

**STATE OF ALASKA  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL AND GAS  
STATE PIPELINE COORDINATOR'S SECTION**

**COMMISSIONER'S ANALYSIS  
AND PROPOSED DECISION**

**ALASKA STAND ALONE GAS PIPELINE/ASAP – ADL 418997  
RIGHT-OF-WAY LEASE AMENDMENT**

**CHANGE TO EXHIBIT B LINE LIST**

**Proposed Action**

On January 19, 2016, Alaska Gasline Development Corporation (AGDC), lessee for the Alaska Stand Alone Gas Pipeline/ASAP (ASAP), submitted a request to amend the ASAP Right-of-Way Lease, ADL 418997. The proposed amendment updates the Exhibit B Line List as incorporated into the lease, identifying the project right-of-way location on State lands.

The amendment request proposes several changes to the lease:

1. Realignment of the mainline pipeline, referred to as Revision 6.1. The ASAP mainline originates in Deadhorse and terminates in the Point MacKenzie area in the Mat-Su Borough. Please see the mainline line list and maps for further details.
2. Realignment of the Fairbanks Lateral pipeline, referred to as Revision 4.1. Please see the Fairbanks Lateral line list and maps for further details.
3. Increasing the construction corridor from 100 feet to a nominal 120 feet.

The right-of-way lease is only applicable to state-owned lands (excluding lands owned or administered by University of Alaska, Alaska Mental Health Trust Authority or Alaska Railroad Corporation).

**Authority**

This decision is issued under the authority of Alaska Statutes 38.35.015 and 31.25.090 and the Right-of-Way Lease for the Alaska Stand Alone Gas Pipeline/ASAP, ADL 418997.

**Administrative Record**

The Right-of-Way Lease for the Alaska Stand Alone Gas Pipeline/ASAP, ADL 418997, the associated lease amendment case file, and the legislative record for AS 31.25.090 constitute the administrative record used in this decision.

**Public Notice of Amendment Request**

Public notice of the amendment request began on February 4, 2016 and ran through April 5, 2016. Notice of the amendment request was published in the Alaska Dispatch News, Fairbanks Daily News-Miner, Mat-Su Valley Frontiersman, and the Arctic Sounder newspapers; posted on the State of Alaska and State Pipeline Coordinator's Section (SPCS) websites; and sent to libraries and post offices along the route. Notices were also sent to private property owners, third party interest holders, government agencies/entities, and Alaska Native Claims Settlement Act (ANCSA) Regional and Village Corporations within the vicinity of the proposed pipeline. Complete copies of the application were loaded onto CDs and sent to the Anchorage Loussac Library, the Wasilla Public Library, the Fairbanks Noel Wien Library, and the Tuzzy Consortium

Library (Barrow).

Per AS 38.35.070, the following coordinate agencies were notified of the application: Alaska Department of Environmental Conservation, Department of Labor and Workforce Development, Department of Transportation and Public Facilities, and the Regulatory Commission of Alaska. The State Pipeline Coordinator's Section has worked with commenters to address all concerns raised.

### **Public Notice of Analysis and Proposed Decision**

Notice of this Commissioner's Analysis and Proposed Decision will be published in the Alaska Dispatch News and Fairbanks Daily News-Miner on December 19, 2016, the Mat-Su Valley Frontiersmen on December 21, 2016, and the Arctic Sounder on December 22. It will also be sent for posting in post offices and libraries along the route and posted on the State of Alaska and SPCS Public Notice web pages. Notices will also be sent to private property owners, third party interest holders, government agencies/entities, and Alaska Native Claims Settlement Act (ANCSA) Regional and Village Corporations within the vicinity of the proposed pipeline. Any comments on this Commissioner's Analysis and Proposed Decision must be received within 30 days.

### **Background**

Effective July 25, 2011, a right-of-way (ROW) lease, ADL 418997, was issued to the Alaska Gasline Development Corporation for the Alaska Stand Alone Gas Pipeline/ASAP project. The lease conveyed a right-of-way interest in state land for the development of a 700 mile in-state 24-inch diameter natural gas liquids pipeline from the North Slope to the Point MacKenzie area where it would connect to the existing Cook Inlet natural gas pipeline system. The lease includes a right-of-way corridor off the mainline, referred to as the Fairbanks Lateral, to bring natural gas to Fairbanks. Approximately 400 miles of the current version of the pipeline alignment is located on State owned and managed lands.

The ASAP project evolved in 2013 and a lease amendment request was submitted to the SPCS in January of 2014. The project proposed to ship consumer grade lean gas through a 36-inch diameter pipe that would allow the pipeline to operate at a lower pressure and eliminate the need for each community to build a gas conditioning facility. The lease was also amended to reflect minor changes proposed by AGDC and from changes to AS 38.35 resulting by passage of House Bill 4. The amendment was issued in November of 2014.

Throughout 2015, further changes to the ASAP project were advanced that brought the project more into alignment with the proposed Alaska LNG Project. On January 19, 2016, the SPCS received a second lease amendment application that proposed changes to the pipeline route as a result of field data collected, input received from agencies and the public, and to align the ASAP project route more closely to the proposed AKLNG pipeline route.

### **Project Description**

The purpose of the project is to develop an affordable, long term energy solution for Fairbanks, Southcentral Alaska, and as many other Alaskan communities as practicable. The natural gas would only be used in-state; there is currently no export component for this project.

The proposed mainline route originates in Deadhorse approximately 4.5 miles north of Alyeska Pipeline Service Company's Pump Station 1. The pipeline then generally heads south following the Dalton Highway and the Trans-Alaska Pipeline System (TAPS) to Livengood. From there, the route continues south through the eastern side of the Minto Flats State Game Refuge, passing west of Fairbanks. The route continues south to Nenana and then generally follows the Parks Highway south until Willow. The route then continues in a southerly direction leaving the Parks Highway and railbelt corridor before terminating near the intersection of West Ayrshire Avenue and South Guernsey Road (just off of Point MacKenzie Road) where it will tie into the Enstar pipeline system.

About 380 miles of the proposed mainline and 21 miles of the proposed Fairbanks Lateral are located on state owned land and, together with related facilities, will occupy approximately 8,372 acres and 512 acres, respectively, during construction. For further information about the pipeline ROW location please see the Proposed Exhibit B Line List - Mainline and Fairbanks Lateral and the revised Mapbook for ASAP.

**Mainline Pipeline:** The proposed mainline is a 733-mile long, 36-inch diameter, natural gas pipeline that would stretch from Prudhoe Bay to the Point MacKenzie area in the Mat-Su Borough. The majority of the pipeline would be buried except for aboveground fault crossings, elevated bridge river crossings, and aboveground facilities such as the pigging facilities and mainline block valves. The pipeline has been designed to transport up to 500 million cubic feet per day of consumer grade lean gas with a maximum allowable operating pressure of 1,480 psi. Once construction is completed the Operational ROW width would be a nominal 53 feet.

**Fairbanks Lateral Pipeline:** The proposed Fairbanks Lateral is a 30-mile long, 12-inch diameter, natural gas pipeline that would originate at the mainline at approximately milepost 440 of the mainline and travel east to tie in to a Fairbanks natural gas distribution system.

**Related Facilities:** Other development and infrastructure, in addition to the mainline and Fairbanks Lateral, will include related facilities such as access roads, airstrips, material sites, work camps, pipe storage yards, railroad sidings, compressor sites, pigging sites, and block valves.

### **Land Status**

**Title:** The right-of-way lease is only applicable to state-owned lands (excluding lands owned or administered by University of Alaska, Alaska Mental Health Trust Authority or Alaska Railroad Corporation). Title reports have been completed and will continue to be reviewed and updated prior to issuance of any construction authorization.

**Affected Third Party Interests:** Multiple valid existing rights and interests are crossed by this right-of-way. Those interests are shown in the maps and associated tabular data. This right-of-way is non-exclusive and there are several authorizations needed addressing requirements for planning and pre-construction to ensure that mitigations are in place during construction and operations to appropriately protect existing private and public interests, safety and the environment that may be impacted by construction or operations.

Where multiple uses occur, DNR will identify potential conflicts and consider what is reasonable concurrent use. The Lessee will need to seek letters of non-objection or enter into cooperative agreements with third parties where the potential for conflict could occur. The lease requires some specific agreements to be in place such as a Highway Use Agreement with Alaska Department of Transportation and Public Facilities and a Programmatic Agreement with the State Historic and Preservation Office.

**Public Access:** The proposed ASAP ROW will cross numerous existing roads and trails, including authorized access easements or rights-of-way that may not have been developed. The ASAP ROW is subject to valid and existing rights and shall protect existing telephone and other transmission lines, roads, trails, fences, ditches, and like improvements during construction, operation, maintenance and termination of the pipeline and related facilities. AGDC shall make provisions for suitable permanent crossings for the public where the ROW crosses existing roads, foot trails, winter trails, easements or other right-of-way, serialized or not, unless otherwise authorized by the State Pipeline Coordinator.

In accordance with the ROW lease, AGDC may not obstruct or otherwise render public access unusable for the purpose it was intended for. Furthermore, nothing within this decision or the lease prevents the development of future access easements. AGDC will be required to work with DNR and any potential developers to determine how the pipeline and the developed access will be co-located. If an aspect of the project (such as a gate valve) is not compatible with the development of a road, AGDC has the option to apply, with SPCS concurrence, for either an easement vacation or a restriction to public access.

**Mineral Order:** Mineral Order (MO) 1162, associated with ASAP ROW Lease or similar project with a comparable ROW lease and alignment, went into effect on March 29, 2015. The mineral order closed approximately 26,905 acres of state owned lands to mineral entry within the issued pipeline route (Rev 5) plus 100 feet on either side of the ROW. This order does not affect subsurface estates that are held by non-State entities such as the Alaska Mental Health Trust Authority. MO 1162 provides for the automatic inclusion of state selected lands upon the transfer of ownership without the need to amend the order. Furthermore, the order allows for the automatic inclusion of additional state lands approved for inclusion into the ROW lease for related facilities and route changes without the need to amend the mineral order. Conversely, once state land has been released from the ROW it will no longer be subject to the closing order.

MO 1162 has a sunset clause whereas the mineral order will be rescinded if no significant project progress or development has taken place over a 15-year term.

The mineral order is subject to valid and existing rights. Prior to granting approval for construction, the lessee will be required to coordinate with DNR and the affected interest holder to mitigate impacts to existing or future mining activities.

The lands affected by MO 1162 will include all of the amended ROW described by the updated Exhibit B Line List (Rev 6.1 and 4.1) plus 100 feet on either side of the ROW and all related facilities.

### **Analysis**

As set out in AS 38.35.010, it is the policy of the state that development, use, and control of a pipeline transportation system make the maximum contribution to the development of the human resources of this state, increase the standard of living for all its residents, advance existing and potential sectors of its economy, strengthen free competition in its private enterprise system, and carefully protect its incomparable natural environment.

The Lessee, AGDC, is a public corporation and government instrumentality created by the legislature specifically to advance this in-state pipeline project (AS 31.25.010). It was created and structured to receive a pipeline right-of-way lease from the State and to “plan, finance, construct, develop, acquire, maintain, and operate a pipeline system and other transportation mechanism.” (AS 31.25.080). The Corporation was charged, by the legislature, with maximizing the efficient use of state resources as it fulfills its duty to develop an in-state natural gas pipeline (AS 31.25.040).

The ASAP Right-of-Way lease was issued in 2011 to advance an in-state natural gas pipeline project as described in AS 31.25.090 and in accordance with the guidance of AS 38.35.010. Since the original lease was issued, it has always been the intention that there would be amendments and updates to the project as it advanced through stages of development. This amendment to include the routing of the updated Exhibit B Line List is the result of years of field studies, permitting and community engagement.

Any time development of any size takes place on public lands and within the vicinity of residential areas there is always the potential for some level of conflict. Many of the impacts that may occur due to this project are likely to be of a temporary nature. The proposed pipeline will be a buried pipeline. It is during the construction phase of the pipeline that conflicts, if any, may occur.

The Right-of-Way Leasing Act allows the Commissioner to insert reasonable provisions and conditions required by the public interest to prevent conflicts with existing uses, protect existing private and public interests and prevent significant adverse impacts to the environment, fish, wildlife and their habitats. This lease includes such provisions and a process that the lessee must

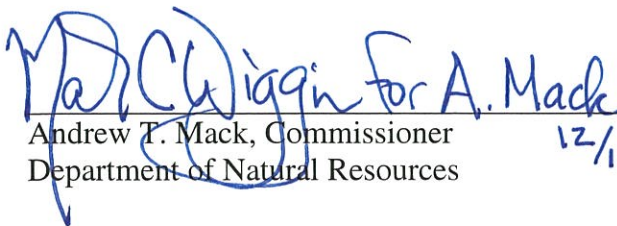
undertake in order to receive final approval to construct on State lands. The process includes the submission and approval of individual plans, each addressing the specific protections, mitigations, and additional measures that will be taken in order to prevent conflicts and protect those resources and interests. These plans will form the basis for the State Pipeline Coordinator's final approval for construction. In addition to the required plans there are design documents, survey requirements, and additional permit requirements that need approval prior to the authorization for construction. Through these mechanisms the individual components of the right-of-way, access roads, material sites, lay-down yards and related facilities will receive full planning review prior to approval and implementation.

As part of the AS 38.35 Right-of-Way Leasing process the applicant is required to provide all of the necessary permits to operate on State land. The permits required for the construction and operation of this pipeline come from a variety of agencies. The overall purpose of the permitting process is to ensure that the applicant adheres to best practices and mitigates any potential damages that may result as part of the development and operations process.

The ASAP Right-of-Way Lease also contains requirements for financial and technical instruments to be in place and approved by the Commissioner prior to any approval for construction. Additionally, should the existing lessee seek to transfer the lease Commissioner approval is required.

**Proposed Decision:** This lease was developed and issued to fulfill the legislative declarations of policy set forth in the Right-of-Way Leasing Act and AS 31.25. Specifically, the lease and resulting project are intended to significantly contribute to the general welfare of the people of this state, its human resources and increase the standard of living for all residents. This amendment furthers those declarations of policy and therefore I approve this amendment to the Right-of-Way Lease for the Alaska Stand Alone Gas Pipeline/ASAP, ADL 418997.

If no significant change is required as a result of public comment or objection, then the proposed decision, including any minor changes, will be issued as the final decision of the Department of Natural Resources after January 18, 2017, without further notice.

  
Andrew T. Mack, Commissioner  
Department of Natural Resources

12/19/16

December 19, 2016

Date

Commissioner's Analysis and Proposed Decision  
Alaska Stand Alone Gas Pipeline/ASAP – ADL 418997  
Right-of-Way Lease Amendment  
Change to Exhibit B Line List  
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Attachment A: Notice of Analysis and Proposed Decision – Alaska Stand Alone Gas Pipeline/ASAP Lease Amendment – ADL 418997 – Change to Exhibit B Line List

Attachment B: Request for Amendment to State Right-of-Way Lease ADL 418997