



February 29, 2012

Attention Items Update

The Office of the Federal Coordinator for Alaska Natural Gas Transportation Projects publishes semi-annual updates to help keep track of federal permitting and other regulatory issues for the Alaska North Slope natural gas pipeline as proposed by the Alaska Pipeline Project, a partnership between TransCanada and ExxonMobil. The partnership continues working closely with federal agencies toward its project application to the Federal Energy Regulatory Commission in October 2012.

The February 2012 Attention Items Update, along with the historical progress of each issue, is available at www.arcticgas.gov/attention-items-details. Updates of critical-path items, as well as issues previously categorized as critical path but since removed from the list, are provided below in more detail.

Critical-path items

Data Collection and Field Season Plans / Permitting Plan

The project applicant held a series of meetings with state and federal agencies in October and November 2011 to review: 1) The information that the Federal Energy Regulatory Commission and cooperating agencies will need for the National Environmental Policy Act analysis of the project; 2) The data that will be provided later for other federal reviews and permits required for construction and operation of the project; 3) When the information would be submitted for the NEPA analysis and subsequent permits; and 4) The applicant's permitting plan for the project. The applicant provided agencies with an overview of its data collection efforts to date and permitting plans. Further applicant discussions with agencies will continue as the agencies review the draft environmental resource reports that the applicant submitted to FERC in mid-January.

As part of its permitting plan, the applicant also outlined its preferred approach which included discussion of what information would be contained in its permit applications, how many permit applications it would submit to agencies, and when the applications would be submitted. In most situations, the agencies are not yet in full alignment with the applicant on the permitting approach.

To reach full alignment, the applicant has said it will hold additional meetings with agencies in early March to review its data submission schedule and permitting plans. The applicant has stated its commitment to work toward resolving these issues, and the Office of the Federal Coordinator will continue to designate this as a critical-path item until the applicant and agencies are in agreement on data submission needs and schedules — particularly for data-gathering work the applicant needs to complete during its 2012 field season.

Issues that have been downgraded off the critical-path list since the last update

Contaminated sites

Encountering unknown soils contamination during construction could delay the project. State and federal agencies met with the project applicant in October 2011 and again in January 2012. It was agreed in concept that the applicant would develop a soil handling plan to outline the procedures that would be followed in the event that construction encounters unknown contamination. This approach would vary depending on the land owner and land status (i.e. military land versus state land). The soil handling plan would also allow construction of the pipeline to continue while additional cleanup could be performed at a later date by the responsible party. The applicant has committed to developing a draft soil-handling plan by spring 2012. The Office of the Federal Coordinator therefore has removed this item from the critical-path list.

Landowner and Land Access (Tetlin National Wildlife Refuge)

The U.S. Fish and Wildlife Service is working an option that could help the project, and because of that the Office of Federal Coordinator has removed this land-access item from the critical-path list. The applicant had evaluated various options for routing the pipeline the final miles to its connection point at the Canadian border, and determined that the preferred option for the final two miles to the border was along the right of way of the former Haines-to-Fairbanks oil pipeline built for the U.S. military and decommissioned during the 1970s. That land is within the Tetlin National Wildlife Refuge. A non-governmental organization (The Conservation Fund) is pursuing a land transfer with Fish and Wildlife for 400 acres within the refuge, including that two-mile stretch of previously disturbed land. In exchange for title to the 400 acres, The Conservation Fund would provide Fish and Wildlife with \$500,000 for land purchases to add to the Tetlin refuge or other national wildlife refuges in Alaska, plus transfer acreage to Fish and Wildlife to add to a national wildlife refuge in Texas. If the pipeline is routed through the land obtained by The Conservation Fund, the project applicant would work with the new land owner for access and a right of way. Routing the line through an easement granted by The Conservation Fund would be a less cumbersome process than permitting the right of way through national wildlife refuge lands.

Subsistence

The applicant met with the Federal Energy Regulatory Commission, Alaska Department of Fish and Game, State Pipeline Coordinator's Office, the Alaska Gas Pipeline Project Office and Office of the Federal Coordinator in September 2011 to discuss subsistence data needs for the project's environmental impact statement. The parties agreed on the following plan as sufficient for FERC to conduct its National Environmental Policy Act analysis of the project and prepare the environmental impact statement. The parties also agreed upon data collection and community subsistence survey plans as part of the effort.

- The applicant filed its draft resource reports with FERC in January 2012, providing a comprehensive view of the existing environment with regard to subsistence use in the affected region; an analysis of projected impacts of the project on those uses and users; and proposed mitigation measures to avoid or minimize the project's effects on subsistence. This report relied

on data currently available from the Alaska Department of Fish and Game Subsistence Division, as well as information from other sources. This report also provided descriptions of affected communities and maps necessary to understand and portray the resources and their use.

- The applicant in 2011 contracted with the Alaska Department of Fish and Game Subsistence Division to survey subsistence needs and uses in communities affected by the project. The contract is for two years.
- The Subsistence Division started its subsistence survey of affected communities in January 2012. As of February 2012, eight of the 15 first-year community surveys had been completed, with the others scheduled for completion by mid-March 2012.
- The Subsistence Division will prepare for the applicant a formal report on the first-year survey communities by Aug. 31, 2012, and the applicant will file this report with its FERC application in October 2012.
- The applicant later will supplement the 2012 report with the second-year community survey data collected by the Subsistence Division, which also will test and verify the substance and assumptions in the first-year report. The applicant will revise its original analysis of impacts and proposed mitigation as needed.
- The Subsistence Division will produce a full report of its second-year work by Aug. 31, 2013, but, prior to that and no later than June 30, 2013, the division will provide its second-year data in a fully vetted tabular format to allow FERC to incorporate the new data into the draft environmental impact statement.

Because of the applicant's progress in contracting for the community surveys and setting up a data-delivery schedule acceptable to FERC, the Office of the Federal Coordinator has removed this item from the critical-path list.