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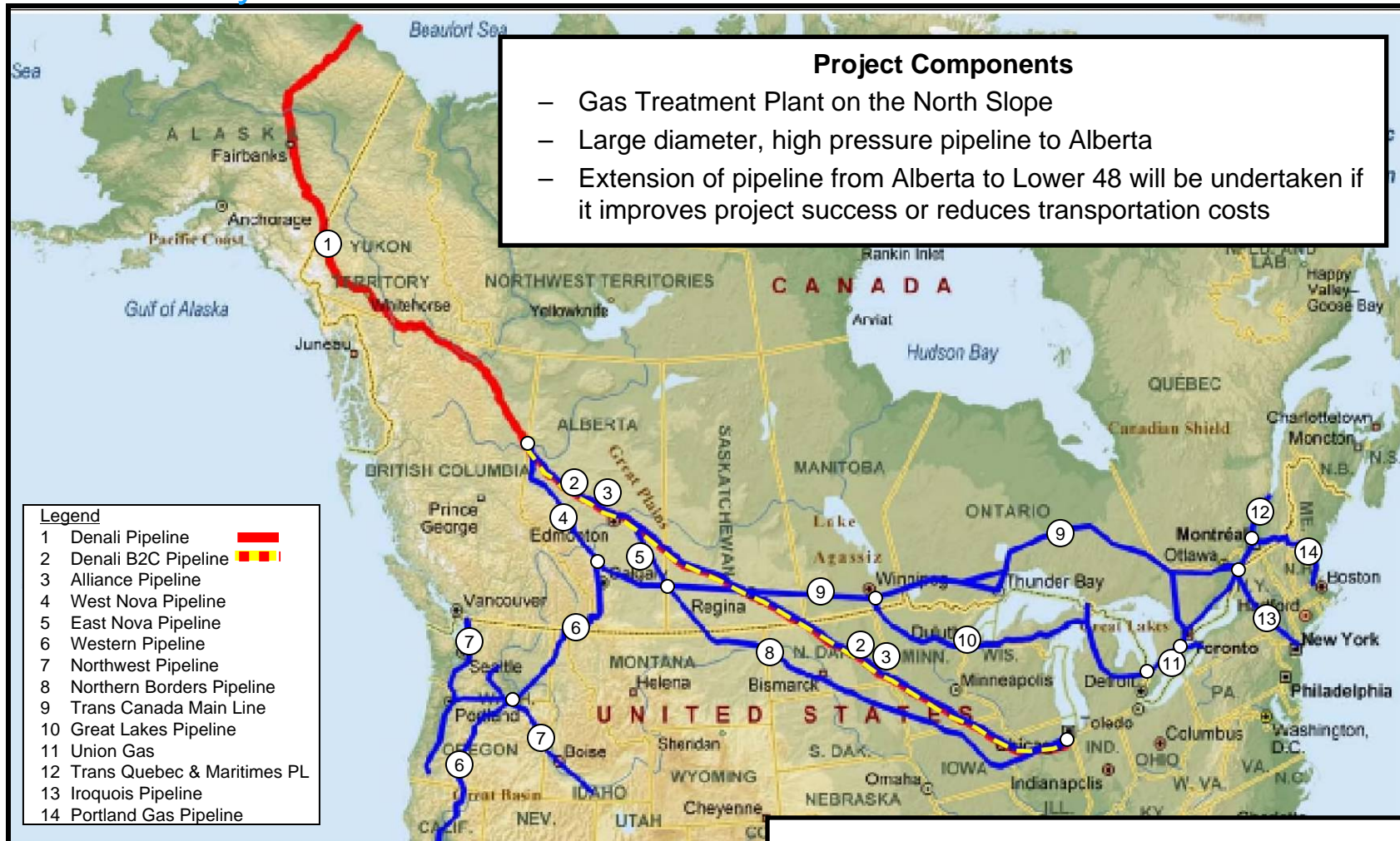
# Denali – The Alaska Gas Pipeline

- BP and ConocoPhillips have **joined to start** “Denali – The Alaska Gas Pipeline”
- Project headquarters in **Anchorage**
- **New company** formed to manage the project in Alaska; joint venture being formed in Canada
- Plan to **start open season** before year-end 2010
- Plan to **spend \$600 million** over 36 months
- Joint project **team mobilized**
- Field work **program underway**



# Denali Project

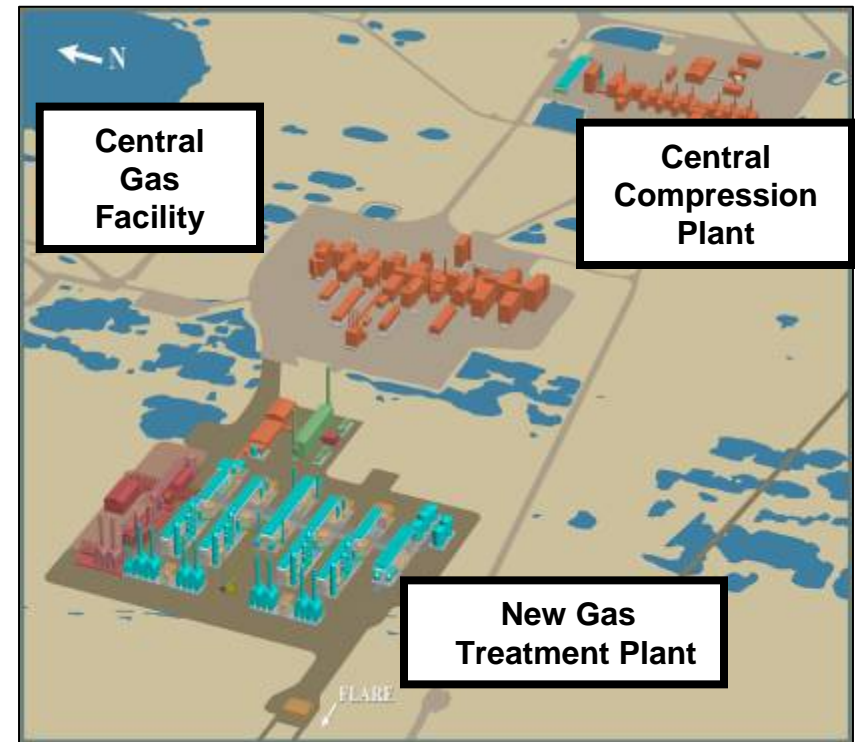
4 billion ft<sup>3</sup>/day to North American Consumers



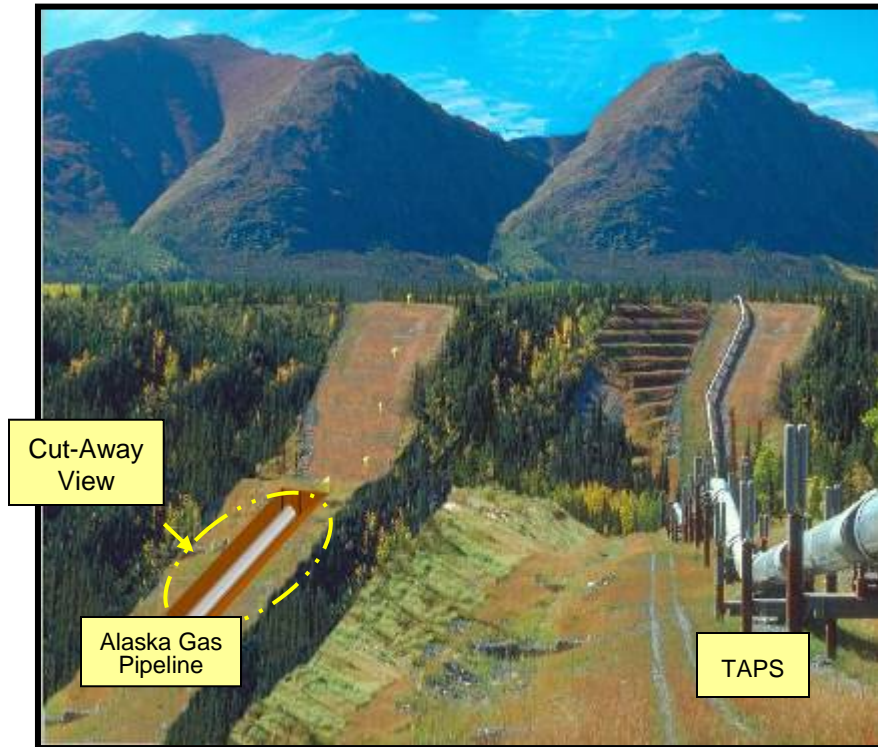
**How much is 4 billion cubic feet per day?**  
6-8% of US daily consumption

# Gas Treatment Plant

- **What** will it do?
  - Remove CO<sub>2</sub> and other impurities
    - CO<sub>2</sub> to be reinjected, reducing greenhouse gases
  - Dehydrate gas
    - Remove water
  - Compress gas
    - For pipeline pressure
  - Chill gas
    - Maintain permafrost
- **Where** will it be?
  - Located near the Prudhoe Bay facilities



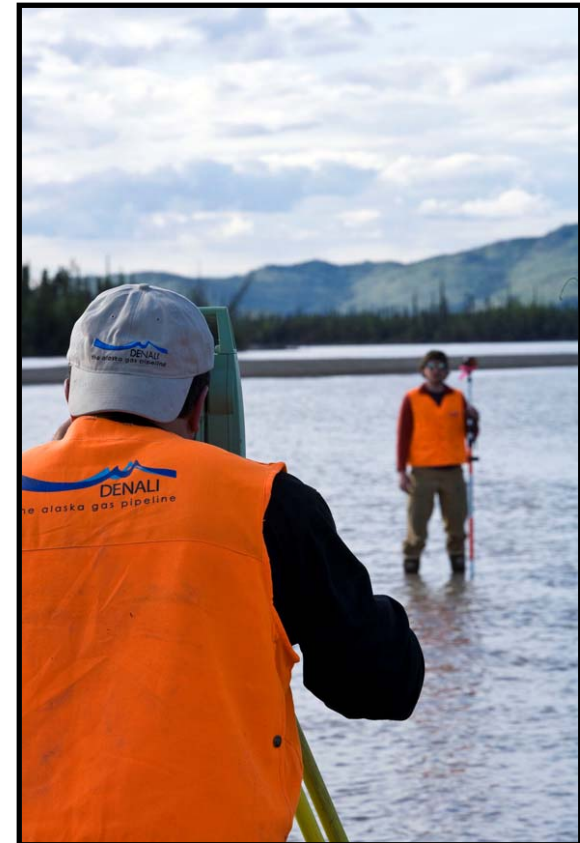
# Pipeline



- **What** is it?
  - Buried large diameter pipeline
  - Operates at ~ 2,500 psi
  - Compressor stations every 100 to 200 miles at >40,000 hp each
- **How big** is it?
  - About 2,000 miles to Alberta
    - ~2-3 million tons of steel
  - Possibly another 1,500 miles to US markets
    - ~2 million tons of steel

# Near Term Alaskan Programs

- Make available **\$30 million** to fund
  - Job Training Programs
  - In-State Gas Feasibility
  - Infrastructure Upgrade Studies



# Job Training

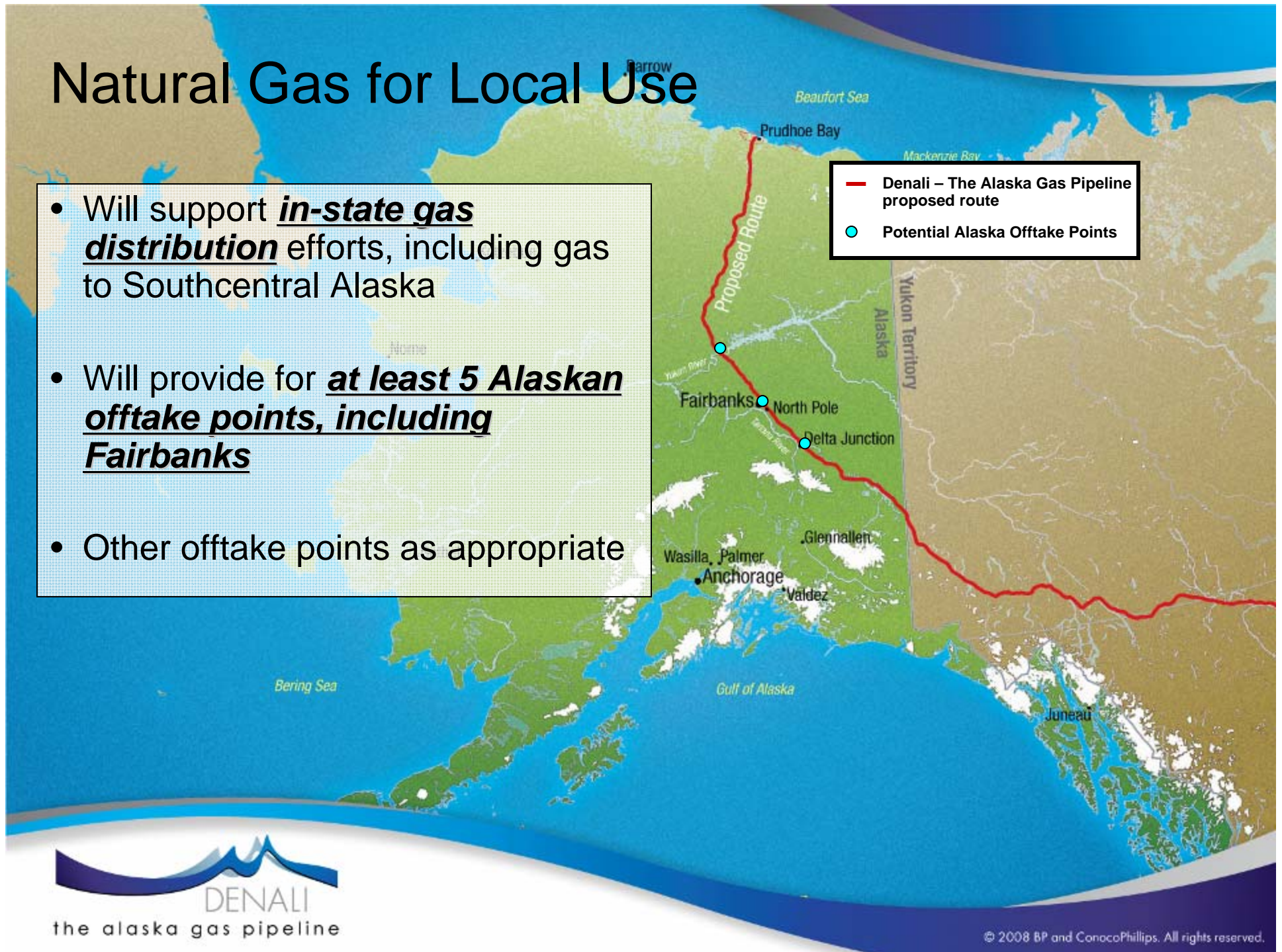
- **Our goal** is having a trained workforce for this project
- Owner companies support many **technical training** programs
- Committed to **train local residents** for this project



Denali's owner companies have demonstrated a long history of local hire, buy, and build. Denali will share that commitment.

# Natural Gas for Local Use

- Will support ***in-state gas distribution*** efforts, including gas to Southcentral Alaska
- Will provide for ***at least 5 Alaskan offtake points, including Fairbanks***
- Other offtake points as appropriate



# Infrastructure Upgrade Studies

- Roads
  - e.g. Richardson, Dalton, Haines, Elliot, & Alaska Highways
- Bridges
  - e.g. Steese, Glenn, Parks, Haines Highways
- Ports
  - e.g. Port of Haines



# Denali Terms of Service

- Denali will be an open access pipeline
- Rates will be distance-sensitive for local use
- Project design will provide for efficient expandability
- Denali plans to solicit customers for interest in expansion every two years
- Flexibility to use existing or new infrastructure out of Alberta

# 2008 Work



## Additional Work

- Perform route optimizations
- Conduct technical studies
- Make environmental assessments
- Prepare cost estimates & schedules
- Plan project execution

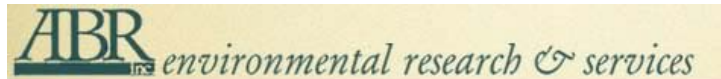
## Summer Field Work

- Wetland delineation
- Investigate archeological sites
- Identify previously impacted sites
- Investigate physical characteristics of stream crossing locations
- Collect technical data (geotechnical, hydrology, etc.)
- Perform route reconnaissance
- Shoot ortho-photography for alternative routes & logistics planning

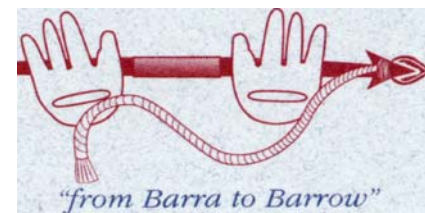


# Who's Working with Denali right now?

\$40 million to be spent on Summer Field Work.



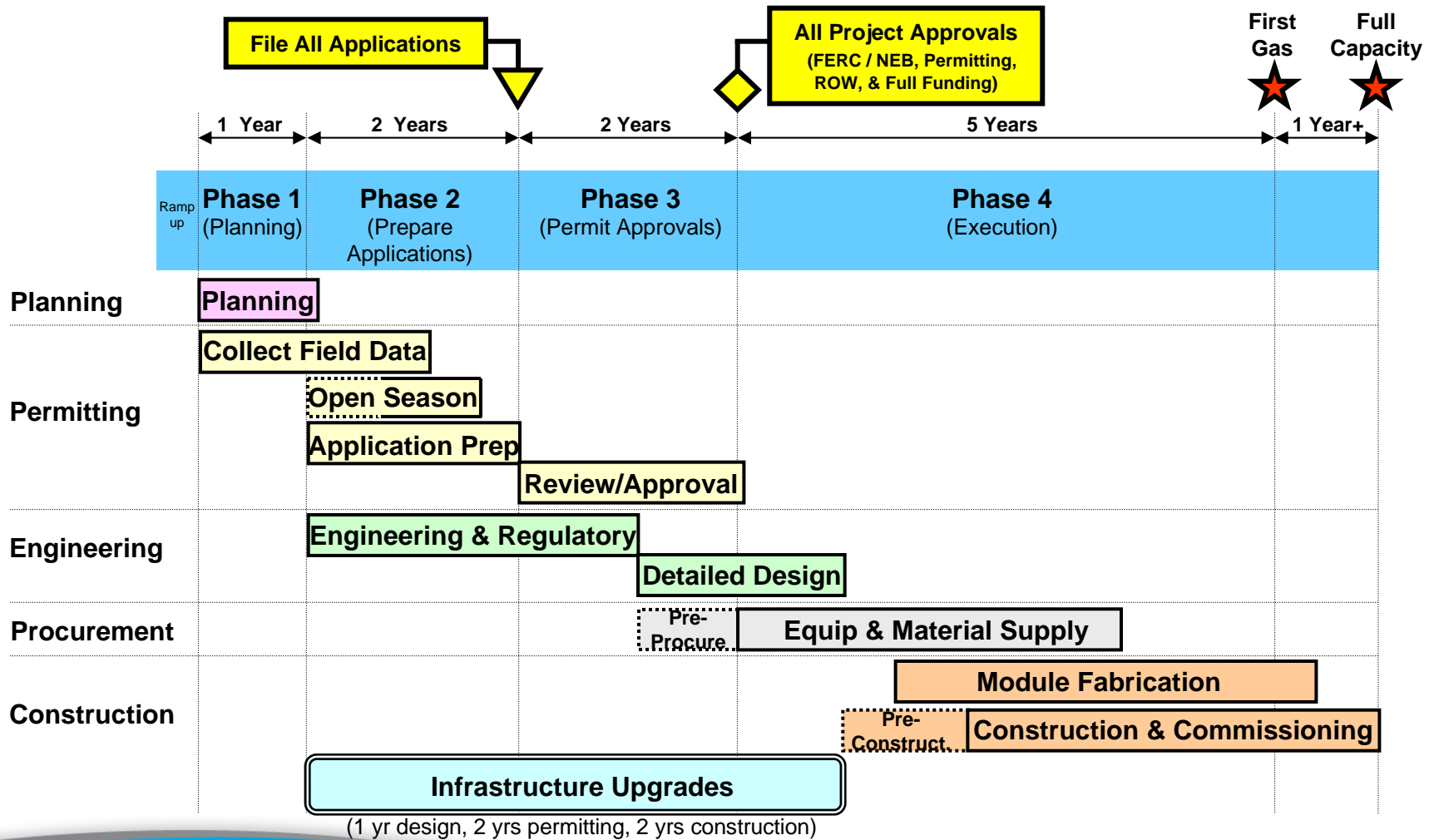
Tanana Chiefs Conference



Chumis Cultural Resources

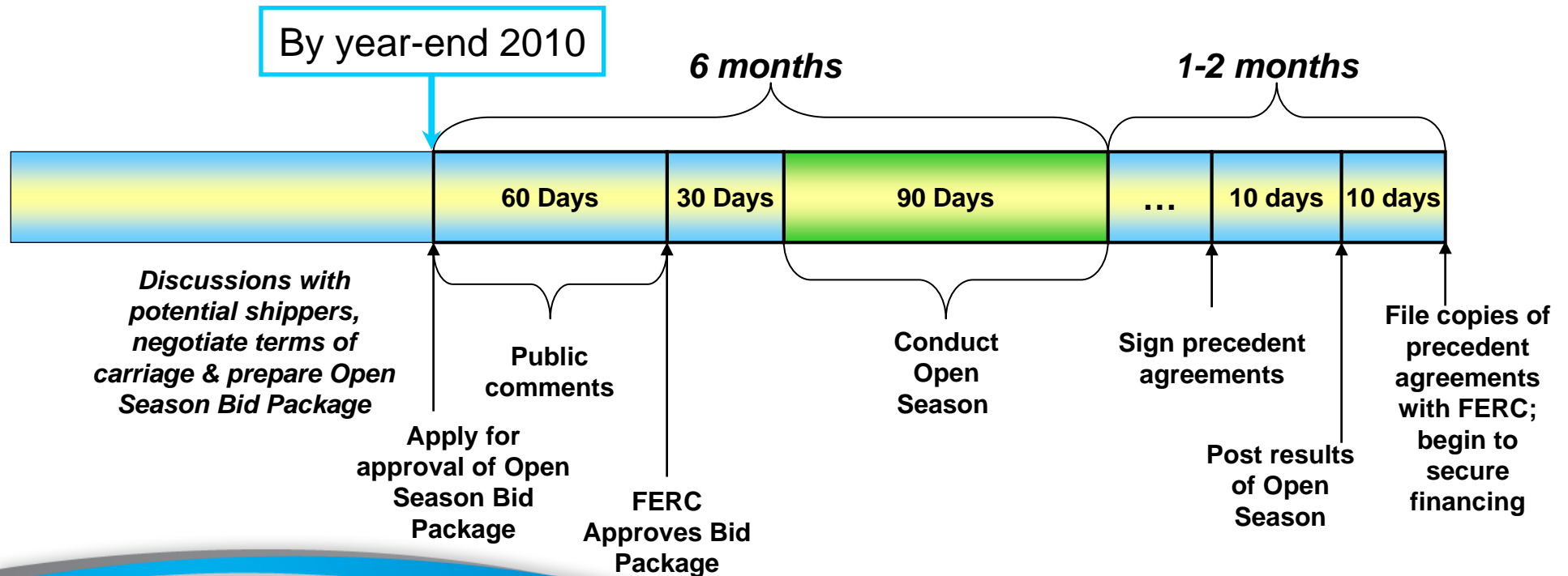


# Success Case Project Timeline



# Open Season

- Formal process regulated by the FERC in the US (NEB in Canada)
- Pipeline company seeks customers to make long-term firm transportation commitments to the project
- These contracts obligate customer to pay costs whether or not they ship or even own gas
- These contracts give banks the necessary confidence to lend money to the pipeline company



# BP & ConocoPhillips: Technical and Financial Strength

- Combined Pipeline experience
  - More than **50,000 miles** of oil & gas pipelines
- Solid technical capabilities
  - **Proven leaders** in pipeline technology development
  - Proven track record in the **arctic**
  - Proven ability to deliver challenging **world-class projects**
- Strong balance sheets
  - **More than \$300 billion** of combined market capitalization
  - Provide **financial strength** to support construction

# Denali Progress Continues . . .

- ◆ April 8 – Denali announced
- ◆ May 1 – Alaska summer field work permit applications filed
- ◆ May 27 – Alaska field crews mobilized
- ◆ May 31 – More than 20,000 person-hours worked
- ◆ June 12 – Denali president announced
- ◆ June 16 – FERC pre-filing request submitted
- ◆ June 19 - Tok field office opening
- ◆ June 25 – FERC approves pre-filing request



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DENALI

the alaska gas pipeline