



# Office of the Federal Inspector

## Alaska Natural Gas Transportation System

FA-1

1000 Independence Avenue, SW  
Washington, DC 20585

August 18, 1987

Memorandum for Nancy Risque  
Assistant to the President and Cabinet Secretary

From: Theodore J. Garrish *T. Garrish*  
Federal Inspector for the Alaskan  
Natural Gas Transportation System

Re: Economic Policy Council consideration of  
Alaskan natural gas exports

Prior to the recent EPC meeting to discuss the issue of Alaskan natural gas exports, the Office of Federal Inspector for the Alaskan Natural Gas Transportation System (OFI) requested that it be included in this meeting and be allowed to participate in discussions on this issue. This request was denied. The purpose of this memorandum is to seek reconsideration of that decision for similar meetings in the future and to be included on the circulation lists of policy papers related to this same issue.

The issue before the EPC is whether to allow the export of Alaskan North Slope natural gas to the Asian market. Under the governing statute, the President may approve such exports if he determines that exporting North Slope gas will not diminish the total quantity or quality or increase the total price of energy available to the United States. This issue bears directly on the activities of the Federal Inspector because the gas that could be exported pursuant to a Presidential determination involves the same gas resources and project area presently contemplated for the Alaskan Natural Gas Transportation System (ANGTS), the project for which the Office of Federal Inspector was created by statute to supervise and coordinate.

The statutory responsibilities implicated by this EPC issue stem from the Alaska Natural Gas Transportation Act (ANGTA) which authorized the ultimate selection of the ANGTS project to transport North Slope gas to the lower 48 states. The Office of Federal Inspector was created pursuant to this Act and implemented by Executive Order to coordinate and supervise all federal activities affecting the design, construction and initial operation of the ANGTS. This Office is an independent entity within the Executive Branch and reports directly to the President on activities related to the ANGTS project.

The approval of North Slope exports to the Asian market raises a number of issues which affect the ANGTS project. First, because the ANGTS project is designed to transport North Slope gas to the lower 48 states, an approval to export natural gas from the same resource area raises questions regarding the availability of resources for both domestic consumption and exports. Second, because the proposed system to transport the gas for export to the Asian market, the Trans-Alaska Gas System (TAGS), would be built along a substantial portion of the utility corridor now reserved for use by the ANGTS project, a decision to go forward with a plan to export North Slope gas will also raise questions with respect to the design and actual construction of the ANGTS. In essence, the ANGTS project and the TAGS export project share significant concerns with respect to resource availability and design and construction expectations.

In addition, these same issues have been a matter of concern to the Canadian Government which has communicated with the Office of Federal Inspector with respect to the TAGS proposal. The Canadian Government maintains a counterpart to the Office of Federal Inspector, the Northern Pipeline Agency, which works with OFI to address matters related to the ANGTS project. A decision to commit Alaskan gas reserves to a different project is a matter of deep concern to the Canadian Government which approved construction of the southern portion of the ANGTS system in Canada only after the United States made clear its commitment to complete the Alaskan portion of the system. This matter will be a subject of consultations between the U.S. and Canada in the near future and an issue of ongoing discussion between Canada's Northern Pipeline Agency and the Office of Federal Inspector.

The issue of North slope gas exports to Asia represents an issue that impacts substantially on the statutory duties and responsibilities of the Office of Federal Inspector. Although no meetings appear to be contemplated in the near future, issues relating to TAGS undoubtedly will arise at some later time. When that occurs, I respectfully request that OFI be allowed to participate in future meetings and consultations addressing this issue and that OFI receive all papers and documents that may be circulated as part of this process. Because of the background our office possesses on the issues before the EPC, I believe we can provide all concerned an important perspective that might not be available without our participation.

I would be happy to provide any additional information or briefings with respect to this issue. If I can be of further assistance, please contact me.

cc: Eugene McAllister