

UPDATE ON FEDERAL ACTIVITIES TOWARD COORDINATING THE ALASKA NATURAL GAS PIPELINE

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by Drue Pearce
Federal Coordinator,
Alaska Natural Gas Transportation Projects
Washington, DC

IT'S ALWAYS GREAT TO BE HOME. TODAY IS ESPECIALLY POIGNANT AS IT IS LIKELY MY FINAL APPEARANCE BEFORE THE RDC IN MY ROLE AS YOUR FEDERAL COORDINATOR.

I WANT TO THANK YOU, JASON, CARL AND MEMBERS FOR ALL YOU DO FOR ALASKA.

AS YOU KNOW, AT THE REQUEST OF THE PRESIDENT, I TENDERED MY RESIGNATION AND JANUARY 3RD WILL BE MY FINAL DAY AS YOUR FEDERAL COORDINATOR. I WANT TO TAKE THIS OPPORTUNITY TO TELL YOU AND ALL ALASKANS THAT IT'S BEEN AN EXCEPTIONAL HONOR TO BE THE FIRST FEDERAL COORDINATOR. MY MISSION ALL DAY, EVERY DAY, HAS BEEN TO EXPEDITE THE **MOST** IMPORTANT ENERGY DEVELOPMENT PROJECT IN NORTH AMERICA.

THE COMMERCIALIZATION OF NORTH SLOPE GAS PROJECT IS CRITICAL NOT JUST TO ALASKA BUT TO THE NATION, AND AS THE OFC MISSION STATEMENT SAYS IT IS OUR JOB TO: ***"Advance our Nation's energy and economic security by expediting the delivery of clean, natural gas from the North Slope of Alaska to North American markets.***

I AM VERY PROUD OF WHAT I'VE ACCOMPLISHED OVER THE PAST THREE YEARS. I'VE STOOD UP A NEW INDEPENDENT FEDERAL AGENCY WITH A SECURE BUDGET, A GREAT STAFF, AN UNQUALIFIED ANNUAL AUDIT -- FOR ALL YOU CPA'S IN THE ROOM, YOU KNOW WHAT AN ACCOMPLISHMENT THAT IS -- AND A SOLID STRATEGIC PLAN. I AM EVEN MORE PROUD OF WHAT MY STAFF AND I HAVE DONE AS A TEAM TO PREPARE THE FEDERAL GOVERNMENT TO EXPEDITE THE PROJECT.

I REGRET HAVING TO LEAVE BEFORE THE JOB IS DONE. SO THIS MORNING, PLEASE ALLOW ME TO GIVE YOU MY VERSION OF THE "STATE-OF-THE-STATE" SPEECH -- A STATE OF THE AGENCY SPEECH.

CONGRESS AND A SUCCESSION OF PRESIDENTS RECOGNIZED A VERY DISTINCT NEED FOR AN OFFICE TO COORDINATE THE FEDERAL PROCESS OF LICENSING, PERMITTING AND OVERSIGHT OF DESIGN AND CONSTRUCTION OF THE GAS PIPELINE PROJECT. AT PRESIDENT JIMMY CARTER'S DIRECTION, THE OFFICE OF THE FEDERAL INSPECTOR PRESIDED OVER THE PRE-BUILD IN THE 80'S AND 90'S.

AFTER A NUMBER OF DRAFT ITERATIONS, THE OFC WAS CREATED IN 2004. IT TOOK 26 MONTHS TO GET FROM PASSAGE OF THE LEGISLATION TO MY SWEARING IN. I LIKE TO DESCRIBE THE OFFICE AS BEING TASKED WITH DOING THE JOB THAT COMBINES THE TALENTS OF TRAFFIC COP, DIPLOMAT, PSYCHIC, OMBUDSMAN, ANALIST AND ENGINEER.

IT HAS BEEN 36 MONTHS SINCE I WAS SWORN IN. WHEN I STARTED, IT WAS JUST ME WITH NO OFFICE OR BUDGET OR STAFF. I'VE PUT TOGETHER A TALENTED AND DEDICATED GROUP OF 10 PEOPLE WHO WORK BOTH HERE IN ALASKA AND IN WASHINGTON, DC ON YOUR BEHALF. THEY ARE EXTREMELY TALENTED, FULLY ENGAGED AND DEDICATED TO A SINGLE MISSION.... TO COORDINATE AND EXPEDITE THE WORK OF 24 PLUS FEDERAL AGENCIES WITH ROLES IN THE PERMITTING, LICENSING, CERTIFICATING THE PIPELINE.

ALL THE WHILE WE COORDINATED WITH THE CANADIAN GOVERNMENT, THE STATE OF ALASKA AND ALL STAKEHOLDERS... FROM TRIBES TO THE ENVIRONMENTAL COMMUNITY.

AND SO I'D BE REMISS IF I DIDN'T APPLAUD THE STAFF I LEAVE BEHIND. THEY ARE EXCEPTIONAL.

CONGRESS HAS AUTHORIZED A \$9.6 MILLION BUDGET TO ACCOMPLISH OUR LAUNDRY LIST OF TASKS. I HAVE TIME TODAY TO TOUCH ON ONLY A FEW OF OUR MAJOR EFFORTS:

- WHAT'S GOING ON AT THE FEDERAL U.S. LEVEL AS WE PREPARE FOR THE OPEN SEASONS AND COMPLETE APPLICATIONS FROM TRANSCANADA/EXXON MOBIL AND DENALI;
- HOW MY OFFICE COLLABORATES WITH CANADA'S REGULATORY AGENCIES AND ORGANIZATIONS TO EXPEDITE THE PROCESS; AND,
- OUR WORK WITH THE STATE OF ALASKA TO MOVE THIS PROJECT ALONG.

WE COMPLETED A GAP ANALYSIS THAT IDENTIFIES GAPS – OVERLAPS THAT COULD JEOPARDIZE THE EFFORT TO EXPEDITE CONSTRUCTION.

AS YOU KNOW, DENALI AND TRANSCANADA / EXXON MOBIL HAVE ENTERED FERC'S PRE-FILING PROCESS. BOTH ARE WORKING ON THEIR OPEN SEASONS WITH TRANSCANADA SLATED TO GO FIRST AND CONCLUDE IN THE SUMMER OF 2010. DENALI ANTICIPATES CONDUCTING ITS OPEN SEASON IN THE LATTER PART OF NEXT NEAR.

WE HAVE WRITTEN AN IMPLEMENTATION PLAN FOR EACH APPLICANT TO DEVELOP AN AGREED UPON ROADMAP FOR EACH TO FOLLOW AS THEY PROGRESS TO FILING THEIR FERC APPLICATIONS. THESE PLANS ALLOW FOR EARLY COORDINATION ... EARLY COORDINATION MEANS WE HAVE ADOPTED A PROJECT MANAGEMENT APPROACH BASED ON A COMMON UNDERSTANDING AND COMMITMENT TO THE PERMITTING PROCESS. THE IMPLEMENTATION PLANS ALSO ALLOW THE OFC TO MAKE SURE THAT ALL FEDERAL AGENCIES FULLY COMPLY WITH THE FEDERAL LAWS THAT GOVERN THIS UNIQUE PROJECT.

WE ALSO ARE COMPLETING A PERMITTING MATRIX – AN OVERALL PICTURE OF THE PERMITTING PROCESS – FOR EACH APPLICANT SO THAT ALL AGENCIES, BOTH COMPANIES, AND THE PUBLIC HAVE AN ORGANIZED AND AGREED UPON FRAMEWORK TO USE AS THEY PREPARE, REVIEW AND ISSUE PERMITS, LICENSES AND CERTIFICATIONS.

THE FERC'S SCHEDULE TO COMPLETE THE ENVIRONMENTAL IMPACT STATEMENT IS MORE THAN AMBITIOUS – IT'S WARP SPEED. WE'RE WORKING CLOSELY WITH FERC ON THIS PHASE OF THE PROJECT AS WELL AS TO ENSURE IT PROVIDES LOTS OF INFORMATION TO THE PUBLIC BEFORE OPEN SEASON PACKAGES ARE DELIVERED SO THAT YOU, THE PUBLIC, WILL UNDERSTAND WHAT FERC IS REVIEWING AND WHAT YOU WILL BE ASKED TO COMMENT ON BEFORE THE COMMISSION VOTES TO ALLOW THE OFFERING TO PROCEED.

WE'VE ESTABLISHED A TECHNICAL REVIEW TEAM COMPRISED OF TECHNICIANS, FEDERAL AND STATE AGENCY EXPERTS AND CANADIAN EXPERTS TO:

- SHARE ENGINEERING INFORMATION AND EXPERTISE RELEVANT TO AGENCY PERMITTING OF DESIGN AND CONSTRUCTION OF THE ARCTIC NATURAL GAS PROJECT

- IDENTIFY PROJECT TECHNICAL ISSUES TO INCLUDE BUT NOT LIMITED TO: PIPELINE, PROXIMITY, SECURITY, LEAK PREVENTION, BEST AVAILABLE CONTROL TECHNOLOGY, PERMAFROST, GAS TREATMENT PLANT, AND EMISSIONS.

- IDENTIFY ISSUES THAT REQUIRE EXPEDITED COORDINATION AND RESOLVE THESE ISSUES BEFORE IMPACTING THE TIMELINE OR PROJECT.

ONE OF THE MOST AMBITIOUS EFFORTS ON OUR 'TO DO' LIST IS THE DEVELOPMENT OF A PROTOTYPE GEOGRAPHIC INFORMATION SYSTEM.

AS YOU KNOW, THE ARCTIC IS NOT WELL MAPPED. IN FACT, THERE'S NO ACCESSIBLE STANDARD SET OF MAPS AND DATA FOR THE PIPELINE ROUTE. BUT BY THE END OF THE YEAR, WE'LL HAVE INFORMATION ON A 20-MILE STRETCH OF THE ROUTE AT ATIGUN PASS.

AGENCIES USE DIFFERENT SETS OF INCOMPATIBLE DATA. THERE IS A LACK OF AN AUTHORITATIVE BASEMAP TO REFERENCE INFORMATION RELEVANT TO PERMITTING. THERE IS

SOME GOOD DATA, BUT ALSO SOME THAT IS EITHER INCOMPLETE OR ACTUALLY INCORRECT. INTEGRATION CAN BE CHALLENGING.

OUR GOAL IS TO DEMONSTRATE THAT THE GIS PROTOTYPE IS AN AUTHORITATIVE, CONSISTENT, AND INTEGRATED SOURCE OF INFORMATION TO CONSTRUCT, OPERATE, AND MAINTAIN A GAS PIPELINE.

AS SHOWN HERE, EXISTING ELEVATION DATA FOR THE AREA IS COARSE. LIDAR DATA REVEALS THE TERRAIN IN FAR MORE DETAIL. WE HOPE TO BUILD A SYSTEM THAT USES THE INCREDIBLY DETAILED LIDAR AS THE BASE MAP.

HERE IS A DETAIL VIEW OF ATIGUN PASS, AND THE LIDAR DATA THAT WE COLLECTED THIS FALL HAS BEEN ANALYZED IN GIS TO SHOW SLOPE. HERE IS SHOWN SLOPE IN DEGREES, BLUE COLOR BEING FROM 0—7 DEGREE SLOPES; AND RED COLOR 7—90 DEGREE SLOPES. THE INTENSITY OF COLOR REFLECTS SLOPE STEEPNESS. ALSO

SHOWN HERE ARE THE ORIGINAL NW BOREHOLES. MORE THAN 1,000 BOREHOLES WERE DIGITIZED AS PART OF THIS PROTOTYPE PROJECT, WHICH IS ONLY 20 MILES LONG.

THE WEB BROWSER APPLICATION PROVIDES OPEN ACCESS TO THE GIS DATABASE. DATA CAN BE SELECTED TO BE DISPLAYED DEPENDING ON LEVELS OF CONFIDENTIALITY. IN THIS CASE WE ARE LOOKING AT THE OVERVIEW OF THE ATIGUN PASS PROTOTYPE AREA ON TOP OF THE REGIONAL ELEVATION BASE OVERLAID WITH SATELLITE IMAGERY. THE TABLE OF CONTENTS FRAMES ON THE LEFT SHOWS THE ATIGUN PASS PROTOTYPE LAYERS. THESE ARE BY DEFAULT TURNED OFF AT THE BEGINNING AND CAN BE TURNED ON ONE BY ONE. NOTE, THAT EACH LAYER WILL HAVE its OWN SECURITY/CONFIDENTIALITY LEVEL. IT IS OUR GOAL TO MAKE AS MUCH INFORMATION AVAILABLE TO THE PUBLIC AS POSSIBLE.

NW BOREHOLE LOGS ARE GEOREFERENCED INTO THE GIS PROTOTYPE AND PROVIDES A STRATIFICATION OF SOIL TYPES AND PERMAFROST DATA.

WITH GIS, YOU CAN CLICK ON ANY POINT ALONG THAT STRETCH OF THE PIPELINE TO EXTRACT AND VIEW RELEVANT MAPPING AND REPORT DATA. THE POWER OF GIS IS PROVIDING A PLATFORM FOR SHOWING MANY TYPES OF INFORMATION.

IN THIS CASE WE ARE CLICKING ON A STREAM CROSSING POINT (IN GREEN SQUARES) TO PULL UP A PHOTO. WE THEN CAN CLICK ON A STREAM TO GET INFORMATION ABOUT THAT STREAM, ITS NAME AND ESSENTIAL FISH HABITAT. THE PIPELINE IS SHOWN IN RED, THE PROPOSED GASLINE MILEPOSTS IN YELLOW.

I'D LIKE TO GIVE YOU A SNEAK PREVIEW OF WHAT THE GIS WILL LOOK LIKE. IT'S A 1 MINUTE VIDEO WITH A GOOGLE EARTH FEEL. THE MOVIE FILE CONTAINS THE LIDAR, THE BOREHOLE SAMPLES ILLUSTRATED BY THE GREEN PLUS SIGNS AND THE SOIL TYPE INFORMATION, WHICH IS OVERLAIN IN PASTEL.

TO SUMMARIZE, THE GIS PROTOTYPE WILL PROVIDE AN

- AUTHORITATIVE BASEMAP, WHICH ALLOWS DATA TO BE INTEGRATED FOR MULTIPLE AGENCIES, THE PUBLIC AND STAKEHOLDERS
- THE WEB INTERFACE PROVIDES TRANSPARENT ACCESS TO DATA AT DIFFERENT LEVELS

LIDAR COUPLED WITH GOOD IMAGERY PROVIDES A VALUE-ADDED DATABASE. OUR NEXT STEP IS TO ACQUIRE INPUTS FROM FEDERAL AND STATE AGENCIES.

SO, THESE ARE SOME OF THE TASKS ON OUR PLATE FOR THE NEXT SIX MONTHS, AND AS THE APPLICANTS HEAD TOWARD OPEN SEASON, WE ARE WORKING DILIGENTLY WITH THE STATE OF ALASKA, CANADIAN GOVERNMENT AND ALL THE STAKEHOLDERS FROM NATIVE GROUPS TO OUR FRIENDS IN THE CONSERVATION COMMUNITY.

LET ME TAKE A MINUTE TO BRIEF YOU ON MY WORK WITH OUR CANADIAN PARTNERS. IT'S IN OUR BEST INTEREST TO ENSURE THE PROCESS MOVES AS EXPEDITIOUSLY AS POSSIBLE ON THEIR SIDE OF THE BORDER.

I'VE MADE MANY TRIPS TO CANADA IN AN EFFORT TO ENGAGE THEIR ENTHUSIASTIC RESPONSE TO THE PROJECT. THAT'S NOT AS SIMPLE AS IT MIGHT SOUND SINCE THERE ARE MANY CANADIAN WHO CONSIDER OUR PROJECT A COMPETITOR TO THEIR DREAM OF A MAKENZIE PIPELINE.

AT THIS POINT, EVERYONE IS ENGAGED. MINISTER JIM PRENTICE – WHO HAS THE ALASKA PIPELINE FILES ON HIS DESK – NATURAL RESOURCES MINISTER LISA RAITT, DEPUTY MINISTER CASSIE DOYLE, THE NATIONAL ENERGY BOARD, THE NORTHERN PIPELINE OFFICE, THE MPMO, THE ENVIRONMENTAL ASSESSMENT AGENCY, PROVINCIAL PREMIERS, THE FEDERAL SENATE, THE PETROCHEMICAL INDUSTRY, ORGANIZED LABOR, FIRST NATIONS, ET AL ARE ENGAGED AND ENTHUSIASTIC ABOUT THE ECONOMIC BENEFITS THAT THE PIPELINE WILL BRING TO CANADA.

WE'VE INVITED CANADIANS TO BE A PART OF THE TECHNICAL REVIEW TEAM – THEY HAVE EXPERTS AND EXPERIENCE THAT WILL BE OF CRITICAL IMPORTANCE TO THE U.S. PERMITTING AGENCIES. WE NEED TO HARMONIZE OUR STANDARDS – AND THAT WORK HAS ALREADY BEGUN.

ALL THOSE CANADIAN OFFICIALS I MENTIONED HAVE SHAKEN MY HAND AND PLEDGED TO MEET THE U.S. SCHEDULE SO THAT THEIR LICENSE IS IN PLACE WHEN OURS IS, IN 2014.

CANADA DOESN'T HAVE A POSITION LIKE MINE, BUT MINISTERS PRENTICE AND RAITT HAVE BEEFED UP THE MPMO TO BE THE PROJECT MANAGER FOR DENALI AND REPOPULATED THE NORTHERN PIPELINE OFFICE TO OVERSEE THE FOOTHILLS PROJECT, NOW OWNED BY TRANSCANADA, PARTNERED WITH EXXON.

WE HAVE DRAFT SURVEILLANCE AND MONITORING AGREEMENT WITH THE STATE OF ALASKA, WHICH IS REQUIRED BY OUR STATUTE, AND THE ATTORNEYS ARE WORKING TO COMPLETE IT AS SOON AS POSSIBLE. WHEN FINALIZED, THE MOU WILL LAYOUT THE PROCESS IN DETAIL FOR WORKING TOGETHER FROM THE PERMITTING PHASE OF THE PROJECT THROUGH CONSTRUCTION.

THERE ARE MAJOR INFRASTRUCTURE NEEDS THAT I'VE SPOKEN ABOUT PREVIOUSLY.

THERE IS NATIONAL SUPPORT FOR THE PIPELINE PROJECT INCLUDING AN ENDORSEMENT FROM THE NATIONAL AFL-CIO BECAUSE OF THE JOBS IT WILL CREATE, AND FOR THAT WE ALL OWE OUR GRATITUDE TO VINCE BELTRAMI. THERE'S SUPPORT FROM CONGRESS AND THE FEDERAL EMPLOYEES AT THE AGENCIES ARE EXCITED TO BE WORKING ON SUCH AN IMPORTANT PROJECT.

DECISIONS MADE ON ENERGY OVER THE NEXT TWO YEARS WILL HAVE PROFOUND IMPACTS FOR DECADES TO COME. IT IS IMPERATIVE THAT ALASKANS UNITE TO PROTECT OUR STATE DURING THE ENERGY AND CLIMATE CHANGE DEBATES TO COME.

I THINK YOU'LL AGREE WITH ME THAT THERE IS AND ALWAYS WILL BE CONSUMER DEMAND FOR ENERGY. THAT'S NATURAL GAS – CLEAN BURNING AND ENVIRONMENTALLY FRIENDLY – OUR TIME IS NOW.

CAMBRIDGE ENERGY RESEARCH ASSOCIATES HAS A GOOD STATEMENT THAT I WANT TO SHARE WITH YOU: "HUMANS HAVE THE CAPACITY TO INVENT GADGETS THAT HAVE TO BE CHARGED FASTER THAN WE INVENT NEW WAYS TO CREATE THE POWER."

NO MATTER WHICH HORSE YOU BET ON, IT'S TIME TO BUILD THE PIPELINE SO THAT WE CAN CREATE THE POWER SOURCE TO CHARGE ALL THOSE GADGETS THAT WE USE EVERY DAY AND CAN'T SEEM TO LIVE WITHOUT.

2018 FIRST GAS SEEMS LIKE A LONG WAY AWAY, BUT 2014 FOR FINANCING AND SANCTIONING IS RIGHT AROUND THE CORNER.

I WANT TO PERSONALLY THANK THE HIGHLY PROFESSIONAL STAFF AT DENALI FOR THEIR TIRELESS EFFORTS. LISA PEKICH AND GUS GUSTAFSON WERE THERE FIRST: WE'VE SHARED SOME GROWING PAINS.

TRANSCANADA IS THE MOST SUCCESSFUL PIPELINE COMPANY IN NORTH AMERICA WITH ENGINEERS WHO, FOR 30 YEARS, HAVE BEEN DREAMING ABOUT THIS PROJECT.

I ALSO WANT TO THANK EXXON MOBIL FOR COMING TO THE TABLE. ITS RE-ENTRY IS COMMENDABLE AND ITS TECHNICAL EXPERTISE UNSURPASSED.

THERE'S NEVER BEEN A BETTER GROUP WORKING TO MAKE THIS PROJECT FINALLY HAPPEN!

I ALSO WANT TO THANK AND PRAISE THE MEN AND WOMEN WHO ARE FEDERAL EMPLOYEES, ESPECIALLY THE CAREER FEDERAL EMPLOYEES, FOR THEIR ENTHUSIASM AND HARD WORK. AND I WANT TO PUBLICLY THANK THE STATE OF ALASKA AND THE GOVERNMENT OF CANADA FOR THEIR EFFORTS.

AND, OF COURSE, I FEEL THE NEED TO ONCE AGAIN PRAISE THE MEN AND WOMEN OF THE OFC WHO HAVE GELLED INTO THE BEST TEAM ON THE PLANET – BAR NONE.

LASTLY, I THANK YOU, ALASKA AND HER PEOPLE, FOR ALLOWING ME TO WORK FOR YOU EVERY DAY FOR THE PAST 25 YEARS. EVERY DAY HAS BEEN AN ADVENTURE.

KNOW THAT I WON'T STOP NOW – MY PASSION FOR MY STATE, MY COUNTRY AND THIS PROJECT HASN'T DIMINISHED. MY RESIGNATION IS SIMPLY A FORK IN THE ROAD – FULL OF OPPORTUNITY AND I LOOK FORWARD TO THE NEXT CHAPTER.

DAVE HOLT HAD THE BEST LINE OF THE CONFERENCE WHEN HE SAID: "THE ROAD TO ENERGY SECURITY IS THROUGH ALASKA!"

LET ME EXPAND ON THAT... THE ROAD TO ENERGY SECURITY, ECONOMIC SECURITY AND DOMESTIC HOMELAND SECURITY FOR AMERICA ALL RUN THROUGH ALASKA.

SO LET'S WORK TOGETHER TO MAKE SURE THAT OUR PLACE AS THAT ROAD IS PROTECTED.

AS THE GOVERNOR SAID LAST WEEK, OUR BEST RESOURCES ARE OUR CHILDREN. ALL OF OUR EFFORTS ARE FOR THEM.

FOR THOSE OF YOU WHO HAVEN'T SEEN HER FOR AWHILE, HERE'S MINE. THIS IS TATE HANNA AT 15.

I WILL CONTINUE THE ALASKA ADVENTURE FOR HER AND FOR YOUR FUTURE.

THANK YOU.