

ALASKA PipelineProject

Open Season Fact Sheet

Announcement of Open Season Filing:

The Alaska Pipeline Project (APP) announced on January 29, 2010, that it filed its Open Season Plan with the U.S. Federal Energy Regulatory Commission (FERC) for the Commission's review and approval.

Purpose of Open Season:

In simple terms, the open season puts the project to a test of the market. During the open season, information about the project will be provided to potential shippers of natural gas (primarily North Slope producers) including details such as anticipated project costs, engineering design, tariffs and timelines. The shippers will assess this project information and determine their interest in shipping natural gas through the pipeline under the offered terms and whether to make long term commitments to reserve capacity on the pipeline. The project needs these shipper commitments to secure financing and to continue to be able to advance.

Open Season Process:

The process that has been initiated as of January 29 is not the open season itself, rather we have pre-filed our Open Season Plan for review and approval by FERC and for public comment as required by federal regulations. The project's Open Season Plan will next undergo a 60-day review process. It is anticipated the public review period will run through February and the FERC review and approval period to extend through March. If FERC approves the plan, we will begin our actual open season with shippers at the end of April 2010. The open season will run a minimum of 90 days through the months of May, June and July. The open season process we have initiated with FERC only applies to the portion of the project in the United States. A separate but coordinated open season for the Canadian portion of the project will be conducted concurrently.



Reporting of Open Season Results:

It is important to keep in mind that major pipeline builders rarely report open season results immediately because the shippers' bids to reserve pipeline capacity almost always include conditions, not unlike the contingencies written into a contract for sale of a home.

Thus, with the close of the open season bidding period at the end of July, follow-up negotiations between the project and shippers are likely to commence to attempt to resolve those contingencies. Experts believe shippers may also include in their bids some conditions beyond the control of the Alaska Pipeline Project, such as taxation and resource access issues which cannot be decided by the project. Many people expect the shippers to ask for the State's engagement in resolving these issues before they will be able to commit to the project.

APP is targeting the completion of its open season bid review and negotiation process by year-end 2010, contingent upon the satisfactory resolution of shippers' conditions precedent.

Options to be Assessed During the Open Season:

During the open season, the Alaska Pipeline Project will present two alternative project options for assessment by potential customers, and shippers will have the opportunity to reserve capacity on the option they prefer.

It is economically feasible for only one of the two project options to advance and the results of the open season will determine the preferred development choice.

One option would transport an estimated 4.5 billion cubic feet per day of North Slope natural gas approximately 1,700 miles (2,736 kilometers) across Alaska to Alberta, Canada, (the Alberta option), where it could be sent on existing pipelines to North American gas markets.

Another option is to transport an estimated 3 billion cubic feet of natural gas per day approximately 800 miles (1,287 kilometers) to Valdez, Alaska, (the Valdez option), where shippers could liquefy the gas in a plant constructed by others and ship it on tankers to U.S. and international markets.

It is important to emphasize that both options would provide opportunities for Alaska communities to acquire natural gas from the pipeline from a minimum of five strategically located off-take connections. The Alberta option would also provide opportunities for local gas deliveries in Canada as well.

A world-class natural gas treatment plant, to be located adjacent to the North Slope's Prudhoe Bay facilities, and an approximately 58-mile (93-kilometer) transmission pipeline connecting the natural gas supplies of the Point Thomson field to the plant are components of both development options.

Open Season Information:

The Alaska Pipeline Project is fully committed to provide the public information on our Open Season Plan. The project has established a new internet website at www.thealaskapipelineproject.com. Members of the public can find our Open Season Plan submittal to FERC on the site, as well as on FERC's website. We welcome and invite public review and comment on the project.