

# The Alaska LNG Project

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Keith Meyer, President  
Alaska Native Village Corporation Association Presentation  
May 11, 2018



# Who is AGDC?

*AGDC is Alaska's natural gas infrastructure development company.*



*AGDC is a public corporation owned by the State of Alaska empowered to expedite, finance, and build a gas project.*

**Vision:** Maximize the benefit of Alaska's vast North Slope natural gas resources through the development of infrastructure necessary to move the gas into local and international markets.



# Alaska LNG Project Overview

## Gas Treatment Plant:

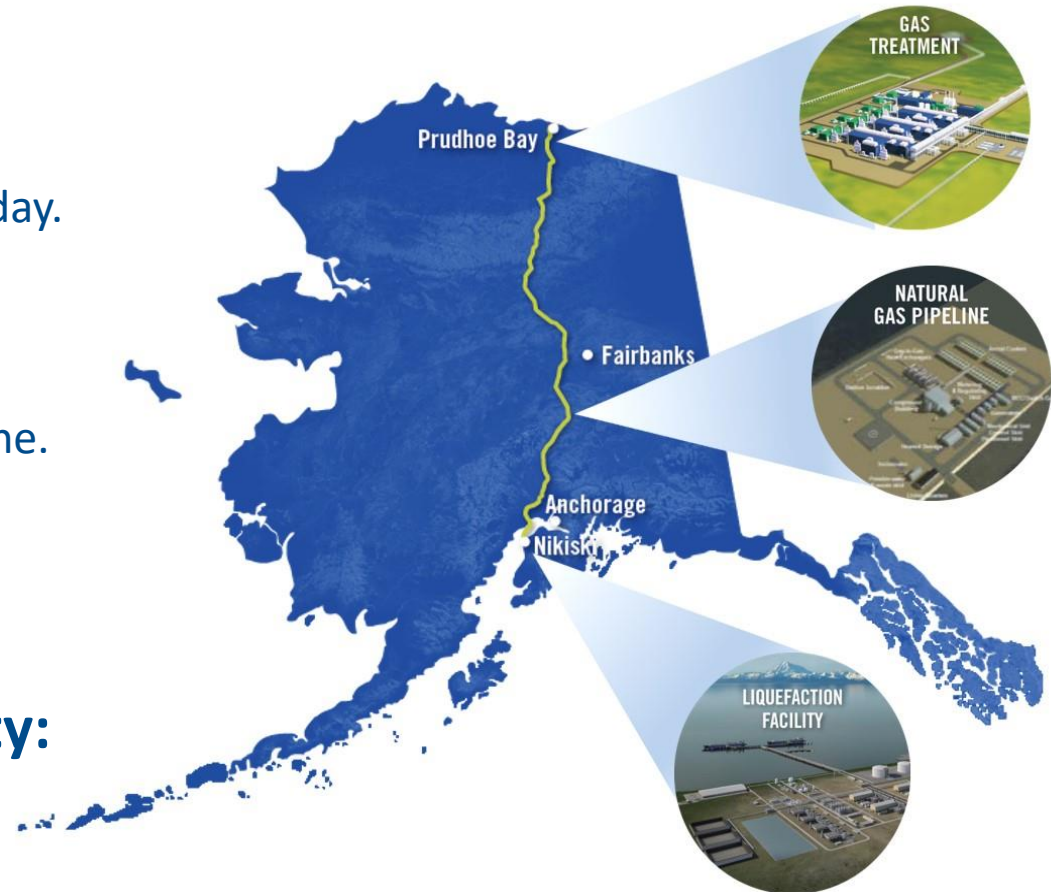
- Treat and compress 3.5 billion cubic feet (Bcf)/day.
- Remove all CO<sub>2</sub>.

## Pipeline:

- 807-mile (1,299 km) pipeline.
- 42-inch pipe.
- Established corridor.
- Delivers over 3.3 Bcf/d.

## LNG Production Facility:

- 20 million tonnes per annum (MTPA).
- Two berths, capable of 217,000 m<sup>3</sup> vessels.



*First gas 2024 – 2025.*

## ALASKA'S GAS IS PROVEN AND CONVENTIONAL.

➤ 35 Tcf of proven and conventional gas resource.

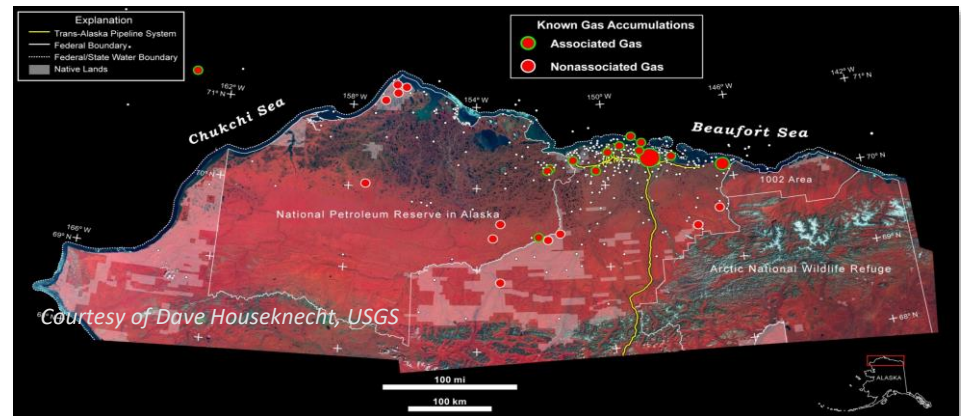
➤ 100+ Tcf potential gas resource.

➤ Reliable oil & gas production for the 40 years.

➤ Alaska's gas is a stranded resource we want to bring to the world market.



Alaska's North Slope is a hydrocarbon-rich, largely unexplored area. At 245,000 km<sup>2</sup>, it is larger than most U.S. states.



## ALASKA'S ECONOMIC TIES ARE WITH ASIA.

➔ Alaska is Asia's closest  
and most direct source  
of U.S. LNG.

➔ 7 to 9 days shipping.

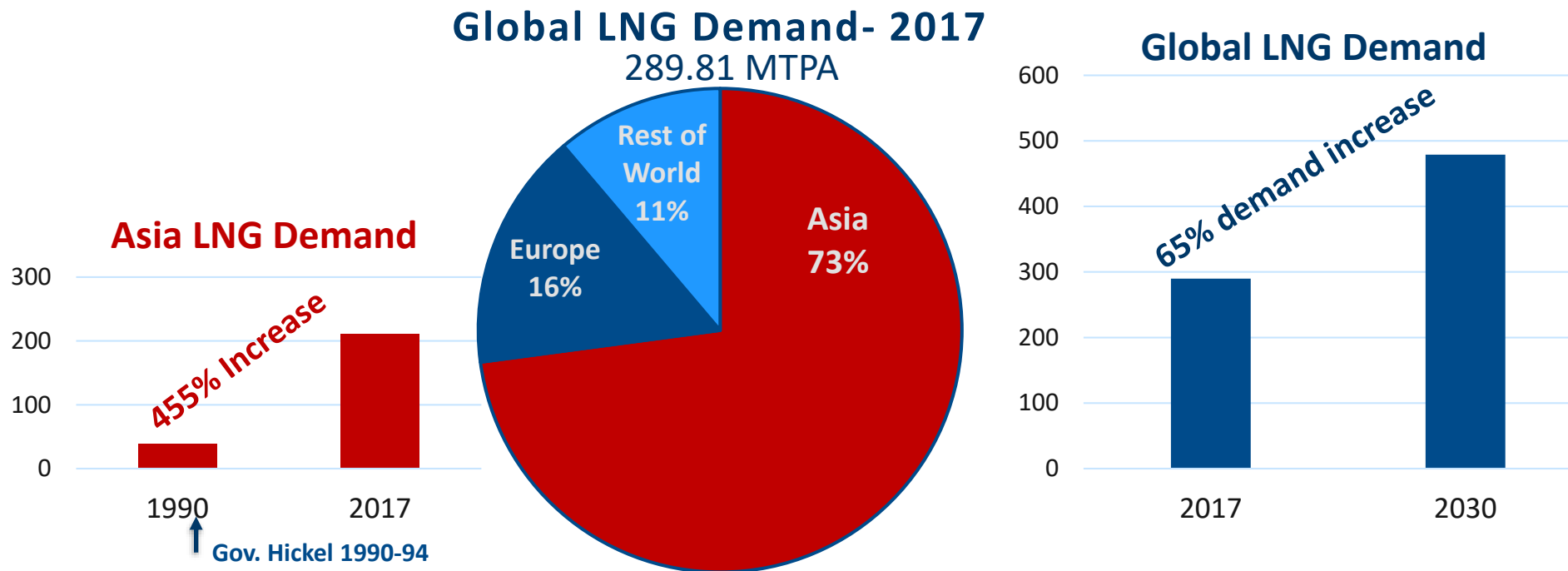
➔ Direct route; no third  
nation or canal.



*Alaska's political ties are with the United States, but our economic ties are with Asia.* - The Hon. Walter J. Hickel

# LNG is a Growth Industry

- LNG is a growth industry (\$250 Billion annual by 2030).
- Asia is the biggest LNG market.
- Asia is Alaska's regional market.



## ***Back in 2016, we said:***

As part of the effort to improve the project's competitiveness, the Parties (AGDC, BP, Conoco, Exxon) are **working collaboratively to transition the project to State leadership.**

The parties are also **pursuing alternative commercial structures** that have been successfully used in global LNG projects to reduce the cost of supply of the project.

The goal is to have a seamless continuation of the project, maintain project momentum, and reduce the cost of supply.






# **ALASKA MOVING FORWARD**



# 2017 - Alaska Takes Project Lead

## AGDC'S IMMEDIATE FOCUS IS ASIA.



-  Build awareness
-  Correct misperceptions.
-  Engage customers.





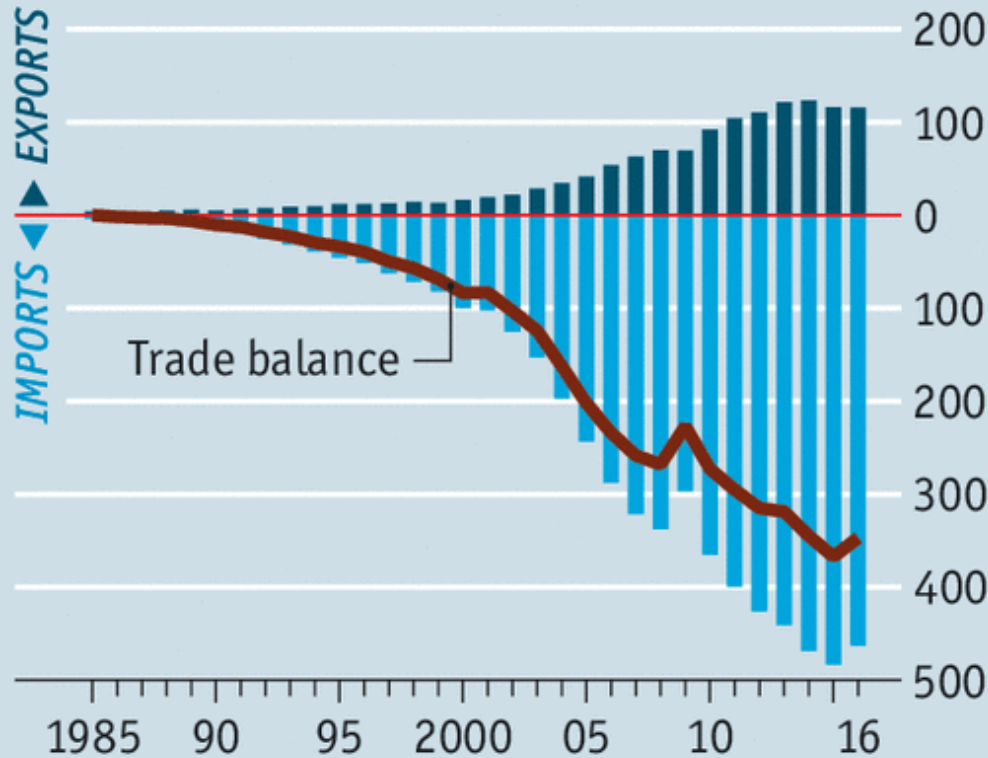
# Stars Aligned



## It's yuuge

United States goods trade with China, \$bn

1



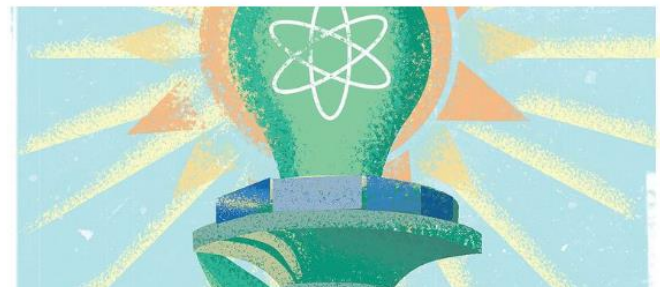
Source: Census Bureau

## China needs to buy more from U.S.



## Paving the path to U.S. energy dominance

"Energy Week" highlights the role of American resources in securing prosperity



*"If you look at our trade balance, there's one geographic source of our imbalance and that's most importantly China."*  
- Commerce Secretary Wilbur Ross



*"The only path for energy dominance is a path through the great state of Alaska."*  
- Interior Secretary Ryan Zinke





- Large infrastructure.
- Large construction.
- Resource development.
- Energy export.



## AMERICA'S LARGEST ENERGY EXPORT PROJECT

TRANSFORMING ALASKA GAS INTO JOBS  
AND EXPORTS TO THE ASIA-PACIFIC REGION

Alaska holds America's largest concentration of proven, conventional, but stranded gas supply. Through the development of an 800-mile pipeline and LNG facility, Alaska can supply domestic projects and can provide a stable source of gas supply to our allies in the Asia-Pacific region. With expedited regulatory approval the project can finalize commercialization and begin construction.

This LNG project will create 10,000 direct jobs and up to 70,000 total jobs without burdening the taxpayers, increase our national energy production capacity, and strengthen commercial ties with our allies.

Alaska gave birth to the US-Japan LNG trade and now seeks to be the strategic supplier to the region.

### ALASKA MOVING FORWARD

PROPOSED GAS LINE

- NEW ENERGY INFRASTRUCTURE
- 70,000 NEW CONSTRUCTION & RELATED JOBS
- STRENGTHENS ENERGY TIES WITH OUR ALLIES
- IMPROVES TRADE BALANCE WITH ASIAN MARKETS

Alaska LNG will be pivotal and profitable for America.



Alaska Gasline Development Corporation  
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MEANWHILE, ENVIRONMENT IS A PRIORITY FOR CHINA.



CONSENSUS REACHED THAT LNG IS  
AN AREA OF COOPERATIVE TRADE.



## Trump-Xi Deal Could Fuel A U.S. LNG Boom

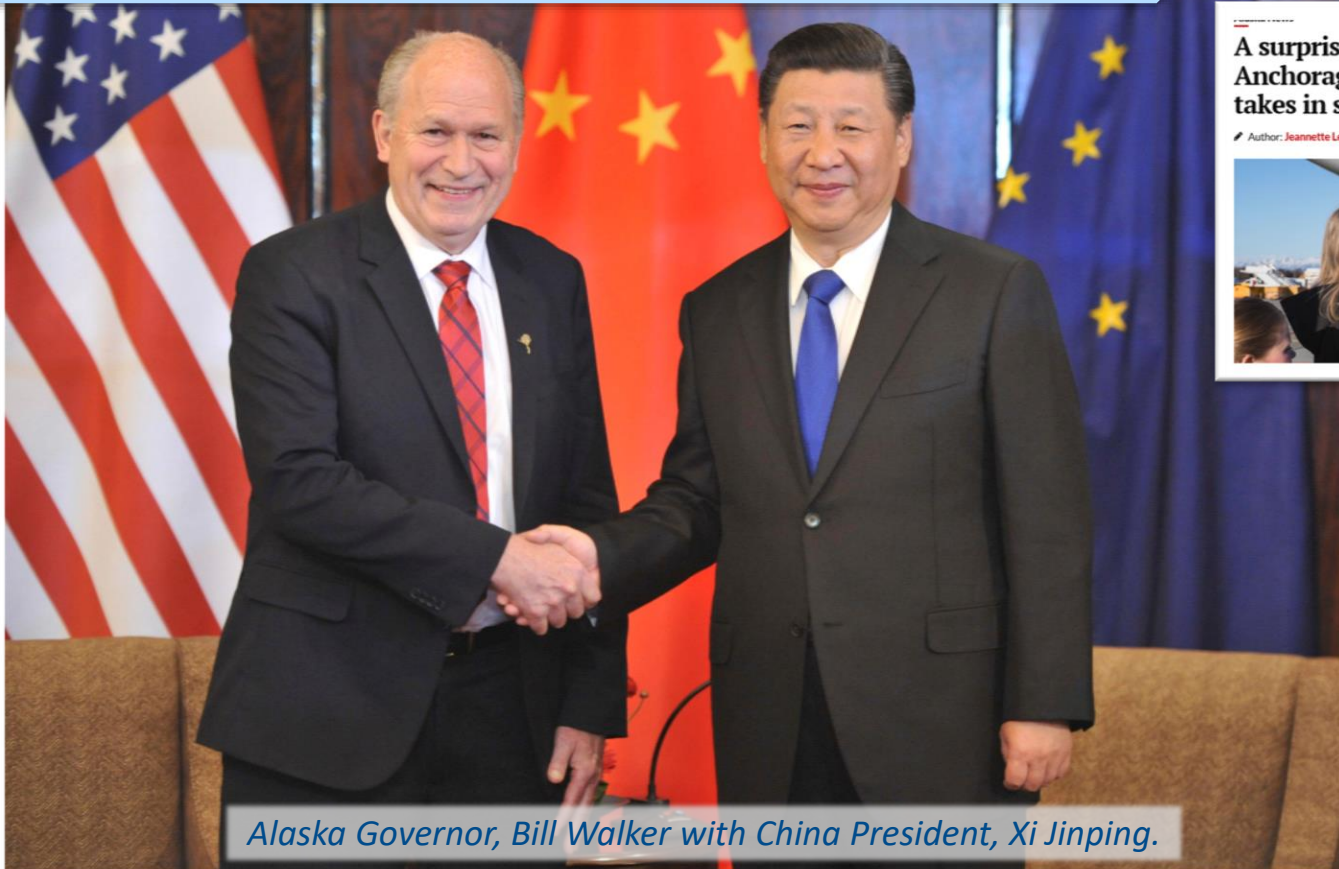
By Irina Slav - May 16, 2017, 4:00 PM CDT



*U.S. President, Donald Trump with China President, Xi Jinping.*



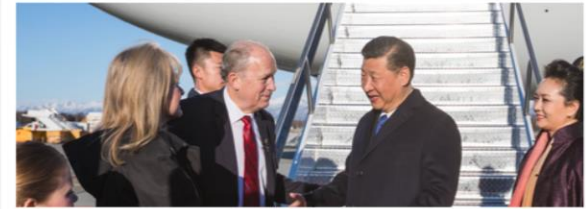
CONSENSUS REACHED THAT LNG IS  
AN AREA OF COOPERATIVE TRADE.



*Alaska Governor, Bill Walker with China President, Xi Jinping.*

**A surprise guest: Chinese president makes Anchorage stopover, meets Gov. Walker and takes in some sights**

Author: Jeannette Lee Falsey © Updated: April 8 Published April 7



# Trips, Meetings, Presentations







*Alaska Governor, Bill Walker with U.S. Secretary, Wilbur Ross and AGDC President, Keith Meyer.*



# Joint Development Agreement



THE RIGHT COMPANIES  
TO ADVANCE THE PROJECT.



- **AGDC has signed agreements with:**
  - Tokyo Gas Co., Ltd.
  - Korea Gas Corporation (KOGAS).
  - PetroVietnam Gas.



*AGDC and PetroVietnam gas sign Memorandum of Understanding (MOU) in front of U.S. President, Donald Trump and Vietnam President, Trần Đại Quang on November 10, 2017.*



**AGDC and Tokyo Gas Co., Ltd. sign LOI in Tokyo, Japan; December 4, 2017.**



**AGDC and KOGAS sign MOU in Washington, D.C.; June 28, 2017.**



- **March 2017 Alaska LNG Summit sponsors:**

- Arctic Slope Regional Corporation.
- Calista Corporation.
- Ahtna Netiyē', Inc.
- Doyon Limited.
- Olgoonik Corporation.

- **2017 Familiarization visits:**

- Prudhoe Bay tour.
- Local facilities.

- **Community Engagement.**

- Tyonek Native Corporation job fair.

- **Community Advisory Council:**

- Sarah Obed, Doyon.
- Rocky Riley, Minto.
- Herb Butler, Fairbanks.

- **Knik Tribal Council workforce development:**

- Outreach training with Operators 302.
- 10 tribal members preparing for Apprenticeship opportunity.





## JDA work group visit presentations from ANCs.

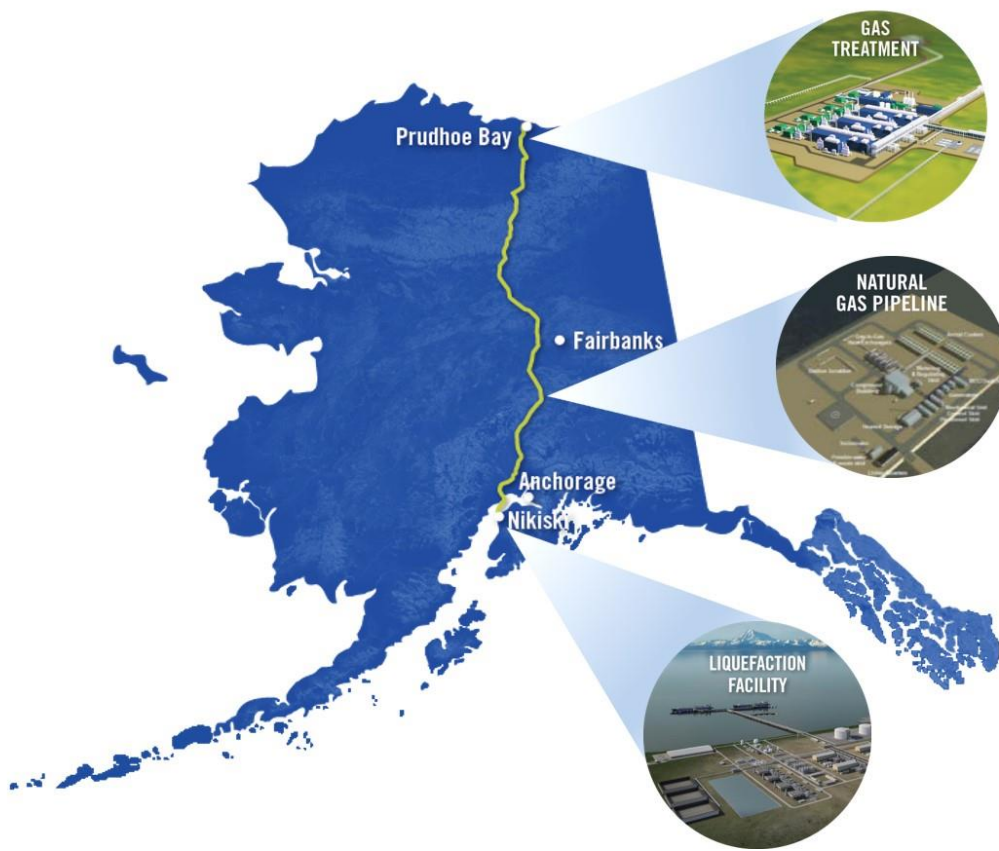


**Teresa Imm, Sr. VP, Resource Development  
Arctic Slope Regional Corporation.**



**Aaron Schutt, President/CEO  
Doyon Limited.**

## PREPARING FOR A MAJOR PROJECT



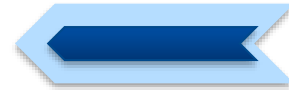
Trade Impacts.



Construction.



Jobs.



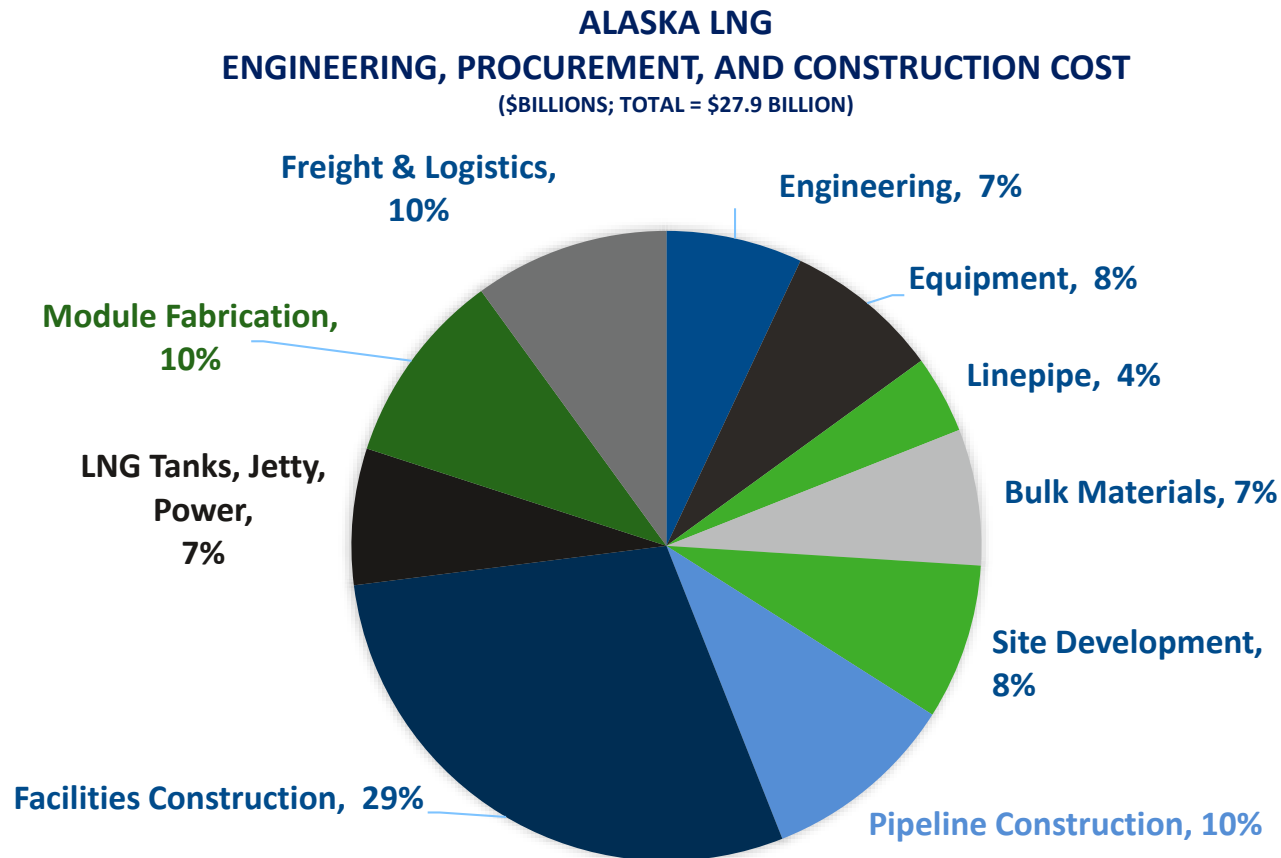
Environment.



Resources.

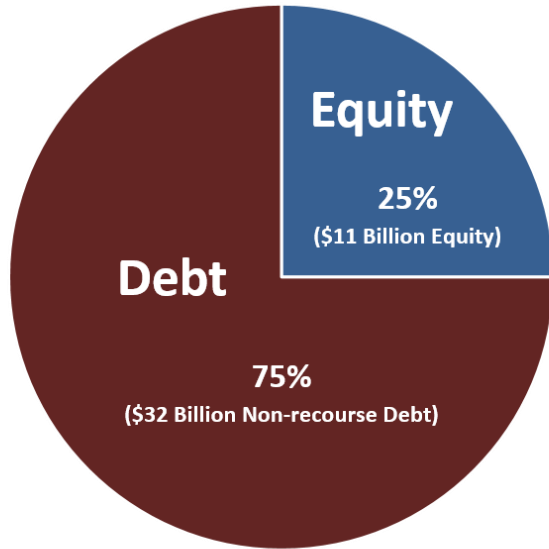


➔ The \$27.9 Billion construction estimate is divided into various components and categories.

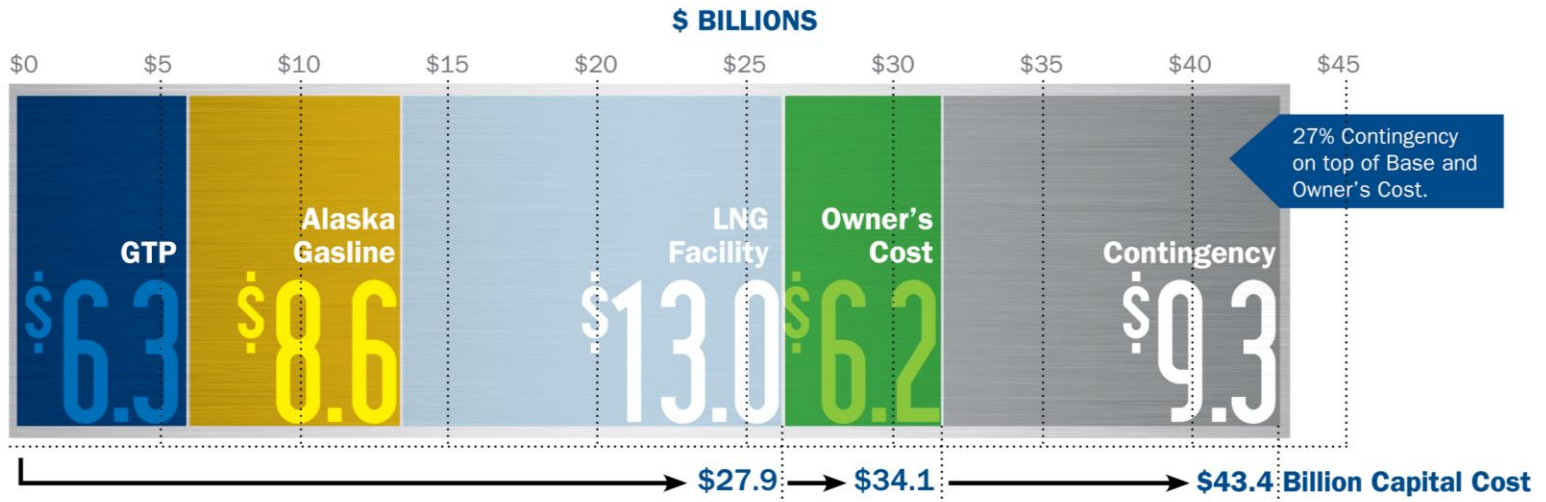




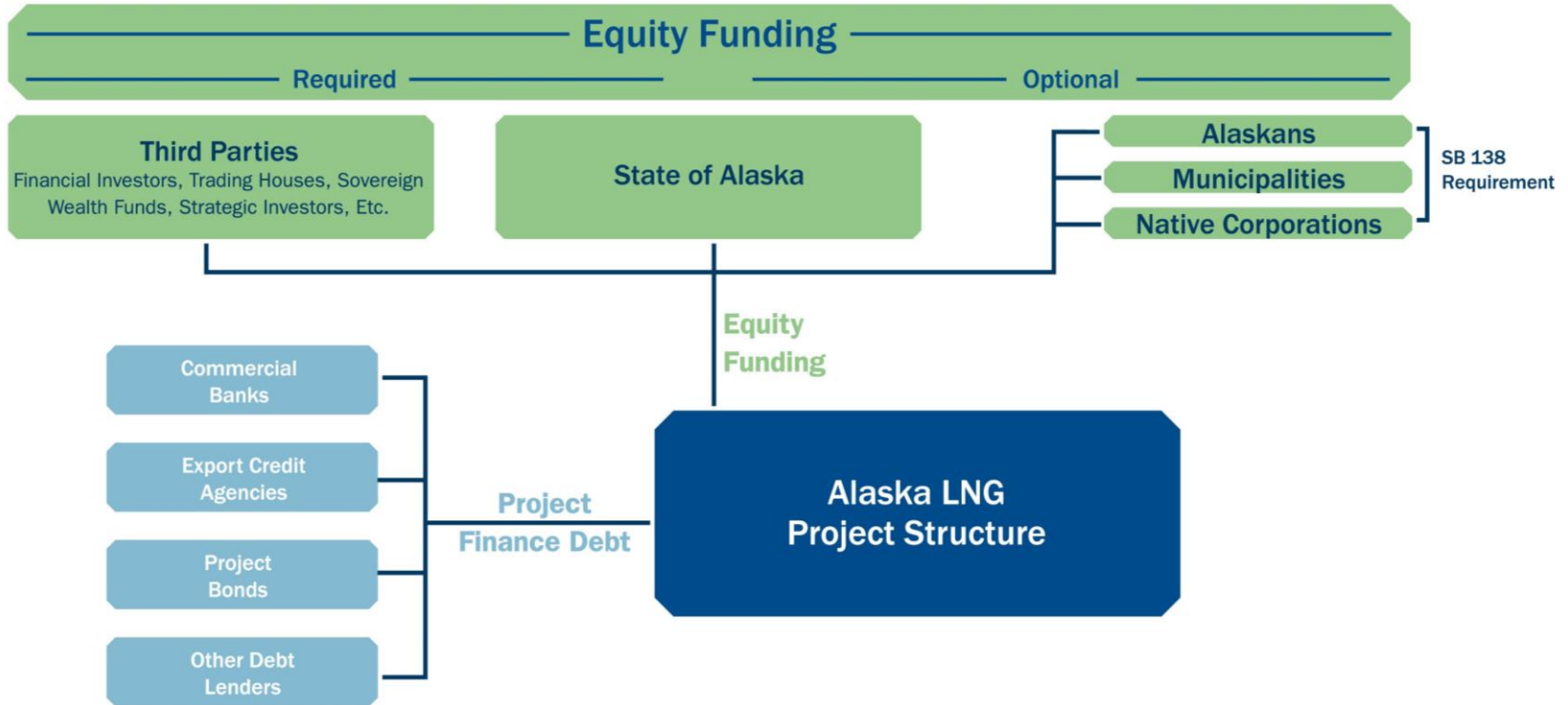
# Alaska LNG Capital Structure



- \$Billions**
- \$27.9 Construction Cost,
  - \$ 6.2 Owner's Costs,
  - \$ 9.3 Contingency.
- \$43.4 Potential Total**

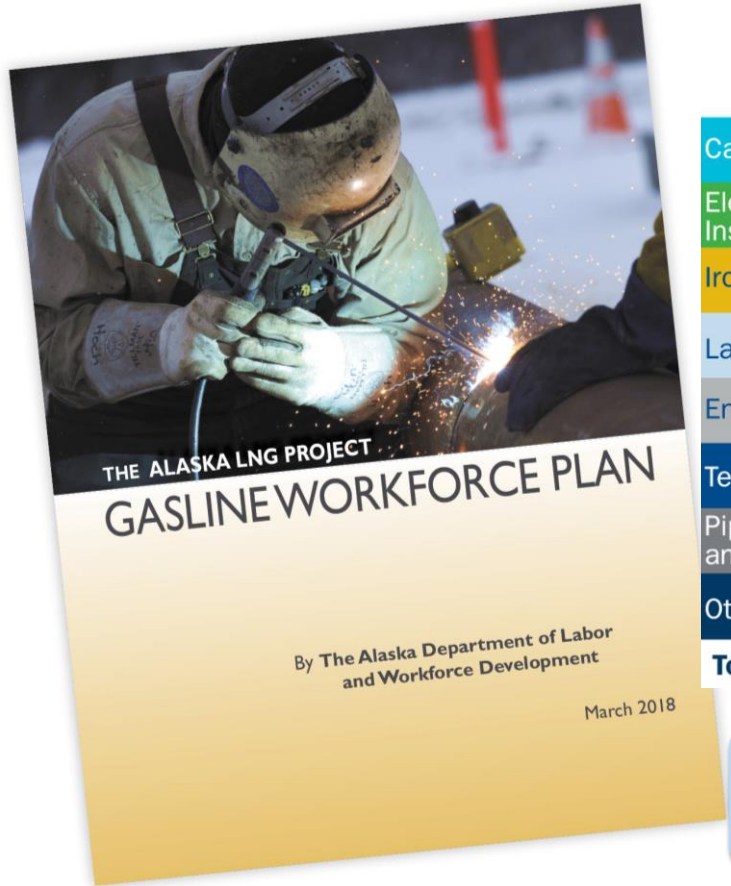


# Finance: Financing Structure

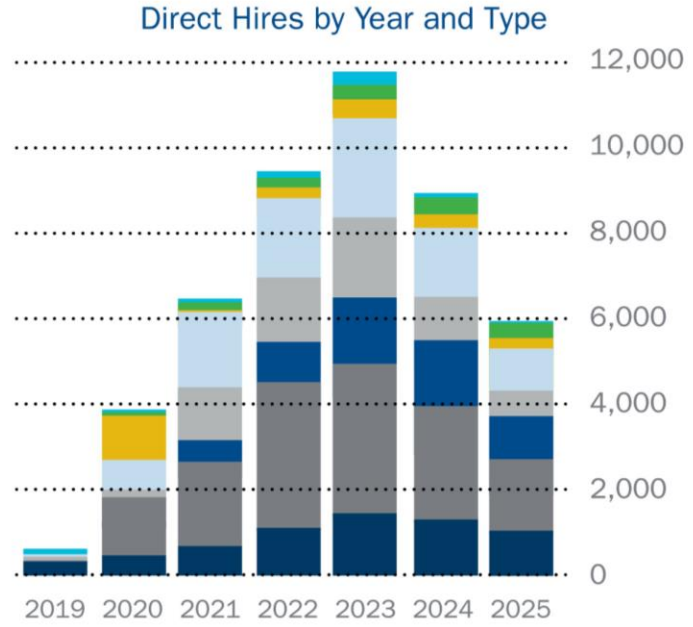


**Senate Bill 138: Municipalities, Alaska Native Corporations, and Alaska residents should have the opportunity to acquire ownership interest in North Slope natural gas pipeline projects.**

## Employment Boom During Construction: Alaska LNG will directly employ almost 12,000.



Carpenters	295
Electricians and Instrument Fitters	397
Ironworkers	447
Laborers	2,311
Engineers	1,864
Teamsters	3,519
Pipefitters, Welders, and Insulators	1,566
Other	1,452
<b>Total</b>	<b>11,850</b>



Find your opportunity at [agdc.us/careers](https://agdc.us/careers).



Designed to serve in-state needs before gas is delivered to the Liquefaction Facility.

## Gas for Alaskans

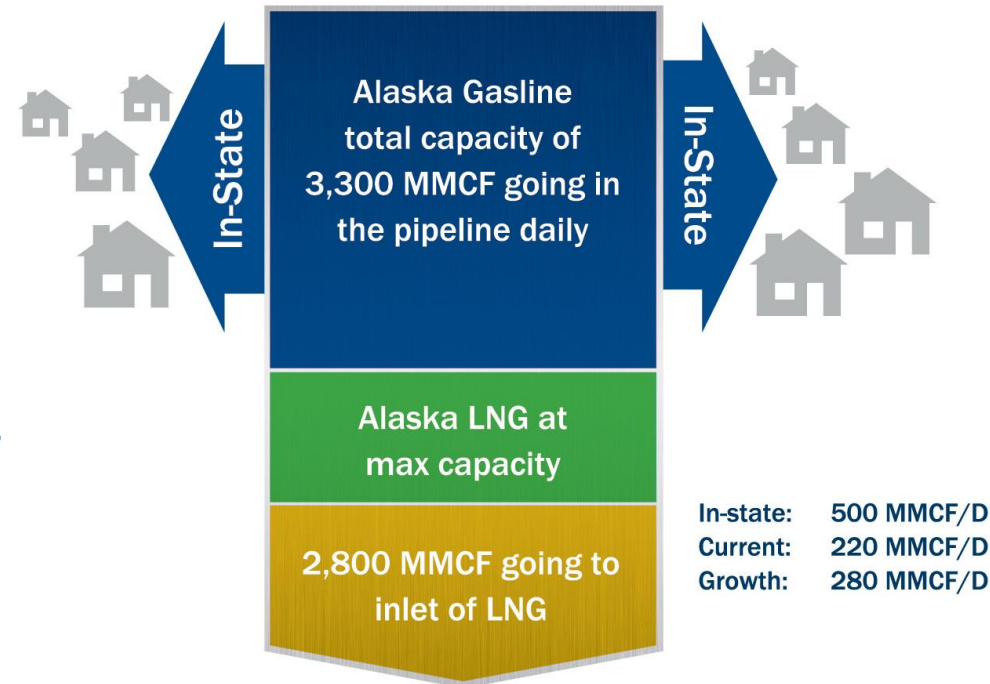
Anticipated Price:

**\$5-6** PER MMBTU

➡ **Stable Prices.**

➡ **Energy for all of Alaska:**

- Offtakes to communities and projects along the Alaska Gasline.
- No risk of Alaskans' gas going to Asia.



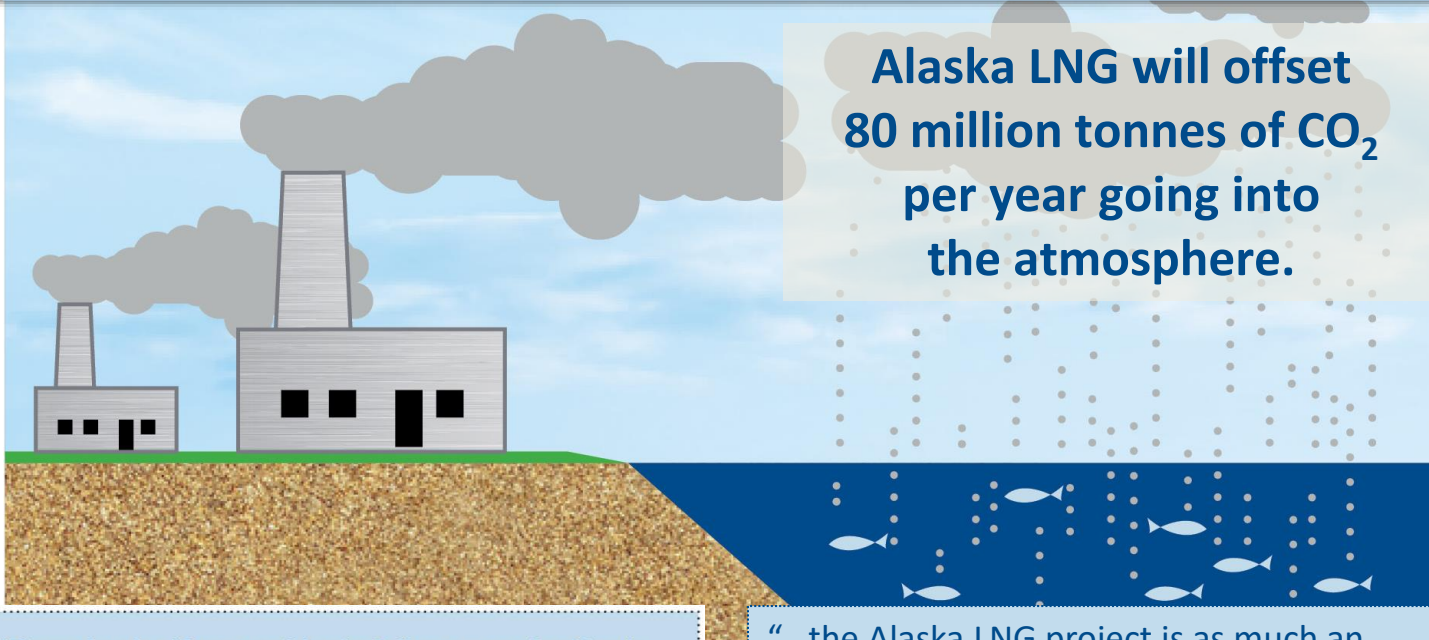
20%

## The Alaska Affordable Energy Fund

- 20% of revenue from the state's royalty gas.
- All Alaskans should benefit from the development of our gas resources.
- The State will receive a steady stream of revenue over the life of the project.
- The Alaska Affordable Energy Fund is a positive step to ensure we address high energy costs across the state for decades to come.

**Vision:**  
Economical  
energy for all  
of Alaska.

## Alaska LNG will bring clean air and blue skies to Alaska and the world.



Alaska LNG will offset 80 million tonnes of CO<sub>2</sub> per year going into the atmosphere.

“There is significant acid rain fallout over the North Pacific due to air pollution in Asia. Cleaner air in Asia will lead to cleaner oceans and healthier fish in Alaska. It is a win-win situation for all of us.”

**Ricky Gease,**  
*Executive Director, Kenai River Sportfishing Association*

“...the Alaska LNG project is as much an environmental project as it is an energy project” based on the positive impact it will have on the global environment.

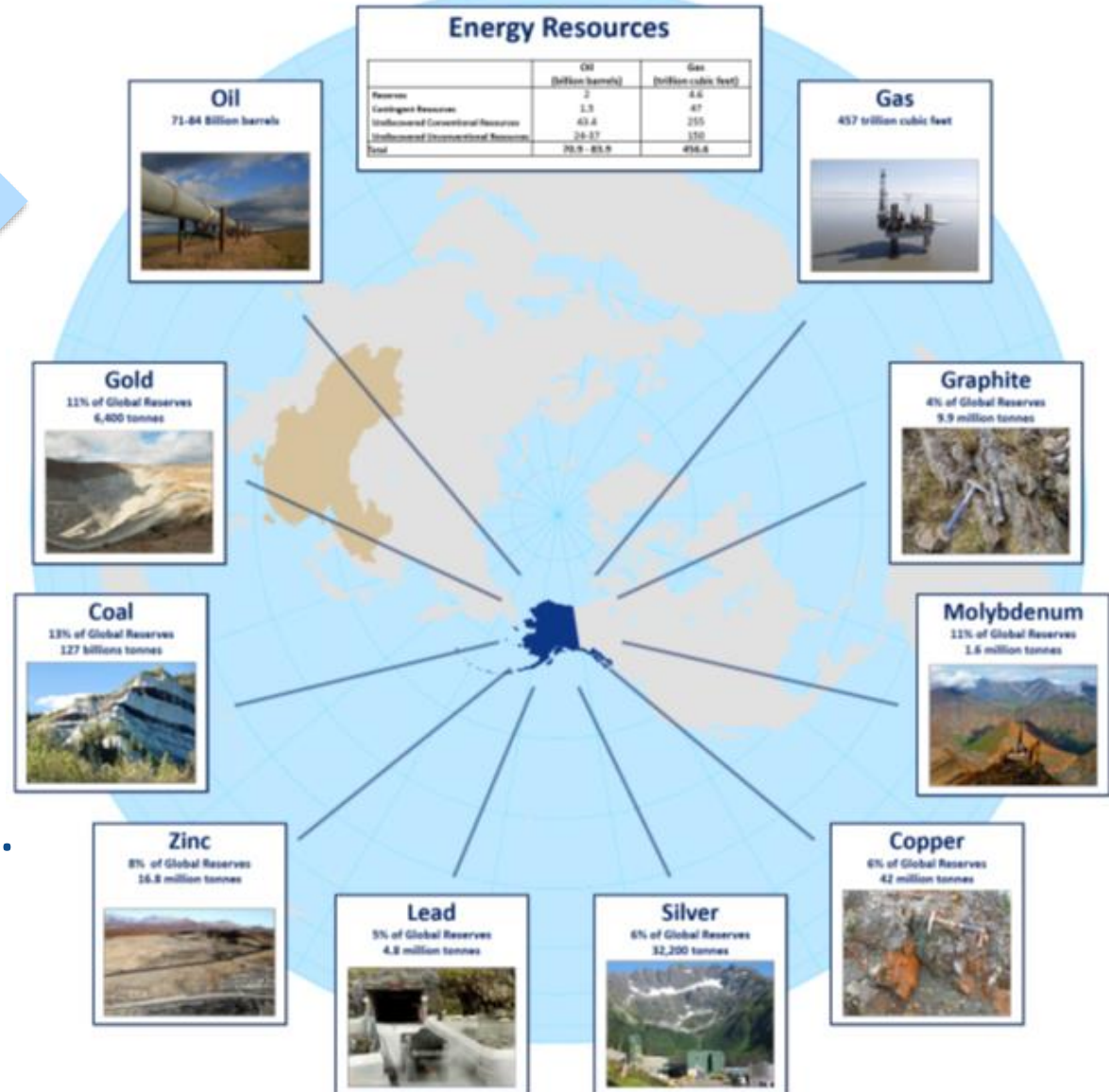
**Dr. Jiang**  
*Energy Expert, Alaska Legislature*



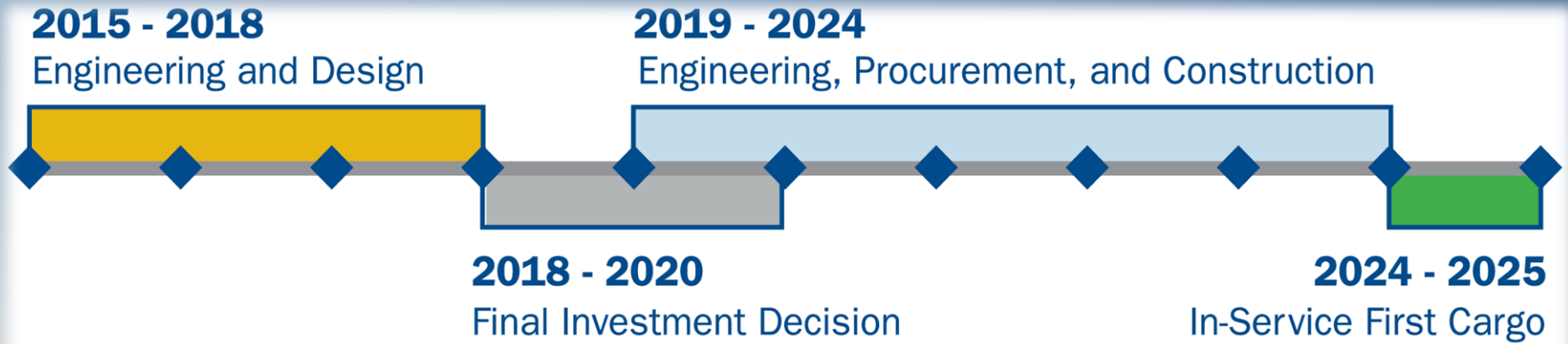
# Broader Benefits: Resources

\$AK Billions in resource projects can be advanced with stable fuel prices.

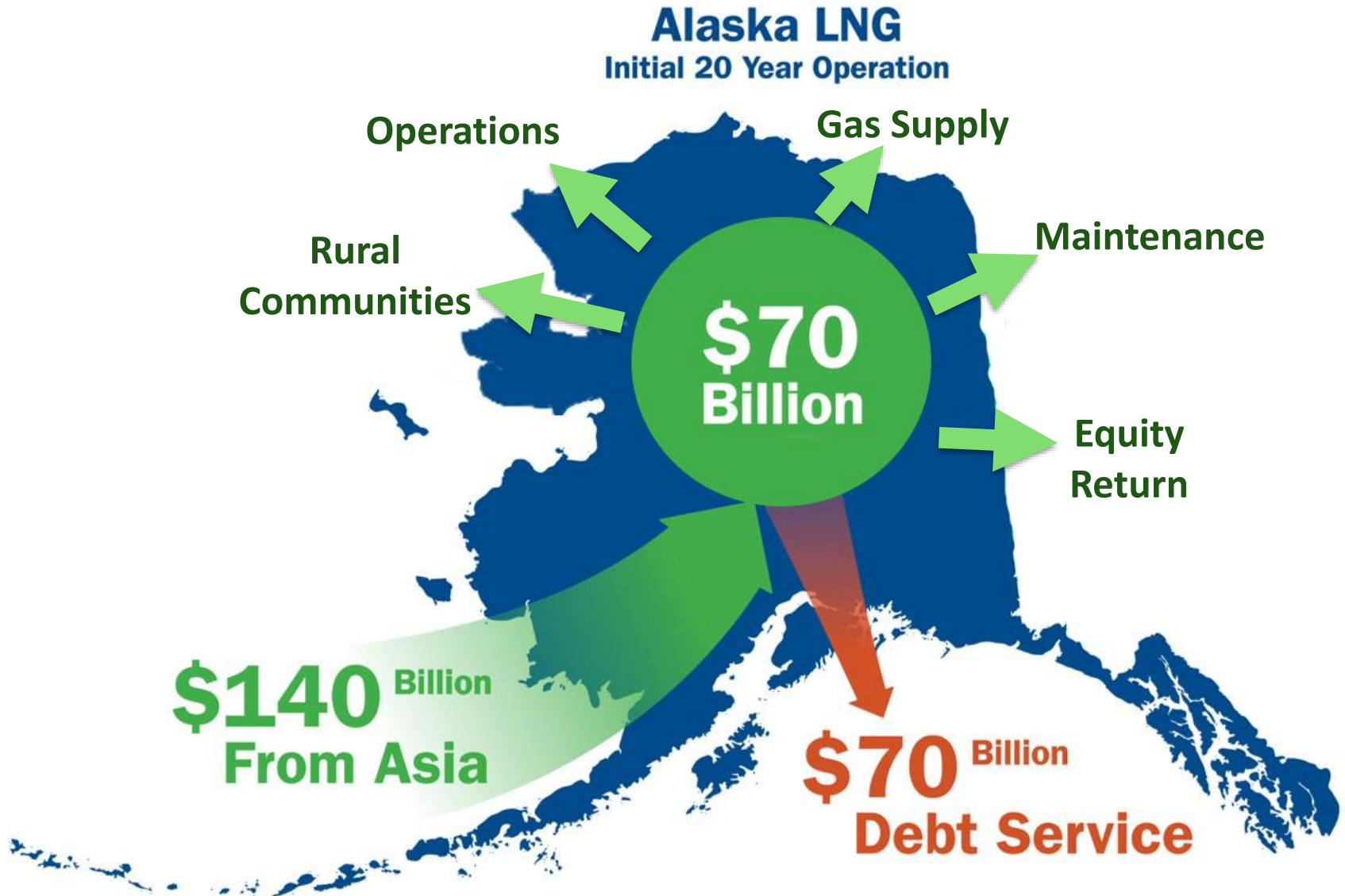
- ➔ Alaska is a resource development state.
- ➔ 4 trillion tons of high quality coal.
- ➔ World-scale lead/zinc and graphite deposits.
- ➔ World-scale gold and copper mines.



# Project Schedule









# Next Steps

The focus is on commercial negotiations with Alaska's best interests in mind.



Negotiation with potential customers and investors and continued dialogue with the Alaska State Legislature and affected state departments.



**The stars are aligned, seize the opportunity.**



**Big project. Achievable. Alaskans have done it before.**

Thank you!

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DEVELOPMENT CORP.



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