

History of the Alaska Gas Project

Presentation to
Yukon Alaska Highway Aboriginal Pipeline
Coalition
6 May 2008

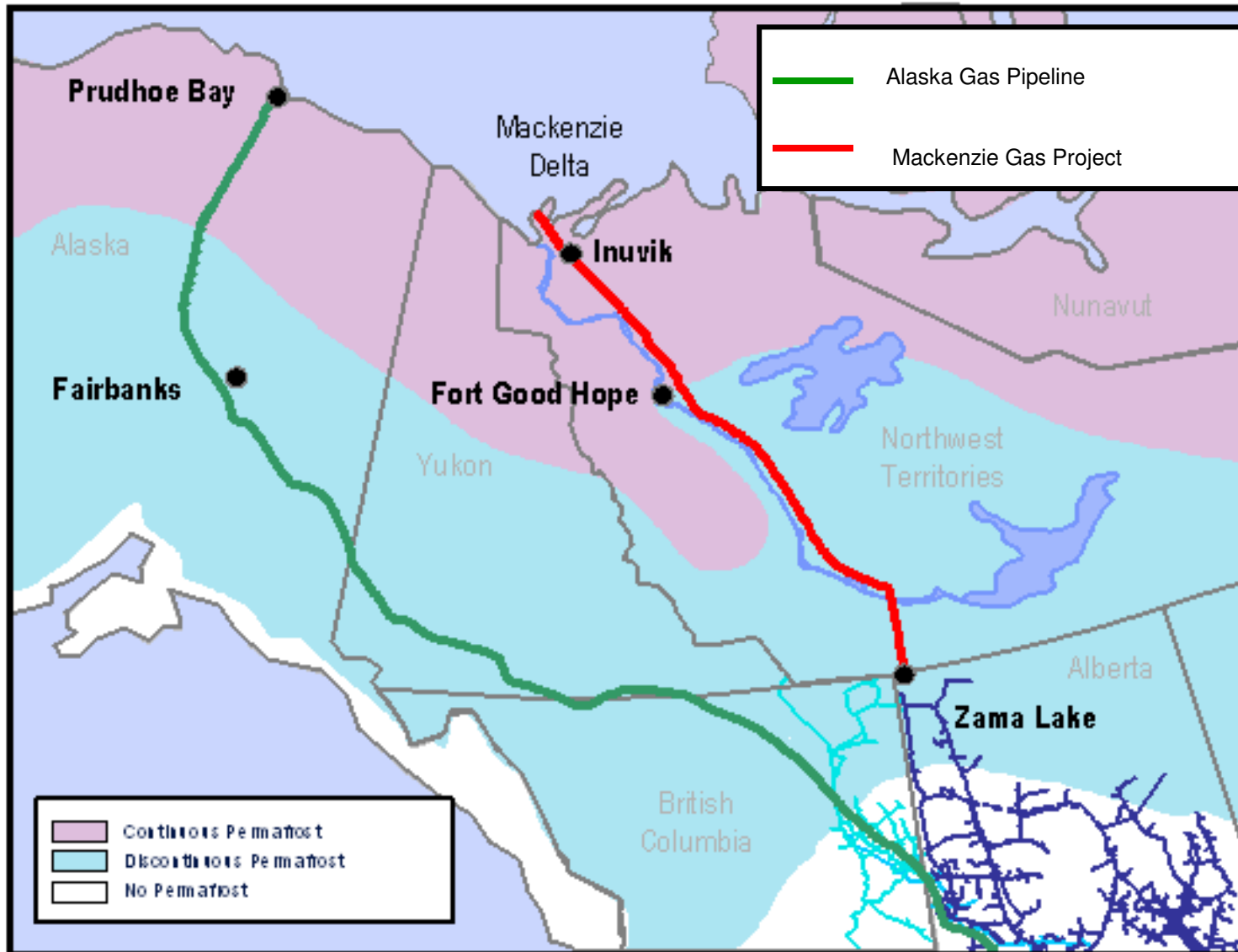
Objectives:

- Alaska Gas Project Introduction
- History of Alaska Gas Pipeline Project
- History of Denali Pipeline Project
- Questions

Alaska Gas Project Introduction

- **Source of Natural Gas:**
 - Oil and gas discovered at Prudhoe Bay, Alaska in the late 1960's
 - Natural Gas requires some treatment before transportation
 - Natural Gas is being re-injected into existing underground formation
 - Known volume of natural gas is 35 Tcf
 - Pipeline needed to develop natural gas field
- **Project Overview of Transboundary Pipeline**
 - State of Alaska portion is approximately 1,200 km
 - Yukon Territory portion is over 800 km in length
 - British Columbia portion is over 700 km in length
- **Comparisons to other Projects:**
 - Alliance Pipeline consists of 1,565 km of large diameter mainline and 770 km of laterals connecting to the mainline in Canada and approximately 1,400 km in United States
 - The Trans Alaska Pipeline system has been in service since 1977 and is approximately 1,300 km in length carrying oil from North Slope to Valdez, Alaska
 - The Mackenzie Gas Project currently under consideration consists of approximately 1,200 km of mainline plus additional pipeline segments totaling 750 km

Northern Pipeline Projects



Foothills Alaska Highway Pipeline Project

- **1970's:**
 - Foothills formed to transport Alaskan natural gas through Canada
 - Two competing pipeline proposals to deliver Alaska gas to southern markets
 - National Energy Board held hearing and recommended Foothills (Alaska Highway) project
 - Canada and USA sign a Treaty agreement in late 1977
 - Canada Parliament passed Northern Pipeline Act in 1978
 - Canada Parliament awarded certificates to Foothills for Canadian portion of Alaska Highway route
- **1980s:**
 - Northern Pipeline Agency is created for the design and construction phase of the project
 - Foothills construct “Pre-build” sections in southern Alberta, British Columbia and Saskatchewan
 - Low natural gas prices discouraged further pipeline development
 - Foothills obtains Plans, Profile and Book of Reference for Yukon portion of the route
 - Foothills signs Agreement with Government of Canada on access to federal lands on Yukon portion
- **Since 2000:**
 - TransCanada/Foothills submits proposal under Alaska State's legislature (Alaska Gas Inducement Act)

Denali - the Alaska Natural Gas Pipeline

- **Origins:**
 - The major Producers in the Prudhoe Bay area consist of ExxonMobil, ConocoPhillips and BP
 - The Producers have been considering a pipeline proposal since early 2000
 - ConocoPhillips announced in November 2007 their intention to propose a pipeline from Prudhoe Bay to southern markets

- **Recent Announcement:**
 - On 8 April 2008 BP and ConocoPhillips announced Denali – the Alaska Gas Pipeline
 - Denali Pipeline to travel across Alaska, Yukon and British Columbia for distance of approximately 3,200 km
 - Possible need for additional pipeline facilities to transport natural gas to marketplace

Anticipated Timelines

- Year 0 Preliminary project development
- Year 1 Planning, field data collection
- Year 2 Application preparation, field data collection continues; Open Season for obtaining shipper commitments completed
- Years 3-4 Regulatory approvals
- Years 5-9 Pre-construction and Construction
- Year 10 In-service

Natural Gas Terms

- **Gas – Gasline – Natural Gas**

- Natural Gas is not a liquid
- Transported under pressure in order to deliver more volume or throughput

- **Rich Natural Gas**

- Is natural gas that contains higher heat value components
- These components can only be separated at specialized facilities

Questions

