

PREBUILD

Project Overview and Gas Marketing Structure

The ANGTS Prebuild was constructed as the first phase of the total Alaska project. Operation of this system is based on the flow of Canadian gas exports, expressly commissioned to meet the short-term requirements of U.S. customers prior to the completion of the total ANGTS project.

Prebuild System

PROJECT PURPOSE

The Alaska Natural Gas Transportation System (ANGTS) will transport Alaskan natural gas by pipeline from Prudhoe Bay on Alaska's north slope, south across western Canada, to U.S. markets in California and the mid-western states. In doing so, the project will provide secure, long-term supplies of fuel for these areas.

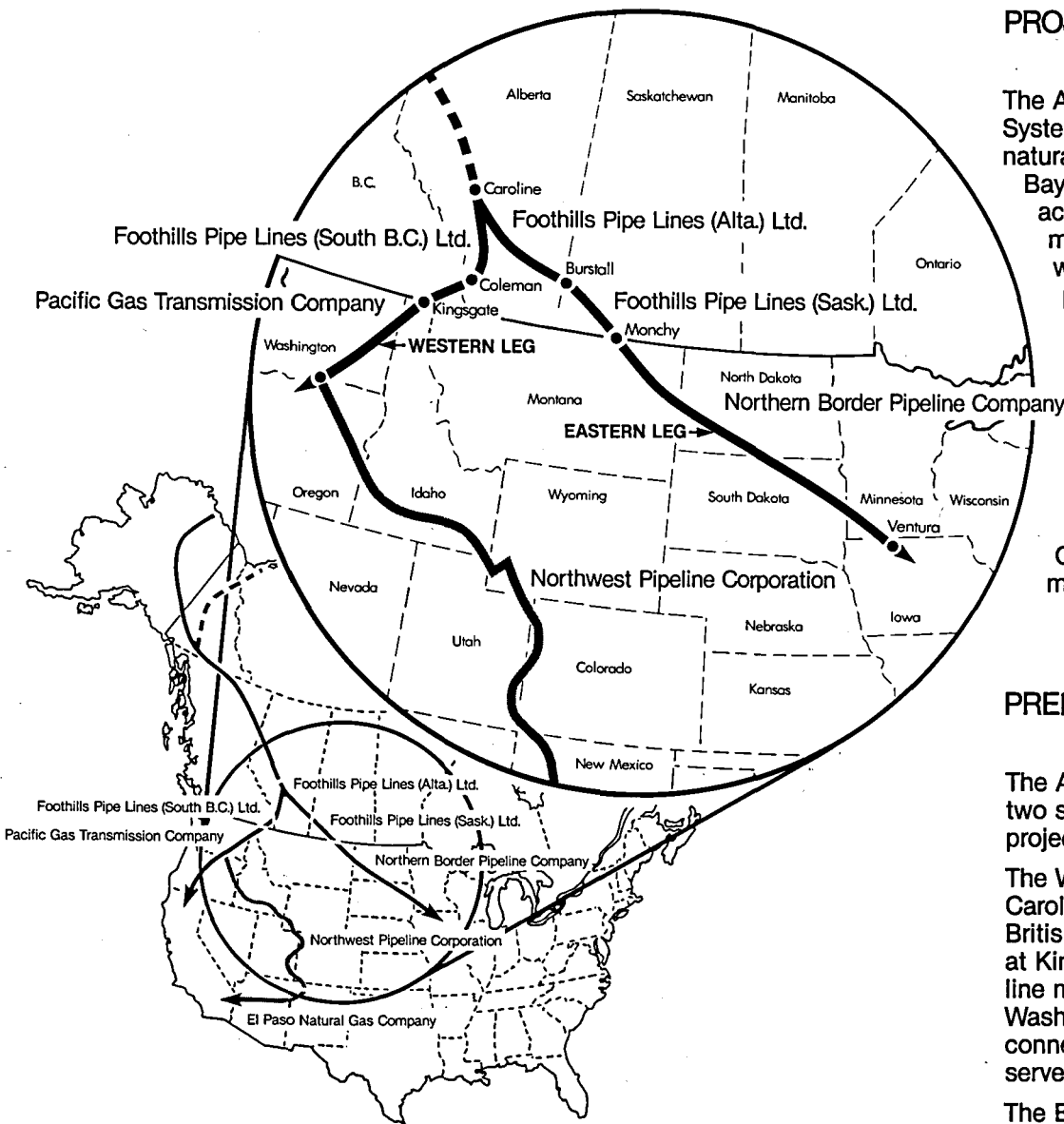
The Prebuild facilities were approved for construction as the first phase of the total ANGTS project and currently transport specifically approved short-term exports of Canadian natural gas to these market areas.

PREBUILD ROUTE

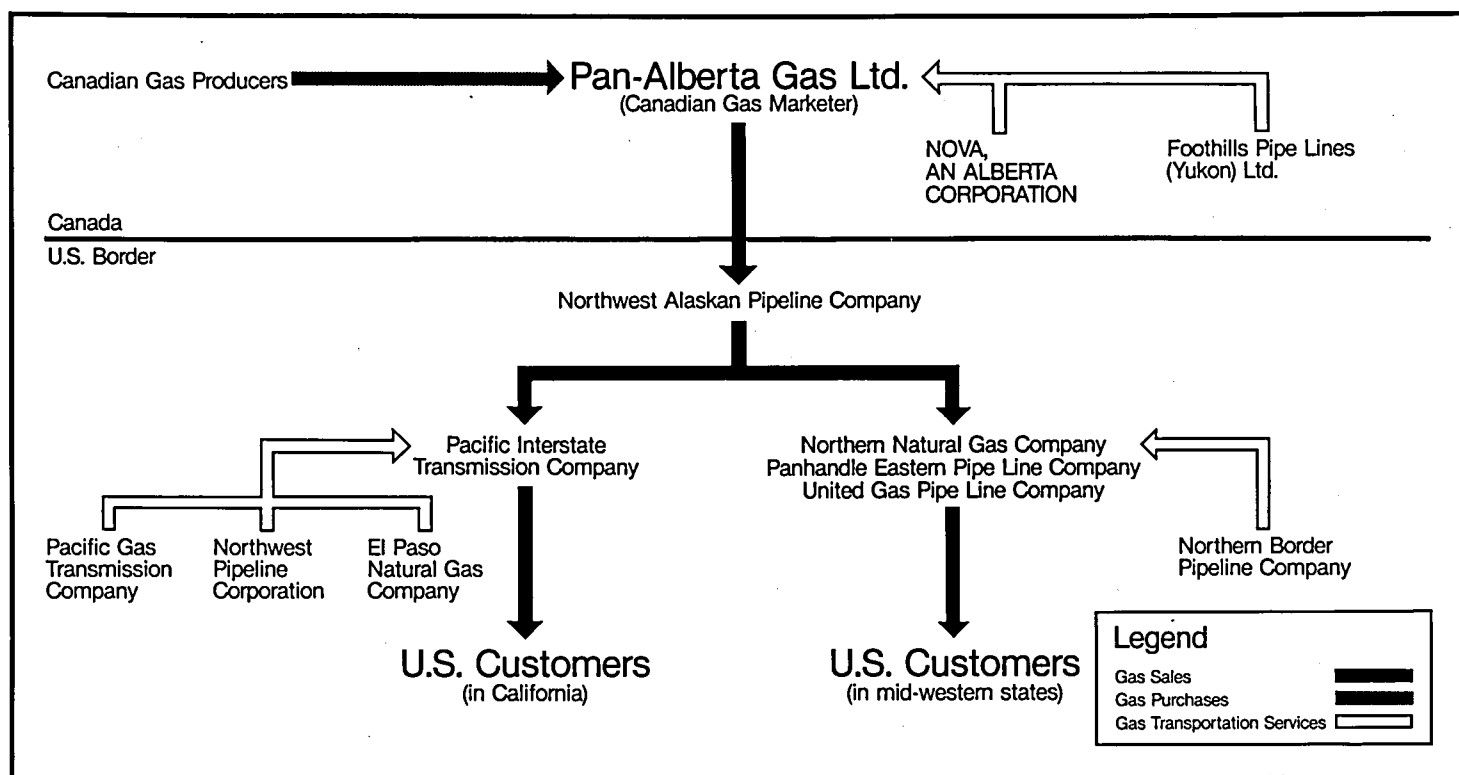
The ANGTS Prebuild consists of the two southern legs of the total ANGTS project.

The Western Leg runs southwest from Caroline through southern Alberta and British Columbia to a border crossing at Kingsgate. From the border, the line moves south through Idaho, Washington and into Oregon where it connects with existing systems to serve California.

The Eastern Leg extends from Caroline, Alberta, southeast through southeastern Alberta, into Saskatchewan and on to the Canada/U.S. border crossing at Monchy. From the border, the line proceeds through Montana; North and South Dakota, and Minnesota to Ventura, Iowa, where it connects to existing pipeline systems in the mid-western states.



Phase 1 Contractual Arrangements



GAS SALES

Pan-Alberta Gas Ltd. markets Canadian producers' gas to Northwest Alaskan Pipeline Company at the prevailing Canada/U.S. border price under two gas sales contracts.

Western Leg Contract

Under the first contract, Northwest Alaskan sells its imported gas to Pacific Interstate Transmission Company. Pacific Interstate in turn sells this gas to its customer at the California border.

Eastern Leg Contract

Under the second contract, Northwest Alaskan sells its imported gas to Northern Natural Gas Company, Panhandle Eastern Pipe Line Company and United Gas Pipe Line Company for subsequent resale in each company's respective market area.

GAS TRANSPORTATION SERVICE

Canadian Arrangements

Pan-Alberta has entered into service arrangements with NOVA, AN ALBERTA CORPORATION for the transportation of its contracted gas volumes from producers' facilities to the Foothills Pipe Lines (Yukon) Ltd. system in the province of Alberta. Pan-Alberta has also entered into service arrangements with Foothills for the continued transportation of its contracted volumes to the export points of Kingsgate, British Columbia, and Monchy, Saskatchewan, on the Canada/U.S. border.

American Arrangements

Western Leg

Pacific Interstate has entered into service arrangements with Pacific Gas Transmission Company, Northwest Pipeline Corporation and El Paso Natural Gas Company to transport its contracted quantities from the Canada/U.S. border to the California border.

Eastern Leg

Northern Natural, Panhandle Eastern and United Gas have entered into service arrangements with Northern Border Pipeline Company for the transportation of their contracted volumes from the Canada/U.S. border to the terminus of its system.

Chronology of Key Legislative & Regulatory Events

September 20, 1977

Canada and the United States sign "An Agreement on Principles Applicable to the Northern Natural Gas Pipeline."

November 2, 1977

Congress approves the Alaska Highway pipeline.

April 12, 1978

The Northern Pipeline Act is passed by the Canadian parliament establishing the certificate for construction of the Canadian segments of the Alaska Natural Gas Transportation System.

June 7, 1978

The Federal Energy Regulatory Commission (FERC) grants conditional approval to Northwest Alaskan for the importation of up to 1.04 bcf daily of Canadian gas to be shipped through southern portions of the Alaska Natural Gas Transportation System (Prebuild).

December 6, 1979

Pan-Alberta Gas Ltd. receives export authorization from the National Energy Board (NEB) totaling 1.8 tcf which is to be exported through the Prebuild facilities.

January 11, 1980

The FERC approves construction of a portion of the Western Leg of the Alaska Natural Gas Transportation System in the United States.

March 11, 1980

The NEB determines that the Prebuild facilities are not financeable based on presently approved export volumes of Pan-Alberta Gas Ltd. as stated by the United States buyers, Northern Border Pipeline Company, Pacific Gas Transmission Company and Foothills Pipe Lines (Yukon) Ltd.

April 28, 1980

The FERC approves, in principle, construction of the Eastern Leg of the Prebuild in the United States based on Canadian natural gas imports.

April 30, 1980

The NEB recommends Pan-Alberta Gas Ltd. receive additional export volumes totaling 499 bcf to support the Prebuild, subject to approval by the Governor-in-Council.

June 20, 1980

The FERC approves construction of the Eastern Leg of the Alaska Natural Gas Transportation System (Northern Border Pipeline Company) in the United States.

July 17, 1980

The Canadian government approves the construction of the Prebuild and authorizes the additional volumes recommended by the NEB on April 30, 1980, in support of the Prebuild.

October 1, 1981

Gas flow commences through the Western Leg of the Prebuild.

September 1, 1982

Gas flow commences through the Eastern Leg of the Prebuild.

Prebuild Facts

	EASTERN LEG		WESTERN LEG		
	CANADA	U.S.	CANADA	U.S.	
Owner	Foothills Pipe Lines (Yukon) Ltd.	Northern Border Pipeline Company	Foothills Pipe Lines (Yukon) Ltd.	Pacific Gas Transmission Company	Northwest Pipeline Corporation
Pipeline (mi.)	395	823	132	160	351
Pipe Size (in.)	42	42	36	42	24-36
Compressor Stations	4	2	N/A	N/A	N/A
Total Horsepower	125,000	33,000	N/A	N/A	N/A
Operating Pressure (psig)	911-1,260	1,260	911-1,260	911	400-600
Cost of Facilities	\$800 million (Cdn.)	\$1.3 billion (US)	\$200 million (Cdn.)	\$145 million (US)	\$178 million (US)
Canadian Gas Seller	Pan-Alberta Gas Ltd.		Pan-Alberta Gas Ltd.		
U.S. Customer	Northwest Alaskan		Northwest Alaskan		
Maximum Allowable Delivery	800 mmcf/day 975		240 mmcf/day 300 -5/22/87		
Total Authorized Volume	1,598 bcf		647 bcf		
Import Authorization Expires	November, 1988		November, 1988		

Note: Other export customers transport up to 175 mmcf/day on the Eastern Leg.

Phase 1 Ownership/Corporate Involvement

