

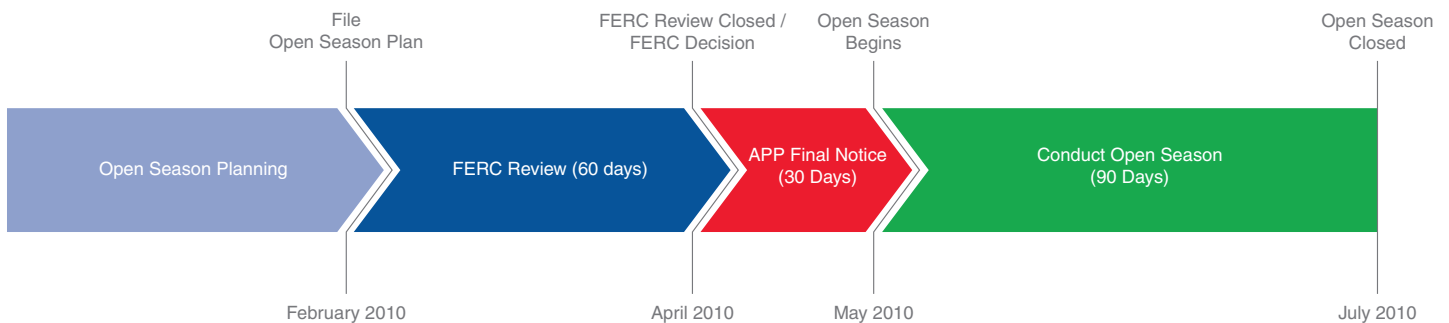
ALASKA PipelineProject

Open Season

First Open Season in the History of Alaska's North Slope Natural Gas Development



The Alaska Pipeline Project commenced its initial open season on April 30, 2010. The Alaska Pipeline Project's open season is the first in the history of Alaska North Slope natural gas development. Separate but coordinated open seasons are being conducted concurrently in Alaska and Canada.



Open Season Process

The Alaska Pipeline Project is following the open season process required by U.S. Federal Energy Regulatory Commission (FERC) Order 2005, which applies to the U.S. federal regulatory review of an Alaska natural gas pipeline project and establishes a number of unique open season rules. One of the FERC Order 2005 requirements is for a pipeline proponent to submit its open season plan in advance for FERC review and public comment. If FERC approves the project's open season plan, the project proponent then finalizes its open season notice to be submitted to shippers. The actual open season must then run a minimum of 90 days.

Under this process, the Alaska Pipeline Project submitted its open season plan to FERC on January 29, FERC approval was obtained on March 31, and the project's open season commenced on April 30 and is expected to run through July 30, 2010. This open season process only applies to the portion of the project in the United States. A separate but coordinated open season is being conducted for the Canadian portion of the project under Canada's regulatory requirements.



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.

Reporting of Open Season Results

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.

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.



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 plans and actions. Open season and other information can be found on the project's website at www.thealaskapipelineproject.com, as well as FERC's Internet site.



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