



# Presentation to the Alaska Legislature

June 20, 2008

# All-Alaska Project

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- Mitsubishi global LNG player
  - Involved in Kenai for 40 years
  - Very familiar with Alaska LNG
  - Want to add ANS gas to portfolio
- Mitsubishi/AGPA relationship
  - 1 year relationship with AGPA
  - Mitsubishi wanted to follow AGIA process and findings before committing
  - Agreement finalized this week
- Contingent on AGIA not diminishing Mitsubishi's ability to advance project
- Other participants expected

# All-Alaska Project

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- Base case project volume 2.7 bcf/d
  - Less gas required at start-up
  - Expansion as reserves proven up
- First Gas to Alaskans
- Timing
  - 2017 not 2020
  - And 2017 ignores YPC permits

# AGIA LNG Findings

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## **Major Areas of Disagreement**

- Project economics
- Cost of liquefaction
- Initial project volumes
- Expansion
- ANS btu content
- Value added
- Alaska jobs
- Jones Act
- LNG is “complex”

# LNG Export Authorization Granted

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- DOE Export Analysis
  - Presumption of export
  - Allow market to work
  - Balance of payments
- Valdez Export License (DOE Order 350 & 350-A)
  - Japan, Korea & Taiwan
  - 14 MTA for 25 years, starting at first shipment
  - TransCanada only opposing party
  - “Exxon urged . . . market-responsive development of Alaskan natural gas” and DOE not to “place a stamp of approval on only one project or approach to development of Alaskan resources and discourage other projects or approaches.”

# Canadian Permitting Risk – Bennet Jones Report

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- **Delay**
  - Environmental (NPA vs. Newer Laws)
  - First Nations
  - NPA exclusivity to TransCanada
  - Mackenzie goes first
  - Hairball

# Way Forward

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- Our overarching principle
  - All Alaska/LNG leg should not wait on resolution of Canadian issues
  - TC must continue to advance LNG on parity with Canadian option until successful open season, or LNG freed from AGIA (i.e., no exclusivity)
- Don't close door on LNG – options:
  - Written Clarification from TransCanada and State; or
  - Amend AGIA; or
  - Don't approve exclusive license