



**The Federal Coordinator:
What is this new job Drue has?**

**Resource Development Council
September 21, 2006**

Drue Pearce
Office of Federal
Coordinator

Alaska Natural Gas Pipeline Act

Signed into Law on 10/13/04

- Establishes Federal Coordinator
- ANGTA Certificate Valid/NGA Applications OK
- No “Over-the-Top” Route
- Public Need & Downstream Capacity Presumed
- Loan Guarantee Program
- Alternate Construction Study
- FERC -- “Open-Season” Rules in 4 Months
- FERC is Lead Environmental Agency

Federal Coordinator

- Nominated by President: June 9, 2006, Confirmed by Senate: August 3, 2006
- Heads the Office of the Federal Coordinator for Alaska Natural Gas Transportation Projects established by section 106(a) and appointed by the President
- All functions and authority of the Federal Inspector of Construction for the Alaska Natural Gas Transportation System vested in the Secretary of Energy under the Energy Policy Act of 1992, including all functions and authorities described in the Reorganization Plan No. 1 of 1979, EO No. 12142 of June 21, 1979, and section 5 of the President's decision, shall be transferred to the Federal Coordinator

Federal Coordinator

- Federal Coordinator ensures the expeditious discharge (and compliance) of all activities by Federal agencies
 - Expedited reviews and actions
 - Prohibition of certain terms and conditions
 - Prohibition of certain actions

- Federal Coordinator shall have primary surveillance and monitoring responsibility in areas where the Alaska Natural Gas Transportation Project crosses Federal or private lands

Federal Coordinator

- FERC NEPA “Pre-Filing Process” will be utilized to facilitate pre-application dialogue between all stakeholders, including permitting agencies
- Office of Federal Coordinator will assist FERC in expedited review by Federal agencies
- Existing May 2002 Interagency Agreement on early coordination of NEPA and Historic Preservation Reviews for interstate pipelines
- A Federal Interagency MOU specific to the implementation of this project, that includes all participating departments was signed in June 2006

Federal Permitting Agencies

- Office of Federal Coordinator
- Federal Energy Regulatory Commission
- Department of Interior
 - Bureau of Land Management
 - Bureau of Indian Affairs
 - U.S. Fish and Wildlife Service
 - Minerals Management Service
- Environmental Protection Agency
- U.S. Army Corps of Engineers
- U.S. Coast Guard
- Department of Defense
- Department of the Army
- Department of Agriculture
- Department of Commerce
- Department of Transportation
- Department of Energy
- Department of Justice
- Department of Homeland Security
- Advisory Council on Historic Preservation
- Federal Communications Commission
- Federal Aviation Administration

Summary of Federal Agency Permits and Approvals

- Federal Energy Regulatory Commission
 - Certificate of Public Convenience and Necessity
- U.S. Bureau of Land Management
 - Rights-of-Way
 - Archaeological Resources
- U.S. Fish & Wildlife Service
 - ESA Incidental Take Permit
 - Land Use
- U.S. Environmental Protection Agency
 - SPCC Plan
 - Storm Water Plans
 - RCRA Storage & Disposal
 - NPDES Permits
- U.S. Army Corps of Engineers
 - Section 404 Permit
 - Section 10 Permit
- U.S. Coast Guard
 - Navigable Waters Construction
- Department of Defense
 - Land Use
- Federal Communications Commission
 - Communications Towers
- Federal Aviation Administration
 - Airport Use & Operations

Federal Interdepartmental MOU

- Establishes a project management framework, for cooperation among Participating Agencies with responsibilities related to the approval of an Alaska natural gas transportation project.
- Participating Agencies agree to use best efforts to achieve early coordination and compliance with deadlines and procedures established by relevant agencies.
- 15 Different Federal Departments with pipeline responsibilities signed MOU in June 2006

U.S. Department of the Interior Business Plan

- DOI is developing a management plan to create permitting certainty
Management plan requires
 - Designate resources, authorities, and commitments during planning phase
 - Prevents overlaps and ensures timely reviews before problems arise
- Resource needs (people and money)
- Data and information requirements
- Schedule and timing of specific actions
- Roles and responsibilities
 - What permits will DOI bureaus issue
 - Permits that we will advise others on
- Permit execution processes
- Quality Assurance/Quality Control
- Management of change
- Project transition (pre-filing, NEPA, permitting, construction, operations)
- Interface with Federal, State of Alaska, and Canadian agencies

U.S. Department of Energy Responsibilities

- Transitioning Responsibilities of the Office of the Federal Coordinator
- Loan Guarantee Program - \$18 billion, 80% of TPC
- Alternate Construction Study - if no Application within 18 months

Alternative Approaches Study

- If FERC does not receive an application by April 13, 2006, then the Secretary of Energy shall conduct a study of alternative approaches to construction and operation of an Alaska gas pipeline.
- The Secretary of Energy shall consult with the Secretary of the Treasury and the Secretary of the Army (Army Corps of Engineers).
- The study would consider establishing a Federal corporation to construct the pipeline and securing alternate Federal financing and ownership. The deliverable is a Report to Congress, including recommendations and a legislative proposal.

Alaska Pipeline Construction Training Program

- The Secretary of Labor shall make grants to the Alaska Workforce Investment Board:
- To recruit and train workers in Alaska, including Alaska Natives, in the skills to construct and operate an Alaska pipeline system
- For design and construction of a training facility in Fairbanks to support the training program
- There is authorized to be appropriated \$20,000,000 to carry out this program

Current Status

■ Timing

- Producers have an agreement in principal with State of AK
- Additional environmental field work required before application

■ Fiscal certainty issues in Alaska

- The Legislature passed new oil tax bill, August 10, 2006
- Additional Special Legislative Sessions are unlikely
- The next Governor will be evaluating the contract terms and working with the legislature and the project proponents

■ Canadian Regulatory Clarity

- Status of First Nation land claims settlement
- Progress on McKenzie pipeline approval

Planning with Uncertainties

- Legislative Basis
- Timing of Application
- Applicant
- Alaska Pending Legislation

Managing Technical Risk

- Optimize entire scope and mitigate risks
- Complete all consultations, obtain access permits, and complete field survey data design prior to permit filing to assure minimum permitting duration
- Address limits of suppliers, contractors, infrastructure, and labor capacity
- Account for variability of Arctic conditions during construction
- Set schedule by data, not by calendar
- Do not set unrealistically aggressive cost targets
- Integrate lessons learned from previous projects

Planning for Field Studies is Essential

- Seasonal survey windows constrain ability to conduct work
- Accelerated NEPA schedule requires advance planning for field study design and scoping to maximize on field survey windows
- Geographic scope and access complicate ability to mobilize for field studies
- Much existing data has been gathered previously and should be used to the maximum extent practicable

Support Infrastructure Needs

- Infrastructure upgrades necessary for development of the project
 - Roads
 - Bridges
 - Railroads
 - Ports
 - Airstrips

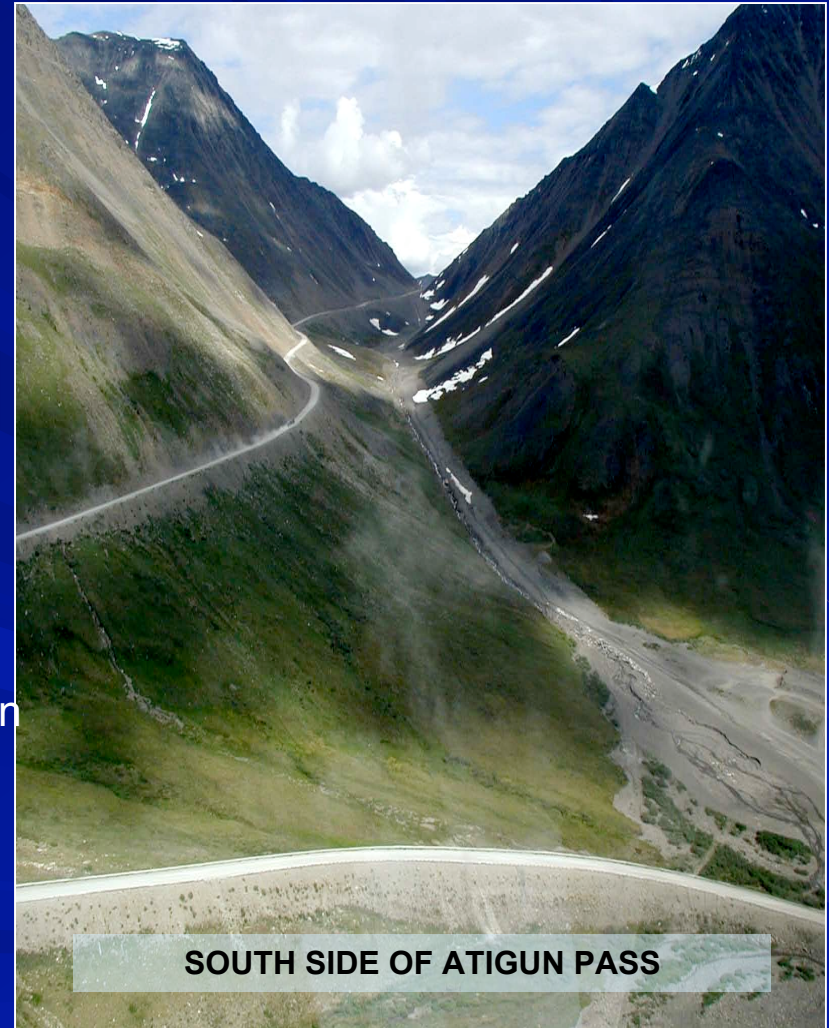
- Studies have been conducted on required infrastructure

- Current initiative of Governor Murkowski

Infrastructure Upgrade Study

Typical highway improvements:

- **Richardson highway:**
Access and safety improvements south of Fairbanks
- **Atigun Pass on Dalton highway:** Widening and realignment
- **Haines highway:**
Realignment and widening just north of Haines
- **Elliott and Dalton highways:**
Reconstruction in area between Fairbanks and Yukon River
- **Alaska highway:**
Rehabilitation and slow vehicle turnouts, passing lanes



SOUTH SIDE OF ATIGUN PASS

Infrastructure Upgrade Study

Typical bridge improvements or replacements:

- One major bridge and five smaller bridges on the Alaska highway
- The bridge over the Chilkat River on the Haines highway
- One overpass and five bridges between Anchorage and Fairbanks
- Three bridges on Richardson highway between Fairbanks and Delta
- One undercrossing on Steese highway has vertical clearance problem
- One bridge on Elliott highway does not allow passage of heavy loads

Unprecedented in Size and Scope

- Alaska Gas Pipeline is approximately 450% longer than Trans-Alaska Pipeline
- International boundary crossing and cross-border coordination
- Much bigger than a typical large-diameter transmission pipeline (MAOP, diameter, etc.)
- Entirely buried along route except at certain river crossings

