Northwest in 1978 as supervisor, Government Relations in Fairbanks. In April 1980, he was promoted to manager and assumed responsibility for permits and authorizations and recently was placed in charge of rights-of-way. During a tour with the U.S. Army in Alaska from 1972-1975, he served as a civil affairs officer and represented the army on a council to manage maneuver rights for the military in Alaska. He was also negotiator and liaison with native councils and various state and federal agencies.

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While on previous assignment in Alaska, Gober obtained a B.A. degree from Alaska Methodist University.

He currently resides in Fairbanks with his wife Olivia and their family.

Northwest Alaskan Pipeline Company is a wholly-owned subsidiary of Northwest Energy Company (NYSE) of Salt Lake City, Utah.

- 0 -

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Fairbanks, Alaska 99706

103180



Alaskan Pipeline

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TEXAS GAS AGREES TO JOIN THE
ALASKA HIGHWAY PIPELINE PROJECT

SALT LAKE CITY, Aug. 29 -- Alaskan Northwest Natural Gas Transportation Company today announced that Texas Gas Alaska Corporation has agreed to join the consortium which will build and operate the Alaskan segment of the 4,800-mile Alaska Highway Natural Gas Pipeline Project.

Texas Gas Alaska is a wholly-owned subsidiary of Texas Gas Transmission Corporation, Owensboro, Kentucky, which has the right to purchase 12 percent of the natural gas production from ARCO Oil and Gas Company's interest in the Prudhoe Bay Permo-Triassic reservoir on the Alaskan North Slope.

John G. McMillian, chairman of Alaskan Northwest's Board of Partners, said today that Texas Gas joins the consortium "with full partnership status," and will make a capital contribution equaling that of the other consortium members. The company's participation is subject to necessary regulatory approvals.

"The Texas Gas pipeline system provides natural gas supplies to 90 distribution companies serving 554 communities in the central U.S.," McMillian said, adding that "the company is a most beneficial addition to this vital energy project."

Texas Gas is the eleventh company to join the Alaskan Northwest Natural

(more)

MARK - YOU
COULD INCLUDE
THIS NEWS IN
YOUR UPDATE.

FOR IMMEDIATE RELEASE
THE EXPANDED
PARTNERSHIP BOOBS
WELL FOR THE PIPELINE
PROJECT - MARY

Gas Transportation Company. Other members of the consortium are subsidiaries of: Texas Eastern Corporation, Houston; The Columbia Gas System, Wilmington; TransCanada PipeLines Ltd., Toronto; American Natural Resources Company, Detroit; Northern Natural Gas Company, Omaha; Panhandle Eastern Pipe Line Company, Houston; United Gas Pipe Line Company, Houston; Pacific Lighting Corporation, Los Angeles; Pacific Gas & Electric Company, San Francisco; and Northwest Energy Company, Salt Lake City.

From: Northwest Energy Company
P.O. Box 1526
Salt Lake City, Utah 84110

082980

Texas Gas Transmission Corp.
John Blewer - Public Relations
Owensboro, Kentucky
Tel.: (502) 926-8686



Alaskan Pipeline

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Tel (801) 534-3531 or
Kathleen Kelly, (907) 452-5500

FOR IMMEDIATE RELEASE

PHILLIPS PETROLEUM COMPANY JOINS

ALASKAN PIPELINE DESIGN BOARD

SALT LAKE CITY, October 7 -- Phillips Petroleum Company, Bartlesville, Oklahoma, has become a member of the Design and Engineering Board for the Alaskan portion of the Alaska Highway Pipeline Project, according to John G. McMillian, chairman and chief executive officer of Northwest Alaskan Pipeline Company.

The Design and Engineering Board was established last summer by pipeline sponsors of the Alaskan Natural Gas Transportation System and Alaskan North Slope oil and gas producers to finance continued design and engineering activities of the Alaskan gas pipeline and the conditioning plant necessary to process Prudhoe Bay gas for transportation.

"Phillips Petroleum, with assets in excess of \$8.5 billion, is a substantial and very welcome addition to the Design and Engineering Board," McMillian said. "This now brings to four the number of North Slope producers on the Board," he said.

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Other producing companies represented on the D&E Board are: The Atlantic Richfield Company; Exxon Company, U.S.A.; and the Standard Oil Company (Ohio). Also represented on the Board are the ten U.S. pipeline companies and one Canadian firm that make up the partnership that will build and operate the Alaskan segment of the planned 4,800-mile pipeline system which will extend from Prudhoe Bay, Alaska through Canada to markets in the lower 48 states.

- 0 -

FROM: Northwest Alaskan Pipeline Company
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Fairbanks, Alaska 99706

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Alaskan Pipeline

JOB INFORMATION

At this time, only a few professional and clerical positions have been filled and management is currently studying future personnel requirements for the Alaska Highway Pipeline Project. Once these jobs are determined, they will be filled as additional employees are needed, according to the current timetable.

Under the project's current schedule, no significant hiring will take place until at least 1982.

The Project Management Contractor, Fluor Engineers and Constructors, Inc., of Irvine, California, and the execution contractors who will be chosen later, will do most of the hiring for the project's pipeline work. Announcements of the award of construction contracts will appear in the press and in trade or labor organization journals. At that time, persons seeking pipeline construction jobs should apply directly to selected contractors.

Presently, no applications for persons seeking construction jobs are being accepted. Since November, 1977, when the U.S. Congress approved our Alaska gas pipeline project, we have received many thousands of requests for employment information. We continue to receive inquiries on a regular basis in our Alaskan office in Fairbanks, and many people from the Fairbanks area have asked for application forms and for job information.

Since there are probably very few employment opportunities with Northwest Alaskan Pipeline Company in Alaska for the next several months and because we do not as yet have adequate staff to reply to each inquiry personally, we have prepared the following comments for your information and personal planning.

(more)

With respect to job openings in Alaska, in the immediate future we plan to advise the Fairbanks Job Service office of the State Department of Labor of any openings which we may have from time to time.

During the next several months, we do not anticipate employment opportunities in the Fairbanks office, except for infrequent cases of replacement as may become necessary. When new professional positions are established, we will advertise in local daily newspapers.

The sheer number of applications without suitable positions to consider them against does not make it practical to accept employment applications at this time.

Clerical positions will be filled locally. In addition to the Job Service listings, advertising will be placed in local daily newspapers for both clerical and professional positions when significant project activity commences.

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For information on Alaska's employment and economic situations, write to:

State of Alaska
Department of Labor
Box 1149
Juneau, Alaska 99811

or

State of Alaska
Department of Commerce and Economic
Development
Pouch D
Juneau, Alaska 99811

011780



Alaskan Pipeline

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Kathleen Kelly, (907) 452-5500

FOR IMMEDIATE RELEASE

NORTHWEST ALASKAN EXPANDS
FROST HEAVE TESTING PROGRAM

FAIRBANKS, November 20 -- Northwest Alaskan Pipeline Company is expanding its frost heave testing program with the addition of seven test sites along the gas pipeline route in Alaska. The company is conducting these tests to demonstrate the behavior of chilled pipe buried in unfrozen soils.

Northwest Alaskan is the lead partner in a consortium of 11 pipeline companies who will build and operate the Alaskan segment of the 4,800-mile Alaska Highway Natural Gas Pipeline Project.

The gas in the Alaska pipeline will be chilled below freezing (32°F) to protect the permafrost (permanently frozen soils) in which the pipe is buried. In thawed soils, frost heave may occur primarily where moisture is attracted to the chilled pipe and freezes, creating a "frost bulb". The expansion of soil caused by this freezing phenomenon can result in an upward movement of the chilled pipe.

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Northwest Alaskan and Foothills Pipe Lines (Yukon), Ltd., the company responsible for the portion of the Canadian pipeline project, currently are testing various measures for controlling or minimizing frost heave. Two of the control measures being tested are insulation and replacement of frost-susceptible soil with selected bedding material. Insulation, applied uniformly around the pipe, is most effective in reducing heat transfer. Selected bedding material, when used to replace frost-susceptible soil immediately below the pipe, reduces the over-all heave capability of the soil. Northwest and Foothills are currently conducting a frost heave testing program near Fairbanks, Alaska, and Calgary, Alberta, Canada. The seven, smaller test sites will be located along the proposed gasline route in Alaska.

These test sites were selected in areas which best represent the range of frost-susceptible, unfrozen soils along the pipeline route. They were confirmed by the soil samples obtained during the company's 1980 borehole drilling program. A total of 82 sites were considered. Doyon Construction Co., Inc./Reading & Bates Construction Co., Joint Venture Fairbanks, and Professional Contractors, Inc., Anchorage, are presently constructing two of the seven test sites. Other Alaskan companies that received contracts on certain elements of the testing program include H. C. Price Company, Fairbanks; Doyon Construction Co., Inc./Ghemm Co., Inc., Joint Venture Fairbanks; Modern Construction, Inc., Fairbanks; and Vertecs, Fairbanks.

Each site will consist of two, 80-foot sections of 48-inch diameter pipe. One section will be a bare pipe and the other will have either insulation or insulation together with selected bedding material replacing native soil. In addition, a workpad will be constructed adjacent to the test pipe trenches to demonstrate the effects of the workpad upon frost bulb growth and frost heave of the chilled pipes. The pipe sections are being fabricated in Fairbanks and transported to the sites.

Each site is self-contained with its own power generation equipment, refrigeration equipment to chill the buried pipes, and a data acquisition system which will automatically collect information from more than 800 sensors on a twice-a-week frequency. During their weekly trip, project personnel will perform routine maintenance and collect manual data on frost heave, water table depths, and snow depths.

Each site also will be equipped with a system to allow project personnel, located in Fairbanks, to query the security and operational status of the sites.

In addition to the seven new test sites, Northwest Alaskan's Fairbanks frost heave test facility is being expanded this year with two added test sections of 48-inch diameter pipe. Both test sections will be restrained at the ends by artificial permafrost. The purpose

- 4 -

of these differential test sections is to provide more data for frost heave analysis. Another eight test sections, 8 feet long, will be buried and later removed to obtain additional data for structural modeling, the company reported.

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112080



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FOR IMMEDIATE RELEASE

NORTHWEST ALASKAN RELEASES

IMPACT PLANNING REPORT

FAIRBANKS, September 29 -- Northwest Alaskan Pipeline Company today released the first in a series of quarterly reports to assist Alaskans in planning for construction of the gas pipeline project, according to Harold Moles, Vice President-Operations for Northwest Alaskan.

"Our 'Gasline Planning Update' publication is intended to assist Alaska residents, businesses and government agencies in planning ahead for the project and to keep Alaskans informed of new developments," Moles stated.

Northwest Alaskan Pipeline Company is the operating partner for a consortium of 10 pipeline companies who will build and operate the Alaskan segment of the 4,800-mile Alaska Natural Gas Transportation System.

The 40-page report includes updated information on current and projected gasline manpower, current schedule, Alaska field program activities, logistics planning, gas conditioning facilities, Fairbanks housing trends and results of a survey of six small communities located along the gasline route.

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"We're currently basing all our planning on a fall 1986 completion date," Moles stated. The project's current schedule calls for pipeline camp construction to begin in 1983, civil construction in 1984, and pipeline and compressor station construction in 1985 and 1986. This schedule is contingent upon receipt of the necessary government approvals, Moles said.

Some of the highlights of the report include:

- Total project manpower for both Alaska and the lower 48 states peaked at 1,478 people in March of this year. As of September 1, there were 200 people working on the project in Alaska and 72 percent of these were Alaska hires.

Project employment is expected to peak at more than 13,000 workers in 1985 when both pipeline and compressor station construction are underway.

- The major engineering field programs in Alaska during 1981 were borehole drilling, surveys of the proposed alignment and major facilities, and construction of six chilled pipe test sites. Environmental programs included studies of raptors, waterbirds, Dall sheep, fisheries and archaeological resources. This is the fifth year Northwest Alaskan has conducted field studies in Alaska in preparation for pipeline construction.

- An estimated 1.8 million tons of material will be moved into and within Alaska during construction of the gasline.

● Northwest Alaskan's quarterly report on Fairbanks housing trends found that in July 1981, there were 262 single-family homes, condominiums and duplexes for sale at a median asking price of \$96,000. Northwest Alaskan's survey of 20 major modern rental complexes in June 1981 found no vacancies although the monthly turnover rate was 4.2 percent.

● A survey, made in conjunction with socioeconomic profiles which were published by Northwest Alaskan for six communities along the gasline route, found that the top two gasline information needs cited by respondents were employment and training opportunities.

Copies of the quarterly "Gasline Planning Update" may be obtained from Northwest Alaskan's Manpower and Impact Planning Department, 701 Douglas Avenue, Fairbanks, Alaska 99701.

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FOR IMMEDIATE RELEASE

NORTHWEST ALASKAN PLANS
TO HIRE STUDENT ENVIRONMENTALISTS

Fairbanks, November 18 -- Northwest Alaskan Pipeline Company will conduct a summer hire program in 1981 for environmental students in association with the University of Alaska, Fairbanks, according to Harold Moles, Vice President-Operations for Northwest Alaskan.

"We want to introduce future professionals in the environmental field to the special situations encountered in large arctic and subarctic construction projects, and to give those considering employment in the environmental sciences in Alaska an opportunity to obtain field experience. In addition, Northwest would like to assess talent available for future professional employment on the gasline project," Moles explained.

Fluor Northwest, Inc., the project management contractor for the gasline, is coordinating the summer hire program with the University of Alaska's Office of Career Planning and Placement. The program will begin in June 1981. Qualified students are

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encouraged to apply for summer employment with Fluor to work on various environmental programs in preparation for gasline construction.

Summer hires will work on field teams consisting of Fluor biologists and civil engineers who are compiling environmental site assessments for the gas pipeline route, material sites, disposal sites and ancillary facilities.

For further information on qualifications, compensation and benefits, students should contact the Office of Career Planning and Placement, 5th Floor, Gruening Building, University of Alaska, Fairbanks.

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FOR IMMEDIATE RELEASE

NORTHWEST ADDS ENGINEERS
TO ALASKA STAFF

Fairbanks, November 10 -- Northwest Alaskan Pipeline Company has added three engineers to its Fairbanks staff. Robert Egg of Soldotna, Walter McMillan of Wasilla and Wilton Prejean have joined Northwest Alaskan as field engineers.

Each will be responsible for monitoring contractor activities on the numerous project field programs in Alaska and providing a direct interface between the permitting government agencies and the contractors involved in the field programs.

Robert Egg was formerly with Williams Brothers Engineering Company as a field engineer and was also employed with Alaskan Resource Sciences Corporation in Fairbanks for three years, working as an engineer on the Trans Alaska oil pipeline. Egg received a B.S. degree in agricultural engineering from Texas A&M University.

Before moving to Alaska and joining Northwest, Walter McMillan worked as a construction engineer for Cardinal Construction Company as a field superintendent of pipe and heavy equipment.

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Wilton Prejean was formerly with Gulf Interstate Engineering Company, Bechtel Corporation, Williams Brothers and other engineering firms since 1942. He also graduated from Texas A&M University with a B.S. degree in civil engineering.

Northwest Alaskan Pipeline Company is a wholly-owned subsidiary of Northwest Energy Company (NYSE) of Salt Lake City, Utah.

- 0 -

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FOR IMMEDIATE RELEASE

ALASKAN GAS PIPELINE GETS

FEDERAL RIGHT-OF-WAY GRANT

WASHINGTON, D.C., December 1 -- "The Alaskan Natural Gas Transportation System has taken a giant step forward today with the granting of a right-of-way for our pipeline across more than 400 miles of federal land in Alaska," according to John G. McMillian, chairman and chief executive officer of Northwest Alaskan Pipeline Company, principal U.S. sponsor of the proposed 4,800-mile pipeline system from Alaska's North Slope to the lower 48 states.

McMillian and Secretary of the Interior Cecil D. Andrus signed the 30-year federal right-of-way grant at a ceremony held today at the Department of the Interior (DOI). On behalf of the eleven companies that will own and operate the Alaskan segment of the pipeline system, McMillian made an initial payment of \$75,000 to the DOI's Bureau of Land Management.

"This action has been a critical prerequisite to development of a project financing plan," McMillian said, adding "we deeply appreciate the timely execution of this right-of-way grant by the DOI."

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