

AGENDA

**Anchorage Legislative Information Office
Basement Conference Room**

July 17 & 18, 2001

Tuesday, July 17

1. 9:00 a.m - Call to Order and Introductions
2. 9:05 - 10:00 a.m. - Federal Issues

Staff, Congressional Delegation

In May, President Bush issued his National Energy Policy. Senator Murkowski introduced legislation dealing with the President's policy. A competing energy bill was introduced by the Democratic members of the committee. Representatives from the Congressional Delegation will talk about President Bush's National Energy Policy, pending legislation concerning that policy, and other events happening in Washington D.C. relating to gas line developments.

3. 10:00 – 11:00 a.m. - Pipeline Access Issues
 - a) 10:00 – 10:30 a.m. - Carol E. Connors or designee, Deputy Director of Congressional, Intergovernmental and Public Affairs, Federal Energy Regulatory Commission
 - b) 11:00 – 11:30 a.m. – Nan Thompson or designee, Commissioner and Chair, Regulatory Commission of Alaska

The Federal Energy Regulatory Commission and the Regulatory Commission of Alaska will regulate an Alaska natural gas pipeline to the lower 48. These regulators will discuss issues important to Alaska oil and gas companies, other Alaska businesses, and Alaska citizens. They will talk about the relationship between the two commissions, how access to the pipeline by gas producers will be determined, how businesses and communities within Alaska will be able to take gas from the pipeline, and issues relating to the expansion of a pipeline. They will also give an overview of the timing and processing of an application.

4. 11:30 a.m. – 12:45 p.m. – Lunch Break
5. 12:45 – 1:45 p.m. – Report on Market Conditions

Ed Small, Canadian Representative, Cambridge Energy Research Associates

Cambridge Energy is a world renowned expert on oil and gas issues. They have been retained to advise the State of Alaska about gas market conditions. They will address the most current aspects of the gas market in the Lower 48 and Canada.

6. 1:45 – 2:45 p.m. – Update on SB 158 and Economic Models.

a) Wilson Condon, Commissioner, Department of Revenue

This year, the legislature passed SB 158 which required the Department of Revenue to hire an expert on financing and possibilities for state participation in the ownership of an Alaska natural gas pipeline. Commissioner Condon will give a report on the current status of the department's efforts in response to SB 158.

b) Roger Marks, Economist, Department of Revenue

The Department of Revenue, in conjunction with various companies and experts, developed an economic model for different pipeline alternatives. Mr. Marks will discuss the purposes of an economic model, how the gas model was created, and how it works.

7. 2:45 – 3:30 p.m. – Royalty In-Kind Issues and Pipeline Studies.

Patrick Pourchot, Commissioner, Department of Natural Resources

The people of the State of Alaska are particularly concerned about in-state usage of gas from Alaska's North Slope. Commissioner Pourchot will talk about how the state can support access to a gas pipeline by non-owner/producers, the state's right in general to take royalty in-kind gas both before and after construction of a pipeline, and how the state can support usage of gas by Alaskan businesses and communities. In addition, he will address the status of discussions with Netricity for the sale of royalty gas to generate electricity for

data centers that would service the demands of the Internet. The Commissioner will also report on Department of Natural Resources studies and other activities to advance an Alaska natural gas pipeline.

8. 3:30 – 4:30 p.m. – Right of Way Pipeline Applications
 - a) 3:30 – 4:00 p.m. - John Goll, Alaska Regional Director, U.S. Mineral Management Service (MMS)
 - b) 4:00 – 4:30 p.m. - William G. Britt Jr., State Pipeline Coordinator, Joint Pipeline Office

Yukon Pacific has a conditional right of way for a LNG pipeline route from the North Slope to Valdez. Foothills has “renewed” its application for a gas pipeline from the North Slope to Lower 48. The Producers Pipeline Team is doing pre-application work on alternative routes for a gas pipeline. Mr. Goll and Mr. Britt will discuss the status of these applications and the work that is being done on them this summer.

9. 4:30 – 5:00 p.m. Discussion with Governor’s Alaska Highway Natural Gas Policy Council

Jim Sampson, Co-Chair Alaska Highway Natural Gas Policy Council, and
Frank Brown, Co-Chair Alaska Highway Natural Gas Policy Council

Governor Knowles appointed a group of Alaska citizens to help him understand Alaska public policy issues relating to the construction of a natural gas pipeline. The policy council has formed various subcommittees to deal with issues regarding Alaska hire, royalty in-kind, pipeline ownership, federal and international relations, in-state access to gas, and environmental concerns. The council has met in several locations throughout the state. The Chairs of the council will brief the committee on their activities, and discuss ways in which this committee and the council may coordinate their activities.

10. 5:00 p.m. - Public Testimony on Agenda Items (limited to three minutes per speaker)

Wednesday, July 18

1. 9:00 a.m - Call to Order and Introductions

2. 9:05 – 11:30a.m. - Presentations by Gas Line Groups
 - a) 9:05 – 10:00 a.m. - Alaska Gas Producers Pipeline Team

Joseph P. Marushack, Vice President, ANS Gas Commercialization, Phillips Alaska, and Ken Konrad, Sr. Vice President, Business Unit Leader Alaska Gas, BP Exploration

The Alaska Gas Producers Pipeline Team is composed of BP Exploration, ExxonMobil and Phillips Alaska, three of the largest oil and gas producers in Alaska. The team is dedicated to commercializing ANS gas via an overland gas pipeline to the lower 48 and Canadian markets. The team is studying various alternative routes including a Beaufort Sea and an Alaska Highway route. The team's representatives will give the committee a brief overview of the team's work, progress to date, and future plans. Additionally, they will address what they believe to be key issues for the State of Alaska.

- b) 10:00 – 10:45 a.m. - Yukon Pacific Corporation

Jeff Lowenfells, President and CEO

Yukon Pacific (YPC) is a company devoted to an LNG project which delivers Alaska North Slope gas to Asian

and other markets. YPC possesses certain permits and rights-of-ways for this project. Mr. Lowenfells intends to update the committee on cost estimates for the project, including the construction of a spur line from Glenallen to Sutton. He will discuss the delivery of Alaska North Slope gas to U.S. markets via LNG. In addition, he will present information on Asian LNG markets.

c) 10:45 – 11:30 a.m. – Foothills Pipe Lines

John R. Ellwood, Vice President, Engineering and Operations

Foothills is a joint-venture company formed by TransCanada Pipelines Limited and Westcoast Energy, two of Canada's largest pipeline companies. Foothills was originally formed to build the Canadian portions of the Alaska Natural Gas Transmission System (ANGTS.) Today Foothills is the operator of the ANGTS project, which possesses certain permits and rights-of-way for a gas pipeline along the Alaska Highway through Alaska and Canada. Mr. Ellwood will update the Legislature on Foothills' recent activities in support of the ANGTS project, including discussions with the Alaska Gas Producers Pipeline Team, negotiations with "withdrawn partners," and the status of permits and rights-of-way.

d) 11:30 – 12:00 noon - LNG Sponsor Group

Steve Alleman, Commercial Manager, Alaska North Slope LNG Project

The LNG project is a group composed of Phillips Alaska, BP Exploration, Foothills Pipelines and Marubeni Corporation. Their goal is to develop an economic and commercially viable LNG project for North Slope gas. They have been studying two routes, one from the North Slope to Valdez and the other from the North Slope to Nikiski. Mr. Alleman will provide an update for the committee on their activities since their last presentation to the Legislature in March.

3. 12:00 noon – 1:15 p.m. – Lunch Break
4. 1:15 – 2:45 p.m. - Continuation of Presentations by Gas Line Groups
 - e) 1:15 – 1:45 p.m. - Alaska Port Authority

Dave Dengel, Interim Executive Director, Alaska Port Authority

The port authority was created under Alaska statutes allowing separate port authorities to be formed by municipal governments. Voters in the City of Valdez, Fairbanks North Star Borough and North Slope Borough approved its creation in October 1999. The purposes of the port authority include creating jobs, providing gas to Alaskan communities and helping stabilize the state economy by helping commercialize stranded North Slope gas. The port authority plans to use tax-exempt public debt financing for a portion of the project to lower costs and dramatically increase the economic viability of a large gas project, and maximize benefits to both Alaska and the

producer companies. Mr. Dengel will describe the port authority and its activities to the committee.

- f) 1:45 – 2:15 p.m. - Kenai Peninsula Borough

Dale Bagley, Mayor

Officials from the Kenai Peninsula Borough will make a presentation to the committee regarding the benefits of a spur line to the Kenai Peninsula.

- g) 2:15 – 2:45 p.m. – Williams Energy Services

Jeff Cook, Vice President External Affairs

Williams owns and operates a refinery in North Pole, Alaska. It markets its petroleum products throughout the State of Alaska. In addition, Williams is a major pipeline owner in the lower 48. Williams will be making a presentation on the possibilities of in-state processing of Alaska's North Slope gas.

5. 2:45 – 3:45 p.m. – Additional Testimony by Invitation of the Chair
6. 3:45 – 4:30 p.m. - Joint Natural Gas Pipeline Committee Meeting
(Agenda to follow)
7. 4:30 p.m. - Public Testimony on Agenda Items (limited to three minutes per speaker)