



process, and focus on getting the state's gas to the state's consumers.

"People in the Interior are hurting," he said.

Palin has rolled out her own proposal for in-state gas usage in addition to AGIA, but Ramras called that effort "goofy" and recommended scrapping AGIA and starting over with a new focus.

• Contact reporter Pat Forgey at 586-4816 or e-mail patrick.forgey@juneauempire.com.



Brian Wallace / Juneau Empire

Discussing bill: House Minority Leader Beth Kerttula, D-Juneau, speaks Tuesday during a gas line debate on the House floor.

Rynniva Moss

From: Christopher Clark [cgcalaska@yahoo.com]
Sent: Saturday, July 19, 2008 10:03 AM
To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labolle; Karen Lidster; John Manly; Rynniva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net
Subject: Petroleum News/Daily News: New Enstar contracts face opposition from two fronts

New Enstar contracts face opposition from two fronts

HEARING: Regulatory commission is scheduled to examine request.

By Petroleum News

Published: July 19th, 2008 12:24 AM
 Last Modified: July 19th, 2008 12:36 AM

Comments filed to date on Enstar Natural Gas Co.'s request for approval of its new gas supply contracts is shaping up as a doozy of a fight.

The state – with Chugach Electric Association – is objecting to the Anchorage-based natural gas distribution company's latest attempt to secure gas to meet near-term needs of its Cook Inlet-area customers.

The Regulatory Commission of Alaska is looking at whether natural gas supply contracts Enstar signed with Conoco Phillips Alaska and Marathon Oil Co. this year will provide a reliable source of supply at a reasonable price.

Those contracts were part of a settlement between the state and the two Cook Inlet natural gas producers in which the state agreed to support a two-year extension of the export license for their liquefied natural gas plant at Nikiski in exchange for assurance that local needs for natural gas are met and that local suppliers have access to the LNG facility, owned by Conoco and Marathon.

Chevron supplies most of Enstar's gas under a contract with Union Oil Co. of California; Unocal is now part of Chevron. The Unocal contract, approved by the commission in 2001, set the price of gas using the average Henry Hub natural gas price for the previous three years. The commission rejected a 2005 contract with Marathon that used similar pricing.

Enstar's contracts with Conoco and Marathon are for supplies not covered by Chevron.

The commission has scheduled a hearing the last week of July and the first week of August.

RUNNING ARGUMENT

The Cook Inlet gas producers have long argued – and the regulator appeared to agree in 2001 – that Cook Inlet prices are artificially low because the gas cannot be easily sold anywhere else, but that prices tied to Lower 48 gas prices are necessary for oil and gas companies to find investment in exploration and development projects worthwhile.

In 2006 RCA rejected – based on price – a contract Enstar negotiated with Marathon in 2005 that, like the 2001 Unocal contract, was tied to Lower 48 natural gas prices. The state attorney general's public advocacy section opposed that contract and also opposes the new contracts.

Anchorage-based Chugach Electric, the state's biggest power company and a big buyer of natural gas, and other Cook Inlet natural gas purchasers also oppose the new contracts.

In a mid-May filing Enstar told the commission that the attorney general's comments are based on a "fundamental misunderstanding of the commercial reality" Enstar faces. The attorney general's opposition means Enstar faces a supply shortfall in January 2009, Enstar said.

Enstar has been unable to negotiate "every favorable term" the attorney general mentioned, the company said.

"The producers are not legally obliged to accept contract terms that they view as inconsistent with current market realities," Enstar said.

CAN THE GAS COMPANIES LEAVE?

Chugach Electric brought in attorney Spencer Hosie, who filed testimony saying the issue is not whether Cook Inlet offers the best investment opportunities for companies holding oil and gas leases, but whether the gas can be sold for a price that make production reasonably economic.

Hosie said the Enstar argument is that if the regulators do not approve the proposed contracts that the producers may not continue to invest in Cook Inlet and that they may shut-in some gas rather than sell to Enstar on other terms.

Those are "hollow threats," he said, because under their oil and gas leases the producers have "a duty to develop and market their gas."

Because of the relationship created in an oil and gas lease -- "a type of 'cooperative venture,' where the landowner relies on the producers to develop the field and market the production for the benefit of both," producers aren't free to make development decisions based solely on their own interests, Hosie argued. "Instead, all decisions, including decisions to develop and invest capital, must be made with 'due regard' for the interests of the royalty owner, the landowner. In simple terms, while the producers need not treat the royalty owner any better than they treat themselves, they may not treat the royalty owner worse."

Producers have an obligation to go forward if a project is "reasonably profitable," he said.

Hosie said the work the companies have put into earning an extension of their export license is proof that Cook Inlet natural gas is profitable.

The producers, through Enstar, are not demanding that their Cook Inlet gas business be made profitable, only that it be made more profitable, he said.

Gene Dubay, an executive with Enstar's parent company, filed testimony that Enstar needs 32.3 billion cubic feet. The proposed contracts cover expected shortfalls of 2.1 billion cubic feet next year, growing to 10.7 billion in 2013.

Rynnieva Moss

From: Christopher Clark [cgcalaska@yahoo.com]

Sent: Thursday, July 24, 2008 5:17 PM

To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labolle; Karen Lidster; John Manly; Rynnieva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net

Subject: Calgary Herald: Alaska lawmakers back TransCanada pipeline

Alaska lawmakers back TransCanada pipeline

Company seeking producer support. State votes 24-16 in favour of \$26B project

Jon Harding, Calgary Herald

Published: Thursday, July 24, 2008

Now that politicians in Alaska back TransCanada Corp.'s largest single pipeline project ever, the question turns to whether dominant North Slope resource owners can be convinced to ship gas down the long-awaited link between Alaska and Alberta.

Alaska lawmakers argued into the night Tuesday before a majority approved TransCanada's plan for a \$26-billion to \$30-billion US, 2,700-kilometre natural gas line from Prudhoe Bay through Alaska, the Yukon and northeastern British Columbia to Alberta. A re-vote Wednesday mirrored the earlier result.

After weeks of fiery debate across Alaska in which Canada was at times cast as a potential obstacle in the way of U.S. energy security, the state's 40-member House of Representatives voted 24-16 in favour of Bill 3001, which grants TransCanada an exclusive state licence to proceed with the project.

The licence also means the Calgary company can tap \$500 million US worth of planning subsidies offered up by the state.

The bill still requires approval from the Alaska senate, which will occur no later than Aug. 2.

From there, TransCanada would seek approvals from U.S. and Canadian regulators, all the while attempting to garner shipping commitments from Alaska's three big producers, without which the project could be too risky to move forward with.

Construction would be virtually impossible to finance without shipper support from the likes of ConocoPhillips, BP PLC and especially ExxonMobil Corp., which is the largest owner of stranded North Slope natural gas reserves.

ConocoPhillips and BP, meanwhile, have their own pipeline proposal in the works, and their plan to move the project, called Denali, to an open season by late 2010 at a cost of up to \$600 million did not change with the favourable decision for TransCanada, Conoco chief executive Jim Muiva told analysts on a conference call.

"We intend to continue our efforts," ConocoPhillips spokesman Charlie Rownton said later Wednesday.

Tony Palmer, TransCanada's vice-president for Alaska development, said in an interview TransCanada continues to have discussions with Conoco, BP and ExxonMobil but he suggested commercial terms around tolls and equity stakes in the Alaska line would be proposed after Senate approval.

"We've had ongoing discussions with all three North Slope producers for many years so at this point we

are targeting to get a licence in the next 10 days," Palmer said. "Hopefully, we'll achieve that and if we do we'll move quickly to continue discussions with those parties."

Palmer said he doubts two projects would ever get built.

"I don't believe there will be both projects at the end of the day," he said.

"It's not unusual at this stage of the game to have competing pipeline projects; you see that all across North America in both the oil pipeline business and gas as well. At some point, one project either succeeds or fails, or there is some alignment of interests," said Palmer.

The debate in Alaska largely pitted Denali against TransCanada's proposal, which was favoured by Republican Gov. Sarah Palin.

The Conoco-BP plan does not conform to the Alaska Gasline Inducement Act, brought in by Palin last year to protect the state's interests, and while Denali has not sought any state subsidy, a previous project floated by Conoco, BP and ExxonMobil sought billions worth of concessions.

Palmer said TransCanada will continue to request bridge-shipper backing from Washington to let the project push forward without commitments from the big three producers.

"It's more likely we would be discussing it with the next administration and the next Congress . . . to see if they have any interest in those concepts."

Observers believe ExxonMobil holds the final card on any Alaska pipeline and is positioned to leverage one project against the other, playing a waiting game to secure the best tolling arrangement.

"I think Exxon will wait until everyone is worn down -- if you will -- and then come in with a plan," said Fadel Gheit, an analyst at Oppenheimer & Co. in New York. "There will be very little resistance by then because these other players will have exhausted everything else."

Mulva would not comment on whether ExxonMobil will join the Denali project.

"Ultimately we would like to see everyone participate," he said.

TransCanada's proposal offers an equity stake to only those shippers that commit gas in the initial open season, an industry term for the period when firm shipping commitments are sought.

Exxon did not tip its hand during presentations on the pipeline earlier this month to the Alaska legislature, but it said an equity stake in a pipeline equal to throughput was "key."

"ExxonMobil would carefully evaluate any open season offering," said Marty Massey, the U.S. joint venture manager for ExxonMobil Production Co.

"If commercially reasonable terms and conditions are offered, ExxonMobil would be willing to participate in the open season and make firm transportation commitments for the share of gas production from our North Slope leases."

The pipeline would be operating by 2019, according to TransCanada. The long-delayed project would feed 4.5 billion cubic feet of gas a day into Alberta's emptying web of lines that ultimately deliver gas to southern markets.

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NEWS-MINER EDITORIAL

'No' on the license

Senate should steer Alaska elsewhere on pipeline project

Published Thursday, July 24, 2008

The Alaska House of Representatives voted 24-16 this week to give TransCanada a state license to build the North Slope natural gas pipeline and sent the license legislation to the Senate, where its passage seems generally to be expected when the upper chamber votes next week.

We urge the Senate to come to a different conclusion than the House, to realize that the Alaska Gasline Inducement Act process is not the way to go and that giving a license to TransCanada under AGIA is not the best course to take.

We realize, though, that this view is likely held by only a minority of legislators and, possibly, the public. But the absence of numbers doesn't mean the absence of correctness.

Gov. Palin will, in all probability, get to sign the awarding of the license to TransCanada, a reputable Canadian pipeline-building company that has filed a responsible pipeline application in accordance with the gas act.

But, as has been noted here and elsewhere many times, TransCanada has no gas of its own. It will need the gas held under legitimate lease by BP, ConocoPhillips and Exxon Mobil for its project to proceed. TransCanada needs the oil companies to commit the gas to its project so it can secure financing — no financing, no project.

That's an inescapable fact.

TransCanada by itself gets Alaska nothing.

BP and ConocoPhillips, as most people should know by now, have embarked on their own pipeline project and have committed to spending \$600 million on preliminary work — including field work that is under way — during the next three years. So it is difficult to see what is gained by giving a license to TransCanada. And the state "license" isn't even the one that matters; that one comes from the Federal Energy Regulatory Commission. BP and ConocoPhillips have already begun the process to take their North Slope project to FERC.

Is the TransCanada proposal being kept around to keep pressure on the oil companies? Some people think so. But does Alaska need to be giving \$500 million in financial support to TransCanada to keep applying the pressure? That's what an AGIA license will give to the company. Is that the best use of that money? It seems that BP and ConocoPhillips have, after these many years, made a big-time commitment to work toward building the gas line.

Gov. Palin's signature on the TransCanada license legislation will commit the state to working exclusively with TransCanada. The state won't be able to do anything, like talking with the oil companies, that could be construed as advancing a project that would be a rival of the TransCanada project.

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STUMBLE UPON

Alaska will be locked in and maybe locked out.

The granting of a license to TransCanada will be a landmark moment for Gov. Palin and for the state. That's something that the governor's opponents and supporters should be able to agree on.

Just what type of landmark — a famous one or an infamous one — is where they differ.

We think it will be an infamous one. Giving \$500 million to TransCanada isn't necessary. Half a billion is a lot of money, even for a state flush with cash. Too many questions surround the TransCanada proposal. And there's another project proceeding at a faster clip.

There's still time for the Senate to correct Alaska's course by voting against giving TransCanada a license.

Community Discussion

Newsminer.com doesn't necessarily condone the comments here, nor does it review every post. Read our full user's agreement.

andora

7/24/2008, 12:37 a.m.
Suggest removal

AGIA needs to be approved as soon as possible. Then we have to get to energy relief for Alaskans. We need the Alaska State Royalty Oil to be refined and distributed to Alaskans at \$2.00 a gallon for all fuels. Anything less than a fuel subsidy program will leave Alaska's economy in a shambles.

SmallBob

7/24/2008, 12:56 a.m.
Suggest removal

Trans Canada will start building a gasline 10 years from now.....or....Never.

akflyfisher91

7/24/2008, 1:13 a.m.
Suggest removal

ok, I guess I don't get it, why are so many people backing transcanada?

Preston_Lancashire

7/24/2008, 1:21 a.m.
Suggest removal

Wow ... I've always thought the jokes about the DNM and oil companies were a joke until now.

MarieBarr

7/24/2008, 1:39 a.m.
Suggest removal

Why on earth should the State let the oil companies strong arm us into following their plan? The State had a process, they publicized this process, the oil companies had their chance during this process. Just because they don't like how it turned out does not mean they can tell the state "Well, we lost when we did it your way,

so now we're going to force you to play our way"

The oil companies need to remember that it is Alaska's oil, and we ultimately are the ones in control.

Thomas

7/24/2008, 1:50 a.m.
Suggest removal

Why does anyone care who owns the leases?

the oil companies haven't said they would refuse to transport gas on a TC line... They just use mouthpieces to ominously point out that they think they own the gas.

Many countries have a law in their Competition Laws called "refusal to deal". That is exactly what this falls under. It's extortion, saying "Do it our way, or we'll make sure it doesn't happen at all"

Continuing along that path is not in the long-term best interests of this state.

Look at point thompson. BP/exxon/etc will never risk the possibility of losing their leases. If they refuse to ship gas, which again, they won't do, the legal machine starts and they lose billions.

It's a scare tactic, an obvious one, an unethical one, and DNM is eating it up saying it's delicious and everyone else should think so too.

11801N

7/24/2008, 2:35 a.m.
Suggest removal

I ain't buying the hype that Big Oil will build a gas line, no way. I do agree that this deal with the Canucks is rotten to the core. Michael Dukes (for you new people-he has the most popular radio show in Fairbanks) was playing a recording of the head of TransCanada, their CEO, who was saying that Alaska was last on their list of gas line projects- heck, they will not even get around to Alaska until the end of the next decade. So what does that mean? Another 15 years for Fairbanks to get affordable energy? I am ready to toss out all the incumbents who voted for this. These people- and the News-Miner, should have been paying better attention.

The good folks who testified said over and over and over again that they want a gas line owned and controlled by Alaska. If people do not want a Canadian gas line, then their wishes should be respected.

The legislators that ignored our wishes: Kawasaki, Guttenberg, Kelly and Cognill.

Skagdog

7/24/2008, 5:54 a.m.
Suggest removal

Maybe G P has a cousin or somethin at transcanada

woodman

7/24/2008, 6:57 a.m.
Suggest removal

Tom Erwin Commissioner of DNR, on the Michael Duke's show yesterday really ripped the treasurer of the Port Authority and the Port Authority apart. Erwin said, the Port Authority had the poorest presentation of all and even with the State bending over backwards couldn't help them. Erwin countered every contention presented by

the Port Authority's treasurer. Wonder if Dukes will present both sides and play the statement issued yesterday by the Chief of Transcanada and replay the discussion he had with Erwin.

Fairbanksgas

7/24/2008, 7:24 a.m.
Suggest removal

Transcanada is not perfect, but at this time it is our best bet to get a project going.

The State of Alaska has almost a perfect record in defeating the oil companies in court. The producers are not going to risk losing leases that are worth tens of billions. They are going to play hardball but in the end the gas will be committed to the pipeline project.

custertwilson

7/24/2008, 8:03 a.m.
Suggest removal

Icebreakers Haven't been heard !

Why are we discussing Pipes at all ?

The reason this is so "IF" is Imported LNG can beat Alaska Pipe's cost, at every possible market (except Exxon's Over the Top could edge the farthest source, Qatar -- at Chicago, only).

The reason -- SEA TRAVEL IS CHEAPER !!

Just take the Valdez Plan & remove \$20 ugly Billion in Pipeline.
... besides: a PIPE IS FIXED AT BOTH ENDS.

A pipe to Prudhoe means KILLING THE OIL.

Now current standards would not extract all 13.6 Billion barrels left there BUT if Future Tech can, & Alaska RUINS it, the lawsuit would be for:

1.5 TRILLION DOLLARS !

Plus Punitive Damages !

Think about it.

And:

BUSINESS WILL FLEE THE STATE before the Pipe completes -- to avoid being among the Property owners that have to PAY IT (that's what happens when Municipalities BANKRUPT -- \$3 Trillion works out to \$4.5 million per Alaskan !)

BigMike

7/24/2008, 8:05 a.m.
Suggest removal

"We realize, though, that this view is likely held by only a minority of legislators and, possibly, the public. But the absence of numbers doesn't mean the absence of correctness."

Correctness in terms of impact on DNM advertising dollars?

Instead of calling these articles the DNM's Opinion, why not just have a separate column titled "BigOil Views"?

Thankfully our state currently has enough legislators that have not been bought and sold by BigOil and will make the right vote.

I predict another DMN editorial tomorrow on why Palen should be investigated for Monegan fixing.

7/24/2008 8:05 a.m.

ONAPA

To the Editor who wrote the Editorial: Who is this WE you keep writing about?

We voted to build an Alaska Gas Pipeline last year. Then Alaska voted into law the Alaska Gasline Inducement Act through the full Legislature. We recieved one acceptable proposal that met the State's requirements for a pipeline. We should be awarding that license to build the line effective immediately. We will hope that the producers that hold the leases participate in the open season. If they fail to do so then we can take their leases back for failure to produce. We can then let other companies bid on the leases with a clause that requires production.

Those are our options. The producers had at least 25 years to build a line at lower costs than those c today, which now, they say makes the line economical.

Why is Alaska supporting Trans Canada Alaska, because they are willing and able to build a line that meets our requirements. I have yet to hear one of the competing plans' comparison to the AGIA requirements. Denali Group and the Port Authority's all Alaska Pipeline plans leave out one big player and that is Alaska, the will of the people, and what Alaska requires in a line.

We don't have to build it, but our input upfront is missing from the other two plans. That alone makes me wonder why our legislature thinks we can get a better deal from the competitors that aren't playing by the same rules.

I announce I want a house built. Only one company submits a bid meeting my requirements. A year later two other companies tell my neighbors they have a better plan and are going to build my house on my land using my resources. Who should I hire to get what I want?

woodman

7/24/2008, 8:31 a.m.
Suggest removal

Again, thank goodness Sam Bishop is returning

darkhorse

7/24/2008, 8:37 a.m.
Suggest removal

BigMike

See what happens when you form an opinion and state it publicly! Burst a few bubbles and, oh boy, it's like you attacked someone's religion. Here's an idea. Why not invite someone from the DNM editorial board on your show? Mr. Irwin (not Erwin) was evidently on yesterday in a tit-for-tat with Mr. Pierce. Why not invite Dermot Cole, Kelly Bostian or Rod Boyce (or all three) tomorrow? I think the audience would like to hear a program like that. I would certainly be interested and informative to me to hear how they decide what topics to editorialize and how the content is developed. I'd listen to the whole show.

While I don't always agree with the editorials, I certainly find them to stimulate thought. And I've always known it isn't "reporting." It is "opinion" - something we all have and something we are all free to express.

Give it some thought. It could be a hit.

custerswilson

7/24/2008, 8:38 a.m.
Suggest removal

Alaska's PPT means you earn almost \$2 for every \$1 of Big Oil Profit.

If you Disagree with them SOMONE is shooting themselves in the Foot.

Why would they decrease their OWN Profits ?

Worry about them scamming you on the Tariffs, but on matters of them making PROFITS FROM SALES – they cannot MAKE money without YOU MAKING MORE.

... it's Alaska that's got it's own bullets in its own feat.

DistantThunder

7/24/2008, 8:41 a.m.
Suggest removal

UNOBTAINIUM ..

Aside from the 200^tcf of gas in proven leases onshore there's recent estimates of over 1000tcf of gas offshore in the BeaufortSea and Chukchi. The big pushers of the big-steel-pipeline is the hard-core military-industrial-complex who originally blueprinted this big-steel-megaproject in WW2.

...they just wanna make it look like it's a populist-progressive project

The gas&oil that gets spotted by the exploration companies is immediately assessed and valuated and mortgaged 3times by the brokers

The value becomes hyper-inflated before it's drilled.

The boardroom pirates have been doing this for hundreds of years. Every potential resource on the planet gets assessed and "taxed" – including you and the house you live in, yes, you are just a commodity too. If you can see it from satellite, then you can begin claiming it and banking on it.

It seems obvious Juneau and BigBiz don't give "two whoops in hell" about how much money they expect to throw at this megaproject. The more drama they can whip up about the "passing of gas" the more "important" thus expensive the project becomes. The producers of this movie are busy loading imaginary and inflationary expenses to this project.

The most expensive epic movie ever filmed, so you should expect to pay \$5000.00 per ticket at the box-office
[or \$5k/month for your gas-bill]

In all of the journalism written about this daily the most commonly used adjective used to describe this "Big Steel Pipeline" is "e x p e n s i v e". Paid-shill journalists are comparing the expense of getting access to the hydrocarbons in the Caspian-Region to the costs of drilling in the arctic. Does anybody know what the real-cost of spewing 2000tons of Depleted-Uranium around Iraq is gonna be??

In 1974, when sitting at the desk in Fairbanks ordering some Crouse-Hinds and Allen-Bradley motor-starters and switchgear, I began joking... "I don't care if it's made from Unobtainium, we need it here yesterday, and hell no I don't care what it costs, just send the invoice to this office address in Seattle."

Should the oil companies own their own pipeline ??
Suuure, why not... then all of NorthAmerica can be a "company

town" that's replaced the dollar for hydrocarbon-script.
The Sherman Anti-Trust Act has as much teeth nowadays as an impeachment.

Exposed to \$50trillion of debt...
The US-Congress has already spent the money that the economy will earn in the next 50years by selling to us our own resources.

<http://www.michaeljournal.org/myth.htm>

The Gas is already gone.....
stolen by spendaholics

Anybody wanna build a cheap gasline to get some affordable gas?

BigMike

7/24/2008, 9:10 a.m.
Suggest removal

Darkhorse

I think you got this BigMike confused with the REALLY BIG Mike. I support TransCanada, Palin, and Irwin.

I thought Irwin's coments on Duke's show yesterday were right on.

And yes it would be interesting to have the DNM editorial board on his show. But I fear without input from BigOil they wouldn't have much to say.

MatthewErickson

7/24/2008, 9:17 a.m.
Suggest removal

There's a lot of analogies out there that really hit home.

When you and your family is sitting in the cold, do you wait another 6 years till someone proposes to build a 'perfect' house, or would you be willing to accept an imperfect one, as long as it meets your basic standards?

Oil companies make money for their share holders. That's their justification. Like a lawyer who gets his client off of a murder charge over a technicality, they're just doing their job to the best of their ability. That's what they tell themselves, and us, so they can sleep at night.

They will not cash in the natural gas ticket, if it means they will loose money on oil. They know they can delay on the natural gas even longer till the oil is played out, and natural gas prices are tripled what they are now.

They have no ethical reservations when it comes to making money. If they can get away with it, they will. This is why I support TransCanada. They are not oil. They just want to build a pipeline. Their interest lies in doing it as quickly as feasibly possible, to start making money as soon as possible.

I would however, like to see the state sponsor a 'bullet line' to the interior. Fairbanks needs a strong natural gas supply now. Not only for the heating alternative, but also for air quality. On that alone, we should be able to tap into some of that federal money for air quality improvements.

DistantThunder

7/24/2008, 9:31 a.m.

custerwilson... if you really wanna show how easy it is to ship gas

Suggest removal

out of the arctic by boat I'll show you a shortcut.

Did you know that you can take an old smelly fish-freezer ship and park it off Point Thomsen in deep water [there's a dropoff there], then you can run a raw-gasline to a 10ton-gizmo parked on the bottom next to your deep-anchor at 1500' deep. The product you get onboard the ship from the riser-pipe attached to the 10ton-gizmo looks like softserve icecream, but it's really methane-hydrate.

Methane-Hydrate compresses the effective volume of nat-gas by a factor of 160. LNG's ratio is 600:1

But with low-overhead expense you can make a good profit shipping the 160:1 methane-hydrate to market...

...this is how you prove that ArcticShipping is more cost-effective, by demonstrating that it can be done for an initial investment of less than \$10million.

But you'd better have your boat totally festooned with video-surveillance cameras, and recording sonar, with satellite uplink, and every other security method you can think of..

..because just one phonecall from an office in Houston will order a Navy Submarine to "accidentally" surface under your boat project, just like they did with the other "accidental collisions"...

The people controlling the hydrocarbon game aren't interested in getting gas to market cheaply..

..they wanna make it as expensive as possible.

They know that if in 2012 there will be an order to Caterpillar for \$600million of side-boom pipelayers, then they will buy stock in Caterpillar 6months before the order is cut.

When swimming in the deep end of the pool you might find out there is no bottom there.

DenaliGuy

7/24/2008, 9:35 a.m.
Suggest removal

"The oil companies need to remember that it is Alaska's oil, and we ultimately are the ones in control!"

Good point, ManeBarr, except 'oil companies' should be replaced by 'multinationals'. I cannot accept any corporation dictating policy to our government, contract or not. Any proposal accepted by our legislature should state:

1. A guarantee of a commitment to build (not to study).
2. A stipulation that the state reserves the right to further other projects it deems necessary in order to manage the resource in the best interest of the people of the state, regardless of size or cost.

If this doesn't sit well with the multinationals, too bad. We use our own cash and resources and do it ourselves. The oil and gas belong to us, not them; all we have done is lease the extraction rights, not conveyed ownership.

Of course, it's all moot; Anchorage has decided this is the right course and we all know who is really in power in this state. The interior is Alaska's red-headed stepchild, and there is no glass slipper that's going to change that.

dmt

7/24/2008, 10:52 a.m.
Suggest removal

The Newsminer really owes an explanation to its readers on WHY they are so pro oil and anti Palin. We are now seeing a feeble

attempt by the pro big oil legislatures (Ramras and Harris) attempting to railroad the plan and Palin by calling for a "special, indepth investigation on the recent top cop dismissal. Our country and state are heading for an economic disaster not seen since the dirty thirties. Why are they trying to divert the state's attention away from the very pertinent, serious issues? One can't help but feel someone is receiving "something". Newsminer, fess up.

Non_Lemming

7/24/2008, 11:11 a.m.
Suggest removal

I would like to know how to get access to the sound bite Michael Duke's used on his show in which the CEO of Transcanada states they won't even begin the Alaska line until the latter end of the next decade. I heard it and was absolutely appalled. If he is correct, that is 10 years minimum before construction, not production, will begin.

este

7/24/2008, 11:49 a.m.
Suggest removal

This failed when Carter tried to do it. Why does anyone think it can work now?

cleary

7/24/2008, 12:08 p.m.
Suggest removal

Big oil boycotted AGIA in hopes of crushing it. Now that we are proceeding with AGIA they suddenly want to build a line of their own. The only thing big oil wants less than to build a gas line of their own right now is to have someone else build one. If AGIA is not approved we will see the Denali Line slowly fade away.

11801N

7/24/2008, 12:29 p.m.
Suggest removal

Non-Lemming, here is what I could find. This was the top guy over at TransCanada. their CEC, so it is pretty clear what the Canadians' priorities are. Alaska is #4 on the list.

And this is the kind of stuff they are saying before they have approval- imagine what will come later.

452-4448 is the number for the LIO. If it is OK that we pay these guys 500 million, and Fairbanks has to wait for gas for 15 years- then tell 'em you want the Canadian deal. If not, well, what I do not understand is with all the money we have, why not build this line ourselves?

<http://watch.bnn.ca/the-business-news/ju...>

DistantThunder

7/24/2008, 12:29 p.m.
Suggest removal

The Prudhoe Gas has never been stranded, and Alyeska has been shipping out as much NGL's as possible mixed with the crude all along. This is the REAL-cause of the ExxonValdez disaster[not Hazelwoods DU].

Gaslines are not nosebleed-expensive to build, just ask Gazprom.

Running a \$10mil 4" plastic-hose into Prudhoe's posterior orifice will make the delirious patient with the persistent bowel obstruction combative, but with enough video cameras in the operating theater

the gas will pass, and the delirium will subside.
It doesn't require \$500mil exploratory brain surgery followed by a \$30billion bypass operation.

YukonJohn

7/24/2008, 12:30 p.m.
Suggest removal

Transcanada is not perfect, but at this time it is our best bet to get a project going.

FairbanksGas, I agree. And TC was the only company to submit a proposal within the AGIA process.

DenaliGuy, you know that you and I agree on almost everything!! This is not different, and it IS OUR GAS!! Hey, we are going to try to come down for a bit this weekend, but my darling has to work and if we get down, it will be Saturday and maybe we might can spend the night. I just got back from California last night from firefighting and am TIRED, but we really do want to come down!! I hope you are doing well, and hope to see you soon.

Post a comment

Commenting requires registration.

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Daily News - Miner

Arctic holds vast reserves of oil, natural gas, scientists say

The Associated Press

Published Thursday, July 24, 2008

WASHINGTON -- Some 90 billion barrels of oil and a third of the world's undiscovered natural gas lie beneath an area north of the Arctic Circle, government scientists estimate in the largest-ever survey of the energy resources there.

The U.S. Geological Survey, which announced the findings Wednesday, called the region, which includes parts of the United States, Russia and Canada, "the largest unexplored prospective area for petroleum remaining on Earth."

All told, the area accounts for about a fifth of the world's recoverable oil and natural gas reserves, the USGS says: 13 percent of the oil, 30 percent of natural gas and 20 percent of natural gas liquids.

At today's current consumption rate of 86 million barrels a day, the yet-to-be-tapped oil in the Arctic would supply global demand for three years. Pursuing it is sure to be controversial with environmental groups that want to protect the pristine wilderness and the area's endangered species.

The oil is considered "technically recoverable" using existing technology, but the survey did not consider the cost of overcoming obstacles to drilling, such as permanent sea ice or deep ocean waters. Melting caused by global warming has opened up some areas that were previously considered too difficult to reach. Oil companies have already spent billions to secure leases to explore some of the uncharted waters.

About 84 percent of the undiscovered oil and gas is offshore, the USGS estimated, but much of it is close enough to land to fall under national territorial claims.

About a third of the oil found in the survey is off the coast of Alaska. The majority of the natural gas is concentrated in two Russian provinces.

"Before we can make decisions about our future use of oil and gas and related decisions about protecting endangered species, native communities and the health of our planet, we need to know what's out there," USGS Director Mark Myers said in releasing the report Wednesday, the product of a four-year study.

"With this assessment," he said, "we're providing the same information to everyone in the world so that the global community can make those difficult decisions."

On the Net:

<http://energy.usgs.gov/arctic>

Rynnieva Moss

From: Christopher Clark [cgcalaska@yahoo.com]
Sent: Thursday, July 24, 2008 7:42 AM
To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labelle; Karen Lidster; John Manly; Rynnieva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net
Subject: Pat Forgey: TransCanada continues to face hurdles; Legislative opponents keep up fight after House approves plan

TransCanada continues to face hurdles**Legislative opponents keep up fight after House approves plan**

By Pat Forgey | Juneau Empire

The Alaska House of Representatives met Wednesday to finalize its approval of TransCanada Corp.'s pipeline plan under the Alaska Gasline Inducement Act.

Instead, it spent the morning arguing over what appeared to be a few final attempts to derail Gov. Sarah Palin's pipeline effort.

"This is mucking around in dinky procedural ways with Alaska's future and getting our gas to market, but that's part of the process," said Rep. Beth Kerttula, D-Juneau, House minority leader.

Opponents first tried to attach to the bill approving Palin's TransCanada effort new conditions that might violate the Alaska Gasline Inducement Act deal, and then voted down a clause allowing it to take effect immediately.

Eventually, the bill passed 23-16 and was sent to the Senate, where approval also is required.

Lawmakers, TransCanada and Palin administration officials are trying to figure out what effect Wednesday's actions will have on the bill.

Reps. Ralph Samuels, R-Anchorage, and Gabrielle LeDoux, R-Kodiak, on Wednesday produced a "letter of intent" in support of in-state natural gas use, but which could have undermined the AGIA agreement with TransCanada.

That letter was similar to an amendment to the AGIA license bill that failed the previous day and which AGIA supporters said could derail the TransCanada plan.

AGIA, which was passed 59-1 by the Legislature last year, gives the Legislature the power to approve or reject, but not amend, the TransCanada proposal.

Pipeline backers first saw the letter of intent when they were handed it on the House floor, Kerttula said.

"I had real problems with it," she said.

Negotiations between the parties amended the letter enough that it offered support for in-state gas, without threatening the TransCanada deal. That won lukewarm support from all sides.

Samuels said the letter had to be weakened to win support for its passage. He would have "much preferred something more firm, with more teeth," he said.

The letter followed an attempt Tuesday to do the same thing in an amendment to the bill. Samuels said that was what was important, not the letter of intent that actually was approved.

"In light of what we did with the amendment last night, I'm not sure (the letter) adds much of anything," Samuels acknowledged.

The Legislature also rejected the usually routine step of making the bill effective immediately. That takes a supermajority and fell just short.

Without formal approval of a specific effective date, bills instead become law 90 days after passage.

AGIA backers said that could prevent TransCanada from beginning work immediately and making use of the last of the summer construction season.

"It sets the project back," said Pat Galvin, commissioner of the Department of Revenue.

After the vote Tuesday, TransCanada's Tony Palmer said his company was prepared to begin at least some work immediately upon passage.

Rep. David Guttenberg, D-Fairbanks, said that delays may cost TransCanada this season and drive up costs.

"If it sets it back that much, we're talking a lot of money," he said.

With Senate action still ahead, it is not clear what effect the House's rejection of the immediate effective date may mean.

The AGIA bill provides TransCanada with a \$500 million subsidy, in exchange for developing an independent pipeline that state officials say they need to get Alaska's vast Arctic gas resources developed.

Racing to compete with TransCanada is a pipeline supported by North Slope oil producers BP and ConocoPhillips. That pipeline, called Denali, has already opened a field office in Tok to begin work.

• Contact reporter Pat Forgey at 586-4816 or e-mail patrick.forgey@juneauempire.com.

Rynnieva Moss

From: Christopher Clark [cgcalaska@yahoo.com]
Sent: Wednesday, July 23, 2008 8:50 PM
To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labolle; Karen Lidster; John Manly; Rynnieva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; Shannon Devon; Debbie Richter; skippy.dog@att.net
Subject: Stefan Milkowski/blog: AGIA comes to the House, again

AGIA comes to the House, againBy Stefan Milkowski

Published Wednesday, July 23, 2008

If you thought the House was done with AGIA, you were wrong.

When the House went in at 9 this morning for a reconsideration vote on the bill, a new letter of intent popped up that basically promoted the all-Alaska gas line.

Letters of intent don't carry the weight of law – and wouldn't be considered an amendment to AGIA in this case – but they do help clarify what lawmakers want from a bill.

And this one seemed to clash with AGIA. It basically said the Legislature wanted the governor to keep working on other gas line proposals even after issuing a state license to TransCanada.

Chaos ensued.

The House took a break, and lawmakers gathered in impromptu groups with TransCanada executives and members of Gov. Palin's gas line team. New drafts emerged from printers and copy machines.

Rep. Ralph Samuels, a vocal opponent of AGIA and not really a fan of the all-Alaska line, sponsored the letter. Port authority project manager Bill Walker said he helped draft it.

The goal, Walker told me, wasn't to take down AGIA or TransCanada, but just to make it clear that lawmakers wanted the state to keep working on an in-state/LNG export project within the bounds of AGIA. (TransCanada has promised to build a line to Valdez if the port authority or anyone else can put a project together.)

By 11 a.m., the second floor was crowded with lawmakers and legislative aides, TransCanada executives, administration officials, reporters and others. Summer tourists had to squeeze through.

AGIA supporters worked frantically with state officials and TransCanada to ensure the letter wouldn't interfere with the license. (The latest version specifies "Nothing in this letter of intent is intended to alter the obligations of the parties under the law . . .")

Some lawmakers scoffed at the letter or described it as political cover from constituents set on the all-Alaska plan. Others said it sent an important message.

Rep. Scott Kawasaki stood in the hallway and read a memo he'd requested from the Legislative Affairs Agency explaining what a letter of intent does and doesn't do.

Rep. John Coghill, convinced the letter wouldn't interfere with the license, went to his office.

7/24/2008

House Speaker John Harris, who voted against the license last night, took a few practice golf swings in the Speaker's Chamber, then put on a coat and went for ice cream.

A House committee is taking testimony on Palin's energy bills, and lawmakers are scheduled to reconvene on the floor at 12:30. Or thereabouts.

UPDATE: After some lively, somewhat accusatory debate, the letter passed 39-0.

Rynnieva Moss

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To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labolle; Karen Lidster; John Manly; Rynnieva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net
Subject: Steve Quinn: Fate of gas line in Senate's hands

Fate of gas line in Senate's hands

By STEVE QUINN
The Associated Press

Published: July 23rd, 2008 06:44 PM
Last Modified: July 23rd, 2008 06:44 PM

JUNEAU - The fate of a multibillion-dollar pipeline that could unlock 4.5 billion cubic feet of North Slope gas reserves daily and power North American homes and businesses for decades now rests in the hands of 20 Alaska state senators.

The state House today reaffirmed its Tuesday night vote to award an exclusive license to TransCanada Corp., which must move forward on federal permitting applications for the 1,715-mile pipeline estimated to cost \$26 billion to \$30 billion.

This leaves the Senate to approve or reject the license by Aug. 2. Republican Senate President Lyda Green said her energy committee still has a few questions to pose, but **she expects for the Senate to vote on Gov. Sarah Palin's license recommendation by late next week.**

While the license in no way guarantees construction, it calls for TransCanada to move forward on a costly process of pursuing a federal certificate. The company would also get up to \$500 million in state seed money.

"We are not pursuing this project to spend a lot of our money and the state's money and just end up with a certificate," said TransCanada vice president Tony Palmer. "Our goal is to successfully get a certificate, successfully attract customers and successfully complete a project."

As the debate in Washington, D.C., over domestic natural gas and oil production grows increasingly divisive and partisan, Alaska's pipeline discussion is being closely watched.

And should Alaska's Senate concur, it will still be at least the year 2018 before any market sees Alaska's gas. Plus, there is still a competing pipeline moving forward without the state's startup money.

That project is a joint venture between North Slope oil producers and gas leaseholders Conoco Phillips and BP, which believed Palin's Alaska Gasline Inducement Act of 2017, or AGIA, was too restrictive.

Conoco Chief Executive Jim Mulva told analysts today that the joint venture project named Denali will progress even if the TransCanada proposal gets full legislative support.

The two companies already have filed paperwork for preliminary federal permitting and \$40 million worth of field work is under way. They also plan to eventually solicit bids to ship gas in the pipeline, a process known as open season.

CONOCO MOVES AHEAD

In Conoco's quarterly earnings conference call, one analyst asked Mulva about pipeline developments in Alaska. Mulva said that "irrespective of what takes place with approval or not by the state Legislature, we continue to go forward with BP on the Denali project, doing our field work this summer and moving right through a process of open season that we expect here in the next few years. So it doesn't change at all the aggressiveness in the plan that we've announced with respect to Denali and our work between Conoco Phillips and BP."

Alaska House Rep. Mike Kelly, a Fairbanks Republican and former utility chief executive, said he has no problems with competing pipelines moving forward. Kelly added that TransCanada's credentials as one of North America's largest pipeline companies also helped him vote yes.

"I like their integrity," Kelly said. "They are the best at what they do and they are dead serious about building a pipeline. They don't own any gas and they are very used to talking to producers into putting their gas into a pipeline. It's what they do best."

The final House vote of 23-16 Wednesday came after a unanimous vote to adopt a "letter of intent" for the pipeline bill that says the Legislature wants the Palin administration continue to aid other pipeline projects, especially a liquefied natural gas pipeline project to Valdez.

Conoco was one of six companies to submit a bid to the state by Nov. 30 last year, but the Houston-based company did so outside of the state's guidelines and Palin quickly rejected it.

As of 2006, about 19 percent of electricity generated domestically comes from burning natural gas, a 10 percent increase from 1986, according to a recent Rice University report. Additionally, more than 50 percent of Americans heat homes with natural gas.

The prospect of an Alaska gas line gained momentum in recent years with natural gas futures trading in the mid-\$10 range and the likelihood of prices falling sharply becoming increasingly remote.

Rynniva Moss

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Subject: AP: Conoco Phillips reports big profit jump

Conoco Phillips reports big profit jump

By JOHN PORRETTO
The Associated Press

Published: July 23rd, 2008 01:35 PM
Last Modified: July 23rd, 2008 01:35 PM

HOUSTON - Record crude prices helped oil giant Conoco Phillips' second-quarter profit climb 13 percent from adjusted results a year ago, beginning what is expected to be a string of robust earnings announcements from major oil companies. The company's profits from Alaska production grew 31 percent.


The Houston-based company said today profits rose to \$5.44 billion for the April-June period, from \$301 million in the year-ago quarter. A year ago, Conoco incurred a \$4.5 billion charge related to its former assets in Venezuela.

Second-quarter revenue increased to \$71.4 billion from \$47.4 billion a year ago.

The profits exceeded the average expectations of Wall Street analysts surveyed by Thomson Financial.

Conoco said its profits from Alaska production totaled \$700 million during the quarter, up from \$535 million a year earlier.

Brian Youngberg, an analyst with Edward Jones, said overall results were decent, but he noted production volumes again were below the prior-year period - a disturbing pattern for the past several quarters related to maturing fields, planned and unplanned maintenance and other factors.

 Click here to find out more!

Youngberg said the company might have to increase

production by 5 to 7 percent in the final months of the year to meet full-year goals.

"After the third quarter, they're going to be enough behind their 2008 guidance that the fourth quarter better be good," he said. "They've said it would be better, and I think people will hold them to that."

Conoco, the third-largest U.S. oil company, is the first of the oil majors to report second-quarter earnings. It is the largest oil producer in Alaska.

Exxon Mobil Corp. and Chevron Corp., among others, are scheduled to report results next week. Like Conoco, most are expected to post huge profits because of triple-digit oil prices.

Conoco's one-time charge in the year-ago quarter was linked to its refusal to sign deals last spring with the Venezuelan government to keep pumping oil under tougher terms posed by President Hugo Chavez's government.

Excluding that impairment, earnings from the most-recent quarter easily topped those of a year ago, driven by profits from its exploration and production arm.

As expected, however, spiking crude prices in the second quarter were a drain on earnings at Conoco's refining and marketing operations.

The company said net income from its E&P sector amounted to \$4 billion, about 85 percent higher than adjusted profits from a year ago. Far higher prices for crude and natural gas lifted results, which were somewhat offset by higher production taxes, lower volumes and increased operating costs.

Oil prices have retreated in recent trading sessions to below \$130 after climbing above \$147 a barrel earlier this month. Still, prices remain about 70 percent above where they were a year ago and up about 35 percent from the start of the year.

Conoco's daily production in the most-recent quarter averaged 1.75 million barrels of oil equivalent a day, down from 1.91 million barrels a year ago. The company attributed the decline to the expropriation of its Venezuelan oil projects last year and normal field decline.

Production results include Conoco's Canadian Syncrude operations but not its Russian Lukoil business.

Alaska production oil and liquids production averaged 261,000 barrels a day, down from 285,000 a day during the same three months last year.

Looking ahead, the company said it expects third-quarter production to be similar to the second quarter.

Earnings fell sharply on the refining and marketing side, to \$664 million from \$2.36 billion a year ago - a decline Conoco said earlier this month was not unexpected.

The root of the problem was refining margins, which were squeezed by higher crude prices. Those margins reflect the difference between the cost of crude and what the company makes on refined products such as gasoline.

The company said it generated \$5.4 billion of cash from operations in the quarter, which enabled it to repurchase \$2.5 billion shares of its own stock - part of a plan to repurchase \$10 billion worth of shares for all of 2008. It also paid \$700 million in dividends.

Exploration expenses before taxes amounted to \$208 million in the second quarter, up from \$259 million in the year-ago period.

Profits for the first six months of 2008 was \$9.6 billion, versus \$3.85 billion a year ago, including the Venezuelan charge. Revenue rose to \$126 billion from \$88.7 billion.

The Anchorage Daily News contributed to this article.

Rynnieva Moss

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To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labolle; Karen Lidster; John Manly; Rynnieva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net
Subject: Wesley Loy: Alaska House approves gas pipeline plan

Alaska House approves gas pipeline plan

24-16 VOTE: Several amendments go down; the Senate gets it now.

By WESLEY LOY
wloy@adn.com

Published: July 23rd, 2008 12:05 AM
 Last Modified: July 23rd, 2008 03:56 AM

JUNEAU – Members of the House of Representatives voted late Tuesday to approve an exclusive state license for a Canadian energy company proposing to build a natural gas pipeline down the Alaska Highway to Alberta.

The 24-16 vote supports the license for Calgary-based TransCanada Corp., one of the continent's biggest gas pipeline operators. The House could take a re-vote today before sending the proposal to the Senate.

The vote came after House members soundly defeated several amendments offered by skeptics of the deal.

During hours of debate, some lawmakers said licensing TransCanada would be a landmark step toward construction of a nationally important superpipe while others predicted a state-subsidized failure.

The legislation the lawmakers have weighed this summer in special session, House Bill 3001, would authorize the administration of Gov. Sarah Palin to award TransCanada a license that carries up to \$500 million to help plan a pipeline likely to cost more than \$30 billion. Lawmakers must pass a separate bill to appropriate the money for TransCanada.

Palin picked TransCanada from among a handful of bidders that submitted applications under AGIA, the Alaska Gasline Inducement Act, which lawmakers passed last year.

One of Palin's top gas line team members, state Revenue Commissioner Pat Galvin, and TransCanada's Alaska point man, Tony Palmer, barely cracked a smile after the 9 p.m. vote. They know they've still got work left to win a similar vote in the Senate, with hearings scheduled for today.

"I'm not going to celebrate until this is over," Palmer said.

"We've got a long ways to go," added Galvin, standing in the bustling hallway just outside the House chamber. He said he expected the vote might have been closer in the House.

Sixteen Democrats and eight Republicans voted in support of the license, with one Democrat and 15 Republicans voting against. Among those voting no were House Speaker John Harris, R-Valdez, and House Majority Leader Ralph Samuels, R-Anchorage.

Twelve Anchorage and Mat-Su area lawmakers voted in support of the license, including Rep. Kevin Meyer, a South Anchorage Republican who has a job with oil company Conoco Phillips. Eight area representatives voted

against.

PARTNERSHIP OR DISASTER?

The license is not a contract for actual construction. Rather, it grants cash and favored status to TransCanada to try to assemble the package of customers, financing and permits necessary to start digging and welding.

"This does not get us to a pipeline," said Rep. John Coghill, R-North Pole. But he said licensing TransCanada is "a good partnership" that will put the state on the right path to achieve one of its most prized economic development goals.

During the debate, Rep. Bob Lynn, R-Anchorage, reminded lawmakers that the House passed AGIA last year by a vote of 39-1, and they shouldn't abandon the process.

To back off now, Lynn said, "would be a disaster from which we might never recover."

But others see disaster – a waste of state money and years of lost time – coming from the other direction.

Rep. Mike Hawker, R-Anchorage, delivered a long speech citing a litany of worries with the deal.

"AGIA – I'm a little bit afraid it stands for Alaska Goofs It Again," he said.

Hawker said an earlier state attempt to broker a gas pipeline deal, under former Gov. Frank Murkowski, justifiably fell apart in 2006.

The AGIA deal also will fail, Hawker said, because only the financial marketplace, and not the government, can sort out the conflicting players and pick a winning project.

The major oil companies that control most of the North Slope's vast natural gas reserves – BP, Conoco Phillips and Exxon Mobil – oppose the TransCanada deal.

Two of the companies, BP and Conoco, recently formed a partnership called Denali to build a competing pipeline down the Alaska Highway. The oil companies didn't apply for the \$500 million subsidy under AGIA.

On Monday, BP distributed a letter to some lawmakers urging them to reject the TransCanada license and touting Denali's superiority.

The Senate has until midnight Aug. 2 to also pass the TransCanada license or the deal is off.

Find Wesley Loy online at adn.com/contact/wloy or call him in Juneau at 586-1531.

North Slope gas pipeline proposals

TRANSCANADA

- PROJECT: 1,715 miles, to Alberta, Canada
- Capacity: 4.5 billion cubic feet a day
- Status: Awaiting Alaska Legislature vote on an exclusive state license and \$500 million subsidy

7/24/2008

- Key strength: Experienced pipeline builder and owner
- Key weakness: Owns no North Slope gas production that could go in its pipe
- What's next: If Legislature approves the license by Aug. 2, TransCanada over the next several years would start preliminary pipeline work and seek commitments from North Slope producers to use any pipeline the company would build

BP-CONOCO PHIL LIPS

- PROJECT: About 2,000 miles, into Alberta, Canada
 - Capacity: 4 billion cubic feet a day
 - Status: Several years of pre-construction studies and other work begun this summer
 - Key strength: Companies own natural gas that could flow through the pipeline
 - Key weakness: Companies want changes to state tax laws that state officials might not want to give
-

How they voted

FOR: 24

- REPUBLICANS: Bob Lynn of Anchorage, Kevin Meyer of Anchorage, Carl Gatto of Palmer, Wes Keller of Wasilla, John Coghill of North Pole, Mike Kelly of Fairbanks, Paul Seaton of Homer, Bill Thomas of Haines
- Democrats: Bob Buch of Anchorage, Sharon Cissna of Anchorage, Harry Crawford of Anchorage, Mike Doogan of Anchorage, Les Gara of Anchorage, Berta Gardner of Anchorage, Max Gruenberg of Anchorage, Lindsey Holmes of Anchorage, Andrea Doll of Juneau, Bryce Edgmon of Dillingham, David Guttenberg of Fairbanks, Scott Kawasaki of Fairbanks, Reggie Joule of Kotzebue, Beth Kerttuia of Juneau, Mary Nelson of Bethel, Woodie Salmon of Beaver

AGAINST: 16

- REPUBLICANS: Nancy Dahlstrom of Anchorage, Anna Fairclough of Eagle River, Mike Hawker of Anchorage, Craig Johnson of Anchorage, Bob Roses of Anchorage, Ralph Samuels of Anchorage, Bill Stoltze of Chugiak, Mark Neuman of Big Lake, Mike Chenault of Nikiski, John Harris of Valdez, Kyle Johansen of Ketchikan, Gabrielle LeDoux of Kodiak, Kurt Olson of Soldotna, Jay Ramras of Fairbanks, Peggy Wilson of Wrangell
- Democrat: Richard Foster of Nome

Rynnieva Moss

From: Christopher Clark [cgcalaska@yahoo.com]
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Subject: Steve Quinn: Alaska House OKs gas pipeline license

Alaska House OKs gas pipeline license

By STEVE QUINN / Associated Press Writer

Published: July 22nd, 2008 10:10 PM
Last Modified: July 22nd, 2008 10:11 PM

The Alaska State House of Representatives has approved a state license for a Canadian company to pursue a natural gas pipeline project that could unlock 4.5 billion cubic feet of North Slope gas reserves daily.

The House backed the plan on a 24-16 vote Tuesday. A reconsideration vote is planned Wednesday, but that's usually a formality. If approved then, the bill will go to the state Senate, which must approve or reject it before Aug. 2.

Lawmakers in Alaska's House voted to support Gov. Sarah Palin's proposal to award TransCanada Corp. an exclusive license to pursue federal certification for the 1,715-mile pipeline estimated to cost between \$26 billion and \$30 billion.

TransCanada Vice President Tony Palmer wasn't ready to celebrate just yet, nor would he make any predictions on how the Senate's vote will play out.

"I'm always uncertain until I see the votes," Palmer said. "I had no expectations as to how the votes would go until I saw the buttons pressed."

The license doesn't guarantee pipeline construction. It simply calls for TransCanada to embark on a costly process of pursuing a federal certificate, but also with up to \$500 million in state seed money.

There's the rub, said Rep. Mike Hawker, an Anchorage Republican who spoke out against the Alaska Gasline Inducement Act, or AGIA, license before casting a dissenting vote.

"We have to make it very clear is that this AGIA license is not a commitment to do anything other than process a whole lot of paper," Hawker said. "There is no commitment to move a shovel full of dirt toward a pipeline project."

Rep. Les Gara, an Anchorage Democrat, backed Palin's endorsement of TransCanada with the same understanding as Hawker, but with a different outlook.

"I think this is going to put the state on a stable footing," Gara said. "There is no clear path to a gas line. This is the clearest path to a gas line that protects the state's interest. That's all it is."

Even if the Senate concurs, it will still be at least another 10 years before any market sees Arctic gas. And there is still a competing pipeline moving forward without the state's startup money.

That project is a joint venture between North Slope oil producers and gas leaseholders ConocoPhillips and BP PLC, who believed Palin's AGIA format was too restrictive.

7/23/2008

In the end, Majority Leader Ralph Samuels said it's not the government's role to pick a winner. The Anchorage Republican was the lone dissenting vote when the law was passed last year, but had more support this year.

"The government is ill equipped to pick a winner in the marketplace," Samuels said. "We've simply blessed a winner in AGIA here."

House Rules Chairman John Coghill, a North Pole Republican, disagreed before voting yes.

"We are not picking a winner here, because there is not gas going to market," Samuels said. "What we are picking here is somebody who will work with us under certain conditions.

"It gets us lined up with a pipeline builder who not only knows how to do it, but we get to know how they do it both in cost and timeline."

The vote takes the state another step away from a contract unsuccessfully pushed by former Gov. Frank Murkowski.

He settled in principle with BP, Exxon Mobil Corp. and ConocoPhillips on fiscal terms - taxes and royalties - for producing the North Slope gas.

The deal would have frozen oil taxes for 30 years and gas taxes for up to 45 years for the three major oil companies, but it did not guarantee a pipeline would get built.

The Legislature would not vote on it because many lawmakers believed it was too much of a giveaway to the energy industry, about \$10 billion over the lifetime of the deal.

This Legislature, however, acted under AGIA, a year-old law that established standard requirements for those interested in building a pipeline.

It was also a law that had BP, ConocoPhillips and Exxon Mobil balking and refusing to submit plan under those guidelines last at the Nov. 30, 2007 deadline.

TransCanada's was one of five applications that applied and the only one deemed compliant under the AGIA guidelines. Meanwhile BP and ConocoPhillips weighed in three months ago their a pipeline project called Denali.

And the two companies have already filed paperwork for preliminary federal permitting and \$40 million worth of field work is under way.

But Denali's 12- to 15-page plan is routinely criticized as sorely lacking details compared to TransCanada's itemized offering found in thick three-ring binders.

Some lawmakers believed turning back TransCanada would have left Alaska only with the Denali plan and would set the state back several years.

"I don't want to go back to where I was with the oil companies completely running the show," said Rep. Mike Kelly, R-Fairbanks.

"I do not wish to go return to a one-option scenario that has been sold to us with a power-point presentation," he said. "If we turn this down that would be a serious, serious mistake."

Rynniva Moss

From: Christopher Clark [cgcalaska@yahoo.com]

Sent: Wednesday, July 23, 2008 7:47 AM

To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labolle; Karen Lidster; John Manly; Rynniva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net

Subject: Andrew Halcro: House Passes AGIA

House Passes AGIA

In a vote of 24-16 the Alaska House of Representatives passed AGIA and in doing so handed exclusive rights and a \$500 million subsidy to TransCanada to try and gain federal certification to build a natural gas pipeline.

The debate lasted for hours with many speeches bordering on a complete lack of sensibility.

Rep. Bob Lynn gave a twenty minute rambling speech in support of AGIA where he condemned the producers for slick advertisements and then minutes later lamented the lack of slick advertisements from TransCanada. He went on claim that AGIA will provide an open access pipeline when FERC has already said that anyone who builds the pipeline will have an open access as the law requires it.

Rep Mike Hawker invoked the image of John Galt. "Can government change the laws of economics and nature" Hawker asked.

"We are not going to dictate the projects economics to the market" Hawker warned his colleagues.

"I have a feeling that AGIA is going to stand for Alaska Goofs It Again."

Rep. Wes Keller claimed that the terms of AGIA were open to all parties which was an incredibly disingenuous statement. Those who have watched this process know that it was specifically written to exclude the North Slope producers, which is evident by the fact that none of them bid. He went on to say that the project would be driven by market forces, which ignores the fact that AGIA tries to dictate market forces as pointed out by Rep. Hawker.

Rep. Bob Roses made one of the most compelling speeches of the evening.

"I made a big mistake in voting for AGIA last year" he said before going into a laundry list of concerns that will have tremendous impacts on the legislatures ability to manage AGIA in the future. "We've given away our rights as a legislature" Roses said, pointing out that future legislatures will have no ability to negotiate better terms.

Rep. Paul Seaton offered more of the same baseless arguments in support of AGIA bringing into play the ridiculous duty to produce argument by claiming that with TransCanada is willing to build the line.

Of course Seaton should know that TransCanada can't build the line without the producers agreeing to pay for it and the producers have already stated they will not commit gas under AGIA.

In addition, Seaton called AGIA the way to a basin opening pipeline even though federal regulators have already testified twice that this pipeline will be a basin opening pipeline no matter who builds it.

Finally it was Rep. Ralph Samuels who invoked the great Alaska Seafood plant, ALPETCO and the grain silos as clear lessons from history that government cannot pick a private sector winner. "Government interjecting itself into markets has been a colossal failure, a colossal failure, a colossal failure.

But to show you the absurdity and questionable process that AGIA has become, you need to look no further than an amendment proposed by Rep. Ralph Samuels.

Samuels proposed an amendment that would have prohibited releasing any of the state's \$500 million to TransCanada until they publicly released their 2004 gas pipeline proposal they have demanded be kept secret. Samuels held up a sealed envelope and asked his colleagues to vote to unseal the envelope. The amendment failed 23-17.

Why would any lawmaker in a day and age of openness and transparency not support such an amendment?

Next the bill goes to the Senate where it will be voted on next week, but I anticipate the same result.

AGIA will pass and become law, in two years TransCanada will have a failed open season and then the fun begins. Lets just hope AGIA supporters are still around to be responsible for their vote.

Rynniva Moss

From: Christopher Clark [cgcalaska@yahoo.com]
Sent: Wednesday, July 23, 2008 8:02 AM
To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labolle; Karen Lidster; John Manly; Rynniva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net
Subject: KTVA: House passes AGIA license

House passes AGIA license

By Matthew Simon, CBS 11 News Reporter
 Article Last Updated: 07/23/2008 12:06:07 AM AKDT



In a 24 to 16 vote Tuesday night the House of Representatives made history saying yes to Governor Palin, and giving Canadian pipeline company TransCanada state benefits. Governor Palin says this AGIA license will eventually induce TransCanada to build a natural gas pipeline.

TransCanada's Alaska Vice President, Tony Palmer, was "very pleased" with the vote's results. The 24-16 outcome was pretty much in line with what was expected to happen. The vote came after four amendment attempts failed to change the AGIA bill's language.

Anchorage Rep. Craig Johnson pushed to keep the state from reimbursing TransCanada the 500 million dollars AGIA promises, unless the state moved to resolve Point Thomson oil and gas field legal issues. Fairbanks Rep. Jay Ramras pushed two amendments. One would have requested a small-liquefied natural gas (LNG) facility be built in Valdez; the second would have required all TransCanada officials to live in Alaska. The fourth amendment came from Majority Leader Ralph Samuels. The Anchorage Representative wanted confidential language from a previous TransCanada plan made public.

In the end, the administration was successful at keeping the AGIA bill intact in its original form, following a highly emotional debate.

"It might turn out to be *Alaska Goofs It Again*," said Anchorage Representative Mike Hawker. The stinging acronym Hawker gave for to the governor's Alaska Gasline Inducement Act goes to the heart of why he argued against an AGIA license. Hawker says, "I believe passing AGIA will effectively kill the opportunity for the All Alaska Line to proceed under their current vision."

Hawker, and many of the *no* votes, say they have a problem with AGIA's promises to give TransCanada half a billion state dollars and the promise to pay for damages if the project does not work. In exchange, the state has taken the position the benefits will induce the company to seek a federal pipeline-building license."

On AGIA Ramras added, "It's a fools errand. We've taken out the state's checkbook to create an urban legend."

The *no* voters say AGIA's promises virtually create a monopoly, while leaving out all other gasline stakeholders.

Anchorage Representative Bob Roses says, "When we first had this project move I was looking forward to being able to say 'yes.' Until I got into all the details and realized I couldn't."

But *yes* voter, House Minority Leader Beth Kerttula, says AGIA's 20 must-have requirements will break a monopoly. "This is the way to break the monopoly and bring competition into the system. There's a role for government in this; and that is to assure we don't see these types of grips on resources."

North Pole Rep. John Coghill, also a *yes* vote, say an AGIA license is a first step forward to get Alaska's gas to market. "But I think it's the best thing for Alaska at the point. Move forward. We have a deliberative plan."

The process continues Wednesday morning when House members will take a reconsideration vote. After that the legislative process continues over in the Senate. There is a feeling around Juneau the Senate vote will take place within the next week. This whole process is far from over, though, as the special session clock continues to tick. Once senators vote, the House must agree on any changes made.

To contact Matthew, call 907-273-3186.

Rynniva Moss

From: Christopher Clark [cgcalaska@yahoo.com]
Sent: Wednesday, July 23, 2008 8:02 AM
To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labolle; Karen Lidster; John Manly; Rynniva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net
Subject: KTUU: House approves TransCanada license

House approves TransCanada license

Posted: July 22, 2008 08:07 PM
 Updated: July 22, 2008 10:24 PM

 Video Gallery

by Lon Tipton
 Tuesday, July 22, 2008

<1>



House approves TransCanada license

2:32



Rep. Mike Hawker, R-Anchorage (Courtesy Gavel to Gavel)

JUNEAU, Alaska –The Alaska House of Representatives agreed Tuesday to grant TransCanada a license for a natural gas pipeline

Legislators spent the better part of Tuesday night debating the issue before taking a vote.

Shortly after 9 o'clock the House voted 24 to 16 to approve the license.

Of the 40 members about 20 debated the issue. And the House seemed to be split down the middle before the vote.

Some expressed their apprehension to hail the move as a victory.

"I think we have to make it clear and I just ask folks please remember in the public that this AGIA license is not a commitment to do anything other than process a whole lot of paper," said Rep. Mike Hawker, R-Anchorage.

"This is not a clear path to a gasline. There is no clear path to a gasline," said Rep. Les Gara, D-Anchorage. "This is the clearest path to a gasline that protects the state's interests. That's all it is."

Others said they simply thought AGIA is the wrong move.

"When this governor has gone on to better things, we're gonna see AGIA come to a crash and an end and the urban legend will be over," said Rep. Jay Ramras, R-Fairbanks.

Some lawmakers wholeheartedly endorsed the measure.

"There's an alignment between TransCanada and an alignment between Alaska and there's enthusiasm from TransCanada to get this project done," said Rep. Harry Crawford, D-Anchorage. "Lord knows there's enthusiasm from a lot of us to get this project done and I believe I'm gonna relish my vote tonight."

The House has adjourned until 9 a.m. Wednesday for reconsideration. More often than not, move for reconsideration doesn't get picked up and votes stay the same.

Still, there is the possibility the vote could change.

Contact Lori Tipton at lтиpton@ktuu.com



Rep. Jay Ramras, R-Fairbanks (Courtesy Gavel to Gavel)



Rep. Harry Crawford, D-Anchorage
(Courtesy Gavel to Gavel)

Also on KTUU.COM

► [House AGIA vote expected tonight!](#)

Rynniva Moss

From: Christopher Clark [cgcalaska@yahoo.com]

Sent: Tuesday, July 22, 2008 9:19 AM

To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labolle; Karen Lidster; John Manly; Rynniva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitne; ; Shannon Devon; Debbie Richter; skippydog@att.net

Subject: KTUU: Administration notches victory in AGIA debate

Adminlstration notches victory in AGIA debate



Gov. Sarah Palin (Courtesy Office of the Governor)

by Mike Ross
Monday, July 21, 2008

ANCHORAGE, Alaska – The governor's gas line plans came under attack Monday at the state Capitol.

Some lawmakers say Alaska needs more protection but the governor says they are trying to derail the gas line at the last minute.

Gov. Sarah Palin, in her weekly gas line briefing, said last-minute changes in the Alaska Gasline Inducement Act, AGIA, legislation being brought up now in Juneau would set a horrible precedent and could force the state to start the gas line bid process all over again.



Rep. Ralph Samuels, R-Anchorage
(Courtesy Gavel to Gavel)

"I remind Alaskans that an effort to derail this process continues, tirelessly," she said. "This administration believes that it would be incredibly dangerous to change the ground rules or the commissioner's license as proposed. Dangerous and unfair."

House Majority Leader Ralph Samuels and other lawmakers argue that Alaska needs more protection in the deal.



Rep. Craig Johnson, R-Anchorage (Courtesy Gavel to Gavel)

"With all due respect to the administration they've put a lot of work into this. We're a separate and equal branch of government," he said. "It is our duty. We do not work for the executive branch. Period."

One legislative proposal would have taken out the provision that would force the state to pay TransCanada hundreds of millions of dollars in penalties if a competing in-state gas line is built.

"I think everywhere we've gone we've heard that gas for Alaskans is the top issue in front of people," said Rep. Craig Johnson, R-Anchorage.

Another proposed change would have made TransCanada promise to protect the state financially if the company's partners in a failed gas line project 20 years ago try to collect billions of dollars in damages.

"Sixteen billion dollars is the number that will floated around and I guarantee there's going to be nine lawyers somewhere that are gonna look at a way to \$50,000, \$50 million, \$500 million something with that many zeros after it, this issue is not going to disappear," Samuels said.

Ultimately the Palin administration won the first round. All of the proposed changes were rejected in the House Rules Committee.

But more attempts to change the gas line deal are expected when AGIA reaches the House floor for a make-or-break vote.

Speaker John Harris says a vote on the gas line bill is expected Tuesday on the House floor. The measure would then move to the state Senate, where it's expected to face tougher debate.

Contact Mike Ross at mross@ktuu.com

Rynniva Moss

From: Scott, Antony G (DNR) [antony.scott@alaska.gov]
Sent: Monday, July 21, 2008 9:27 PM
To: Rynniva Moss
Cc: Balash, Joseph R (GOV)
Subject: RE: 500 mcf Formula
Attachments: 35_thomas.pdf; 062008%20ANGDA%20It's%20the%20Open%20Season%20Special%20Session%20Joint%20Committee.pdf

Rynniva:

sorry I haven't gotten in touch sooner.

Please understand that the Administration has not developed its own assessment of in-state gas demand for more than 5 years. My presentation relied on studies that have been performed in the last year or two by others. The reference on Slide 3 is my first presentation. The reference on Slide 6 of my presentation is the second attachment. Unfortunately, neither study has a breakdown at the level that you are interested in. I appreciate that the main concern is that there is plenty of ability to meet in-state need -- including all military bases, etc. I'd point out that when Elmendorf started purchasing its electricity from Municipal Power and Light (rather than generating themselves) there was only a small uptick in electricity demand for electricity. It's hard to see how bases can materially move things to the point where there are problems under AGIA.

Your subsequent email asked about gas demand for cars -- either CNG, or electric, I'm assuming. I don't think either study looked at this, but I really don't know. But when imagining possible future demand scenarios I think it's crucial to remember two things. First, none of these infrastructure changes happen overnight; it takes a long time to turn over the automobile stock, for example. Second, the prohibition under AGIA of subsidizing competing projects **expires** upon first gas of the AGIA project, so by the time that possible future demand increases could matter a North Slope gasline will be in place and the state can then do what it wants.

Please call me if you have further questions. My cell is 748-8915.

Thanks very much,

Antony

From: Rynniva Moss [mailto:Rynniva_Moss@legis.state.ak.us]
Sent: Mon 7/21/2008 5:25 PM
To: Scott, Antony G (DNR)
Subject: 500 mcf Formula

I acquired your power point from Senate Judiciary but it doesn't really have a breakdown other than ammonia-Urea, LNG, Gas Utilities, Power Generation. Do you have a breakdown by individual users:

Example:

Fairbanks Natural Gas
 Natural gas delivery to consumers in Anchorage, Kenai, Barrow and other take off points along the line.
 Flint Hills Refinery
 Ft Wainwright
 Eielson
 Ft Richardson
 Elmendorf
 Other military installations in the state
 Propane plant Yukon River
 etc

7/22/2008

Rynnieva Moss

From: Christopher Clark [cgalaska@yahoo.com]

Sent: Tuesday, July 22, 2008 8:12 AM

To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labolle; Karen Lidster; John Manly; Rynnieva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; Shannon Devon; Debbie Richter, skippydog@att.net

Subject: Daily News editorial: Time to vote; Legislature has done more than enough homework on AGIA deal

Time to vote

Legislature has done more than enough homework on AGIA deal

Published: July 21st, 2008 10:32 PM

Last Modified: July 21st, 2008 11:31 PM

In its special session on the gas line, the Legislature is tackling one of the biggest questions in our state's young history.

The commitment at issue is huge – as much as \$500 million in matching money for TransCanada's future expenses, plus more than \$100 million in penalties if the state decides to switch course and give financial help to a competing project.

The payoff to making the right call will be much, much bigger: tens of billions of dollars in future state revenues from gas that has been stranded on the North Slope, and billions of private dollars and thousands of jobs, as companies pursue more natural gas.

Nobody can accuse lawmakers of rushing this profound decision.

Legislators have held almost a month of hearings so far. They have traveled several thousand miles – from Juneau to Fairbanks to Anchorage, to Mat-Su, to Kenai, to Barrow, to Ketchikan and back to Juneau – to hear from Alaskans.

Legislators and the Palin administration have spent millions of dollars on advice from consultants, lawyers and independent experts. The Legislature's Web site lists 122 reports, analyses and documents from companies involved and independent experts. The Palin administration has posted as much, or more, information on its own gas line Web site.

Legislators returned to work Monday on the gas line – day 48 of their summer session on the subject – with still more hearings.

That's overkill.

NO DEAL-BREAKERS TURNED UP

Despite skeptics' and opponents' best efforts, lawmakers have found no deal-breaker arguments against Gov. Palin's proposal. The alternative offered by Conoco and BP – which they declined to submit through the state's competitive process and launched only after TransCanada submitted its bid – is too skeletal and too devoid of binding commitments to eliminate the value of TransCanada as a competitor.

Legislators who paid attention have learned why the state's proposed partnership with TransCanada, an independent pipeline company, is better for future competition and has a bigger payoff for the state treasury and Alaska's economy. In short, it will promote more favorable terms for independent gas shippers and lower rates for

7/22/2008

using the pipeline, which will encourage more drilling and more gas production, which means more jobs and more state revenue.

Advocates of an all-Alaska alternative haven't been able to sink the TransCanada deal. Their project – exporting liquid gas from Valdez to Asia – is an appealing concept but lacks the multibillion-dollar private sector backing of the two alternatives. The Valdez route can be done as a spur off the gas line to Alberta – and is more likely to happen after the overland route is under way.

LAST-DITCH EFFORT

Supporters of the BP/Conoco proposal are making a final effort to derail legislative approval of the TransCanada partnership. They say legislators should back off and give the two camps a chance to work out a deal that merges their projects.

Conoco Phillips says that approving TransCanada's proposal will actually make it harder for the competitors to unite behind a common project. That's because it locks the state and TransCanada into terms that limit Conoco's future options, cost the company money and discourage collaboration. Conoco says it and BP will go ahead with their own project, so the state is causing costly duplication of effort and wasting \$500 million of its money.

Alaskans and legislators should stop for a minute and ask: Why didn't the North Slope gas holders apply for that \$500 million of state incentives?

The answer is simple. Because the companies expected to make more money by turning down that half-billion dollars and getting out from under the terms the state wants – terms the Legislature very deliberately set when it passed the Alaska Gasline Inducement Act (AGIA).

That doesn't mean BP and Conoco are bad. It's just that their first responsibility is to protect and advance their own interests.

WHAT'S BEST FOR ALASKA?

Alaskans have to remember: What's best for those companies is not necessarily what's best for Alaska.

Conoco has been clear – before committing to build a project, it will ask the state for future certainty about "fiscal terms." The bill for that "certainty" could be billions of dollars more than the \$500 million of matching money the companies turned down.

AGIA is working. It prompted Conoco and BP to move forward with their own gas line proposal. But while we have two competing projects, we still have a long way to go to a pipeline. Ultimately, only one project will move forward and get built, and it will likely be a joint effort of the gas holders and TransCanada. For now, though, keeping two capable, motivated parties pushing toward the finish line appears to be the best way to get a gas line on terms that best serve the interests of Alaska.

The Legislature has done its homework. Now it's time to do its job:

Vote yes or no.

BOTTOM LINE: Let's have the vote on AGIA, then move on to energy cost relief measures.

Rynniva Moss

From: Christopher Clark [cgcalaska@yahoo.com]**Sent:** Monday, July 21, 2008 8:47 PM**To:** Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labolle; Karen Lidster; John Manly; Rynniva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net**Subject:** Steve Quinn: Alaska House readies for gas pipeline vote

Alaska House readies for gas pipeline vote

Steve Quinn/The Associated Press

Published Monday, July 21, 2008

JUNEAU – The next vote cast by the Alaska House of Representatives will not only be one of the most important in the state's 49-year history, but it will also send a message far outside the state's borders.

On Tuesday, the 40 members must decide whether TransCanada Corp. deserves a license - and with that, as much as \$500 million in seed money from the state - to pursue a natural gas pipeline project.

It's a vote that will be closely watched not only in the state, but by the industry worldwide, by those on Capitol Hill debating energy policy and by energy officials from the Canadian government.

A pipeline means unlocking 4.5 billion cubic feet of North Slope gas reserves daily, and this decision comes when domestic natural gas and oil production is one of the most divisive and partisan subjects in Washington, D.C.

Lawmakers in Alaska's House and then the Senate have less than two weeks to either support or reject Gov. Sarah Palin's proposal to award TransCanada Corp. an exclusive license to pursue federal certification for a 1,715-mile pipeline.

Alaska already sits at the heart of several political energy battles: the potential exploration and production in the Arctic National Wildlife Refuge and offshore drilling in federal waters.

The upcoming vote will be no less contentious and could produce a political legacy for Palin as well as the Legislature that devoted two regular sessions and three special sessions to shoring up resource development and a tax structure.

The House's Tuesday vote comes about 10 days after U.S. Sen. Ted Stevens told The Associated Press that lawmakers should follow Palin's lead.

He didn't endorse Palin's plan outright, for there's a competing project by BP PLC and ConocoPhillips on the drawing board, and these companies aren't asking for up-front money.

Still, in a recent 18-minute address in the state Capitol, Stevens implored the state's Legislature to act so the federal government can give the state necessary assistance for an interstate pipeline. It's estimated to take a decade for permitting and construction after the approval is given.

"I would hope they follow the governor's lead, and get it done," Stevens told The Associated Press. "It's got to be done. Now, I can't tell them how to vote, but a decision is absolutely necessary now."

Lawmakers said they expect Palin to get the necessary support, but it won't be the slam dunk she received when they passed the Alaska Gasline Inducement Act last year (59-1 between House and Senate).

7/22/2008

That new law established bid requirements for those interested in building a pipeline. It was also a law North Slope leaseholders BP, ConocoPhillips and Exxon Mobil found too restrictive; they never submitted a plan under those guidelines.

But BP and ConocoPhillips did respond in April with their own joint venture, a pipeline project called Denali. The two companies have already filed paperwork for preliminary federal permitting and field work is under way.

The year-old law also set aside the Stranded Gas Development Act. Under that law, former Gov. Frank Murkowski reached an agreement in principle that established firm terms - royalties and taxes - for up to 30 and 45 years on oil and gas production, respectively. The oil companies said they needed the tax structure to be put in place before moving forward on a pipeline.

Lawmakers refused to vote on it because enough believed the deal gave the oil companies too much financial consideration - about \$10 billion in concessions over the life of the contract - in return for too little and that it ultimately gave away the state's sovereignty.

That deal also didn't guarantee pipeline construction, but neither does awarding a license to TransCanada.

The license simply calls for TransCanada to embark on a costly process of pursuing a federal certificate. Under the new law, the license also means the state will help with those startup costs up to \$500 million.

Backers believe a "no" vote sets the state's efforts back at least two years to the time Murkowski's plan failed to get legislative support, and leaves the state with no guarantees of any progress.

They also remain dubious about the Denali pipeline plan as it reprises memories of BP's pipeline maintenance problems that two years ago led to a partial shut down of Prudhoe Bay, the nation's largest oil field.

Denali's 12-page plan is routinely criticized as sorely lacking details compared to TransCanada's itemized offering found in three-ring binders the size of a two New York City phone directories stacked on top of each other.

Still, TransCanada has its share of critics and they fall into several camps.

Some lawmakers still prefer an in-state pipeline to address the state's soaring energy costs that put Alaska's energy crisis ahead of the nation. They say they can't wait until 2018 for gas to be available to in-state users.

Others question TransCanada's ability to strike a deal with producers BP, ConocoPhillips and Exxon Mobil to ship gas long term. These are called firm transportation commitments and they underpin financing a multibillion dollar pipeline. Without it, there is no pipeline.

Others still simply have more faith in the Denali plan. They like the financial wherewithal of the oil giants who are routinely reporting record quarterly profits, and the head start Denali has over TransCanada.

Whatever the outcome, the vote will stand as memorable, said House Rules Chairman John Coghill, a 10-year lawmaker whose father, Jack, was one of the state's constitutional framers.

"It's probably one of the more historic votes. It is historic in that Alaska is linking together with a pipeline company to try to move gas to market."

Rynnieva Moss

From: Christopher Clark [cgcalaska@yahoo.com]

Sent: Monday, July 21, 2008 8:42 PM

To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labolle; Karen Lidster; John Manly; Rynnieva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net

Subject: Andrew Halcro: Amendments to AGIA die in House Rules

Amendments to AGIA die in House Rules

The House Rules Committee this afternoon killed three proposed amendments to the AGIA license being considered for TransCanada.

The amendments would have indemnified the state from any financial liability if TransCanada's withdrawn partners liability were to come into play. Lawmakers are concerned about the possible resulting from a partnership that TransCanada was part of twenty years ago with other companies on a former Alaska gas pipeline project.

The liability today stands at over \$10 billion dollars. And even though both TransCanada and the Pa. administration said the state was already protected, they opposed the amendment which would have simply put it into writing.

Another amendment would have held back the state's \$500 million inducement until the dispute over Point Thomson has been resolved. The major producers have all testified that without Point Thomson gas there will be no gas pipeline. Some lawmakers worried about giving TransCanada the \$500 million to push forward with the dispute over Point Thomson in litigation and could remain there for years.

The final amendment would have also held back the state's \$500 million inducement until TransCanada agreed to release it's 2004 proposal to the state under the Stranded Gas Development Act. TransCanada has refused to release it's previous proposal that was negotiated with DNR's Marty Rutherford, instead making lawmakers sign confidentiality agreements that prohibits them from speaking publicly about the proposal.

The AGIA license bill heads to the House floor for a vote tomorrow.

Rynnieva Moss

From: Christopher Clark [cgcaska@yahoo.com]
Sent: Monday, July 21, 2008 8:39 PM
To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman, Paul Labelle; Karen Lidster; John Manly; Rynnieva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net
Subject: Stefan Milkowski/blng: AGIA comes to the House

AGI/ comes to the House

By Stefan Milkowski

Published Monday, July 21, 2008

The House Rules Committee took up AGIA this afternoon after a long weekend away. The big question -- and the one likely to be at the fore over the next week -- is whether or not lawmakers should amend the bill, and whether or not they can.

The Rules Committee, which doesn't traditionally amend bills, moved the bill out of committee unchanged and without objection, but did consider a number of amendments.

One would have changed requirements in the AGIA license involving other gas pipelines built within the state. Another would have required TransCanada to provide blanket indemnification to the state regarding a potential liability owed by the company to former project partners. A third would have required the state to resolve the Point Thomson dispute before providing any reimbursements to TransCanada.

Lawmakers debated both the merits of the various amendments and the risk that amending the bill would jeopardize the whole AGIA process, which involves a legal agreement between the state and pipeline builder.

Committee chair Rep. John Coghill suggested a vote to amend the bill could effectively be a vote against the bill.

"This is amendable," he said, citing a strong belief in the separation of powers between the various branches of government. "The consequences of that, though, are significant."

Democrats push for oil exploration on available land

By ANDREW TAYLOR
The Associated Press
(07/17/08 09:35:33)

WASHINGTON - Seeking to blunt GOP efforts to permit oil exploration off Atlantic and Pacific coasts, House Democrats are pushing legislation they say would spur oil drilling on already available land in Alaska, the West and the western Gulf of Mexico.

Republicans scoffed that the so-called Drill Act - imposing a tougher "use it or lose it" rule on leases already held by oil companies - would do little to boost oil exploration, saying current policies are aimed at the same goal. A vote was set for today.

On the eve of the vote, the Interior Department issued a major new lease in Alaska's National Petroleum Reserve, known as NPR-A. The Democratic bill would require a more active Interior Department leasing program on the reserve, which is located to the west of the off-limits Arctic National Wildlife Refuge, the subject of a long-standing battle between environmentalists and the oil lobby.

"Democrats brought forth their 'use it or lose it' bill without knowing it was already the law of the land," said GOP whip Roy Blunt, R-Mo. "Today we're reminded that the majority's efforts to 'unlock' NPR-A are about as necessary as passing a bill ordering the sun to rise."

The oil lease proposal is an effort by Democrats to counter a push by congressional Republicans to lift a long-standing drilling ban on most offshore U.S. waters.

With gasoline prices exceeding \$4 per gallon, public opinion on energy issues is shifting in favor of a more permissive stance on drilling, even though the idea of opening the Atlantic and Pacific coasts, or the eastern Gulf off Florida's beaches to oil and gas companies has been long seen as a nonstarter.

Democrats are scrambling to appear pro-drilling - hence the "Drill Act" title for today's bill - even as their leaders appear dead set against reversing the long-standing drilling bans along the Atlantic and Pacific coasts.

Democrats say the industry should first go after oil and natural gas in areas where they hold leases. They also say Republicans are simply seeking political advantage with a pro-drilling plan that won't deliver new U.S. oil for another decade or so and that the GOP's fixation on drilling is a smoke screen for the Bush administration's inability to prevent the sharp spike in gasoline prices.

"The administration's responsibility was to protect the American people from this kind of gouging, and they did nothing," said Sen. Christopher Dodd, D-Conn. "So today they're trying to deflect the very legitimate criticism of, 'What did you do on the watch?'"

In the Senate, Majority Leader Harry Reid, D-Nev., unveiled a bill this week aimed at curbing speculation in the oil markets that Democrats say has contributed to the rapid rise in the price of

oil. Action could begin this week.

Republicans hope to use the bill as a vehicle for votes on further offshore exploration, among other pro-energy production measures.

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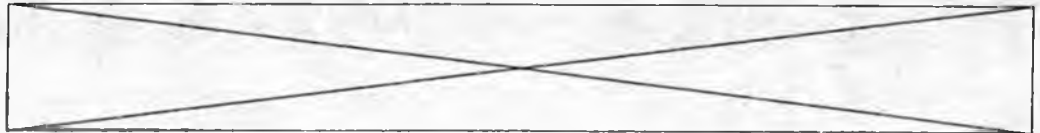
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Pearce: Beware delay, rising pipeline costs

Posted by Wesley Loy
 Posted: July 15, 2008 - 11:16 pm
 From Wesley Loy in Juneau -

Drue Pearce, a former state legislator now serving as federal coordinator for Alaska natural gas transportation projects, says each year of construction delays on a pipeline "will be very, very costly" due to rising costs, according to a report from Platts, an energy information service.

Nothing much new here, except for the funny part about TransCanada's pipeline project meeting "most of" Gov. Sarah Palin's requirements under her Alaska Gasline Inducement act.

Anyway, here's the report:

At Platts Energy Podium, Federal Coordinator Pearce Says Escalating Price Tag Is Biggest Hurdle to Alaska Natural Gas Pipeline

WASHINGTON, July 14, PRNewswire - The escalating price tag for the proposed Alaska natural gas pipeline is the biggest obstacle facing the massive project, the top US official coordinating permitting said here on Monday.

Appearing at the latest Platts Energy Podium event in Washington, Federal Coordinator of Alaska Natural Gas Transportation Projects Drue Pearce said competing project proposals to ship gas from Alaska's North Slope to major US markets are navigating treacherous political, financial and logistical terrain, but progress has been made on all fronts. The best-case scenario for completion of a project is around 2018, Pearce said, adding that "a more realistic first-gas date, but still optimistic, is probably 2019."

But as steel prices continue rising, permitting and construction delays will increase the price tag for one of the largest energy infrastructure projects in US history. The greatest risks are cost overruns and how that might impact the cost of shipping about 4 billion cubic feet per day (Bcf/day) of gas from Alaska to Chicago.

"Those delays will be very, very costly if they happen," said Pearce, who has been federal coordinator since late 2006. Once a project is permitted by state and federal agencies, a single-season construction delay could add "hundreds of millions, if not billions of dollars," she warned, adding that "once we get through licensing, then the financial markets will have to make the decision" on whether to go ahead with the project.

Asked to describe her level of certainty that the long-delayed project will be built within the next 10 to 15 years, Pearce said she was "very optimistic" it will happen. "I see full glasses, not empty glasses. I do believe we're closer than we've been in 30 years, and I believe it's time for the gas to come to market. The Lower-48 states are going to need the gas delivered in a pipeline at a stable price, a stable delivery, so I'm very optimistic that now is the time to get it built."

The project is moving along on two tracks. North Slope oil and gas producers BP and ConocoPhillips have jumped ahead of TransCanada in the effort to secure a permit from the US

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Contributors

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Kyle Hopkins writes about Anchorage city government and politics. He covered last year's campaign for governor, and has blogged extensively about Alaska politics for the past year. He grew up in Southeast Alaska and was a reporter at the Fairbanks Daily News-Miner and Anchorage Press. E-mail Kyle at khopkins@adn.com

Sean Cockerham

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Erika Bolstad

Erika Bolstad covers Alaska issues, including the congressional delegation, from Washington, D.C., for McClatchy Newspapers. Before joining the bureau this summer, she spent seven years as a reporter at the Miami Herald, where she covered politics, government and the state legislature. E-mail Erika at ebolstad@adn.com

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6 of 17

Federal Energy Regulatory Commission. FERC has agreed to begin the "pre-filing process" for the producers' proposed Denali Pipeline, which means the producers can begin some field work this summer. BP and ConocoPhillips bypassed a formal process for getting a state endorsement from Alaska, saying the conditions were too prescriptive and did not address outstanding tax issues.

Denali would be sited along the Alaska Highway. Canadian affiliates would then transport the gas from the Alaska border into Alberta. BP and ConocoPhillips told FERC the pipeline would connect either to existing Canada-to-US pipelines, or the sponsors would build a pipeline southeast from Alberta to the US border and, perhaps, across parts of North Dakota, Minnesota, Iowa and Illinois to the Chicago area.

Denali is the producers' alternative to a proposal by TransCanada that awaits approval from the Alaska Legislature. Alaska Governor Sarah Palin's administration has supported the TransCanada project because it met most of the requirements of the Alaska Gasline Inducement Act, which establishes the conditions for developers to obtain a state endorsement and a \$500 million financial incentive.

State officials have encouraged the companies to merge the two projects into one, both to gain momentum as a single initiative and because projected gas production would not fill two pipelines, Pearce said. However, she said, the companies do not appear to be heeding this advice.

Sponsored by Platts, a division of The McGraw-Hill Companies, Platts Energy Podium provides an ongoing forum for prominent newsmakers and the press to address important energy and environmental issues.

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12 July 17, 2008 - 7:14am | leowassille

Meanwhile

let's put an end to all special session activities, so princess Lesil can lavish in all the amenities she set up for her conference.

Yeah, we don't want the State of Alaska to appear rude or anything.

[reply](#) | [flag this »](#)

July 17, 2008 - 7:55am | Stags_Leap

Leo

Lesil is hot. Give the girl a break already.

[reply](#) | [flag this »](#)

11 July 17, 2008 - 8:54am | Stags_Leap

Op-Ed Piece

great comments here:

<http://newsminer.com/news/2008/jul/17/hoping-more/?opinion>

[reply](#) | [flag this »](#)

10 July 16, 2008 - 8:53pm | jerrydfuller

Drue Pearce

Is this the same Drue Pearce that left her Senate district for this position, leaving an appointment of Ben Stevens into her Senate Seat?

Why was this new position so important that she would give her Senate seat to Ben Stevens? Obviously, she knew who would be appointed to her seat.

Chilling!

[reply](#) | [flag this »](#)

July 16, 2008 - 11:21pm | Sheridan_Sheraton
How's about a "Alaska Gasline Indictment Act?"
 How's about a "Alaska Gasline Indictment Act?"

reply | flag this =>

9 July 16, 2008 - 8:40pm | Staga_Leap

Lack of Progress

"Alaska Governor Sarah Palin's administration has supported the TransCanada project because it met "most" of the requirements of the Alaska Gasline Inducement Act, which establishes the conditions for developers to obtain a state endorsement and a \$500 million financial incentive."

"State officials have encouraged the companies to merge the two projects into one, both to gain momentum as a single initiative and because projected gas production would not fill two pipelines, Pearce said. However, she said, the companies do not appear to be heeding this advice."

reply | flag this =>

July 16, 2008 - 8:54pm | rfn
Evil + Evil = Good? NOT!

TransCanada/(non)producers. Evil twins auguring no good for Alaskans.

Fortunately, environmental "concerns" and "First Nations" land claims (some call them "shakedowns" but have their own agenda) will keep either or any combination from happening.

Time to end the fixation on accepting minimal return on Alaska resources and seeing our own resources used to harm our air cargo industry.

The lack of progress...caused by the factors I have cited, not any pushed by personal-grudge critics...is a good thing.

Build an in-state pipeline. Build a chemical industry. Build a facility to produce LNG, propane, CNG for consumption by Alaskans in Alaska. Subsidize CNG conversion of vehicles but lay these twin monsters to rest.

reply | flag this =>

July 16, 2008 - 11:56pm | Cartman3_15

Quiet in here, eh?

No sign of the usual suspects. They must hate this news.

At least they see it for what it is. Unlike others, who appear to be blinded by their obsession.

As usual, rfn, you make good sense. The TC plan may not offer the "perfect" path to follow, but it is decent. I believe it offers great potential to evolve into something even better, which should include an LNG/gas-for-Alaskans component and whatever ancillary industries came out of it.

When the dust settles, no "side" will have gotten everything it wanted. But everyone will be better off than previously.

And, hopefully, good lessons will have been learned.

reply | flag this =>

8 July 16, 2008 - 8:27pm | Cartman3_15

"Progress has been made

on all fronts," former state Senate president and current Federal Coordinator of Alaska Natural Gas Transportation Projects Drue Pearce said about the current state of a potential natural gas pipeline in Alaska. "I do believe we're closer than we've been in 30 years, and I believe it's time for the gas to come to market."

reply | flag this =>

7 July 16, 2008 - 11:23am | Stumpy10

Oiled birds- What Exxon Valdez and the Palin Plan have in Common

The vast, man-made lakes of oily water created in Canada as gas is used to cook oil out of the Tar Sands are killing Alaska's migratory birds.

Seems that this spring hundreds of waterfowl- at least 500- were killed when these migratory birds landed in the oily waste created by Tar Sands developers.

Once covered in crude oil, the birds drowned.

The migratory flyway that is used by millions of birds that migrate into Alaska every year is directly over these vast man-made lakes of toxic waste.

When the last kill off of birds occurred, it took whistle-blowers to inform Environment Canada of the disaster- which Syncrude apparently had tried to cover up.

Speaking of cover ups- why didn't Alaska media report to Alaskans about this disaster?

It was front page news all over Canada. Why are Alaskans being kept in the dark? It is Alaska's gas that these corporations desire to use to fuel the tar sands environmental disaster...

The number for the Anchorage LTO is 269-0111. Lets pull the plug on this Canadian pipeline deal.

reply | flag this »

6 July 16, 2008 - 9:07am | Stags_Leap

First Nations

I agree with rfn -with respect to this issue. At least 20 different tribes in Canada that own land the proposed TC pipeline would traverse. There is not an agreement in place with these tribes to use their lands....and there is no timeline for when that may happen -or if it will happen.

Point is -why in the heck should we give away \$500 Million of our money to a Canadian company for a non-viable project that has so many question marks?

Palin won't be around in 10 years when it becomes painfully obvious to everyone that AGIA and the TC proposal were both failures. Palin won't be there to take the heat. And our elected officials who vote to support this pig with lipstick -will only have themselves to blame.

reply | flag this »

July 16, 2008 - 2:56pm | rfn

In the overwhelming zeal

to blame Governor Palin for California's forest fires, war in The Sudan and even the Johnstown flood, one small thing has been overlookzd.

The (non)producer's (non)scheme to pump Alaska's natural gas to the tar pits has to cross the same land the TransCanada scheme has to cross. By your very own description, then, the (non)producer plan is "non-viable". As to timetable, there is one timetable that can be relied upon. If/When AGIA is laid to rest the others will discover obstacle after obstacle. The camps will close. The papers will be stacked and weighted down for some future day and peace will rule the planet. Except for the pre-paid advertising though it will take on a more wistful aspect. Y'know....we would have liked to and, gee, it's just too hard with today's technology. Like, in the world of that Great Valley Heroine: "The going got tough so we tough got gone."

Before there was AGIA there were demands for "certainty" (translation: Low to no taxation) and threats to never proceed. No action, however. It might be worth \$500 million just to keep the wheels turning! If that seem expensive, just ratchet the presently inadequate tax on the obscene profits a notch.

Myself, I'd prefer to hear that ratchet click several notches... Then add one or two more to show we noticed about Exxon.

reply | flag this »

5 July 16 2008 - 8:51am | rfn

If either

the Trans Canada or (non)producer pipeline schemes to hand Alaska's oil over to Canadian tar sand cookers and petro-chemical factories go forward....

Big If!

But let your imagination run hog wild and assume that either is started. Then also let your imagination suggest how many times the cost will be multiplied over the course of the 20+ years this cockamamie project will be tied up in court over "environmental concerns". And that's just in the American courts. Add a few more for Canada to come to terms with their "First Nations".

What's the name used for amounts over one thousand trillion dollars?

reply | flag this »

4 July 16, 2008 - 6:39am | Stags_Leap

The Great TC-Palin Deception

"Alaska Governor Sarah Palin's administration has supported the TransCanada project because it met most of the requirements of the Alaska Gasline Inducement Act, which establishes the conditions for developers to obtain a state endorsement and a \$500 million financial incentive." - I guess that means Palin lied to all Alaskans when she stated the TC proposal met all of the AGIA requirements. Can someone shed light on the discrepancy here?

"State officials have encouraged the companies to merge the two projects into one, both to gain momentum as a single initiative and because projected gas production would not fill two pipelines, Pearce said. However, she said, the companies do not appear to be heeding this advice." - so the Palin strategy of compelling the producers via the courts apparently is failing.

My point all along has been that AGIA and Palin's TC proposal cannot produce a viable project without the producers on board. And this dog and pony show by Palin administration is only producing longer delays in the long-run...which is costing all Alaskans BILLIONS every year this project is delayed.

reply | flag this »

July 16, 2008 - 7:25am | JoeBagadonuts

oh brother

just let it go, dude. you were wrong before, wrong all along, and you're wrong now.

taking what is obviously a misstatement by a reporter unfamiliar with the goings on here in Alaska and trying to turn it into "the governor lied" is just ludicrous. you've lost all credibility.

and your attempt to paint the state's strategy as "failed" even as progress is being made before your

eyes is borderline psychotic.

AGIA works, has worked, is working. Nobody's ever said the project will happen without the producers, that's a canard that your side rolls out continually and frankly the only issue everyone agrees on.

without AGIA, no producer movement

with AGIA, TWO separate producer proposals and a whole lot of global interest.

yeah, the Gov's plan is delaying things. I don't think even you believe that.

reply | flag this =>

July 16, 2008 - 10:08am | Emperor

"AGIA works, has worked, is working"

It didn't work to bring in multiple qualifying offers that Alaskans would be able to choose from. It produced one proposal that kinda sorta qualified if you squint your eyes a little.

AGIA has nothing to do with the CP/BP project. That's a project going ahead in spite of the Administration and AGIA. Not because of it. Queen P and her court of fools did everything they could to stop ANY other projects including the CP/BP project and the ENSTAR Bullet Line project.

Even when the legislature foolishly approve the state license for TransCANADA they are still too far behind the leaseholders to get to the "Open Season". That's 500 Million simply down the drain. 500 Million that could have been spent on Public Safety or improving transportation infrastructure.

If you want to believe in the AGIA fairy tale, that's fine. But don't try and force your delusions on to people that have even a modicum of common sense.

And yes she has delayed things by refusing to negotiate with the lease holders when she took office.

reply | flag this =>

July 16, 2008 - 1:57pm | JoeBagadonuts

**they ARE moving forward
they ARE moving forward NOW**

the WERE NOT moving forward BEFORE

how has she delayed anything, napoleon?

reply | flag this =>

July 16, 2008 - 5:34pm | LillyDaddy

Actually,

I think Bonaparte is longing for colonial days, when the oilies told us how things were gonna be.

reply | flag this =>

July 16, 2008 - 5:47pm | rfn

They still tell us.

It's just that only a few are listening.

Or should I say "reading"...when their talking-point e-mails arrive each morning from Texas and London. Some even get up in the middle of the night to read the ones from England. Time zones, y'know. They just sorta stagger outta bed.....

reply | flag this =>

July 16, 2008 - 5:49pm | LillyDaddy

Wha?

They don't leap outta bed?

reply | flag this =>

July 16, 2008 - 7:35am | Stags_Leap

Palin's TC proposal

It is significant if the TC proposal doesn't meet some of the AGIA requirements. Don't try and play this one down like it's a non-issue. When a CEO or Governor says a proposal has met ALL-or 100%-of the requirements, that is different from saying it has met MOST of the requirements.

What requirements has the TC proposal NOT met? Is the Legislature fully informed?

reply | flag this =>

3

July 16, 2008 - 3:53am | KodiakFlyer

What's

"hundreds of millions, if not billions of dollars," plus \$500 million?

A lot of money, that's for sure. If this thing doesn't get built soon, things are going to be uuuuuugly for Sarah.

reply | flag this =>

2 July 16, 2008 - 12:34am | Stumpy10

Amazing

One would think that Federal Coordinator Pearce would know what has happened with new gas discoveries within the United States that just made this mega-project uneconomic.

Pearce does make a god case, though, for Alaska to stop fooling around and move forward with the All Alaska Gas Line- avoiding all the nonsense and delays we'd have to endure waiting on the Canadians.

Didn't anyone tell Drew that the Canadians have until 2018 to decide to build the project?

reply | flag this »

July 16, 2008 - 7:31am | JoeBagadonuts

new gas discoveries

is that why the price of natural gas is MORE THAN DOUBLE what it was this time last year?

I'm no rocket scientist, but I've always been told that when new supply is added to the supply/demand balance, then the price goes DOWN, not up. hmmm.

your project is a loser. Ing is only viable if there's a real pipeline to spur off of. you have no project, never have had. too much fiddling around, spending borough tax dollars on trips to houston, san diego, and tokyo.

the Ing ponzi scheme will never get us a pipeline, just get on board with the real project or go get a job.

reply | flag this »

July 16, 2008 - 11:08am | Stumpy10

Supply and demand-

The massive, NEW natural gas discoveries within the Lower 48 have not been brought on-line yet.

When these reserves are brought on-line well ahead of any Canadian line, gas prices will decline.

That of course makes an even more compelling case for Alaska to not be locked into a North American market that is saturated with supply.

reply | flag this »

July 16, 2008 - 1:59pm | JoeBagadonuts

markets respond to what WILL

markets respond to what WILL happen

if what you predict were as certain as you make it out to be, the market would already have responded.

you continue to promote the Ing scam by tossing out a bunch of lies. nobody believes you that's why your project is in the toilet

reply | flag this »

July 16, 2008 - 3:18pm | Stumpy10

Sheesh, some basics for you Donuts.

Ever hear of Pebble? Hundreds of billions of dollars worth of gold are in that discovery. Have the gold markets reacted to the fact that that gold is still in the ground?

If your nutty theories were true, gold prices would be falling...

The same logic applies to gas, oil, or any other commodity that must be drilled, mined, or extracted.

The current markets react to what is available for consumption- today.

I can't believe I am having this conversation.

reply | flag this »

July 16, 2008 - 3:46pm | JoeBagadonuts

if it looked, even for a moment, like that gold would be mined
then gold prices might react.

same is true of the marcellus shale play.

you're a joke and so is your project. north america is clearly the preferred market for major gas projects.

reply | flag this »

July 16, 2008 - 4:15pm | Stumpy10

My goodness...Donuts

Please tell me that you do NOT work for the Palin administration. Please.

I'll sleep much better tonight if you do not.

The use of facts and logic versus magical thinking is the key difference between charting a strategic policy that succeeds or fails.

The smartest energy researchers have looked at the lower 48 markets- and the massive new gas reserves found there (many hundreds of trillions of cubic feet of gas more than are estimated to exist in the NSB by DNR) and they've proclaimed the Canadian line uneconomic for that purpose.

[reply](#) | [flag this](#) »

July 17, 2008 - 6:56am | [JoeBagadonuts](#)
we know who you work for Stump
 "the use of facts..."

Is it using facts to simply state "the smartest energy researchers have looked" at the TC project and deemed it economic. When was the competition for "smartest energy researcher" held and who won?

you're an idiot, and that's why your project is in the toilet. LNG as a standalone is a scam to enrich the individuals involved. Individuals, not Alaskans. that's you, stumped. scammers and flakes.

[reply](#) | [flag this](#) »

July 16, 2008 - 4:22pm | [rfr](#)
This would be a genuine concern

If anybody thought there was ever any intention for Alaska's natural gas to help things in the lower-48.

There IS a reason both the Trans Canada and (non)producers pipeline pipedreams end at the Alberta tar pits.

It has nothing to do with getting any energy to the lower-48, much to do with making pseudo-petroleum to peddle to China and just a wee tiny bit to do with piping cheap jet fuel to Prince George's mega-airport cleverly designed to such the air cargo business out of Alaska.

Now it emerges those wily Canadians are not only planning to poison Alaska's air cargo business, they're already poisoning our birds with those tar-traps on the migratory fly-way.

[reply](#) | [flag this](#) »

July 16, 2008 - 3:55am | [KodlakFlyer](#)
Bingo

Why ship it all the way to Chicago when we need it in Alaska!

[reply](#) | [flag this](#) »

July 16, 2008 - 11:28pm | [Sheridan_Sheraton](#)
Let's Bait tlamb...

Well Stumps 10, // since the socialists dems have already pushed an agenda of commitment to 'bargaining' through some shadowy, yet legislated and yet undescribed 'unions' ' the legislature and union types (includes those of Canadian persuasion), Then How about instead the Chinese socialists, who already have it down through years of the 'bargain' of communism?

BTW ETHAN ...I like how the California Legislature has declared a position of neutrality towards unions. Can your buddies and former legislative pals reconsider this added tax on the people who will build the pipe?

If you are dealing with Dem-socialist mentality on already uncertain terms, why not go straight to the source, Communist China for the bestest for mostest for leastest cheapest labor, and instead of 2028 or whatever... 'getter done for the market that wants to do it now?

[reply](#) | [flag this](#) »

1 July 16, 2008 - 12:01am | [Cartman3_15](#)

"Progress has been made
 on all fronts."

Let the spinning begin.

[reply](#) | [flag this](#) »

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Rynnieva Moss

From: Christopher Clark [cgcaska@yahoo.com]
Sent: Wednesday, July 16, 2008 8:42 AM
To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labolle; Karen Lidster; John Manly; Rynnieva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net
Subject: Pat Forgey: Former ally criticizes Palin on gas line plan

Former ally criticizes Palin on gas line plan**Former Gov. Wally Hickel helped Palin get elected, but now challenges her pipeline effort**

By Pat Forgey | JUNEAU EMPIRE

Just when Alaska has one, if not two, natural gas pipeline proposals appearing to be within its reach, a revered elder statesman is urging rejection, and saying the state should try to instead develop an even better deal elsewhere.

Both TransCanada Corp. and a competing venture sponsored by ConocoPhillips and BP are proposing natural gas pipelines across Canada to the Midwest.

Former two-time Gov. Wally Hickel has long had a passionate belief in exporting Alaska's gas to lucrative Asian markets as liquefied natural gas, and is urging the Legislature to reject a gas pipeline that would let Canadians control Alaska's gas.

"Another government is going to decide when and where that gas will go, and how it will be taxed - that's not what we won at statehood," said Malcolm Roberts, top aide to the former governor.

The Legislature is currently considering awarding a license to TransCanada that would bring with it state support for the project. The two oil companies are rushing to head off TransCanada with their own pipeline proposal.

"It may be only the TransCanada proposal that is getting the producers to move," said Rep. Beth Kerttula, D-Juneau, a pipeline backer.

Hickel urged that the TransCanada license be rejected, and the state instead build its own all-Alaska line to a Valdez LNG export terminal.

Hickel's tactics, though, including full-page newspaper ads that appeared around the state Monday, are getting more talk than his risky proposal.

The former governor sent an e-mail to all state legislators saying an ad was coming, and threatened to link those who supported TransCanada to the Corrupt Bastards Club, and listed Marty Rutherford, head of Palin's gasoline team along with that of felon Bill Allen, a prominent member of the informal club. The self-described club came to light in court documents and testimony about Republicans accused of oil-related intrigue.

Gov. Sarah Palin, an erstwhile ally, told Hickel that he'd gone too far with his efforts to derail the TransCanada plan.

7/16/2008

She said the ad was "misleading, distorts the truth, and slanders our public servants."

A number of members of the club backed an earlier gasline plan that was supported by the state's oil industry. Many of those, including legislators and those trying to influence them, are in federal prison, while others are awaiting sentencing and trial.

That angered Department of Natural Resources Commissioner Tom Irwin, who lost his job in the previous administration when he challenged a gas pipeline deal supported by members of the club.

"To suggest that choosing a gasline option that differs from our vision is somehow corrupt is so wrong," Irwin shot back in an e-mail to Hickel and Roberts.

He said he was "totally and irrevocably disgusted" in the insinuation about Rutherford, his top deputy.

Roberts said the Corrupt Bastards Club reference was removed from the ad before it ran in newspapers. The intent was not to suggest Rutherford had done anything wrong, which Roberts acknowledged that linking her name with admitted criminal Allen might suggest.

"As soon as it was brought to our attention we removed that," he said. "That was my mistake, and I've apologized for it."

Hickel's ad, which ran Monday in the Empire, also listed numerous prominent Alaskans as backing his position on the gasline, including fellow former governors Bill Egan, Ernest Gruening and Jay Hammond.

All have been dead for some years, nowever, and are unable to corroborate Hickel's claim of support.

Roberts said the ad was simply trying to list the kind of people who would have supported an all-Alaska line.

"Governor Hickel was involved in the battle for statehood, and many of the people listed in the ad were his colleagues in fighting for control of resources," Roberts said.

One of the few live Alaskans Hickel listed as a supporter was Scott Heyworth of Anchorage, who said he's actually backing Palin's AGIA process and asked Hickel to stop using his name.

"I'm on record many many times supporting AGIA's passage," Heyworth wrote to Hickel.

Heyworth was the sponsor of an earlier ballot measure in favor of an all-Alaska pipeline.

Roberts said they would comply with a request from Heyworth.

"We have a new version," Roberts said. "The new version omits him."

• Contact reporter Pat Forgeyat 523-2250 or e-mail patrick.forgey@juneauempire.com.



Brian Wallace / Juneau Empire File

No longer allied. Former Gov. Walter Hickel, right, listens as Gov. Sarah Palin speaks during a news conference on the Alaska Gasline Inducement Act in May 2007 at the Governor's Mansion.

Rynnieva Moss

From: Christopher Clark [cgcaska@yahoo.com]
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To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labolle; Karen Lidster; John Manly; Rynnieva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net
Subject: Wesley Loy: Feds to sell controversial Slope leases

Feds to sell controversial Slope leases

By **WESLEY LOY** | wloy@adn.com

Published: July 16th, 2008 10:56 AM
Last Modified: July 16th, 2008 10:57 AM

The federal government intends to hold a major oil and gas lease sale this fall in portions of the National Petroleum Reserve-Alaska, officials in Washington, D.C., announced today.

The Bureau of Land Management, which acts as landlord for the Indiana-sized reserve on Alaska's North Slope, today issued a "record of decision" spelling out land to be leased.

Much of the NPR-A has been the subject of environmental challenges in court.

"The rapid increase in energy costs facing our nation is driven by a worldwide imbalance in energy supply and demand," Interior Secretary Dirk Kempthorne said. "Developing the NPR-A in an environmentally sound manner will contribute to our domestic oil and natural gas supplies. Together with new production from other offshore and onshore areas, these increased supplies will help stabilize energy costs."

The lease sale in the reserve's northeast and northwest sections could result in development of 8.4 billion barrels of oil as well as trillions of cubic feet of natural gas, the BLM said.

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Under the record of decision, the BLM defers leasing for 10 years on land currently unavailable for leasing north and east of Teshekpuk Lake.

The plan includes protections for the polar bear, including requirements to consider impacts on areas used by polar bears for denning.

"This decision provides for the protection of high-value wildlife, including waterfowl and caribou, and meets the subsistence needs of North Slope residents while making lands with oil and gas potential available for leasing," said Tom Lonnie, the agency's Alaska director.

Find Wesley Loy online at adn.com/contact/wloy or call him in Juneau at 586-1531.

Wednesday » July
16 » 2008

TransCanada announces \$7B Keystone expansion

Jon Harding
Calgary Herald

Wednesday, July 16, 2008

CALGARY - TransCanada Corp. is ploughing ahead with a \$7 billion US expansion of its Keystone project only four months into construction of the giant oil pipeline's first phase.

Canada's largest pipeline company said in a statement early Wednesday its decision follows a successful round of negotiations in which producers in Alberta agreed to ship 300,000 barrels of oil a day for an average term of 18 years on the second major piece of Keystone, which will have a capacity to move 500,000 barrels of oil a day to the U.S. Gulf Coast.

The line will follow a path from Hardisty, Alberta, southeast to Nebraska, south to Cushing, Okla., and then on to refinery row on the Texas coast.

A binding open season - a period in which further hard-and-fast shipping commitments beyond the initial 300,000 barrels a day will be sought - begins today, TransCanada said.

The first phase of Keystone, which will move 530,000 barrels a day of Alberta crude into the U.S. Midwest by 2009, is now being built. The first phase will ultimately extend from Illinois west to Nebraska, merging the two phases to head south.

In total, the whole Keystone system would move 1.1 million barrels a day of Alberta crude south at a cost \$12.2 billion US and could be expanded to a capacity of 1.5 million barrels a day, said Russ Girling, TransCanada's president of pipelines, in an interview.

Keystone's first phase will be in service by late 2009, with the second phase following by 2012, he said.

TransCanada's 50-50 partner in Keystone is American oil giant ConocoPhillips, a major player in the booming Alberta business.

While ConocoPhillips is a shipper on both phases.

"The Keystone expansion will be the first direct pipeline to connect a growing and reliable supply of Canadian crude oil with the largest refining market in North America," said Hal Kvisle, TransCanada's chief executive, in a statement. "The Keystone pipeline will be constructed and operated as an integrated system with delivery points in the U.S. Midwest and U.S. Gulf Coast."

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Bloomberg.com

TransCanada, ConocoPhillips Plan \$7 Billion Expansion (Update3)

By Ian McKinnon

July 16 (Bloomberg) -- **TransCanada Corp.**, owner of Canada's largest pipeline system, and **ConocoPhillips** plan a \$7 billion pipeline expansion to provide additional capacity to ship crude from western Canada to U.S. Gulf Coast refiners.

The 500,000-barrel-a-day expansion of the Keystone pipeline is expected to start by 2012, Calgary-based TransCanada said today in a statement. Customers have signed contracts for 300,000 barrels a day.

Houston-based **ConocoPhillips**, the third-biggest U.S. oil company, and TransCanada are spending \$5.2 billion on Keystone to transport 590,000 barrels a day by 2009 to U.S. Midwest refineries. The \$7 billion addition would allow Alberta oil-sands output to be processed by Gulf Coast oil refiners who represent almost half of the U.S.'s refining capacity.

"We are sort of the link in the middle of major capital plans" by producers and refiners to spend billions to produce oil from Alberta's tar-like deposits and process the oil into fuels including gasoline, **Russ Girling**, president of TransCanada's pipeline unit, said in an interview.

Companies extracting and refining oil from Alberta's tar sands wanted an option to ensure their plans are supported by increased transportation capacity, Girling said. Producers and refiners will have an option to acquire up to 15 percent in both phases of Keystone, according to the statement.

"They're willing to sign up to ensure that they can get their crude from one end to the other because they're making big investments at both ends of the pipe," Girling said.

Valero Energy Corp., the largest U.S. refiner, said in a separate statement it agreed to be a potential shipper.

Increased Oil Exposure

The project illustrates TransCanada's plans to boost earnings by increasing its exposure to oil, said **Gavin Graham**, who helps manage about \$5.5 billion as chief investment officer of the Guardian Group of Funds Ltd. Guardian owned about 1.12 million shares of TransCanada as of March 31, according to data compiled by **Bloomberg**.

"Looking out for the next four years, you have a pretty good idea of where the growth in earnings is going to come from," he said in a telephone interview from Toronto. "It's not massive as we're maybe talking 5 to 8 percent growth, which in the present environment looks pretty attractive."

The expansion's impact on earnings depends on costs, ownership and timing, though TransCanada forecasts earning about 7.5 percent to 9 percent from its investment, according to Girling.

Alberta to Port Arthur

The expansion includes a 36-inch (91.4-centimeter) line that extends about 3,200 kilometers (1,989 miles) to Port Arthur, Texas, from Hardisty, Alberta. An 80-kilometer line may be built to deliver Canadian oil to refineries in the Houston area, the companies said.

The new line will allow direct access between Alberta and Gulf refiners, cutting transit time by about 15

to 20 days, Girling said. The proposed shipping rate is confidential and won't be disclosed, he said.

High oil and gas prices are boosting costs for energy projects around the globe. TransCanada plans to lock in costs for about 40 percent of the expansion by year-end, Girling said. TransCanada will be responsible for 25 percent of any budget over-runs and shippers will handle the rest, he said.

TransCanada Chief Executive Officer Hal Kvisle announced the possible expansion of Keystone in April at the company's annual meeting in Calgary without disclosing costs or timing.

About C\$20 billion (\$19.97 billion) is estimated to be invested this year to extract and process heavy crude from Alberta's oil-soaked sands, the Canadian Association of Petroleum Producers said last month in a report.

Oil-Sands Production

Oil-sands output is pegged to more than triple to 3.54 million barrels of oil a day by the end of the next decade, from 1.2 million in 2007, the Canadian forecast said.

TransCanada added 11 cents to C\$37.95 in Toronto Stock Exchange trading. ConocoPhillips dropped \$1.63, or 1.9 percent, to \$83.19 in New York Stock Exchange composite trading as crude oil prices fell for a second day.

Irving, Texas-based **Exxon Mobil Corp.** is the largest U.S. oil company, followed by **Chevron Corp.** of San Ramon, California.

To contact the reporter on this story: **Ian McKinnon** in Calgary at imckinnon1@bloomberg.net.

Last Updated: July 16, 2008 16:22 EDT



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Rynniva Moss

From: Christopher Clark [cgcalaska@yahoo.com]
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Subject: Daily News: Exxon opposes paying interest

Exxon opposes paying interest

ERIKA BOLSTAD and WESLEY LOY
Anchorage Daily News

Published: July 15th, 2008 12:57 PM
Last Modified: July 15th, 2008 12:58 PM

Exxon Mobil says it should not have to pay \$488 million in interest on the punitive damages awarded for the company's role in the 1989 Prince William Sound oil spill, saying "there is no good reason" for the U.S. Supreme Court to assess interest.

Last week, the people owed money from the Exxon Valdez lawsuit asked the Supreme Court to make it clear that they should receive interest payments, even though the court cut the punitive damages award in June from \$2.5 billion to no more than \$507.5 million.

The company today submitted a nine-page brief to the high court opposing the application of interest, which could bring the total sum Exxon owes from the 1999 spill to nearly \$1 billion.

In its filing, the oil giant said that "the court has held that \$507.5 million is the legally correct amount necessary to deter Exxon and others from future oil spills."

"The deterrent for future oil spills will thus be the same whether post-judgment interest is paid or not," the company wrote. "Future spills in Exxon's position will know that their punishment will be in an amount up to the extent of the damage they cause."

Also, the company adds that there is "no reason" to penalize it by awarding another \$488 million when "the substantial delay here was not in any sense Exxon's fault" but was that of the plaintiffs who disagreed with a lower court decision.

The company also describes the court case as "far from the kind of victory that could be described as "clear-cut." The case isn't the same as those where courts award interest, Exxon's lawyers argued, because even though the amount of the award was reduced, "it is substantially affirmed and upheld."

With interest, and minus attorney fees, an estimated \$628 million would be divided among the more than 32,000 plaintiffs in the case.

Return to adn.com or go to tomorrow's Anchorage Daily News for a full report on this development.

Rynnieva Moss

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To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labelle; Karen Lidster; John Manly; Rynnieva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net
Subject: Daily News/blog: Bush on ANWR, gas prices

Bush on ANWR, gas prices

Posted by Alaska_Politics

Posted: July 15, 2008 - 9:08 am

From Erika Bolstad in Washington D.C. --

President Bush had a press conference today to talk about the economy. Bush had plenty to say about energy, and Alaska/ANWR came up a few times, so here are some quotes:

Here's what Bush said when asked -- other than drilling -- what sort of things he was advocating to bring gas prices down shorter term:

"First of all, there is a psychology in the oil market that basically says, supplies are going to stay stagnant while demand rises. And that's reflected somewhat in the price of crude oil. Gasoline prices are reflected -- the amount of a gasoline price at the pump is reflected in the price of crude oil. And therefore, it seems like it makes sense to me to say to the world that we're going to use new technologies to explore for oil and gas in the United States -- offshore oil, ANWR, oil shale projects -- to help change the psychology, to send a clear message that the supplies of oil will increase.

"Secondly, obviously good conservation measures matter. I've been reading a lot about how the automobile companies are beginning to adjust -- people -- consumers are beginning to say, wait a minute, I don't want a gas guzzler anymore, I want a smaller car. So the two need to go hand in hand. There is no immediate fix. This took us a while to get in this problem; there is no short-term solution. I think it was in the Rose Garden where I issued this brilliant statement: If I had a magic wand -- but the President doesn't have a magic wand. You just can't say, low gas. It took us a while to get here and we need to have a good strategy to get out of it."

And on whether he though oil producers were doing their part to explore areas of the U.S. that are already open to oil and gas development? (Note Alaska comes up again.)

Do I think they're investing capital to find more reserves with the price at \$140 a barrel? Absolutely. Take an offshore exploration company. First of all, it costs a lot of money to buy the lease, so they tie up capital. Secondly, it takes a lot of money to do the geophysics, to determine what the structure may or may not look like. That ties up capital. Then they put the rig out there. Now, first of all, in a federal offshore lease, if you're not exploring within a set period of time, you lose your bonus; you lose the amount of money that you paid to get the lease in the first place.

And once you explore, your first exploratory, if you happen to find oil or gas, it is -- you'll find yourself in a position where a lot of capital is tied up. And it becomes in your interest, your economic interest, to continue to explore so as to reduce the capital costs of the project on a per-barrel basis. And so I -- I think -- I think they're exploring. And hopefully a lot of people continue to explore so that the supply of oil worldwide increases relative to demand.

Now, people say, what about the speculators? I think you can't help but notice there is some volatility in price in the marketplace, which obviously there are some people in the -- buying and selling on a daily basis. On the other

7/15/2008

hand, the fundamentals are what's really driving the long-term price of oil, and that is, demand for oil has increased, and supply has not kept up with it. And so part of our strategy in our country has got to be to say, okay, here are some suspected reserves and that we ought to go after them in an environmentally friendly way.

A buddy of mine said, well, what about the reefs? So I'm concerned about the reefs. I'm a fisherman, I like to fish, reefs are important for fisheries. But the technology is such that you can protect the reefs. You don't have to drill on top of a reef. You can drill away from a reef and then have a horizontal hole to help you explore a reservoir.

It's like in Alaska. You know, in the old days, you would have had to have -- if you ever go out to West Texas, you'll see, there's like a rig every 20 acres, depending upon the formation. In Alaska you can have one pad with a lot of horizontal drilling, which enables you to exploit the resources in a way that doesn't damage the environment. These are new technologies that have come to be, and yet we've got an old energy policy that hasn't recognized how the industry has changed. And now is the time to get people to recognize how the industry has changed.

Rynnieva Moss

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Subject: Wesley Loy: House to vote next week on TransCanada deal

House to vote next week on TransCanada deal

AGIA: Legislative leaders say prospects are now favorable.

By **WESLEY LOY**
wloy@adn.com

Published: July 15th, 2008 12:12 AM
Last Modified: July 15th, 2008 12:51 AM

JUNEAU – The state House of Representatives will vote a week from today on the natural gas pipeline license, Speaker John Harris said Monday.

Assuming it passes, House Bill 3001 would then move to the Senate, which has until midnight Aug. 2 to approve or reject the license for Calgary-based energy firm TransCanada Corp.

Harris, R-Valdez, said he's likely to vote no on the state license, which carries a \$500 million planning subsidy for TransCanada. But Harris believes a solid majority in the House – perhaps 25 or 26 of the 40 members – will vote in favor.

Senate President Lyda Green, R-Wasilla, said she believes a narrow majority in the Senate also supports awarding the license. She said she plans to vote no.

Lawmakers convened in special session have been holding hearings in Juneau and elsewhere since June 3 on what many call one of the most important decisions they've ever faced.

Some lawmakers see the license as a good way to spur construction of a pipeline, while others believe the \$500 million subsidy is a bad bet for the state.

Popular Gov. Sarah Palin has made the TransCanada license her top priority.

But Palin is only the latest in a string of Alaska governors searching for the right formula to persuade a company or companies to build a pipeline to carry vast North Slope gas reserves to market.

The project, hugely risky because of its \$30 billion price tag, could ignite a second pipeline construction boom in Alaska and yield billions of dollars in tax and royalty revenue for the state, which is watching its vital oil production dwindle.

The license, which the state can issue under the Alaska Gasline Inducement Act of 2007, is not a contract for actual construction.

Rather, it would obligate TransCanada only to seek permission from pipeline regulators to build, assuming the firm can round up sufficient financing and customers.

In recent days, Democratic legislators had pressed the predominantly Republican leadership in the House and Senate to get on with a vote, accusing them of holding long and repetitive hearings in a possible effort to "filibuster" or kill the TransCanada deal.

But Republican leaders including Wasilla Republican Sen. Charlie Huggins, who has presided over the hearings as Senate Resources Committee chairman, said Monday he and other members were still gleaning valuable information from energy company executives, economists, lawyers, pipeline regulators and others.

House Minority Leader Beth Kerttula, D-Juneau, said she and other Democrats had hoped the vote would come by today, as the Legislature effectively will take a break for the rest of the week so some legislators can attend a multistate government conference in Anchorage.

"I'm glad to have a date certain," she said. "That's a good start."

The House on Monday will bring HB 3001 to the floor, with the vote likely coming the next morning, Harris said. It's likely a reconsideration vote will occur the following day.

Assuming the bill passes, it moves to the Senate.

The full Senate will not take up the bill immediately.

First, Green said, it must clear a 12-member "supercommittee" composed of members of the Senate Finance and Resources committees.

The supercommittee includes Green, Charlie Huggins, Lesil McGuire, Gary Stevens, Bert Stedman, Tom Wagoner, Bill Wielechowski, Lyman Hoffman, Donny Olson, Kim Elton, Joe Thomas and Fred Dyson.

Aside from the pipeline bill, lawmakers also have a slate of energy bills Palin placed on the special session agenda.

One bill would appropriate \$821 million to pay each Alaskan a \$1,200 "resource rebate" to help offset high energy costs. Another would appropriate \$377 million to help fund the TransCanada subsidy and make road and bridge improvements to support the massive pipeline building project.

Harris said Monday he'd like the Senate to deal first with the energy bills, then move them along to the House.

But Green said she's leery of the appropriation bills, saying such legislation easily could balloon with add-ons. So she believes some of the bills, such as the one for TransCanada and road construction, are best saved for the regular session next year.

Find Wesley Loy online at adn.com/contact/wloy or call him in Juneau at 586-1531.

Rynniva Moss

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Subject: Daily News editorial: Fairbanks; Big state subsidies for coal aren't answer for energy woes

Fairbanks

Big state subsidies for coal aren't answer for energy woes

Published: July 14th, 2008 11:15 PM

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Fairbanks residents need help, there's no doubt about it. They have faced steep increases in heating bills that make many worry about next winter.

It's disappointing, though, that the local government is pointing to coal as a major solution. Coal is the one source of energy Fairbanks has in abundance, as North Star Borough Mayor Jim Whitaker points out. He and others are talking about turning it into a liquid fuel to displace expensive heating oil.

But burning coal shouldn't be the answer in an era when the world has to reduce emissions of greenhouse gases. Coal is a powerful source of greenhouse gas emissions -- it produces about twice as much per unit of heat as natural gas does. Fairbanks should push more environmentally appropriate options, like a natural gas pipeline to the area or hydropower.

Whitaker says the Fairbanks project would not add to carbon emissions, but he can't point to any similar project that is carbon neutral. The supposedly "clean coal" technology Fairbanks is exploring is still experimental.

"There are no commercial projects yet in existence in the United States," says Bob Shavelson, executive director of the nonprofit group Cook Inlet Keeper, which is watchdogging Alaska coal development proposals. Private financiers balk at investing in such projects, he said, because of the environmental issues.

"Coal-to-liquids is so much more energy-intensive and polluting than oil and natural gas," said Shavelson.

Whitaker has also left us puzzled with the allegation that the state is discriminating against his region by allegedly helping keep Cook Inlet natural gas prices low for Anchorage-area residents. That's unconstitutional favoritism in the use of state-owned resources, he said in a letter sent to state attorney general Talis Colberg earlier this month. Whitaker threatened possible legal action unless the state extends similar favoritism to his region.

Putting \$21 billion (that's B as in billion) into a fund for alternative energy projects statewide would do the trick, he suggested. That way, his town would have oodles of money for the dubious coal-to-liquids idea he is promoting.

Here's what Mayor Whitaker is really saying to the state: "Hey, what you're doing is wrong! But we'll shut up if you cut us in on the action."

That's no way to cure anybody's energy problems.

BOTTOM LINE: Fairbanks needs targeted energy aid, but not from a \$21 billion state energy slush fund.



Does this
WALLET
make my
REAR LOOK
BIG?

NO WAY,
SPEAKER
HARRIS,
BUT IT DOES
make your
HEAD
LOOK SMALL.



DUNLAP-
SMITH
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Rynnieva Moss

From: Christopher Clark [cgcalaska@yahoo.com]

Sent: Tuesday, July 15, 2008 9:11 AM

To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labolle; Karen Lidster; John Manly; Rynnieva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net

Subject: Stefan Milkowski: FERC asserts role in Alaska natural gas pipeline

FERC asserts role in Alaska natural gas pipeline

By Stefan Milkowski

Published Tuesday, July 15, 2008

JUNEAU — State lawmakers wrapped up weeks of expert testimony on TransCanada's gas pipeline proposal on Monday with a discussion of the role federal regulators would play in shaping the line.

To build a natural gas pipeline from the North Slope into Canada, TransCanada or any other pipeline builder would need a certificate from the Federal Energy Regulatory Commission. The FERC will also have the ultimate say in how the pipeline is financed, how shipping tolls are set, and who pays for future pipeline expansion.

The FERC's broad authority has led some lawmakers to question whether commitments made by TransCanada under the Alaska Gasline Inducement Act have any real value. The commitments require TransCanada to propose a financing mechanism aimed at keeping shipping costs low and a system for pipeline expansions aimed at ensuring North Slope development.

On Monday, an official with the FERC testified that elements of the state license would be considered where applicable but wouldn't have a direct bearing on whether or not TransCanada was granted a federal certificate.

Jeff Wright, deputy director of the FERC's Office of Energy Projects, added that FERC guidelines and federal pipeline legislation would ultimately determine FERC's treatment of the specific financial proposals TransCanada made under AGIA.

Regulatory lawyers working for Gov. Sarah Palin's administration and TransCanada argued AGIA commitments would greatly improve the state's chances of getting what it wanted from the FERC.

"It's a huge advantage," said Ken Minesinger, a lawyer advising Palin's gas line team. "It's tremendously valuable, and it puts the state in a much stronger position than it would be otherwise."

Curt Moffatt, a lawyer representing TransCanada, argued that a project with state backing under AGIA would likely fare well before the FERC's ruling commission.

"You have a very high probability ... that the commission will grant that application," he said.

A lawyer working for the Legislature, Bill Moqel, challenged their optimism. He stressed that the FERC would have the final say on various issues, even if the state and TransCanada came in asking for the same thing.

"All we have right now with AGIA is a two-legged stool," he said, referring to the positions of the state and TransCanada.

7/15/2008

Much of the discussion Monday focused on how the pipeline would be financed, and whether requirement to use a certain amount of debt financing would help the state. (Pipeline companies are allowed to charge higher shipping tolls if they invest more of their own money in the project.)

Mogel warned again that requiring TransCanada to propose a certain debt-equity ratio didn't guarantee the FERC would agree to it, suggesting the state could get stuck with a lower ratio, and therefore higher tolls.

But Minesinger responded that the regulatory agency did not typically mandate financing that resulted in higher costs for users, adding that any battles were usually to lower costs.

The ratio proposed by TransCanada was about "as good as it gets," he said.

Lawmakers also discussed the impact of the competing pipeline project pursued by North Slope producers ConocoPhillips and BP under the joint-venture Denali.

Wright, the FERC official, testified that the FERC could ultimately grant certificates to both builders. But he added that the FERC would not allow either entity to turn dirt until it had firm commitments from gas producers to use its pipeline.

Don Shepler, another lawyer working for the administration, used Mogel's analogy of a two-legged stool to argue that a TransCanada pipeline under AGIA was more likely to secure terms in the state's interest than a project outside AGIA, such as Denali.

"The alternative to awarding a license is you may find yourself looking at a one-legged stool," he said, suggesting the state would be on its own before the FERC.

AGIA vote scheduled

House and Senate leaders met Monday to plan the timing of a vote on the AGIA license. Lawmakers have until Aug. 2 under the pipeline law, but many are already calling for a vote on the proposal.

House leadership agreed to shoot for a floor debate and vote on July 22.

The Senate did not announce a firm schedule, but Sen. Charlie Huggins, a Wasilla Republican and chair of the Senate committee reviewing the proposal, said he planned to hold a committee vote on the bill some time next week.

Rynniva Moss

From: Christopher Clark [cgcaiaska@yahoo.com]

Sent: Tuesday, July 15, 2008 9:05 AM

To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labolle; Karen Lidster; John Manly; Rynniva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net

Subject: Pat Forgey: Legislature hears last public input on gas line before votes start next week

Legislature hears last public input on gas line before votes start next week

Juneau residents weigh in on plans for natural gas development

By Pat Forgey | JUNEAU EMPIRE

The Alaska Legislature completed the last of a series of public hearings Tuesday on a natural gas pipeline contract that's taken them from Ketchikan to Barrow in the last month.

Next week, the House of Representatives is expected to take its first vote on Gov. Sarah Palin's proposal to issue a license to TransCanada Corp. to develop a natural gas pipeline to bring North Slope gas to market, House Majority Leader Ralph Samuels said Tuesday.

The Alaska Gasline Inducement Act, under which TransCanada has applied for state support, gives the Legislature until Aug. 2 to make a decision.

The public hearing Tuesday evening was the last formal action of the full Legislature before many members head to Anchorage for a conference of state legislators from the West Coast.

Less than a third of the legislators were in attendance to hear testimony in person Tuesday night, but only a handful of Juneau residents showed up to make their opinions known.

Juneau's Henry Stevens said developing Alaska's natural gas would provide the state with a clean burning fuel, while also helping Alaskans with their own heating bills.

"People like me and you have to pay four to five dollars for heating oil," he said.

Sen. Charlie Huggins, R-Wasilla, chaired the special joint legislative committee reviewing the TransCanada proposal.

Turnout at the hearings around the state the lawmakers called a "road show" was less than he hoped for, Huggins said, but many of those testifying thanked the Legislature for the opportunity.

Bill Warren of Nikiski, a retired pipefitter who worked on the trans-Alaska pipeline, praised the open process and contrasted it with that of former Gov. Frank Murkowski.

"I really liked the road show," he said. He urged passage of the TransCanada application, saying it was the

best way to protect Alaska's interest against the oil companies that want to build their own pipeline.

"I do not trust the oil cartel at all, they are too big and powerful," he said.

Merritt Pierce of Fairbanks, however, said he had another way of protecting Alaska's interests. He supported an all-Alaska line, exporting liquefied natural gas to Asia through Valdez.

He said the state's possible gas reserves were worth \$5 trillion at current market prices in Japan, but only \$2.8 trillion at Midwest market prices.

TransCanada is proposing an overland pipeline to the Midwest.

"That's just nuts, why would we want to sell our gas for trillions less," he said.

Anchorage's Jerry McCutcheon urged rejection of TransCanada, saying the company's former partners in another pipeline venture could bring claims against any new project.

"AGIA is a disaster," he said.

Valdez resident James Williams urged an all-Alaska line and LNG export through Valdez as well, saying he didn't want Alaska's gas controlled by Canada.

"As far as I'm concerned they're a hostile nation," he said.

Alan Keech of Tok said those proposing other ways to market Alaska gas had the opportunity under AGIA to propose their own projects. Only TransCanada submitted a qualifying proposal, he said.

"This company has fulfilled its obligations ... you should honor AGIA," he said.

Alfred McKinley of Juneau said many Alaska residents wouldn't be able to work on much of a pipeline through Canada, because those with a drunk driving conviction can't cross the border.

He supported a line to Valdez that even those people would be able to work on.

"Everybody fouls up once or twice," he said.

Rynnieva Moss

From: Christopher Clark [cgcalaska@yahoo.com]
Sent: Monday, July 14, 2008 8:51 PM
To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koenernan; Paul Labolle; Karen Lidster; John Manly; Rynnieva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net
Subject: Andrew Halcro: Who is John Galt?

Who is John Galt?

Around noon on Monday, emails from lawmakers started burning up the net with reports of a secret meeting scheduled in Anchorage later this week.

The rumored meeting was to have gathered lawmakers who are growing increasingly nervous on voting yes to give TransCanada an AGIA license.

One email asked, Is it true that there was a meeting this morning and teleconferenced in John Galt? Another one surmised the meeting with Galt might have already been leaked to the press. Still another one stated that Governor Palin was asked about the rumor and she responded, who is John Galt.

For fans of Ayn Rand's famous novel Atlas Shrugged, Galt was one of the main characters in the book as well as the hero. Galt's role in the novel is one who fights the rising tide of government's influence due to nationalizing the private sector and suffocating the free market spirit.

As it turned out, the John Galt that was rumored to be meeting with lawmakers in a secret rendezvous was the one in the same as Rand's character Galt.

Obviously a well-played joke to make a point about AGIA being heavy on the government influence and light on the free market spirit.

Rynniva Moss

From: Christopher Clark [cgcaska@yahoo.com]
Sent: Monday, July 14, 2008 8:43 PM
To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labolle; Karen Lidster; John Manly; Rynniva Moss; Jane Pierson; Julianna Singh; Cheryl Suttcn; Will Vandergriff; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net
Subject: Stefan Milkowski/blog: The delay, maybe

The delay, maybe

By Stefan Milkowski

Published Monday, July 14, 2008

House and Senate leaders were scheduled to meet at 12.15 to decide when to vote on AGIA. Sometimes leadership meetings are public and sometimes they aren't, but lawmakers generally don't like to slam doors on anyone. So when the media (radio, TV, newspaper) started loitering in the House Speaker's chamber – with Speaker Harris' implied permission – Senate leaders failed to show.

Cell phones emerged, and House leaders filed out, all headed in different directions.

Most reconvened a few minutes later down one flight of stairs in Senate President Green's office. When I peaked my head in the door, Green said No.

So this is not an open meeting? I asked.

No.

A media stakeout ensued.

The question of whether closed meetings should be allowed is important, but not really timely. Today, the real issue was what the Senate was talking about.

Under AGIA, lawmakers have a few more weeks to vote, but many lawmakers are already calling for action, saying new information isn't going to change anyone's mind, and some suspect that opponents of AGIA are intentionally holding things up.

-The lawmaker in charge of the hearings and schedule, Sen. Charlie Huggins, is a strong critic of approving the TransCanada license. (Huggins says he still has questions and values the new information.)

-A delayed vote would benefit TransCanada's main competitor, Denali.

-And hey, anything could happen! The old adage is, If you have the votes, vote. If you don't, talk. (There's widespread belief that most lawmakers support TransCanada.)

Another thing that could be playing into the timing is Palin's package of proposals to provide energy relief. Vote-

7/15/2008

trading is hard to prove, but it's hard to imagine it doesn't happen.

In this case, opponents of AGIA could try to leverage the governor or other lawmakers for more money through energy relief in exchange for support on AGIA. (That leverage would disappear after a vote.)

Excuse me for speculating, but that's what I'm hearing.

Oh, and the meeting.

Senate members stayed in for a long time, resuming today's hearing about 20 minutes behind schedule.

They still don't have a firm schedule, but Sen. Charlie Huggins, who chairs the Senate committee reviewing the bill, said he plans to hold a committee vote by the end of next week.

The House plans to hold a floor debate and vote on the license next Tuesday.

Rynniva Moss

From: Will Vandergriff
Sent: Monday, July 14, 2008 3:45 PM
Subject: FW: WSJ MarketWatch - Pearce Says Escalating Price Tag is Biggest Hurdle to Alaska Natural Gas Pipeline
Importance: High

FYI courtesy JT, WV

From: Jeff Turner
Sent: Monday, July 14, 2008 3:41 PM
Subject: WSJ MarketWatch - Pearce Says Escalating Price Tag is Biggest Hurdle to Alaska Natural Gas Pipeline
Importance: High



<http://www.marketwatch.com/news/story/platts-energy-podium-federal-coordinator/story.aspx?guid=%7BFF98117D-54EA-44C9-965A-0D9D99A9F5F7%7D&dist=hppr>

At Platts Energy Podium, Federal Coordinator Pearce Says Escalating Price Tag is Biggest Hurdle to Alaska Natural Gas Pipeline

Last update: 5:46 p.m. EDT July 14, 2008

WASHINGTON, July 14, 2008 /PRNewswire via COMTEX/ -- The escalating price tag for the proposed Alaska natural gas pipeline is the biggest obstacle facing the massive project, the top US official coordinating permitting said here on Monday.

Appearing at the latest Platts Energy Podium event in Washington, Federal Coordinator of the Alaska Natural Gas Transportation Projects Drue Pearce said competing project proposals to ship gas from Alaska's North Slope to major US markets are navigating treacherous political, financial and logistical terrain, but progress has been made on all fronts. The best-case scenario for completion of a project is around 2018, Pearce said, adding that "a more realistic first-gas date, but still optimistic, is probably 2019."

But as steel prices continue rising, permitting and construction delays will increase the price tag for one of the largest energy infrastructure projects in US history. The greatest risks are cost overruns and how that might impact the cost of shipping about 4 billion cubic feet per day (Bcf/day) of gas from Alaska to Chicago.

"Those delays will be very, very costly if they happen," said Pearce, who has been federal coordinator since late 2006. Once a project is permitted by state and federal agencies, a single-season construction delay could add "hundreds of millions, if not billions of dollars," she warned, adding that "once we get through licensing, then the financial markets will have to make the decision" on whether to go ahead with the project.

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Asked to describe her level of certainty that the long-delayed project will be built within the next 10 to 15 years, Pearce said she was "very optimistic" it will happen. "I see full glasses, not empty glasses. I do believe we're closer than we've been in 30 years, and I believe it's time for the gas to come to market. The Lower-48 states are going to need the gas delivered in a pipeline at a stable price, a stable delivery, so I'm very optimistic that now is the time to get it built."

The project is moving along on two tracks. North Slope oil and gas producers BP and ConocoPhillips have jumped ahead of TransCanada in the effort to secure a permit from the US Federal Energy Regulatory Commission. FERC has agreed to begin the "pre-filing process" for the producers' proposed Denali Pipeline, which means the producers can begin some field work this summer. BP and ConocoPhillips bypassed a formal process for getting a state endorsement from Alaska, saying the conditions were too prescriptive and did not address outstanding tax issues.

Denali would be sited along the Alaska Highway. Canadian affiliates would then transport the gas from the Alaska border into Alberta. BP and ConocoPhillips told FERC the pipeline would connect either to existing Canada-to-US pipelines, or the sponsors would build a pipeline southeast from Alberta to the US border and, perhaps, across parts of North Dakota, Minnesota, Iowa and Illinois to the Chicago area.

Denali is the producers' alternative to a proposal by TransCanada that awaits approval from the Alaska Legislature. Alaska Governor Sarah Palin's administration has supported the TransCanada project because it met most of the requirements of the Alaska Gasline Inducement Act, which establishes the conditions for developers to obtain a state endorsement and a \$500 million financial incentive.

State officials have encouraged the companies to merge the two projects into one, both to gain momentum as a single initiative and because projected gas production would not fill two pipelines, Pearce said. However, she said, the companies do not appear to be heeding this advice.

Sponsored by Platts, a division of The McGraw-Hill Companies, Platts Energy Podium provides an ongoing forum for prominent newsmakers and the press to address important energy and environmental issues. Members of the media may receive complementary registration for Energy Podium events by contacting Nancy Covey at 202-942-8719, Nancy_Covey@platts.com. A recording of the Drue Pearce session is available via podcast at <http://platts.com/energypodium/index.xml/>.

Rynnieva Moss

From: Christopher Clark [cgcalaska@yahoo.com]

Sent: Monday, July 14, 2008 1:45 PM

To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labolle; Karen Lidster; Rynnieva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; John Bitney; Shannon Devon; Debbie Richter; skippydog@att.net

Subject: AP: BP to begin developing Liberty oil field

BP to begin developing Liberty oil field

BY JEANNETTE J. LEE
The Associated Press

Published: July 14th, 2008 11:46 AM
Last Modified: July 14th, 2008 11:46 AM

BP said it will begin developing its Liberty oil field, which will involve drilling the world's longest wells to reach an offshore reservoir in the Beaufort Sea.

The company today said oil production is expected to begin in 2011. Production is expected to peak at 40,000 barrels a day.

Liberty is expected to yield about 100 million barrels of oil. That would make it a relatively small field by North Slope standards.

New production is intended to offset declining production on North Slope and keep oil flowing down the trans-Alaska oil pipeline.

The company estimates field development will cost \$1.5 billion. Work will start this summer with a seismic survey.

The field is on federal leases on the outer continental shelf, about six miles offshore from Alaska's northern coast.

The Anchorage Daily News contributed to this article.

Rynniva Moss

From: Will Vandergriff

Sent: Monday, July 14, 2008 4:53 PM

Subject: Update: Exxon Mobil moves forward disputed gas field (AP version on ADN wire)

FYI – WV.

http://www.adn.com/news/alaska/ap_alaska/story/464632.html

Exxon Mobil moves forward disputed gas field

(07/14/08 15:43:56)

Exxon Mobil Corp. has hired contractors with plans to begin work on an oil and gas field the state of Alaska wants to take back.

The state's Department of Natural Resources rejected Exxon Mobil's most recent development plan for the Point Thomson field. The dispute is still in court, but the Irving, Texas, company announced Monday it's still moving forward with work.

The field's rich cache of oil and gas sit at the heart of a dispute over a proposed natural gas pipeline, which some lawmakers believe cannot be successful until the state's dispute gets resolved.

Exxon Mobil is the operator for leases purchased 31 years ago, but never developed; BP PLC and Chevron also have a stake in the unit.

The state has been trying to strip Exxon and its partners of the leases since late 2006 under both Gov. Sarah Palin and her predecessor, former Gov. Frank Murkowski.

Exxon Mobil recently told lawmakers that it's serious about this development plan and considers it vital to any gas pipeline project that would go into Canada and eventually serve U.S. markets.

The Alaska Legislature should within a week take a vote on whether to issue a state license to TransCanada Corp. to build a pipeline that would take natural gas from Alaska's North Slope into Canada and then down to the Lower 48.

ConocoPhillips and BP have joined forces on a competing pipeline that is not seeking a state license or the accompanying \$500 million in state incentives.

Exxon Mobil's \$1.3 billion Point Thomson plan includes drilling that will begin the 2008-2009 winter season.

It's considered a first phase that will initially produce about 200 million cubic feet of natural gas, plus 10,000 barrels per day of liquid condensate removed from the gas and sold through existing and new pipelines.

The state's natural resources commissioner Tom Irwin, however, rejected this plan proposed in February. A Superior Court ruling is expected by year's end.

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7/15/2008

Rynniva Moss

From: Will Vandergriff

Sent: Monday, July 14, 2008 4:48 PM

Subject: Update: Bush Lifts Ban on U.S. Offshore Oil, Gas Drilling (via bloomberg)

FYI - WV.

<http://www.bloomberg.com/apps/news?pid=20601087&sid=a362RHmsy71s&refer=home>

Bush Lifts Ban on U.S. Offshore Oil, Gas Drilling (Update2)

By Daniel Whitten and Catherine Dodge



July 14 (Bloomberg) -- President George W. Bush said today he's lifting a presidential ban on drilling for oil and natural gas on the U.S. Outer Continental Shelf, setting up a showdown with Congress over a separate ban it put in place in the 1980s.

"Today I've taken every step within my power to allow offshore exploration of the OCS," Bush said in a statement at the White House. "This means the only thing standing between the American people and these vast oil resources is action by the U.S. Congress."

Democratic leaders in both houses of Congress rejected the president's call, saying the move to end the moratorium would have no effect on prices and better options are available.

Pressure to permit drilling off the Pacific and Atlantic Ocean coastlines and in the Eastern Gulf of Mexico has been building as oil and gasoline prices have surged to records.

Congress has barred drilling since 1983 through an annual Interior Department spending bill. That ban could be lifted if Bush refused to sign the department's fiscal 2009 appropriations measure that is now being debated in the House and Senate. The president's father, George H.W. Bush, imposed the existing executive moratorium.

Kevin Book, senior analyst at Friedman, Billings, Ramsey Group in Arlington, Virginia, said Bush's announcement probably won't lead to new drilling. Congress can restore the moratorium, and governors, many of whom oppose drilling, would have the final word, he said in a research report.

"While this will put pressure on national lawmakers and local governments, it is not by itself sufficient to conquer a complex web of competing incentives," Book said.

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Florida, California

Florida Republican Governor Charlie Crist said last month he supports offshore drilling. Arnold Schwarzenegger, California's Republican governor, opposes it, as do many East Coast governors.

"This is no short-term answer," New Jersey Governor Jon Corzine, a Democrat, told reporters in a conference call today. "It would be stopped by most of the states on the east and west coasts."

Senator John McCain of Arizona, the presumptive Republican presidential nominee, today reiterated his support for allowing more drilling, although he said the states should decide whether to open coastal areas. His Democratic opponent, Senator Barack Obama of Illinois, opposes it.

"If offshore drilling would provide short-term relief at the pump or a long-term strategy for energy independence, it would be worthy of our consideration, regardless of the risks. But most experts, even within the Bush administration, concede it would do neither," Obama campaign spokesman Bill Burton said in a statement today.

Available Supply

About 17.8 billion barrels and 76 trillion cubic feet of gas are off-limits to drilling as a result of congressional and presidential moratoria, according to the Minerals Management Service, an agency of the U.S. Interior Department.

The oil available would amount to just over two years of U.S. consumption. Bush today said the potential reserve from the restricted areas would last almost 10 years.

Democrats have blocked congressional efforts to lift the ban, arguing that Republican estimates of available energy resources are overstated and doing so would have no short-term effect. Democrats in both chambers are pushing legislation to force oil companies to start drilling on 68 million acres where they already hold leases.

"We've given the oil companies ample opportunities to increase supply but they have failed to deliver," Senate Democratic Leader Harry Reid of Nevada said at a press conference today.

House Speaker Nancy Pelosi of California, in a statement, called the Bush plan "a hoax" that will "neither reduce gas prices nor increase energy independence."

'Positive for Consumers'

"The prospect of considerable supply, even though it may take some time to bring on line, changes decisions of energy buyers, hedgers and investors," said William Whitsitt, president of the American Exploration and Production Council, which represents oil and gas companies. "There is no doubt in my mind that this can have a positive effect for consumers."

Jim Presswood, an energy advocate for the Natural Resources Defense Council, said he isn't sure Bush will veto a spending bill that includes the moratorium because of the effect on other programs. Blocking government spending presents "a much deeper political problem," Presswood said.

Crude oil for August delivery rose 10 cents to settle at \$145.18 a barrel at 2:45 p.m. on the New York Mercantile Exchange. Futures reached a record \$147.27 a barrel on July 11 and have risen 96 percent in

the past year.

To contact the reporters on this story: Daniel Whitten in Washington at dwhitten2@bloomberg.net;
Catherine Dodge in Washington at Cdodge1@bloomberg.net

Last Updated: July 14, 2008 15:35 EDT

Rynniva Moss

From: Christopher Clark [cgcaska@yahoo.com]
Sent: Monday, July 14, 2008 9:26 AM
To: Tim Benintendi; Peter Fellman; Linda Hay; Crystal Koeneman; Paul Labolle; Karen Lidster; Rynniva Moss; Jane Pierson; Julianna Singh; Cheryl Sutton; Will Vandergriff; John Bitney; John Bitney; Shannon Devon; Debbie Richter; skippydog@alt.net
Subject: Wesley Loy: First Nations watch gas pipeline closely

First Nations watch gas pipeline closely

CANADA: Palin's advisers don't expect conflict over rights of way.

By WESLEY LOY
wloy@adn.com

Published: July 14th, 2008 12:01 AM
 Last Modified: July 14th, 2008 01:37 AM

JUNEAU – The proposed Alaska natural gas pipeline is very long – 1,715 miles, to be exact.

And although we call it the Alaska gas line, more than half of it, or 965 miles, would be laid in Canada.

State legislators considering whether to award a license and \$500 million in planning dollars to TransCanada Corp. on Sunday shifted their focus away from all the Alaska aspects of the pipeline to look at the Canadian challenges involved.

One message came through loud and clear – don't ignore the Canadians, especially the aboriginal groups known as First Nations, who have a constitutional right to be consulted by the Canadian government on how a big project like the gas line might affect land they own or use for hunting and fishing.

Look at a map of TransCanada's pipeline route -- it runs from the Alaska border through the Yukon and British Columbia to Alberta -- and you'll see a patchwork of First Nations lands.

TransCanada executives say more than 40 First Nations groups are expected to be "active stakeholders" in the pipeline project.

Failure to adequately address their concerns could be "fatal to a project," according to a Canadian law firm advising Gov. Sarah Palin, who is recommending lawmakers award the license to TransCanada.

But lawyers for the Palin administration as well as the Legislature said Sunday they believe TransCanada can navigate the First Nations issues, seeing no "showstoppers" that might block construction of the pipeline.

The lawyers, however, warned that it could take several years -- longer than TransCanada has said -- to gain full clearance for the pipeline, with plenty of potential for lawsuits and for the project to be used as "leverage" in unresolved aboriginal land claims cases.

Keith Bergner, a Vancouver lawyer advising the Legislature, said none of TransCanada's pipeline would cross land owned outright by a First Nations group. Rather, most of the pipe would cross publicly owned land, just as the 750-mile Alaska section would.

But two First Nations groups in the Yukon -- the White River First Nation near the Alaska border and the Kaska Nation in the eastern Yukon -- have unresolved land claims. British Columbia might also have land