

Alaska LNG working to answer agencies' questions

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(This update, provided by the Kenai Peninsula Borough mayor's office, is part of an ongoing effort to help keep the public informed about the Alaska LNG project.)

Alaska LNG project teams are working to answer questions and fulfill requests for more detailed information from over a dozen federal and state agencies that submitted several hundred pages of comments for the teams to consider in their next round of draft "resource reports." The reports will be used to prepare the project's environmental impact statement.

The project's 2016 work plan includes gathering the necessary data and answering questions in preparation for submitting final environmental reports with the full application to the Federal Energy Regulatory Commission in the fourth quarter of 2016.

Preparing the reports for regulators — covering air quality, water, soils, safety, construction plans, community impacts and multiple other issues — is part of the \$230 million 2016 work plan approved Dec. 3 by Alaska LNG partners, which will include:

- Summer field work will continue along the 804-mile pipeline route from Prudhoe Bay to the proposed liquefaction plant at Nikiski on Cook Inlet. This would be the fourth summer in the field. Past work has included stream and wetlands surveys; drilling boreholes to learn about soils, ground stability and subsurface water; and looking for fault lines along the pipeline route. Alaska LNG is still determining where in the field its crews will be in 2016.
- Onshore geotechnical and geophysical work in the vicinity of the LNG plant site may include more boreholes, a groundwater hydrology study and a shallow seismic study — focused on learning more about ground characteristics to select the best layout for plant equipment and construction plans with the least environmental impact.
- Offshore work, similar to 2015 efforts, will provide more details about Cook Inlet current and sediment characteristics, to assist with marine terminal design.
- Developing the project's contracting strategy for front-end engineering and design work (FEED), with the FEED decision currently anticipated in the second quarter of 2017. FEED is a billion-dollar-plus commitment for final design, blueprints, contracting documents and permitting, providing sponsors with all the information they would need to make an investment decision on the \$45 billion to \$65 billion project.
- Evaluating a 48-inch-diameter gas pipeline, as requested by Alaska's governor to accommodate possible future gas production, as an alternative to the 42-inch line the project has studied and engineered during the past couple of years.
- Continued community engagement to share project information and answer questions from the public.

- Continuing with land acquisition to complete the LNG plant site in Nikiski. Alaska LNG has purchased or holds options on about 600 of the 800 to 900 acres needed for the plant and safety zone.

In addition to environmental studies, Alaska LNG project teams continue to look for opportunities to reduce costs in design and construction planning. Particularly in view of low global oil and gas prices, cost reduction is an important part of the work, Fritz Krusen, interim president of the Alaska Gasline Development Corp., reported to his board Dec. 18. The corporation represents the state's interests as a 25 percent owner of Alaska LNG.

Separate from its engineering work and completing reports for FERC, Alaska LNG in 2016 will continue evaluating options for relocating a portion of the Kenai Spur Highway in the vicinity of the plant site and marine terminal to address safety and traffic concerns. Alaska LNG anticipates community meetings in Nikiski in the spring/summer of 2016 to discuss possible next steps and route options.

LARGE VOLUME OF COMMENTS EXPECTED

A large volume and wide range of regulatory agency questions are common for big projects, so it's not surprising that a mega-project such as Alaska LNG would draw even more requests for information. The project's first draft reports to FERC in February 2015 came in at more than 3,600 pages, with the second draft — expected in the first and second quarters of 2016 — likely to be significantly thicker, followed by even more pages in the final reports toward the end of the year.

Some of the agency comments were site-specific suggestions, such as the recommendation from FERC staff after a summer driving tour of the pipeline route: "Alaska LNG should provide a visual impact mitigation plan (e.g., maintain a vegetative buffer strip between the Parks Highway and the pipeline) in the areas frequented by tourists and recreational users of the Denali State Park."

Some comments were more regional in nature, with FERC staff instructing that the resource reports address problems from increased recreational and hunting access to the North Slope due to "construction and maintenance of access drives from the Dalton Highway and material/equipment laydown areas near the highway."

Other comments from FERC applied to the entire length of the project, such as, "Air emissions must be included in Resource Report 9 associated with the large volume of [highway] traffic that would be generated by the project."

Those second draft reports, 13 in all, are expected in the first and second quarters of 2016, according to a November meeting between Alaska LNG and the Federal Energy Regulatory Commission, which will prepare the environmental impact statement that will be used by all federal agencies. The project is a business venture between North Slope producers ExxonMobil, BP and ConocoPhillips, and the state of Alaska, to move North Slope gas to global markets, loading 15 to 20 LNG carriers a month at the marine terminal proposed at Nikiski.

Federal and state agency comments in 2015 covered water and gravel sources for construction and operations; dredging to deepen shipping channels to bring in equipment barges; community and tourism impacts; additional traffic on roads; detailed river crossing plans; wetlands impacts; greenhouse gas emissions; even questions about how many tugs would be used for LNG carrier mooring and departures.

Agencies will file another round of comments after the second round of draft reports. If Alaska LNG stays on schedule, it intends to submit its final environmental and construction planning reports with FERC in the fourth quarter of 2016, along with its application to build and operate the pipeline, North Slope gas treatment plant and LNG facility. A decision on whether to proceed to construction could come after FERC issues its authorization, which is not expected before late 2018.

Over the course of this past summer and fall, FERC, other federal regulatory agencies and state agencies asked Alaska LNG to provide more details on a lot of subjects — including the following small sampling from hundreds of pages of comments. The project already has answered many of the questions, with its 2016 work to fill in the remaining gaps.

Agencies have asked for:

- A list of roads that would be used during construction, including any needed improvements, and an estimate of the number of truck trips required on each highway during construction for delivery of supplies and materials.
- A traffic control plan in the area of the LNG plant in Nikiski, with its limited number of access roads.
- Whether existing bridges and overpasses would be adequate to accommodate the transportation of materials to work sites.
- Specific information on which ports would be used for construction deliveries, including potential impacts on other users of the ports and whether any improvements would be required at the ports.
- Baseline information on air quality within 30 miles of any operating facilities that would be built for the project.
- How construction and operations could affect subsistence resources and activities for any communities within 30 miles of project facilities.
- Information on how the project might affect “cultural cohesion and dynamics” in small communities if villagers leave to work on the project instead of participating in subsistence activities.
- A discussion of the skills available among unemployed workers in each borough affected by the project.
- An estimate of what portion of the construction workforce would be current local residents.

- Expected impacts on housing prices and availability during construction.
- Descriptions of any major tourist attractions the project could potentially impact.
- Steps that would be taken to limit the spread of invasive plants during earthmoving along the pipeline corridor.
- A list of aquifers the pipeline and other project facilities would cross, and a list of private and public water wells within 150 feet of the project.
- More details on construction plans to avoid risk to the trans-Alaska oil pipeline in areas where the gas pipeline and oil pipeline would be close together.
- The expected number and horsepower of tugs that would be used in LNG carrier mooring and departure at the Nikiski marine terminal.

In addition to responding to regulatory agencies, the next round of Alaska LNG's resource reports will address concerns raised during the "scoping" period that closed Dec. 4, in which FERC asked the public what issues they want covered and questions they want answered in the project's environmental impact statement.

In a Dec. 18 filing with FERC, Alaska LNG responded to the scoping comments, noting that further details would be included in the resource reports in early 2016:

- Alaska LNG answered that it selected Nikiski as the preferred site for the liquefaction plant and marine terminal because: "The Nikiski site was found to be favorable in terms of level and accessible terrain, air permit considerations, access to existing infrastructure, and fewer potential conflicts with shipping than a Valdez area site." In addition, "pipeline constructability through the Thompson Pass and Keystone Canyon areas was also identified as a concern" with the pipeline route to Valdez.
- The project currently is not proposing to route the pipeline through Denali National Park, though some comments suggested that would be a better choice to avoid conflicts with tourist and local activities in the built-up area just outside the park boundary. Alaska LNG said the permitting requirements of the Alaska National Interest Lands Conservation Act are not practical for running the pipeline through the park.
- As to why the pipeline route does not veer east, bringing it closer to Fairbanks, where residents want access to the gas, the project told FERC that such a routing would run through additional wetlands and "an increased number of cultural resources," and would add costs.
- The project said it has not proposed building an LNG plant on the North Slope to avoid the 804-mile pipeline to Cook Inlet because: "Such an alternative is not operationally or economically viable," citing extreme weather and ice conditions on the North Slope, shallow nearshore waters, the need for costly and unique LNG carriers to operate year-round, and the significant higher costs of building and operating a plant on the North Slope than at the southern end of the state. In

addition, a North Slope LNG plant would eliminate the pipeline that could serve Alaska communities along its route.

- As to take-off points to provide in-state access to gas along the pipeline, including Fairbanks, Alaska LNG responded that the Alaska Gasline Development Corp. “is working to identify the location of technically and commercially feasible interconnection/access points.” State law directs the agency to work toward bringing natural gas to Alaskans.