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## **Gas Producers Discuss Pipeline Project** **Exxon, BP, Phillips Penciling Out Northern vs. Southern Route**

(JUNEAU) – Representatives of three major North Slope gas owners told the House Oil and Gas Committee today they are still evaluating whether a southern route along the Alaska Highway or a northern route across Canada's Arctic coast would be the most cost-effective way to bring Alaska natural gas to Lower 48 markets.

While the representatives of British Petroleum, Exxon/Mobil and Phillips Petroleum Company answered several questions about their \$75 million project to study and plan construction of a gas line to bring Alaska's 35 trillion cubic feet of gas to market, they left some important questions unanswered, said Rep. Scott Ogan (R-Wasilla), chair of the committee.

"The most significant thing that came out of the hearing for me is that there's a lack of a gas balancing agreement," Ogan said. "That means there's a possibility that one of the producers could veto the other two's route choice. Exxon has the most gas on the Mackenzie River delta, and I think they'd have the biggest interest in seeing the northern route get built."

A southern route would bring the maximum benefit to Alaska in terms of construction and operations jobs, corporate taxes and in-state access to reliable energy, said Ogan. He has introduced House Bill 83 to mandate a southern route, as best fulfilling the state constitution's mandate that state resources be developed for the maximum benefit of Alaskans.

"These companies want to commercialize the gas," said Rep. Hugh Fate (R-Fairbanks), a member of the committee. "They've also heard the message loud and clear from the people and Legislature that we prefer the southern route." Fate said Alaskans are learning more about the existing regulatory and business landscape, such as Yukon Pacific Corp.'s plans to deliver LNG via tankers from Valdez, and Foothills Pipeline Co.'s pre-approved permits for a southern gas line route.

"Foothills already has permits, licenses, certificates of agreement and international treaties in place for the pipeline through the southern route," Fate said. "If I were to make a bet, I'd bet on a southern route."

The three representatives also told the committee that:

- North American gas demand will go from 56 billion cubic feet /day to 86 bcf/d by 2020, mostly to generate power
- Construction of a pipeline will spur new Arctic discoveries of up to 65 trillion cubic feet of additional gas
- Their initial pipeline design assumes a capacity of 4 bcf/day, but it could expand by up to 50 percent
- New gas discovered after construction could reach markets via the pipeline, but only with regulators' approval
- Their plans include provisions for spur lines to make some gas available for customers in Alaska
- Their pipeline would not preclude others from marketing liquefied natural gas to Lower 48 or Asian markets

Ogan said he plans to continue holding hearings on the natural gas pipeline issue.

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**Broadcasters note: Comments are available on the Majority Actuality Line 1-800-478-6540**

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