



Alaska's In-State Gas Pipeline

December 23, 2013

Ms. Allison Iversen
Acting State Pipeline Coordinator
State Pipeline Coordinator's Office
411 West 4th Avenue, Suite 2
Anchorage, AK 99501

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

Dear Ms. Iversen:

House Bill 4 (HB4), passed by the Alaska State Legislature in 2013 and now effective, directed Alaska Gasline Development Corporation (AGDC) to advance, for the benefit of the state,

an in-state natural gas pipeline as described in the July 1, 2011, project plan ... with modifications determined by the corporation to be appropriate to develop, finance, construct, and operate an in-state natural gas pipeline in a safe, prudent, economical, and efficient manner, for the purpose of making natural gas[] ... available to Fairbanks, the Southcentral region of the state, and other communities in the state at the lowest rates possible[.]

Continued work and analysis on the project plan by AGDC in 2011 and 2012 revealed a number of constraints associated with the project's original Base Case. The original Base Case consisted of a 24-inch diameter, high pressure (maximum allowable operating pressure of 2,500 psi) pipeline capable of transporting conditioned natural gas and an enriched stream of natural gas liquids (NGLs). However, at the end of 2012, AGDC modified its base case to be predicated upon a 36-inch diameter lean gas pipeline with a maximum allowable operating pressure of 1,480 psi. The AGDC Project Plan Update – Year End 2012 provides a more detailed explanation of the Base Case design modifications (Enclosure).

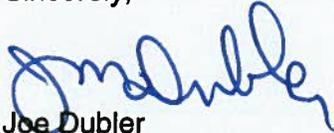
The new legislation also made changes to AS 38.35, the Right-of-Way Leasing Act, such as authorizing contract carriage, which changes directly impact language contained in the existing AGDC right-of-way lease (ADL 418997) for the Alaska Stand Alone Pipeline/ASAP. The legislation's transition language specifies that the Alaska Department of Natural Resources amend ADL 418997 "as soon as practicable" to conform to the requirements set forth in HB4, including those in AS 31.25.090(d). Accordingly, AGDC has drafted proposed changes to the lease to accomplish these directives and included a depiction of the amended project footprint for your consideration (Attachments 1 and 2).



As agreed to by AGDC and SPCO, please consider this document as an application to amend the existing AGDC right-of-way lease (ADL 418997) to incorporate the revisions contemplated by HB4. AGDC agrees to be bound by those right-of-way lease covenants set out in AS 38.35.121 for ASAP, since AGDC intends ASAP to operate as a contract carrier.

We look forward to working with you through the right-of-way lease amendment process. If we can be of further assistance, please contact Mike Thompson, Environmental, Regulatory, and Land Manager at mthompson@agdc.us or 907-330-6315.

Sincerely,



Joe Dubler
Vice President and Chief Financial Officer

Enclosures: AGDC Project Plan Update – Year End 2012
AGDC Gas Conditioning Facility Site Selection Study (Confidential)

Attachments: 1. AGDC Proposed Changes to ADL 418997
2. AGDC Depiction of Proposed Changes to ADL 418997

Electronic cc: Shannon Miller, State Pipeline Coordinator's Office
Jason Walsh, State Pipeline Coordinator's Office
Dave Haugen, AGDC/ASAP
Mike Thompson, AGDC/ASAP

