

Is there any hope for an interstate gas pipeline?



Resource Development Council

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Larry Persily, Federal Coordinator

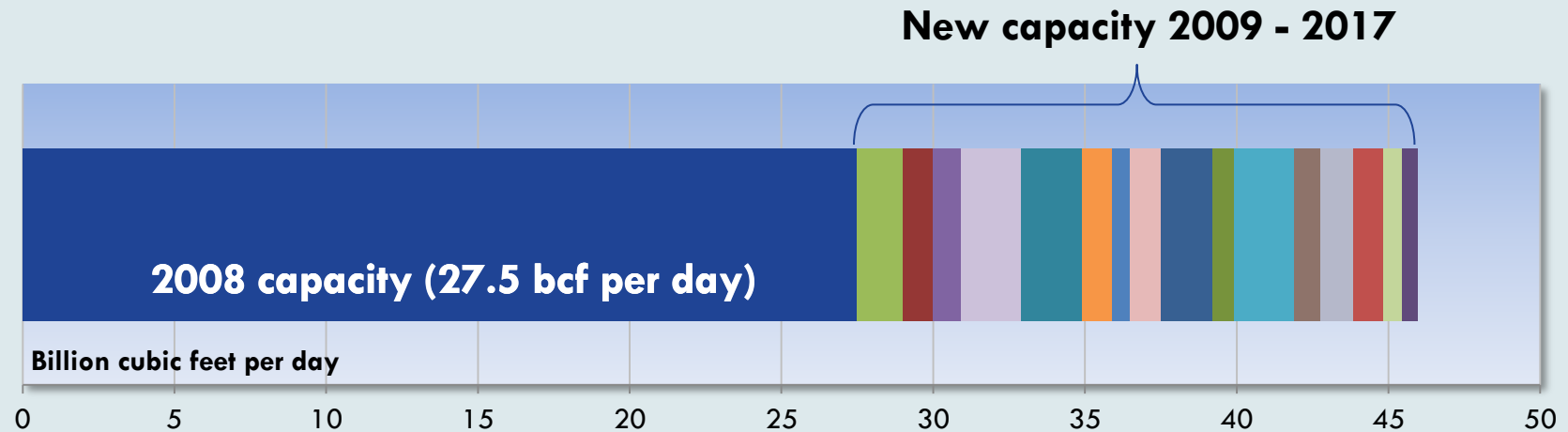
Hope for a line depends on 'ifs'

- North American demand growth and higher prices
- And/or take on global competition in Asia-Pacific
- North Slope producers willing to bet on the future
- Long-term, predictable fiscal terms with the state
- State financial participation could lessen project risk
- Alaskans need to measure success not by the last tax dollar but by access to affordable gas and tens of billions in oil and gas investments

More headlines like these

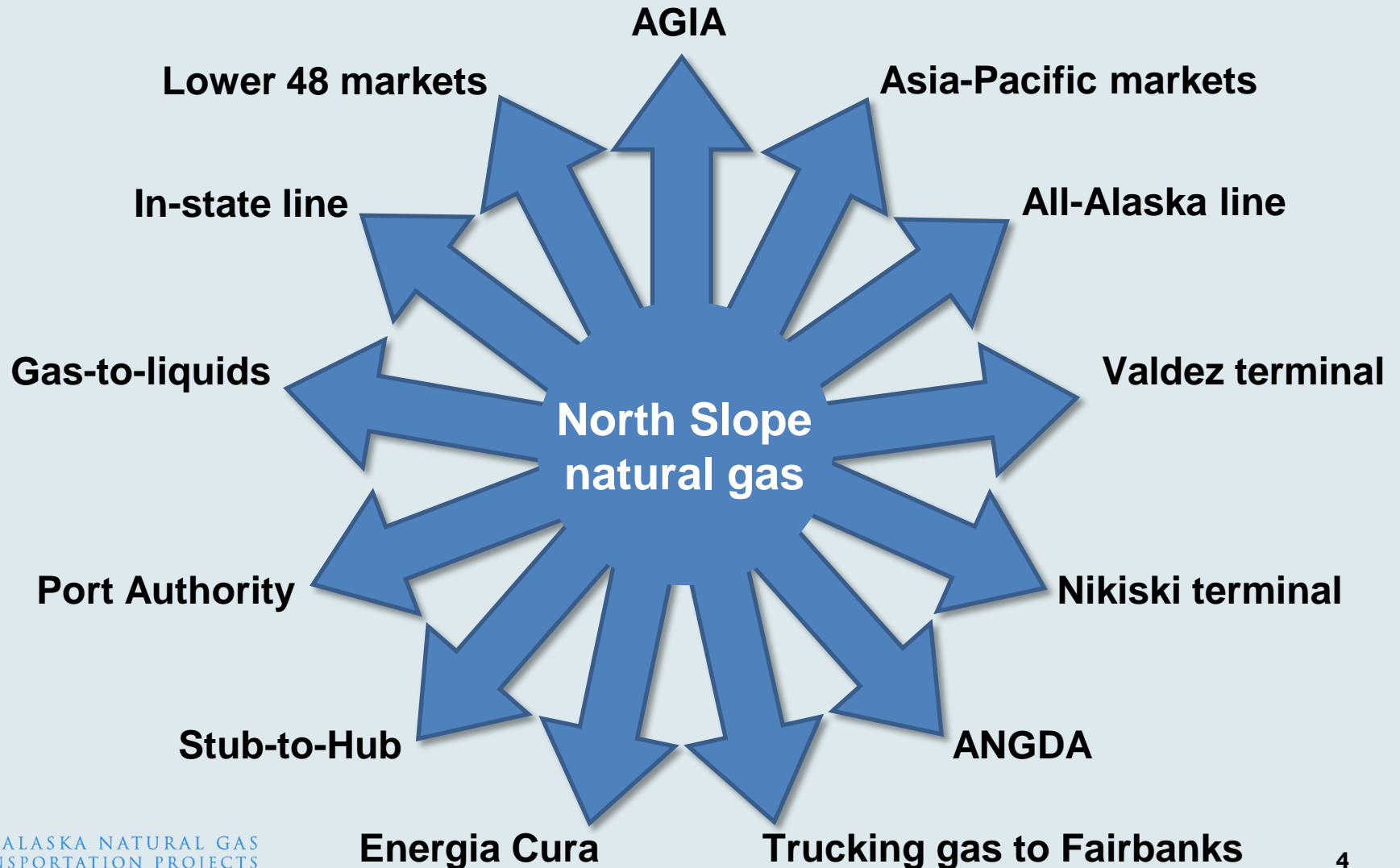
- American Electric, the biggest U.S. producer of coal-fired electricity, plans to retire 6,000 MW of coal production by the end of 2014.
- Southern Co., the biggest U.S. utility owner by market value, will shutter 4,000 MW of coal plants and replace the load with gas.
- Carolina's Progress Energy will 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.

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)
- Papua New Guinea (2014)
- Queensland Curtis, Australia (2014)
- Gladstone, Australia (2015)
- Australia Pacific LNG, Queensland, Australia (2015)
- Prelude floating LNG, offshore Australia (2017)

Pulling in every direction



Better to pull in one direction

- “I think the most important thing is that everybody got behind this; there was no disagreement.”
- “You can turn the corner here if you can get everybody on the same page.”

-- *Houston attorney Bill Garner; formerly with Spectra Energy, Duke Energy, Kinder Morgan; oil and gas projects worldwide*

Anchorage, October 2011

Alaska politics

- More Alaskans are warming up to the notion that the state will need to negotiate a fiscal structure that works to enhance gas project economics
- But they are frustrated we don't have a gas line
- Frustration a strong political force, but unproductive
- Alaskans should realize they need a gas line for jobs, affordable gas to meet local needs, and more oil for TAPS — and then count the cumulative benefits for decades to come

Thank you

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