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Denali Project Update

Resource Development Council

November 19, 2009



Denali - The Alaska Gas Pipeline

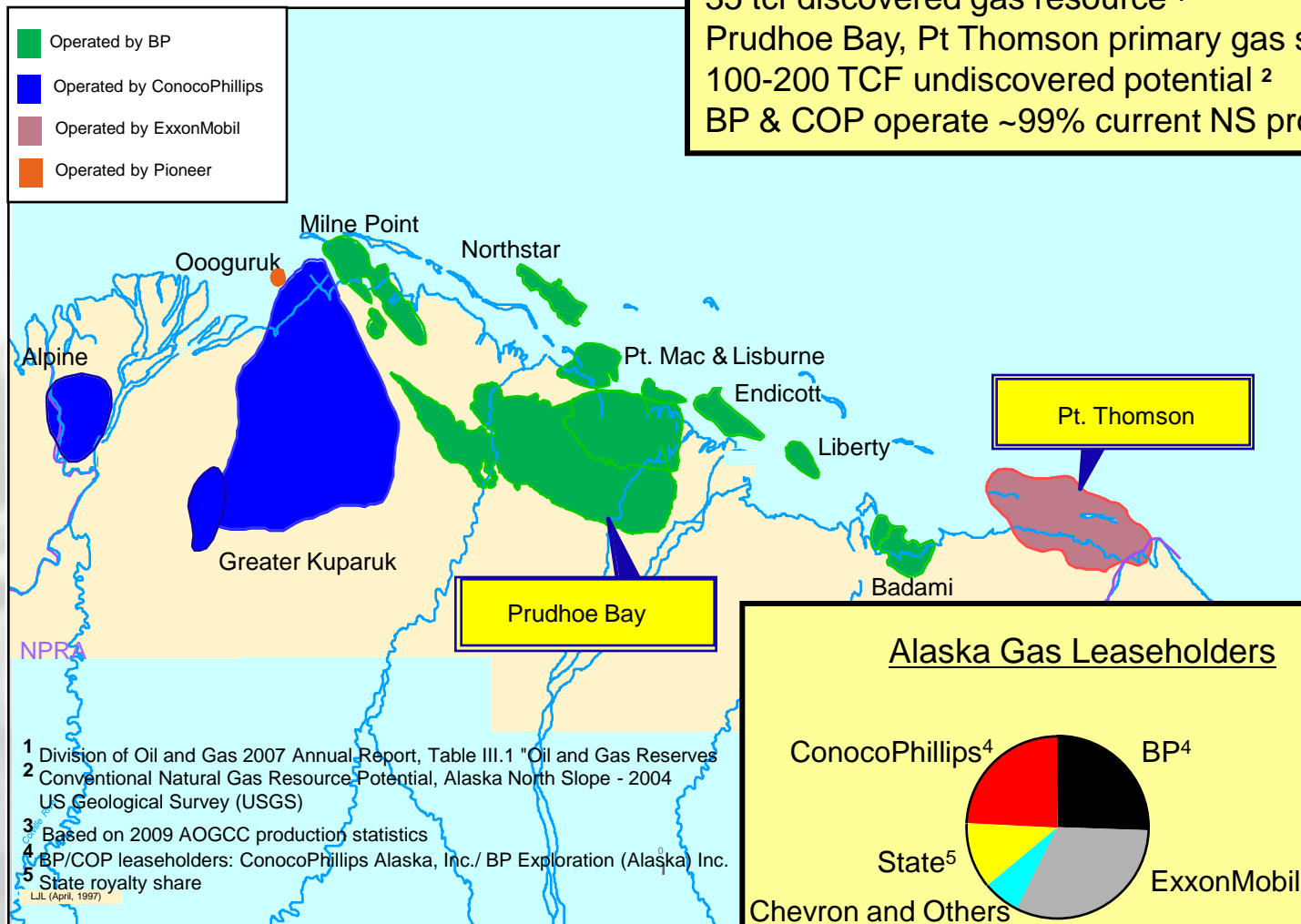
What a successful project means:

- Major new revenue streams for Alaska and Canada
- Jobs and business opportunities
- Consumer, industry access to new gas supplies
- Extended economic life of North Slope resources
- New exploration and development (gas and oil)
- Secure, domestic natural gas supply for North America

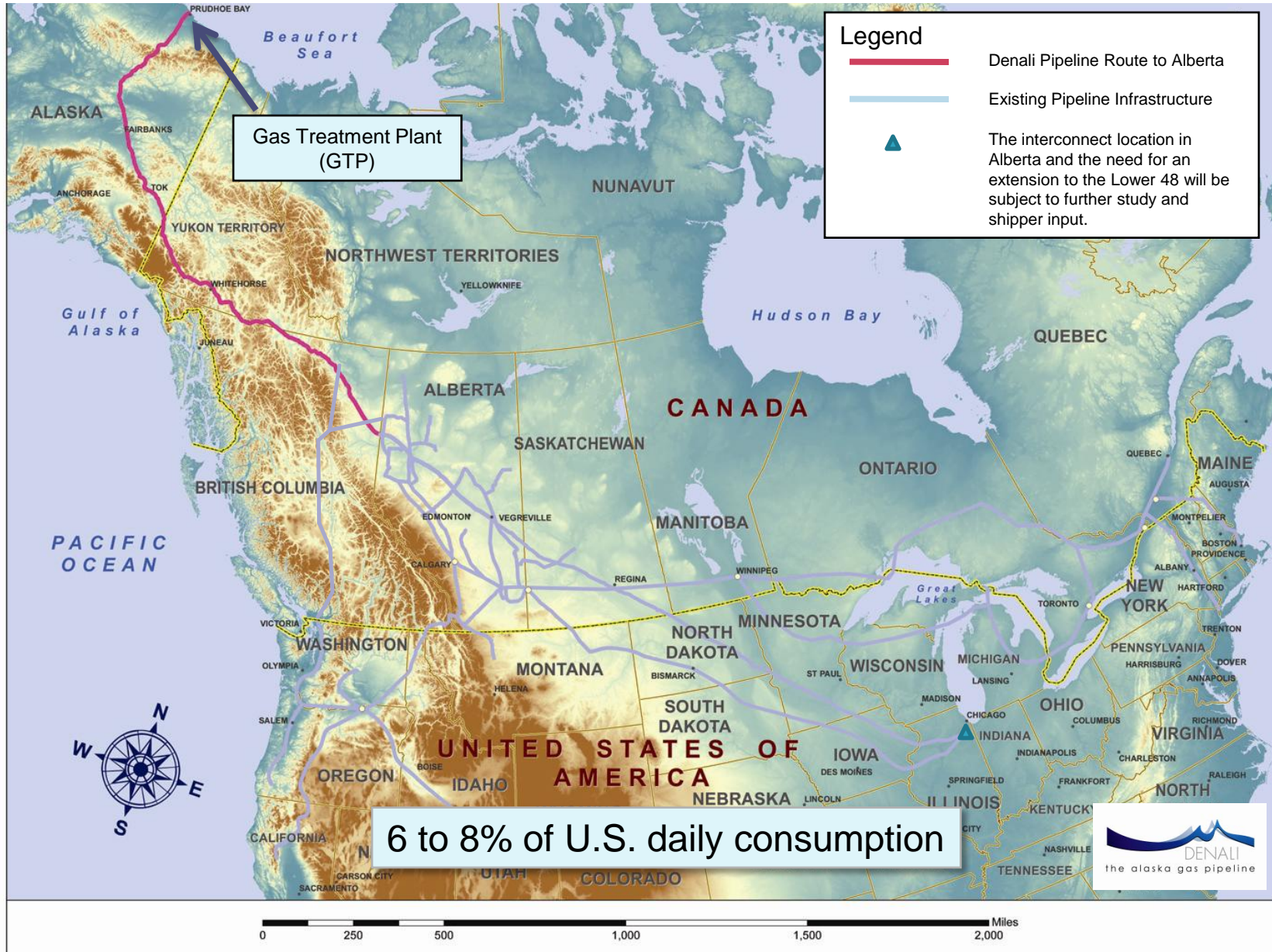


Success depends upon addressing project risks

North Slope Oil and Gas Fields



The Denali Project – 4 BCFD to North American consumers



Significant Progress Towards Open Season

- Over \$120 million spent to date
- Core team of 80 to 90 people with Anchorage and Canadian headquarters
- Major advancement on the regulatory front
- Building the cost estimate
- Field data gathering & analysis
- Gas Treatment Plant engineering
- Pipeline and compressor station engineering
- Extensive stakeholder engagement
- Commercial preparations for open season in 2010



Cost Estimate – Putting it all together . . .



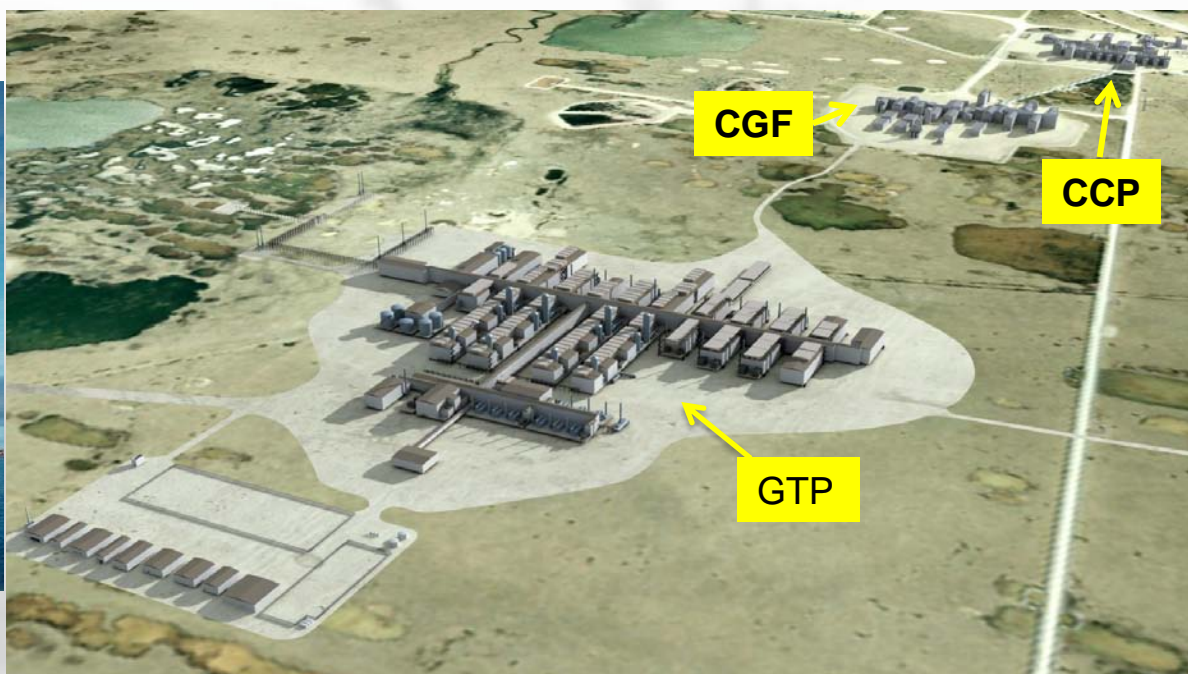
. . . plus many other important pieces!

Gas Treatment Plant (GTP)

- Removes CO₂ /other impurities, dehydrates, compresses and chills gas
- Fluor/WorleyParsons supporting engineering and design work
- Largest sealift modules in history – several over 8,000 tons each
- Best practices from the North Slope and around the world
- “Green” design



5,000 ton module

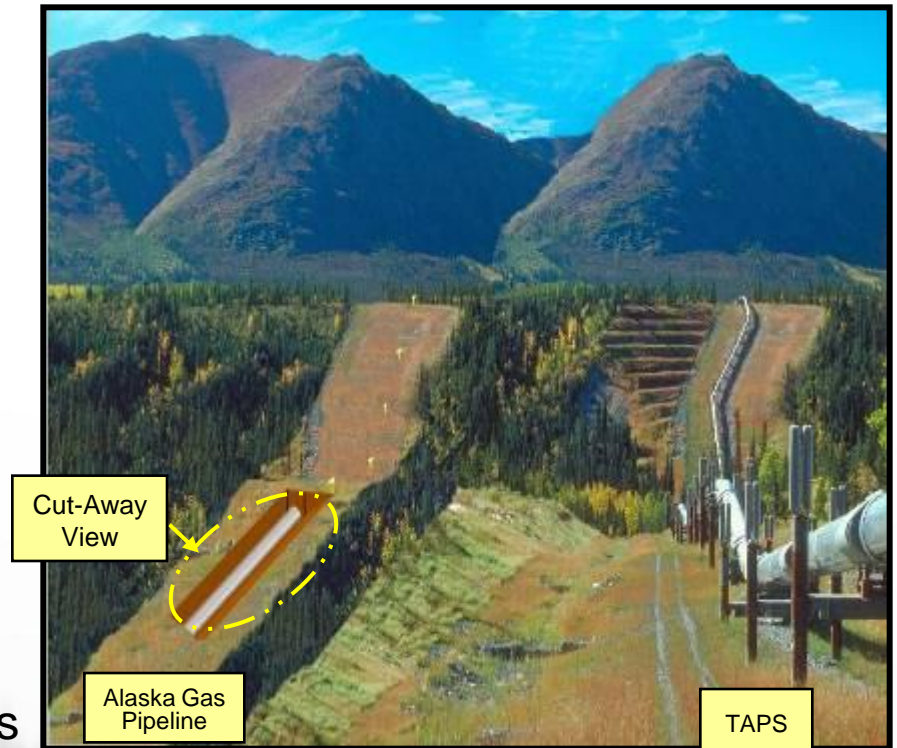


*Flyover video of the new Denali
Gas Treatment Plant (GTP)*

The Pipeline

What is it?

- Buried large diameter pipeline
- Operates at ~ 2,500 psi
- Compressor stations every 100 to 200 miles at >40,000 hp each
- Offtake points in Alaska (5) & Canada
- ~4 BCFD to North American consumers



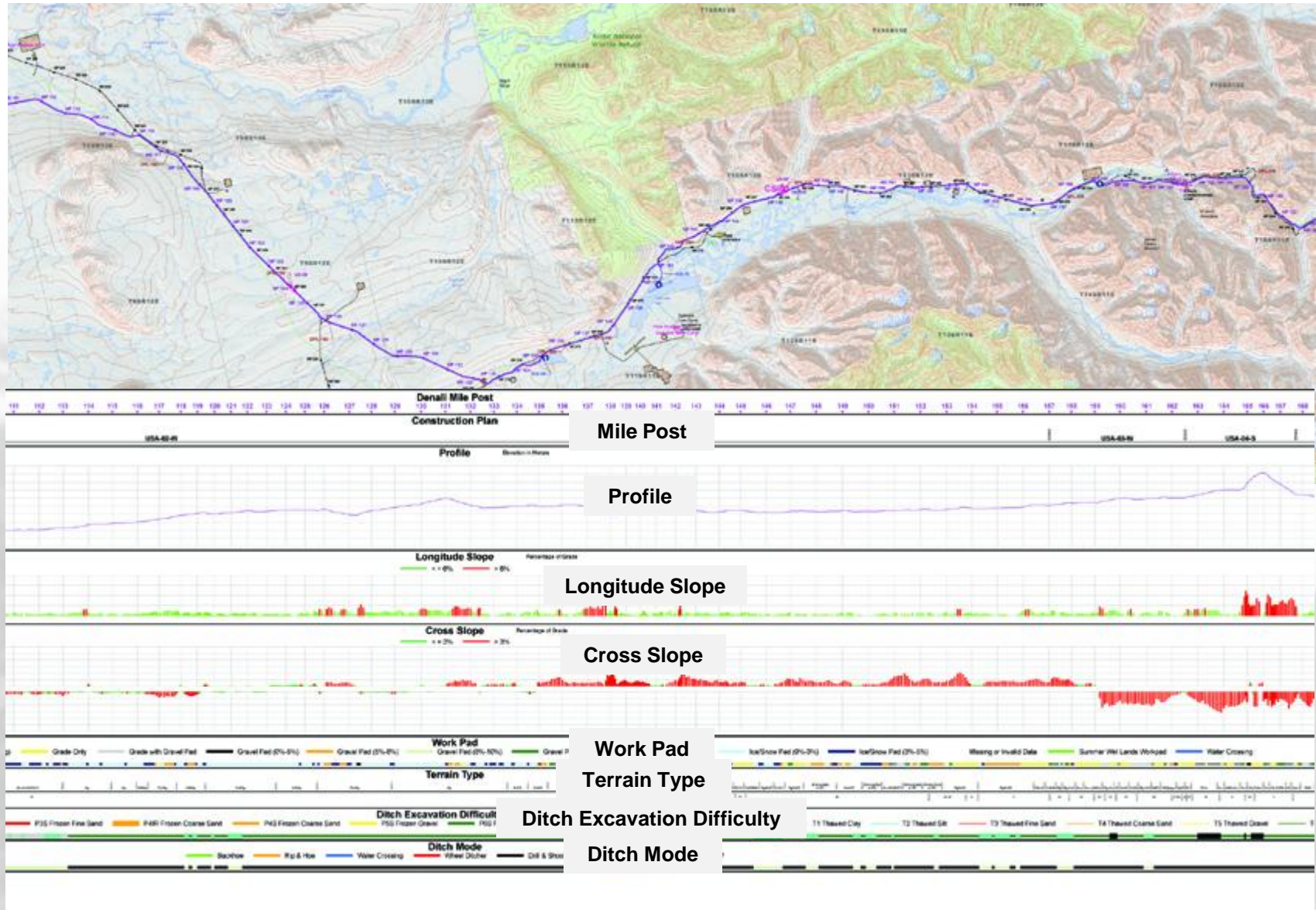
How big is it?

- About 2,000 miles to Alberta
 - ~2-3 million tons of steel
- Possibly another 1,500 miles to US markets
 - ~2 million tons of steel

Bechtel – Supporting the pipeline and compressor station design

- Engineering, cost estimating, scheduling
- Extensive experience designing and constructing major pipelines and megaprojects worldwide.

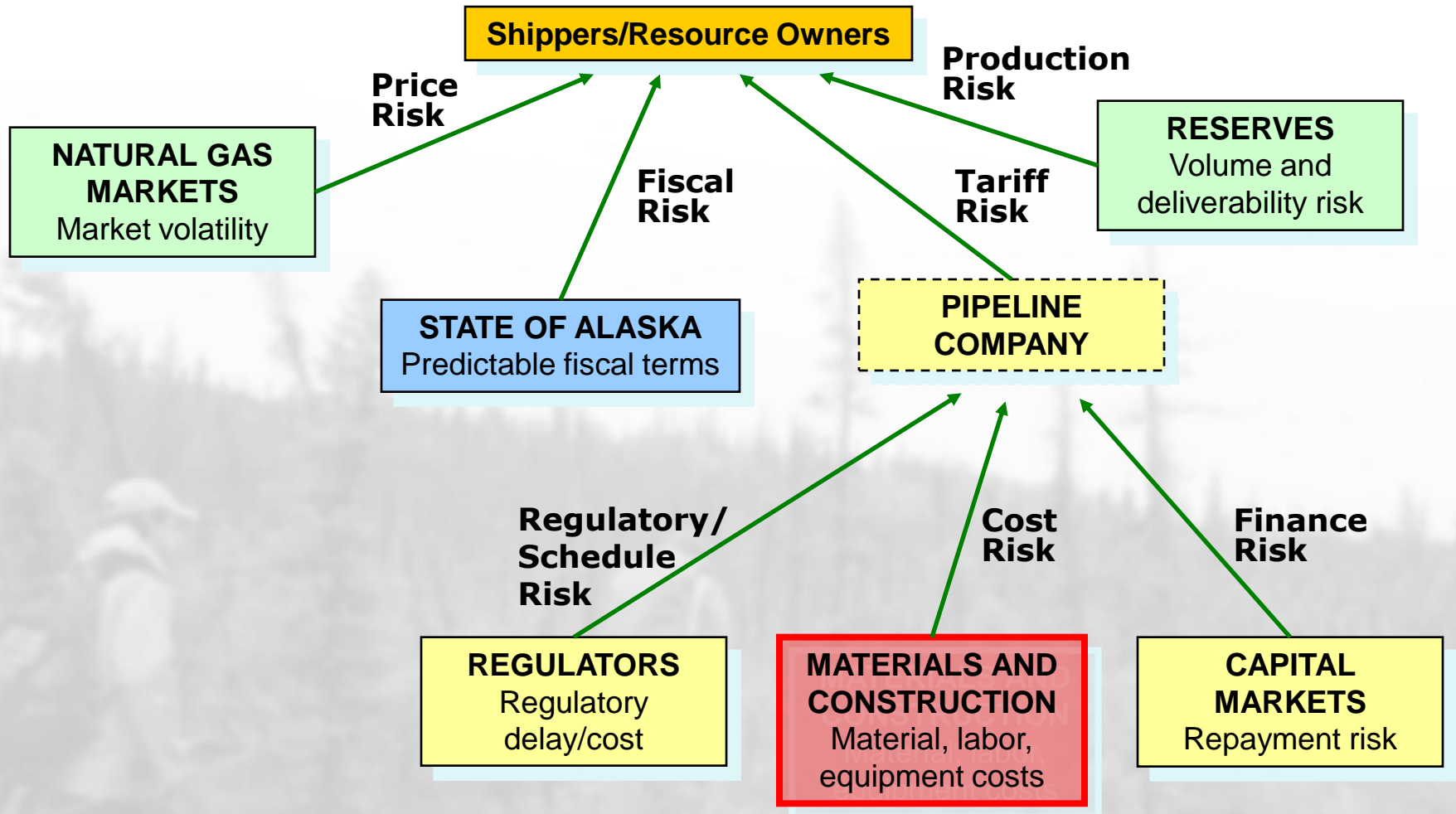
Pipeline Engineering Design



Denali has a core team of 80-90 people and dozens of contractor companies supporting its work

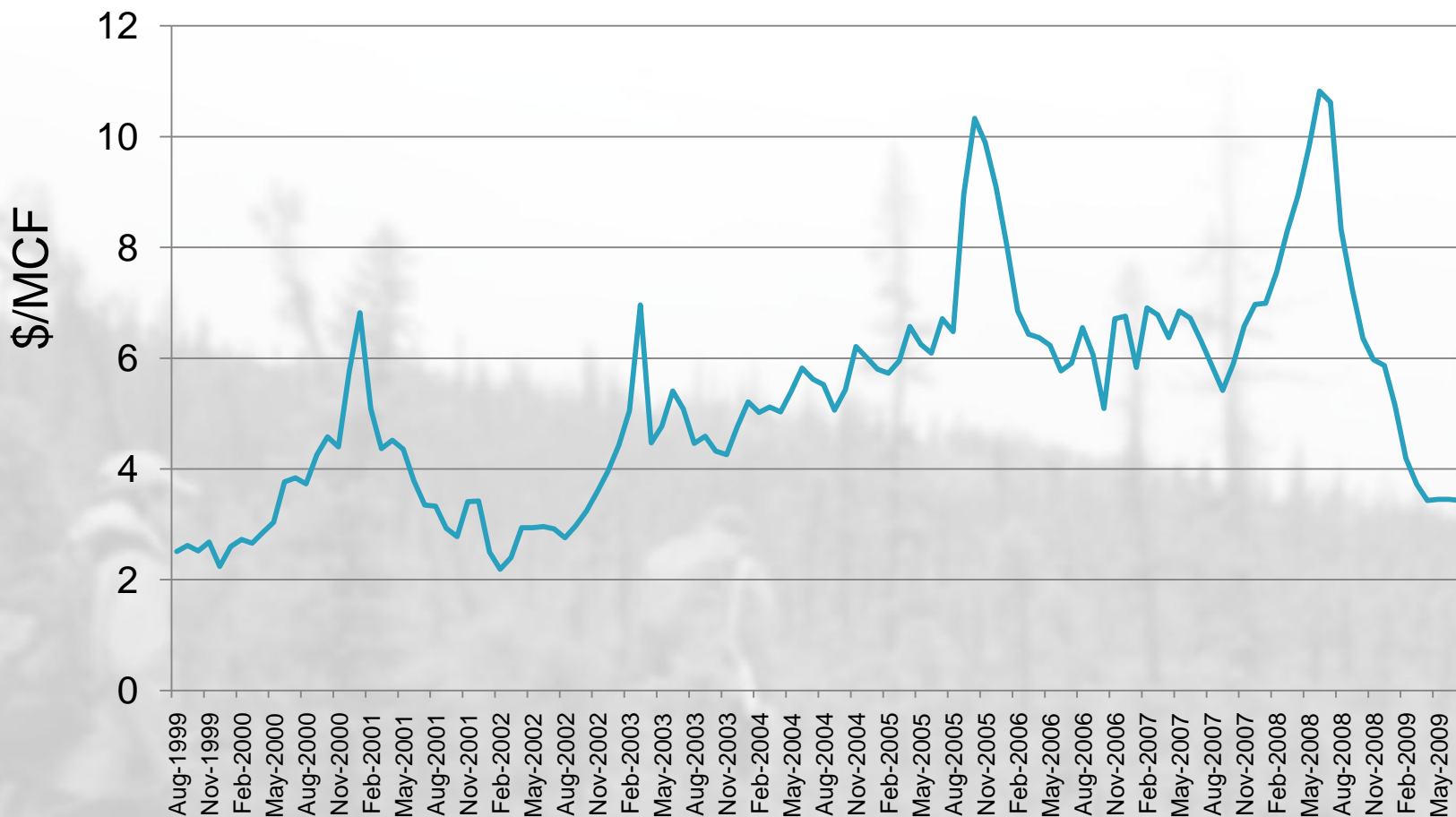


Project Risks

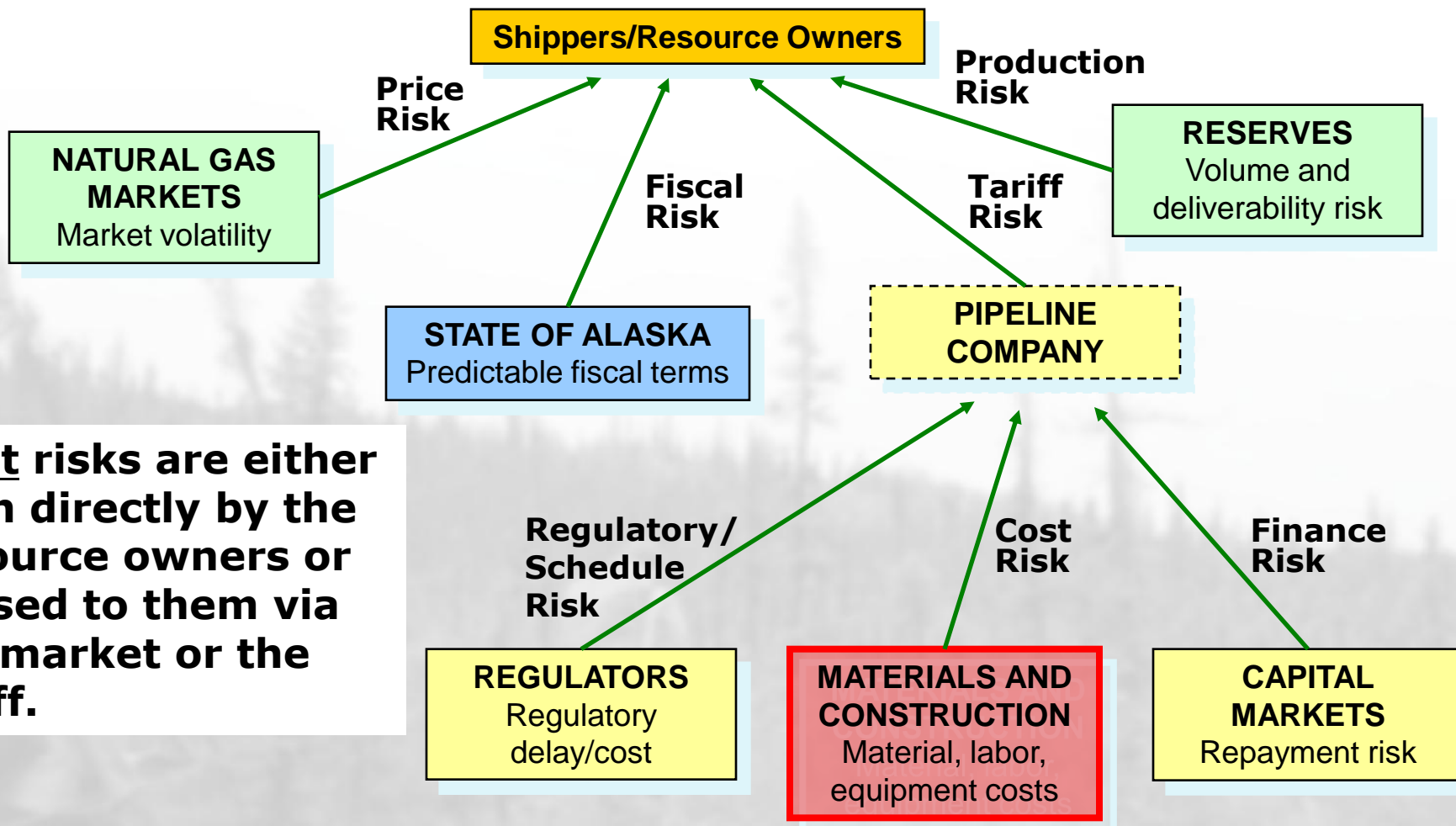


US Natural Gas Wellhead Prices

Shippers Take Market Risk



Project Risks



Most risks are either born directly by the resource owners or passed to them via the market or the tariff.

Summary

- Denali will have a high quality cost estimate
- Addressing project risks enhances chances for success
- Open Season is important. Our goal is a sound offer that attracts customers
- Denali is on track to hold an open season next year

