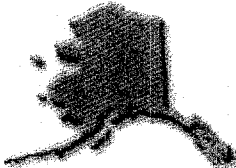


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A Chance to Banish the Fiscal Gap Exists Now by Strategically Seizing the Opportunity Presented by ANGDA Gas Pipeline

By Vern C. McCorkle

By a referendum vote in 2002, the people of Alaska overwhelmingly mandated the creation of the Alaska Natural Gas Development Authority (ANGDA) and charged it with building a gas pipeline from Prudhoe Bay to Valdez within the trans-Alaska oil pipeline right of way.

During the closing days of January, two applications to build gas pipelines were filed with the state: one from the big three North Slope producers (ConocoPhillips, BP Exploration (Alaska) Inc. and ExxonMobil Corp.) and the other from MidAmerica Holdings Co., a pipeline operator and gas/electrical service company that is controlled by billionaire investor Warren Buffet through his Berkshire Hathaway Inc. operation. Buffet is joined by Alaska's Cook Inlet Region Inc. and a combine of Alaska regional corporations known as Pacific Star Energy LLC.

The two applications are seen by those who understand such tactics as placeholders in the

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scheme of international energy politics. The worst of all possible scenarios for Alaska would be to simply stall any project until such time as it is more beneficial for the financial gains of the applicants, Alaska's interests unworthy of consideration.

While the two applications specify no timeline for gas delivery and do not in any way commit to building a pipeline, Alaskans have waited for nearly three decades to realize economic benefits from North Slope gas. In the meantime, Alaska has sunk deeper and deeper into fiscal crisis, short of money to fund most basic services that state governments are called upon to provide, such as public safety, education and general welfare.

Permitting, planning, engineering and eventual construction envisioned by the two applicants will require another decade (at least) to implement, and the financial return offered by both is far less than what can be realized under the ANGDA project, experts agree.

The matrix that is shown here is designed to outline primary differences between the three approaches to natural gas delivery and is based upon the latest available information from published reports, press releases and experts from all three entities.

ALASKA GAS PIPELINE PROJECT PROPOSALS COMPARED

PROPOSALS:	ANGDA-All Alaska Pipeline	BIG 3 North Slope Producers	MidAmerica Energy
ROUTE	Prudhoe to Valdez	Prudhoe to Alberta Canada then on to Chicago	Prudhoe to Alberta Canada then on to Chicago
DESTINATION	U.S. West Coast, Hawaii the Orient and Asia	Chicago and U.S. Midwest	Chicago and U.S. Midwest
VOLUME	2.2 Bcf/day expandable to 3.0	4.5 Bcf/day expandable to 6.0	4.5 Bcf/day
PIPE DIAMETER	36-inch	52-inch	48-inch
LENGTH	800 miles	3,600 miles through Alberta, Canada and on to Chicago	2,200 miles to Alberta, Canada
RIGHT of WAY OBTAINED	Yes	No. Need Alaska and Canadian government and tribal rights access. Will take years to get	Partial, through Trans Canada Ltd.
PERMITS GRANTED	All major permits in hand now	Canadian and tribal permitting. Will take three- five years, at earliest	Same as Big 3 producers. Will make "go/no-go" decision by 2007
COST	\$12 billion paid by revenue bonds, not state or taxpayer funds	\$18-20 billion, with U.S. taxpayer subsidies including Canadian and Lower 48 lines. Won't build without	\$6.3 billion to Trans Canada line at Canadian border
COST per ALASKAN	None	Partially subsidized by U.S. taxpayers	Undetermined except for U.S. taxpayer subsidies
AK JOBS DURING		Approximately 10,000 for	

CONSTRUCTION PHASE	10,000 for four years	two years and potentially some in Canadian portion and Lower 48 lines	Undetermined, but mostly Canadian portion and Lower 48 lines
AK JOBS AFTER CONSTRUCTION PHASE	600	100	100
\$ RETURN TO ALASKA*	Up to \$1.3 billion per year	Up to \$630 million per year if no Alaskan tax incentives	Up to \$630 million per year if no Alaskan tax incentives
BEGIN CONSTRUCTION	2006	No timeline and no commitment to build without U.S. subsidies	2009-2010 only if through put agreements can be negotiated with North Slope producers
BEGIN GAS FLOW	2009	Not before 2020	Not before 2010
SOUTHCENTRAL ALASKA GAS	With spur line from Glennallen to Palmer	Spur line from Delta or Fairbanks, but not committed to build	No present plans
COASTAL GAS	Yes	Not available with overland route	Not available with overland route
STATUTORIAL IMPEDIMENTS	None	1977 U.S./Canada treaty signed by President Carter giving Canada all gas transport rights and mandating Canadian Highway pipeline route would need to be amended. Also Canadian Native land claims settlements must be negotiated with numerous tribal organizations	Same as Big 3 North Slope producers

* Estimates as of 2004.

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