

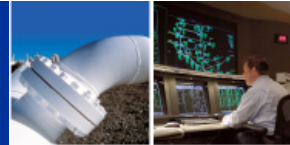


Alaska Pipeline Project

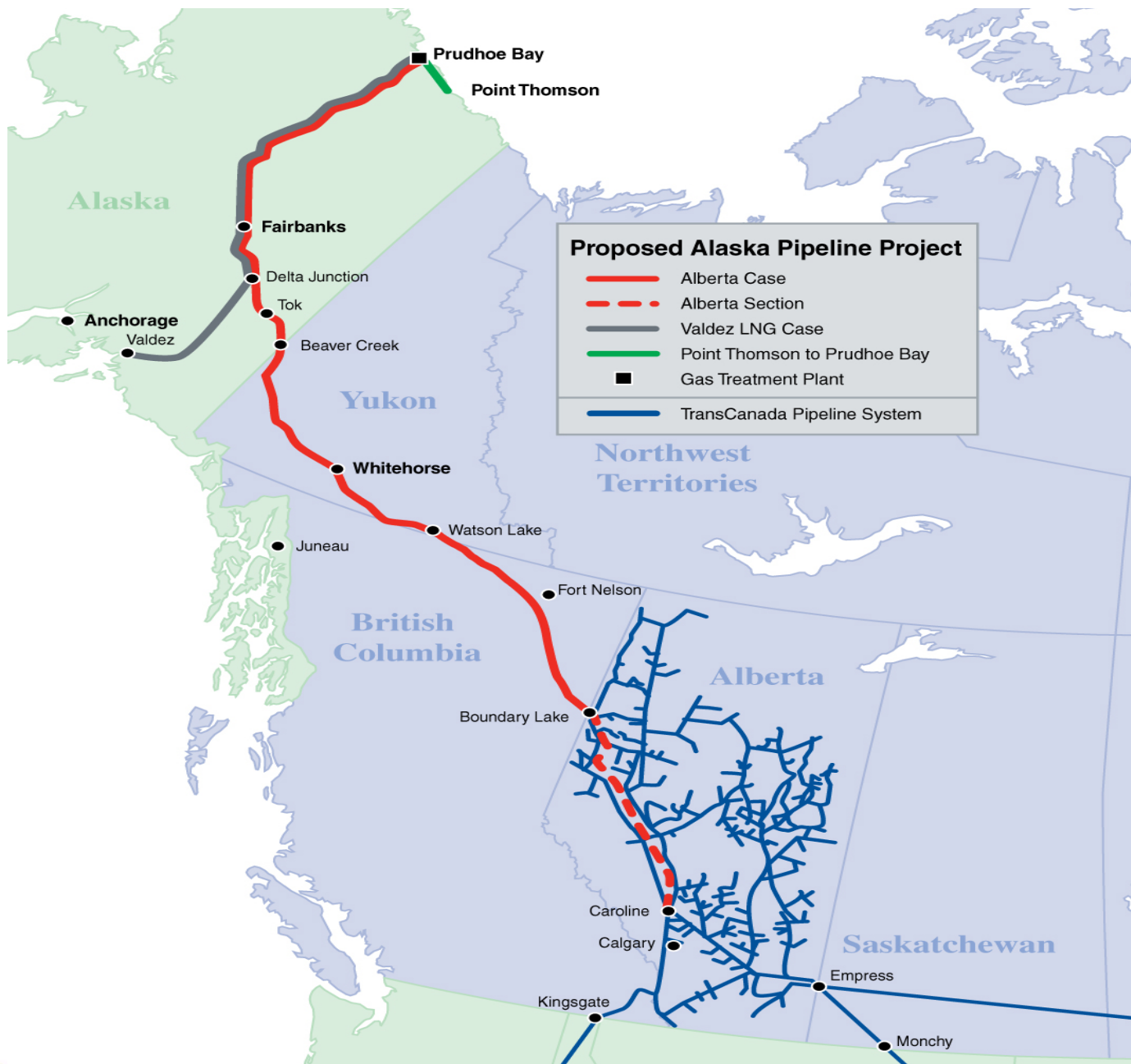
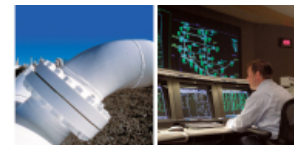
5th Annual Alaska Oil & Gas Congress

September 15, 2009

Alaska Pipeline Project



- **Alaska Pipeline Project (APP) Update**
- **Initial Open Season**
- **Economic Viability**
- **Next Steps**





APP Project Update

APP Project Update



- **Alignment of Key Players**

- TransCanada/State
 - AGIA license reviewed and approved by Legislature
 - AGIA license issued December 2008
- TransCanada/ExxonMobil
 - Aligned since June 2009
 - Joint project team in place
 - Currently 100 project team staff, plus growing team of contractors
- Others
 - Both TransCanada and ExxonMobil seek broader alignment with other key stakeholders such as BP and ConocoPhillips

APP Project Update



- **Open Season Planning**

- Detailed engineering and execution planning is progressing according to plan
 - Gas Treatment Plant (GTP)
 - Gas specifications
 - Process selection, preliminary design, major equipment selection
 - Plant layout, modularization
 - Prelim. execution (construction) plans
 - Infrastructure, logistics and commissioning planning
 - Pipeline & Compression System
 - Engineering quantities to Valdez or Alberta
 - Design and quantities for Point Thomson line
 - Prelim. execution (construction) plans
 - Infrastructure, logistics and commissioning planning

APP Project Update



- **Open Season Planning (cont'd)**

- Interface issues

- Delivery conditions, liquids strategy, facility tie-ins, integrated project schedule

- Field work

- Aerial photography, immersive video, geo-technical, ground-based geophysical, LIDAR

- Commercial

- Progressing contacts with potential shippers for deliveries within Alaska, to Valdez, or to Lower 48 via Alberta Hub
- In compliance with FERC Order 2005; Documenting FERC compliance plan for Open Season

APP Project Update



- **Open Season Planning (cont'd)**

- Environmental, Regulatory, Land
 - Continuing to advance discussions with regulatory agencies in Alaska/Canada/DC (AGIA/NPA/FERC)
 - Progressing engagement with other stakeholders including Alaska Native groups and First Nations representatives
 - Participation Agreement discussions ongoing in Canada
 - Expanding work/staffing for FERC/NPA submissions in 2012
 - Ramp-up of field work planned for in 2010 in Alaska/Canada
- Working closely with Department of Labor to advance AGIA Strategic Training Plan

APP Project Update



- **Open Season Planning (cont'd)**

- In-State Gas Demand Study

- FERC requirement
- Northern Economics engaged as lead consultant
- Comprehensive assessment underway
- Complete later this Fall

- Financing

- Developing preliminary finance plan to support Open Season
- Investigating various potential sources of financing

APP Project Update



- **Direct Alaska Impacts**

- Anchorage Office
 - Original downtown office open in early 2009
 - Supplemented by midtown office in Fall 2009
 - In-state presence will grow as Alaskan work activities increase
- Contractors
 - AECOM, Aero-Metric, Air-Logistics, ASRC, Baseline GeoConsulting, Discovery Drilling, Dwayne Miller & Associates, GCI-Cable, GeoNorth Inc., Golder Associates, Immersive Video, ISER, Jade North, Loundsbury & Associates, NANA Management, Nanuq Inc., Northern Economics, Northern Engineering and Scientific, R&M Consultants, URS, Worley Parsons
- Over 110 Alaskans have been engaged on the project (part-time/full-time) since August 2008



- **ANNGTC Withdrawn Partners**

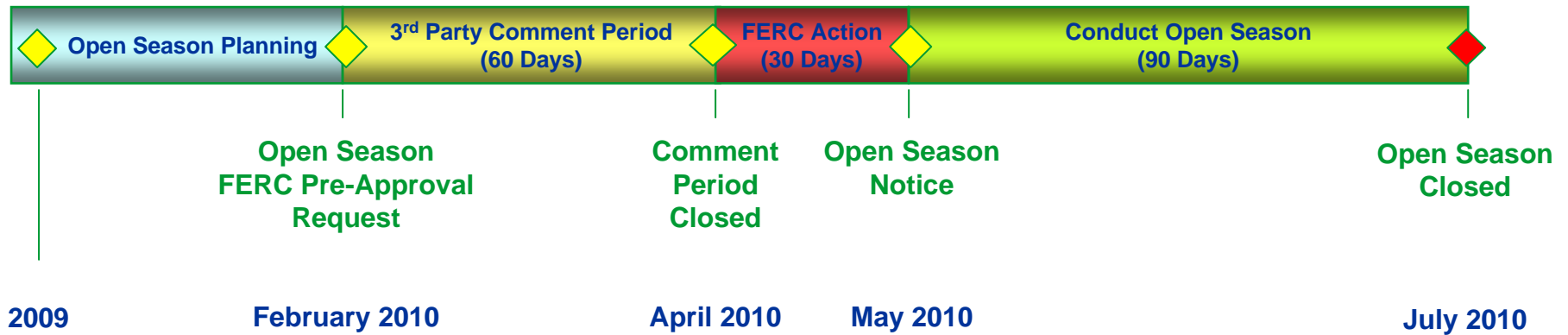
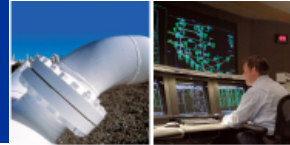
- ANNGTC partnership in dissolution

- TransCanada has secured full mutual releases from all Withdrawn Partners



Initial Open Season

Initial Open Season - Milestones



Initial Open Season



- **APP Objectives**

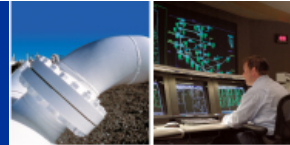
- Secure long-term firm transportation agreements
- Meet all environmental and regulatory requirements
- Early engagement with Alaska Natives, Canadian First Nations, and other key stakeholders



- **Secure Transportation Agreements**

- Provide top quality engineering and technical assessment
 - Proposed pipeline routes, pressure, receipt/delivery points, initial design, initial in-service date, possible designs for expansions, quality specifications, etc.
 - Competitive, credible capital cost and toll estimates
 - Capital cost of facilities, tariffs, operations and maintenance costs, interest rates, and equity returns
 - Attractive and fair commercial terms and conditions in a Precedent Agreement
 - Equitably allocate project risks/rewards
 - Credit standards

Initial Open Season



- **Meet regulatory requirements**

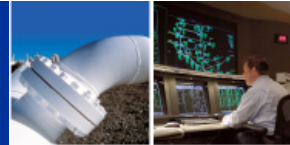
- FERC, NPA, AGIA
- FERC Open Season rules for Alaska Gas Pipeline
 - Fair and equal treatment for all potential shippers
 - No undue discrimination or preference in awarding capacity
 - Project sponsor must be separate from production/marketing affiliate; APP is in compliance
 - Utilize In-State Gas Study results to design in-state capacity, delivery points and mileage-based tolls for Alaskans
 - All information to potential shippers must be disclosed during Open Season
 - Advance submittal of Open Season plans for FERC approval and public comment

Initial Open Season



- **Results – Shipper Bids**
 - Volumes
 - By customer
 - By receipt and delivery points
 - Term
 - Initial service date
 - Duration of contract

Initial Open Season



- **Results – Shipper Bids (cont'd)**

- Conditions Precedent

- Customers often propose certain conditions precedent in their Open Season submissions
- Typically, pipeline companies then work with potential shippers to resolve over subsequent several months
- APP will actively engage shippers for expedited resolution

- AGIA

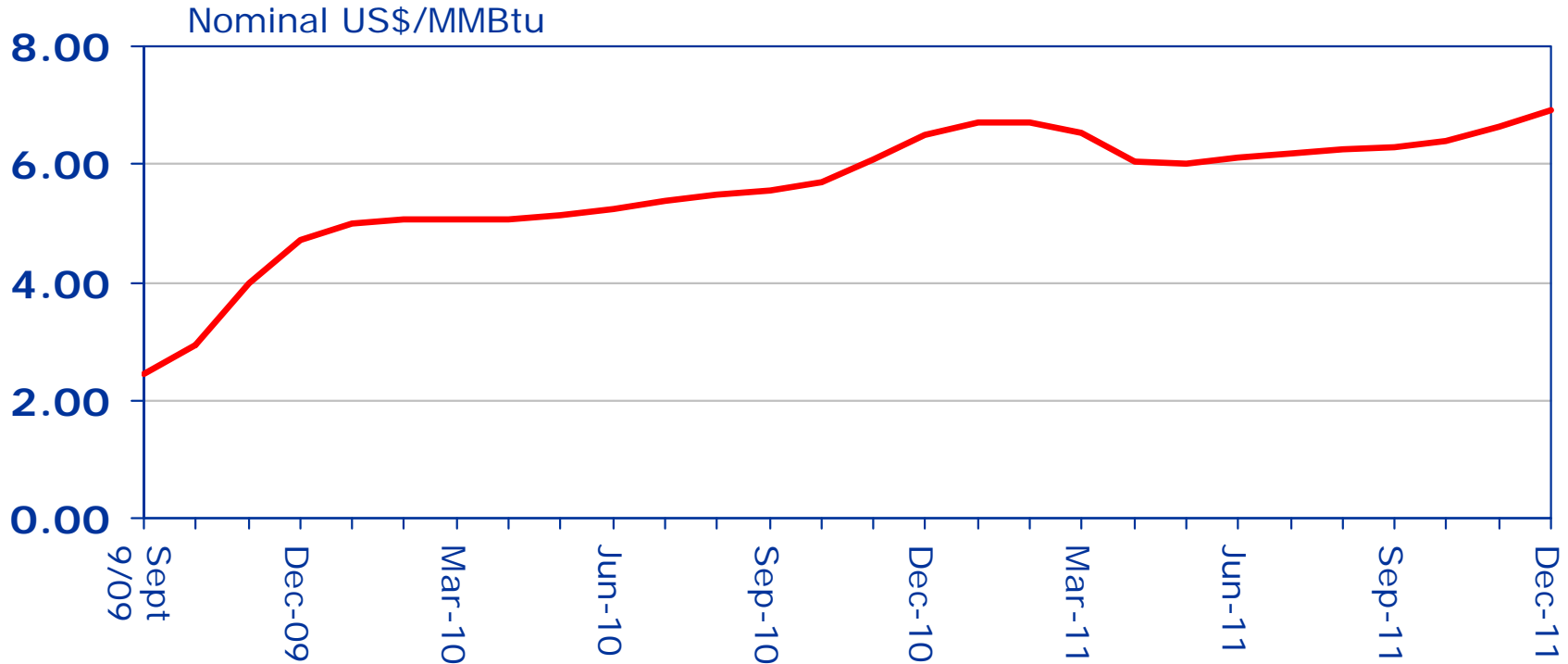
- APP required to continue to FERC application in 2012 regardless of outcome of initial Open Season
- State of Alaska provides financial contribution to share costs with project sponsors



Economic Viability

Economic Viability

NYMEX Gas Price Forecasts – Mid-Day Sept. 9/09



- NYMEX futures above \$6.00/MMBtu by late 2010
- Alaska Gas will compete with other gas sources for market share



Next Steps

Next Steps Through Open Season to July 2010



- Complete In-State Gas Study
- Complete preliminary design & cost estimate
- Progress discussions with potential customers
- Finalize commercial terms and Precedent Agreements
- File Open Season package with FERC and obtain approval
- Conduct Open Season
- Advance regulatory/environmental work
- Advance stakeholder engagement process



Thank You