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STATE PIPELINE  
COORDINATORS

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May 26, 2011

Letter no. 23585

Frederick M. Thompson, State Pipeline Coordinator  
State Pipeline Coordinator's Office  
411 West 4<sup>th</sup> Avenue  
Anchorage, AK 99501-2343

RE: Alaska Stand Alone Gas Pipeline ROW Lease Application (ADL 418997)

Dear Mr. Thompson:

Thank you for the opportunity provided by the notice dated March 21, 2011 to comment on the subject application filed by Alaska Gasline Development Corporation (AGDC). Alyeska Pipeline Service Company (Alyeska), agent for the Trans Alaska Pipeline System Owners (TAPS Owners), offers these comments.

The project's current description generally routes the Alaska Stand Alone Gas Pipeline/ASAP (ASAP) along the Dalton Highway from Alaska's North Slope to Livengood, which is generally in the vicinity of the Trans-Alaska Pipeline (TAPS). The TAPS Owners are Lessees of the TAPS Right-of-Way Lease (ADL-63574) (TAPS ROW). Subsection 17.d. of the TAPS ROW provides: "the State will notify Lessees of its intentions to grant additional permits or easements for rights-of-way or other uses to third parties for compatible uses on, or adjacent to, the lands subject to the [TAPS ROW] **and shall consult with Lessees before taking final action in that regard**"(emphasis added). Alyeska has reviewed the draft Alaska Stand Alone Gas Pipeline (ASAP) ROW Lease and observes that Stipulations, Sections 3.2 and 3.4 purport to address issues arising from the proximity of ASAP to TAPS. Alyeska's expectation is that the State Pipeline Coordinator will involve Alyeska directly in its evaluations of any potential impacts on TAPS. Alyeska believes that the public interest requires comprehensive consultation in order to insure that TAPS is protected. Alyeska objects to Proposed Stipulation 3.4.3 which states that the Pipeline Coordinator can approve ASAP activities that "interfere with operations or other activities of TAPS." The TAPS ROW provides that the State may authorize uses that are compatible with TAPS. Alyeska does not believe that the State has the authority to authorize activities that *interfere* with TAPS operations.

Alyeska and AGDC have signed a Master Coordination and Reimbursement Agreement to cover the design phase (including safe routing) of the proposed project. Alyeska is currently retrieving engineering information and accommodating field investigations

requested by AGDC. These activities are the initial steps towards addressing the issues arising from the proximity of ASAP to TAPS. AGDC and Alyeska recognize that an expanded agreement will be required in the event that ASAP progresses to more advanced engineering and construction.

Alyeska requests that the ASAP Right-of-Way Lease issued by ADNR include a provision recognizing that Alyeska will review each segment of ASAP or any related facility proposed to be built in the vicinity of TAPS ("Infringing Facility") and determine the conditions under which the Infringing Facility would be compatible with the rights held by the TAPS Owners. Alyeska does not object at this time to the issuance of the ASAP Right-of-Way Lease if this requested language is included in the ASAP Right-of-Way Lease. However, Alyeska reserves the right to object on a site-specific basis to the proposed design and construction of ASAP in the event that ASAP activities are not compatible with TAPS operations. These comments are not intended to endorse or agree to the ASAP routing as depicted in the ROW Application. The precise location of ASAP relative to TAPS will necessarily involve significant design and engineering which will be addressed in the expanded agreement between AGDC and Alyeska mentioned in the previous paragraph.

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If you have any questions or need other information, please call the undersigned at 787-8170.

Sincerely,



Peter C. Nagel, SR/WA  
Lands Manager

cc: Dave Norton, Manager, Engineering and Permits, AGDC  
Ron Dunton, Federal Authorized Officer, USBLM, Office of Pipeline Monitoring  
Susan Parkes, General Counsel, Alyeska Pipeline Service Company