



PRIME MINISTER · PREMIER MINISTRE

OCT 23 2003

Dear Mr. Kvisle:

Thank you for your letter of August 8, 2003, regarding recent developments in the MacKenzie Valley and Alaska natural gas pipeline project. I apologize for the delay in responding.

I am pleased that TransCanada Pipelines Limited, the MacKenzie Producers and the Aboriginal Pipelines Group were able to reach a deal in June 2003 and proceed with the filing of the Preliminary Information Package for the MacKenzie Valley Pipeline project. I also acknowledge the role that TransCanada Pipelines Limited has played in reaching a commercial arrangement with the Aboriginal Pipeline Group and which has enabled the project to proceed. Canada has large energy resources and the development of the MacKenzie Valley Pipeline will be key to getting Canadian gas to market.

With respect to an Alaskan gas pipeline, the Government of Canada recognizes the history of the Alaska Natural Gas Transportation System, the benefits resulting from the construction and operation of the Prebuild, and the benefits for Canada that would be derived from the completion of the pipeline system under the *Canada-U.S. Northern Pipeline Agreement*. While the private sector is best suited to decide the timing of pipeline development, the *Canada-U.S. Northern Pipeline Agreement* and *Northern Pipeline Act* provide a framework which should enable industry to proceed expeditiously with the development of an Alaskan gas pipeline once timing is determined.

Mr. Hal Kvisle
Chief Executive Officer
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In a recent meeting with U.S. Secretary of Energy Spencer Abraham, I reinforced this message, indicating that the *Canada-U.S. Northern Pipeline Agreement* is in place and that given the benefits that would flow to Canada, we would prefer to work within that framework. When industry decides to continue with the construction of the Alaska Natural Gas Transportation System, the Government of Canada will meet its commitments to facilitate its planning and construction as provided for by the *Northern Pipeline Act*.

I appreciate your support for the development of the northern gas pipelines and continuing efforts to enable both projects to proceed.

In light of his responsibilities, I am forwarding a copy of our correspondence to the Honourable Herb Dhaliwal, Minister of Natural Resources, with copies for the Honourable Ralph Klein, Premier of Alberta.

Yours sincerely,


