

DEVELOPING GTL's IN ALASKA

ANGTL's PERSPECTIVE



ANGTL STRATEGY DRIVEN BY

- STATE OF ALASKA'S DESIRE TO
 - NET BACK THE HIGHEST PRICE TO THE WELLHEAD
 - PROVIDE FOR FUTURE GAS DEVELOPMENT
 - CREATE NEW INDUSTRIES FOR ALASKAN'S
- US ENERGY POLICY ACT OF 1992
 - REDUCE ENVIRONMENTAL EMISSIONS
 - REDUCE US DEPENDENCE ON FOREIGN CRUDE OIL

THE ANGTL GROUP PROPOSES TO

- BUILD A COMMERCIAL SCALE GTL PLANT ON ALASKA'S NORTH SLOPE
 - WORK WITH STATE TO USE ROYALTY GAS TO SUPPLY THE PROJECT
 - PARTNER WITH MOSSGAS AND ALASKAN FIRMS
 - USE EXISTING PROVEN GTL TECHNOLOGY
 - BATCH THE SYN-PRODUCT DOWN THE OIL PIPELINE
 - MARKET SYNTHETIC DIESEL IN U.S. WEST
 - MARKET NAPHTHA IN FAR EAST

BENEFITS OF A GTL PROJECT FOR THE U.S.

- SYNTHETIC DIESEL ENVIRONMENTALLY SUPERIOR TO PETROLEUM BASED DIESEL
- DRAMATICALLY REDUCES EMISSIONS FROM DIESEL ENGINES AND HELPS CLEAN OUR AIR
- REDUCES US DEPENDENCE ON FOREIGN CRUDE OIL
- EXTENDS THE OPERATING LIFE OF THE OIL PIPELINE

BENEFITS OF ANGTL PROJECT FOR ALASKAN'S

- 100 % VOLUME VS 1/8 ROYALTY
- HIGHER WELL HEAD PRICE FOR NATURAL GAS
- MARKET VALUE \$ / MCF (mmbtu) HIGH
- GTL PLANT CAN BE BUILT TODAY
- CREATES THE POTENTIAL OF VALUE ADDED INDUSTRIES AND THE PROMISE OF NUMEROUS PERMANENT JOBS

BENEFITS OF ANGTL PROJECT FOR ALL

- PROVIDE THE INFRASTRUCTURE FOR FUTURE GTL PLANTS TO BE BUILT IN ALASKA
- LEVEL THE ECONOMIC PLAYING FIELD FOR GTL PLANTS BUILT IN ALASKA VS THIRD WORLD COUNTRIES
- USE THE EXISTING OIL PIPELINE ENVIRONMENTALLY ATTRACTIVE TO SOME
- CAN EXTEND THE OPERATING LIFE OF THE OIL PIPELINE 30 TO 50 YEARS - ATTRACTIVE TO EVERYONE

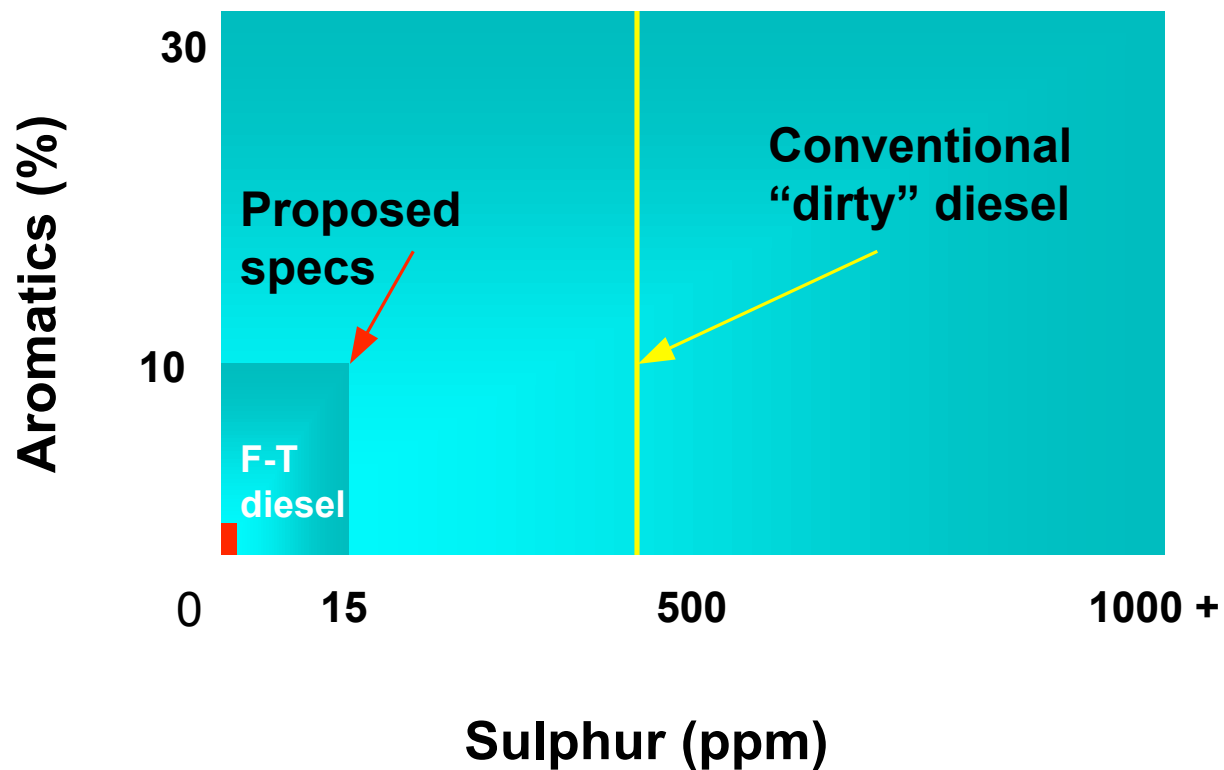
F-T SYNTHETIC DIESEL

ENVIRONMENTALLY
FRIENDLY

ENVIRONMENTAL BENEFITS OF ANGTL PROJECT

- EPA APPROVED AS NON TOXIC - BIODEGRADABLE
- F-T DIESEL HAS < 1 PPM SULFUR, <0.5 % AROMATICS
- REDUCES EXHAUST PIPE PARTICULATE MATTER
- REDUCES NO_x

BETTER THAN PROPOSED EPA 2007 SPECS



SYNTHETIC DIESEL CLEAR AND VIRTUALLY ODORLESS



F-T SYNTHETIC DIESEL

COMMERCIAL

The background is a dark blue gradient that transitions to a lighter blue at the bottom. A thin, light blue curved line starts from the left side and curves downwards towards the bottom right. The word 'COMMERCIAL' is centered in the middle of the slide.

SASOL 150,000 BBL/D SECUNDA PLANT



MOSSGAS 47,000 BBL/D PLANT MOSSEL BAY



THE MARKET

- EPA RULE MAKING – REDUCES SULFUR LEVELS IN DIESEL BY 97 % TO 15 PPM
- THE MARKET FOR “ZERO SULFUR” SYNTHETIC DIESEL IN THE U.S. IS ALMOST UNLIMITED

MARKET REALITY

- MARKET VALUE \$ / mcf (mmbtu) HIGH
 - DIESEL (CA) \$1.40 / gal = \$10.77 / mmbtu
 - DIESEL (CA) \$1.10 / gal = \$ 8.46 / mmbtu
(LAST 10 YEARS AVG - \$.65 / gal = \$5.00 / mmbtu)
 - TAXES (FED) 24¢ / gal = \$ 1.88 / mmbtu
 - CONVERSION SAVINGS (CAPITAL) :
30¢ - 90¢ /gal = \$2 - \$7 / mmbtu
 - LOWER OPERATING COSTS ? \$ / mmbtu

FINANCIAL & REGULATORY SUPPORT

WITHOUT SUFFICIENT ECONOMIC
INCENTIVES ON THE FEDERAL LEVEL
ALASKAN GTL PLANTS CANNOT
COMPETE WITH GTL PLANTS BUILT IN
THIRD WORLD COUNTRIES

FEDERAL SUPPORT

- FINANCIAL (CURRENTLY 3 OPTIONS BEING EXPLORED)
 - A FEDERAL MOTOR FUELS TAX CREDIT
 - A FEDERAL ENVIRONMENTAL CREDIT
 - A FEDERAL GRANT FOR THE INFRASTRUCTURE TO SUPPORT A “PILOT” PLANT AT PRUDHOE BAY

FEDERAL SUPPORT

- REGULATORY (U.S. ENERGY POLICY ACT OF 1992)
 - OBTAIN A FEDERAL “ALTERNATIVE FUEL” DESIGNATION FOR F-T “SYNTHETIC” DIESEL
 - TAX ADVANTAGES
 - STANDBY FUEL FOR ELECTRIC GENERATION
 - REQUIREMENT FOR USE IN FLEET SERVICE

SUMMARY

THE ANGTL PROJECT IN ALASKA WILL:

- IMPROVE AIR QUALITY IN THE U.S.
- REDUCE U.S. DEPENDENCE ON FOREIGN ENERGY
- PROVIDE THE INFRASTRUCTURE FOR FUTURE GTL PLANTS TO BE BUILT IN ALASKA
- NETBACK THE HIGHEST WELLHEAD PRICE
- PROVIDE THE BEGINNING OF VALUE ADDED INDUSTRIES IN ALASKA - PETROCHEMICAL

CONCLUSION

- **GTL's FROM ALASKA**

- BIODEGRADABLE - ZERO SULFUR – ZERO AROMATIC
- F-T SYNTHETIC DIESEL, THE FUEL OF THE FUTURE AVAILABLE TODAY - COMING SOON FROM ALASKA
- DID WE MENTION GTL's FROM COAL

- **CAN THERE BE A BETTER SOLUTION**

- FOR THE PEOPLE OF ALASKA & AMERICA
- FOR OUR CHILDREN - THE REAL FUTURE OF OUR COUNTRY

GTL'S FROM ALASKA

A "PRISTINE" FUEL
FROM A
"PRISTINE" ENVIRONMENT



RDC Conference Anchorage