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.
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 midwestern 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.
THE ALASKA NATURAL GAS TRANSPORTATION 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

<table>
<thead>
<tr>
<th>EASTERN LEG</th>
<th>U.S.</th>
<th>WESTERN LEG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pipeline (mi.)</td>
<td>395</td>
<td>823</td>
</tr>
<tr>
<td>Pipe Size (in.)</td>
<td>42</td>
<td>42</td>
</tr>
<tr>
<td>Compressor Stations</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Total Horsepower</td>
<td>125,000</td>
<td>33,000</td>
</tr>
<tr>
<td>Operating Pressure (psig)</td>
<td>911-1,260</td>
<td>1,260</td>
</tr>
<tr>
<td>Cost of Facilities</td>
<td>$800 million (Cdn.)</td>
<td>$1.3 billion (US)</td>
</tr>
</tbody>
</table>

Canadian Gas Seller: Pan-Alberta Gas Ltd.
U.S. Customer: Northwest Alaskan
Maximum Allowable Delivery: 800 mmcf/day
Total Authorized Volume: 1,598 bcf
Import Authorization Expires: November, 1988

Canadian Gas Seller: Pan-Alberta Gas Ltd.
U.S. Customer: Northwest Alaskan
Maximum Allowable Delivery: 240 mmcf/day
Total Authorized Volume: 647 bcf
Import Authorization Expires: November, 1988

Note: Other export customers transport up to 175 mmcf/day on the Eastern Leg.
## Phase 1 Ownership/Corporate Involvement

### Owners

<table>
<thead>
<tr>
<th>Project Subsidiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IN CANADA</strong></td>
</tr>
<tr>
<td>NOVA, AN ALBERTA CORPORATION 50%</td>
</tr>
<tr>
<td>WESTCOAST TRANSMISSION COMPANY LIMITED 50%</td>
</tr>
<tr>
<td><strong>IN THE UNITED STATES — WESTERN LEG</strong></td>
</tr>
<tr>
<td>PACIFIC GAS TRANSMISSION COMPANY</td>
</tr>
<tr>
<td>NORTHWEST PIPELINE CORPORATION</td>
</tr>
<tr>
<td>EL PASO NATURAL GAS COMPANY</td>
</tr>
<tr>
<td><strong>IN THE UNITED STATES — EASTERN LEG</strong></td>
</tr>
<tr>
<td>INTERNORTH, INC. 22.75% = ENRON</td>
</tr>
<tr>
<td>NORTHWEST ENERGY COMPANY 12.25% = THE WILLIAMS COS.</td>
</tr>
<tr>
<td>PANHANDLE EASTERN CORPORATION 22.75%</td>
</tr>
<tr>
<td>UNITED ENERGY RESOURCES, INC. 12.25%</td>
</tr>
<tr>
<td>TRANSCANADA PIPELINES LIMITED 30.00%</td>
</tr>
</tbody>
</table>