

North Slope gas

Just where is it going to go?

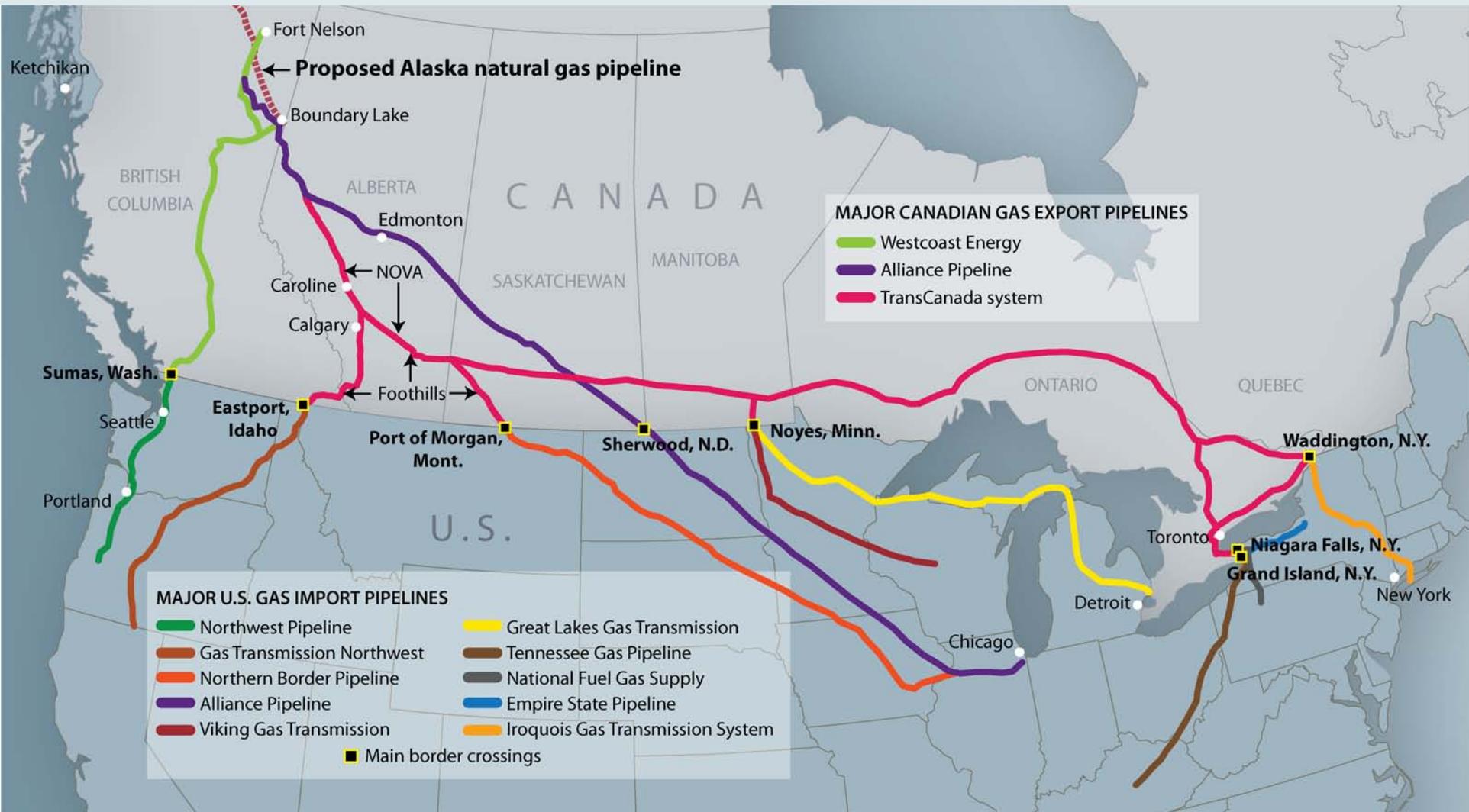


Alaska Oil & Gas Congress

September 20, 2011

Larry Persily, Federal Coordinator

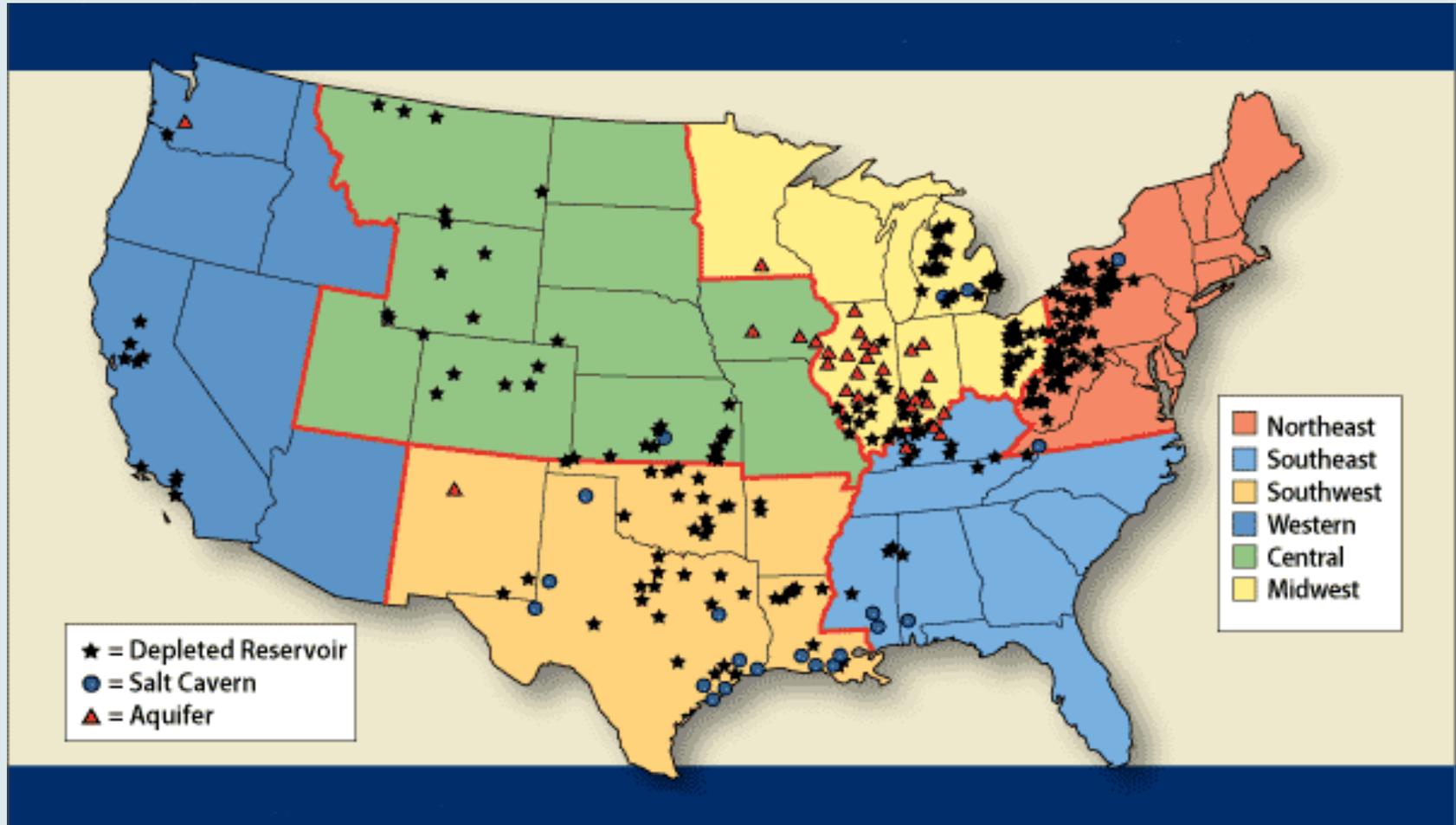
Major Canada-U.S. gas pipelines



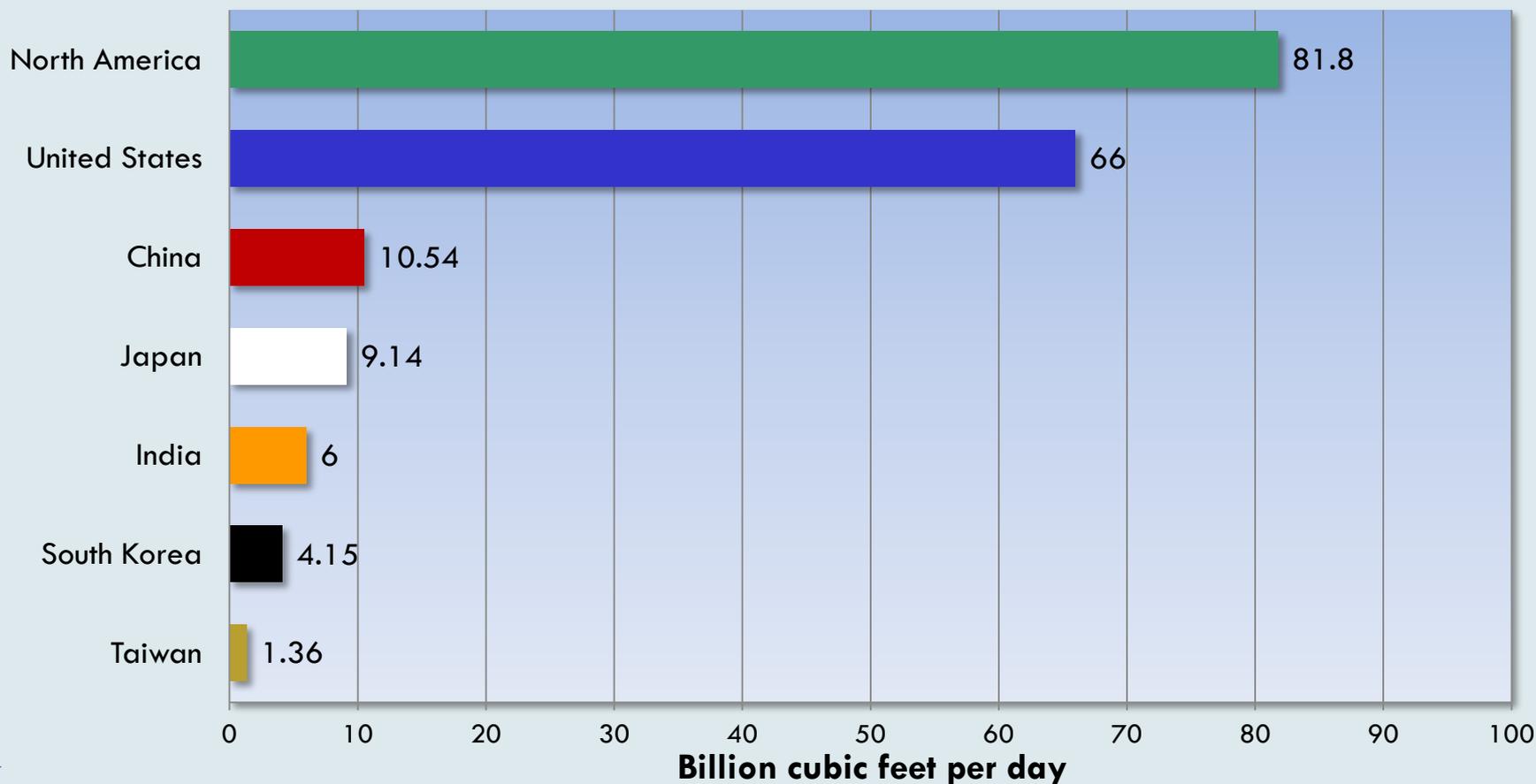
More headlines like these

- American Electric, the biggest U.S. producer of coal-fired electricity, plans to retire 6,000 MW of coal production by the end of 2014.
- Southern Co., the biggest U.S. utility owner by market value, will shutter 4,000 MW of coal plants and replace the load with gas.
- Carolina's Progress Energy will phase out 11 of its oldest, dirtiest coal power plants by 2014.
- Coal's share of electrical generation 1st qtr. 2011 was the lowest in 30 years, according to EIA.

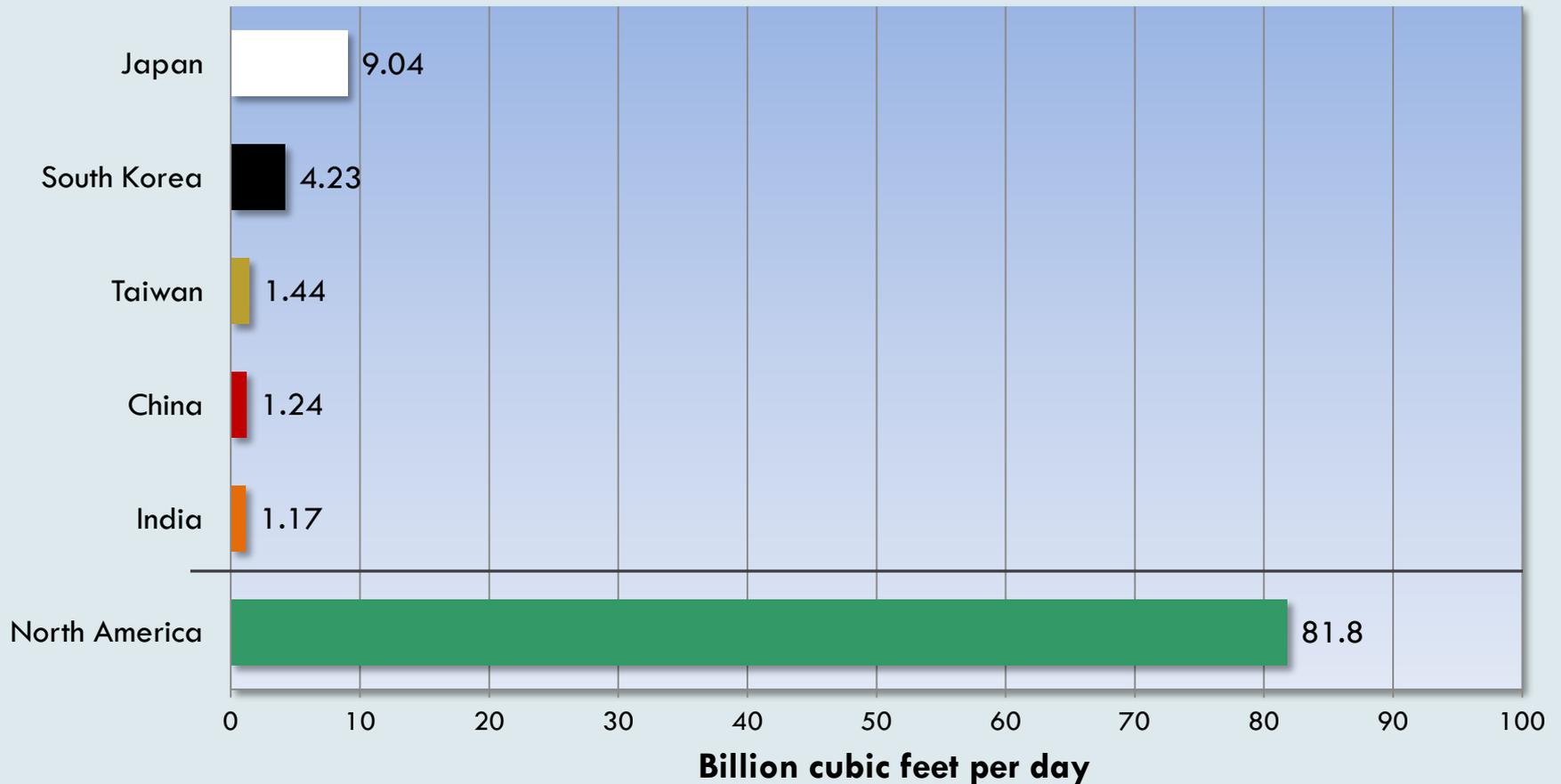
U.S. storage facilities 2007



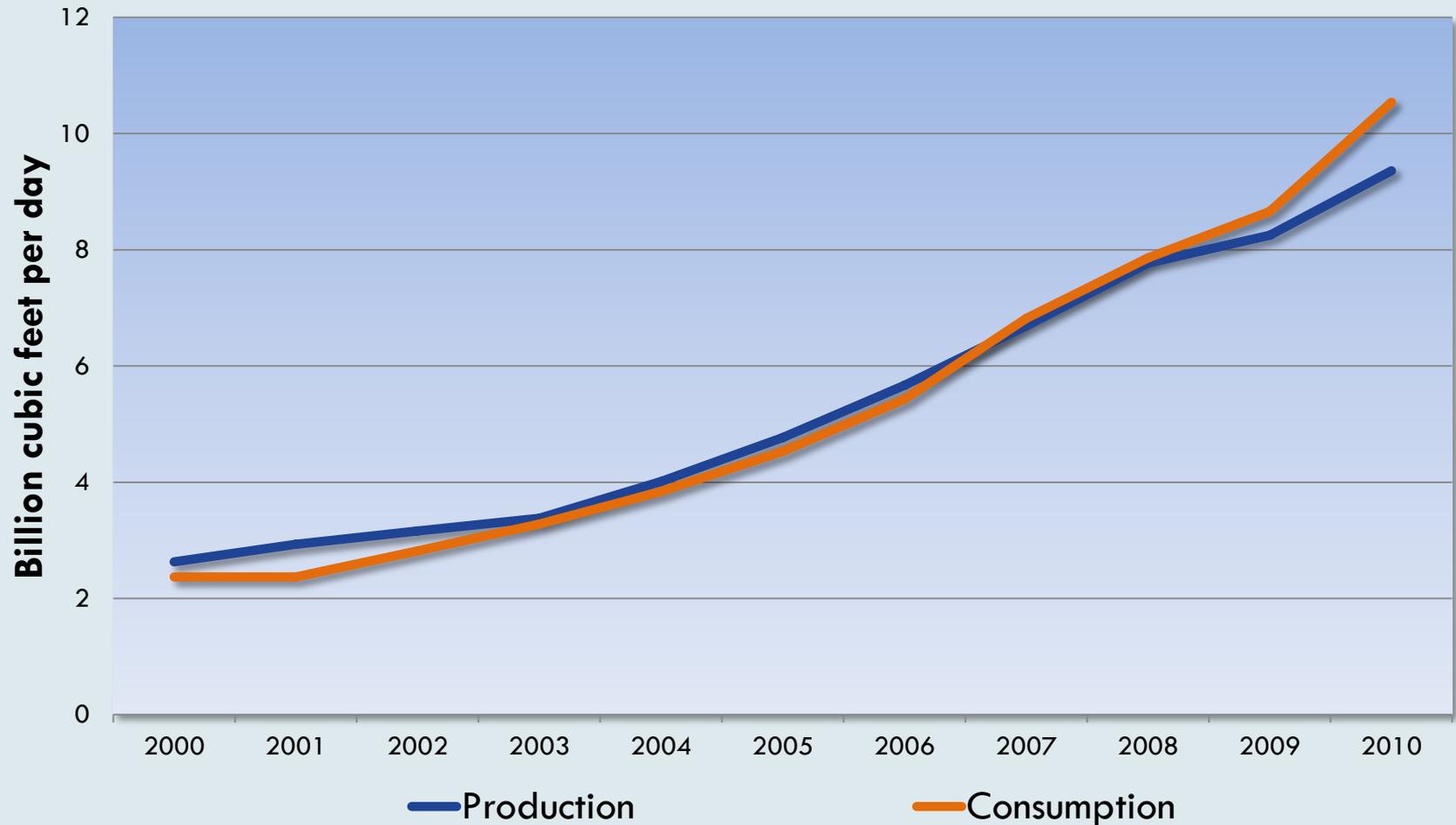
2010 natural gas consumption



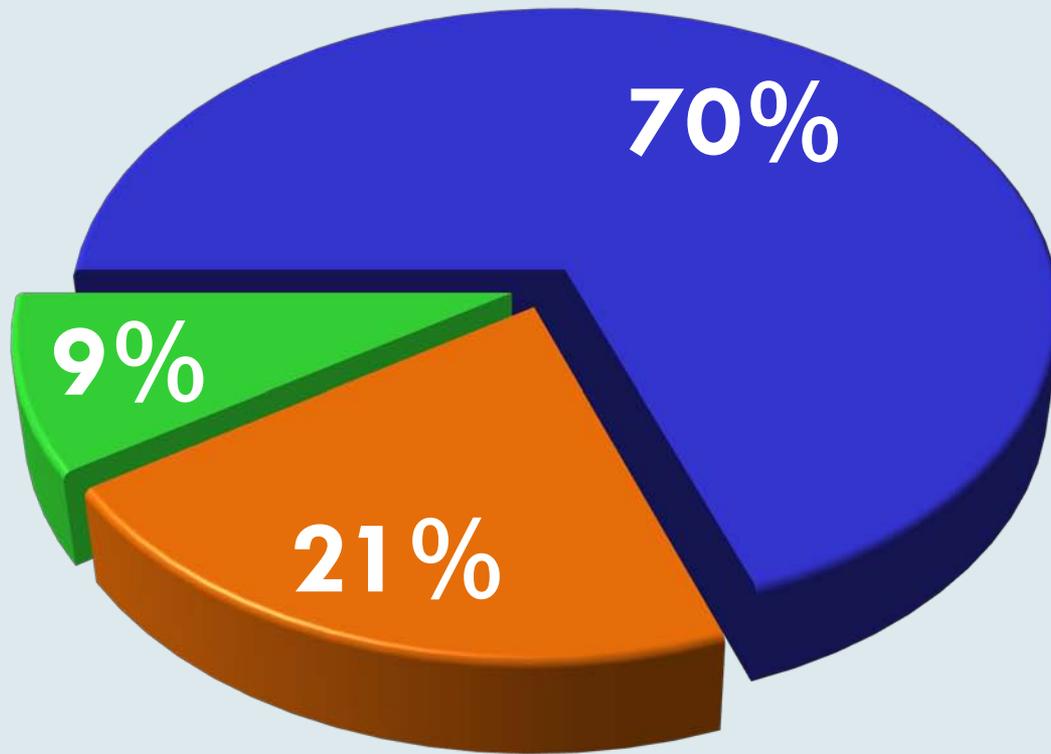
2010 Asia LNG imports



China production, consumption



2010 global production, exports

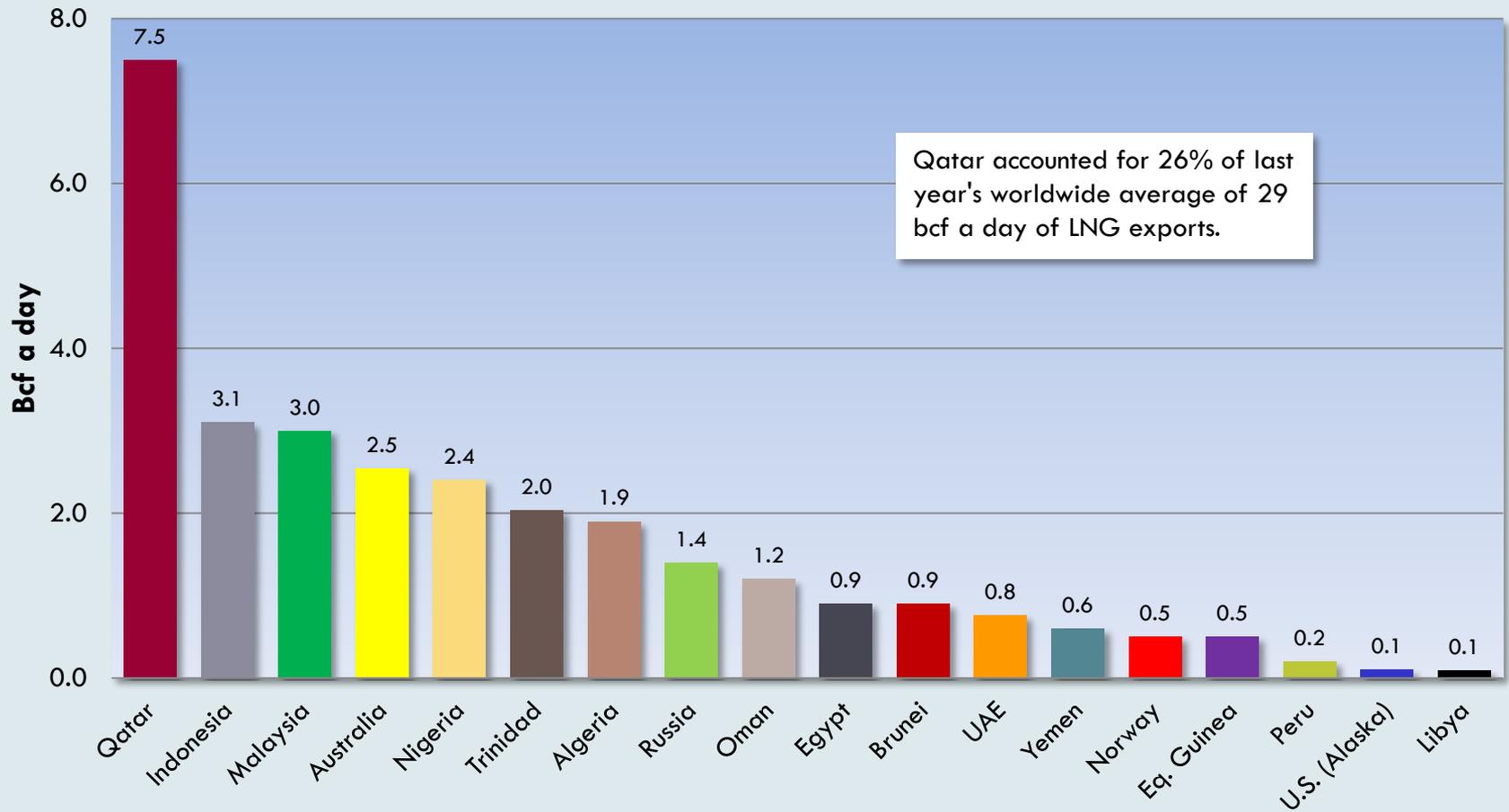


■ Domestic produced/used
(215 bcf/day)

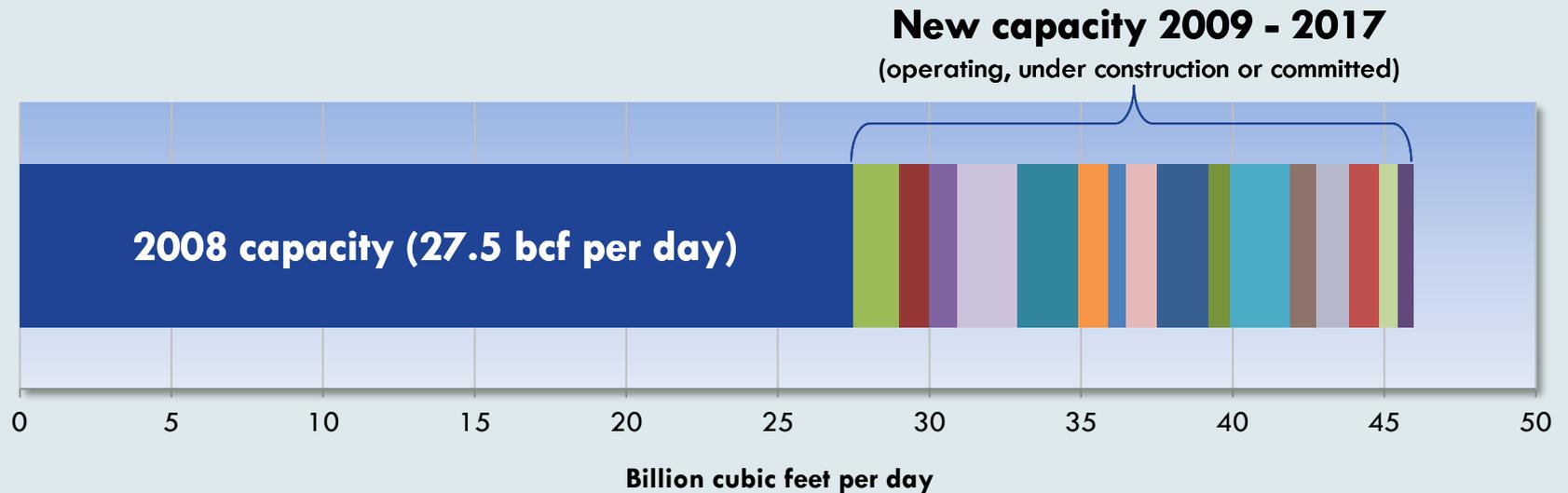
■ Pipeline exports
(66 bcf/day)

■ LNG exports
(29 bcf/day)

2010 LNG exporters



Global LNG export capacity



- Global capacity (2008)
- Sakhalin, Russia (2009)
- Tangguh, Indonesia (2009)
- Yemen LNG, Yemen (2009)
- Qatargas II, Qatar (2009)
- Ras Laffan III, Qatar (2009)
- Qatargas III, Qatar (2010)
- Melchorita LNG, Peru (2010)
- Qatargas IV, Qatar (2011)
- Pluto LNG, Australia (2011)
- Soyo LNG, Angola (2012)
- Gorgon LNG, Australia (2014)
- Port Moresby, Papua New Guinea (2014)
- Queensland Curtis, Australia (2014)
- Gladstone, Australia (2015)
- Australia Pacific LNG, Queensland, Australia (2015)
- Prelude floating LNG, offshore Australia (2017)

Federal coordinator's job

- Interject, intercede, intrude as necessary to keep federal permit process moving along
- Anticipate problems and work to resolve early
- When the time comes, ensure no federal agency imposes any excessive conditions on permits
- Explain the project — and problems — to the public
- Aggressive public outreach efforts to educate Alaskans on natural gas market economics, financial reality, projects risks — and rewards

Permit review policy

- No permit condition may impair expeditious construction or operation unless required by law
- Statute does not define ‘impair’ or ‘expeditious’
- Federal coordinator’s office draft policy will attempt to define and set up a review process
- The law gives the office the authority to tell a federal permitting agency ‘you can’t do that’
- Public comment on draft policy could start this winter

New permits matrix

Report Type: Detailed

Permit Name: Clean Water Act Section 404 and Rivers and Harbors Act Section 10 Permit
Endangered Species Act Section 7 biological opinion and incidental take statement - National Marine Fisheries Service
Endangered Species Act Section 7 biological opinion and incidental take statement - U.S. Fish and Wildlife Service
Federal right-of-way grant
Incidental harassment authorization

Agencies: -- No Selection --
Bureau of Land Management
Environmental Protection Agency
Federal Energy Regulatory Commission
National Marine Fisheries Service

Project Features: -- No Selection --
Barging/Port Use
Bridges
Camps
Compressor stations

Resource Reports: -- No Selection --
RR 1, General Project Description
RR 10, Alternatives
RR 11, Reliability and Safety
RR 2, Water Use and Quality

Applicable Laws: -- No Selection --
Alaska National Interest Lands Conservation Act
Archeological Resource Protection Act
Bald and Golden Eagle Protection Act
Clean Air Act

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www.arcticgas.gov/permits-matrix

Presidential executive order

- ❑ Interagency working group essentially a gas line coordinator for all things oil and gas in Alaska
- ❑ Created in July; Interior deputy secretary as chair
- ❑ BLM, EPA, NOAA, USFWS, NMFS, CEQ, USACE ...
- ❑ Just what is it going to do with all those acronyms?
- ❑ Work toward timely response on permit requests
- ❑ Orderly and efficient decision making
- ❑ Share info, schedules and data between agencies

Alaska politics

- State leaders are warming up to the notion that Alaska needs to negotiate fiscal structure that works to enhance the gas line economics
- The public hasn't started to warm up yet
- But they're getting hot they don't have a gas line
- Frustration a strong political force, but unproductive
- Alaskans should realize they need a gas line for jobs, energy and more oil — and then count the cumulative benefits, not just the tax dollars

Thank you

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