



Published on *Arcticgas.gov* (<http://www.arcticgas.gov>)

Permitting History

Last Update: December 23, 2013

Any project as large and complex as a multibillion-dollar natural gas pipeline from Alaska's North Slope will require numerous federal, state and local permits just to begin construction. The goal of building a pipeline to move gas from the North Slope has been around since the 1970s, and a lot of progress has been made in recent years toward a large-diameter, large-volume pipeline from the North Slope to deliver Alaska gas to market.

The major North Slope producers ExxonMobil, BP and ConocoPhillips, and pipeline operator TransCanada, working in two separate teams (ExxonMobil/TransCanada and BP/ConocoPhillips) spent several hundred million dollars between 2008 and 2012 on preliminary environmental and engineering work, trying to put together a commercially viable project to pipe North Slope gas to North American consumers. However, the companies shut down their North American pipeline plans in 2011 and 2012 as it became clear that shale gas and other unconventional production would provide more than enough gas to meet the needs of North American markets. In early 2012, the companies combined forces and turned their attention to a project for a pipeline and liquefaction terminal to export North Slope gas to overseas markets.

Many of the permit requirements would be the same for a pipeline and liquefied natural gas export plant as for a pipeline to serve North American markets. This web page will serve as a guide to the National Environmental Policy Act and permitting efforts for an Alaska gas line project.

Congressional Action

In 2004, Congress passed the Alaska Natural Gas Pipeline Act of 2004 ^[1] which, to help expedite the permitting process, made several National Environmental Policy Act ^[2] decisions up front for a gas pipeline from Alaska's North Slope to the Canadian border.

The decisions in the 2004 pipeline act include:

- Mandating a single environmental impact statement for the gas pipeline project.
- Designating the Federal Energy Regulatory Commission ^[3] as the lead federal agency responsible for preparing the project's environmental impact statement. The project also would require a FERC-issued certificate of public convenience and necessity under the Natural Gas Act.
- Requiring federal agencies to work collaboratively with FERC during development of the

environmental impact statement and to rely on that review for their own project approvals.

Collaboration among federal agencies for this project is intended to ensure that the EIS is sufficient for each agency's unique needs, averting any additional work later in a supplemental document.

- Setting deadlines for the environmental impact statement and FERC certificate.
 - FERC must publish its draft impact statement 12 months after determining that the project application is complete.
 - FERC must issue the final environmental impact statement six months after the draft.
 - Within 60 days of publishing the final impact statement, FERC must decide whether to issue the project certificate.
- The provisions of the Alaska Natural Gas Pipeline Act of 2004 apply only to a project that moves North Slope gas to North American consumers. It will be up to Congress whether to amend the law to extend the provisions to an LNG export project.

Agency Interaction

In 2006, 15 federal agencies with roles and responsibilities relating to the pipeline project signed a [memorandum of understanding](#) ^[4], establishing a framework for cooperation on the project. Other relevant agencies were identified and added to the memorandum in 2010. The memorandum is intended to encourage continual agency interaction, such as monthly interagency meetings to discuss project status and other ways to identify potential permitting issues that could arise.

In an effort to educate the public about NEPA and the permitting process, the Office of the Federal Coordinator prepared a matrix of the major federal permits that may be required for an Alaska gas pipeline project. The office collected information from statutes, regulations, guidance materials and agency personnel to clarify the requirements of each permit or agency approval in the context of the FERC application, review and approval process. The matrix focused on a pipeline to serve the Lower 48 states. As the project developers have set aside that pipeline option while reviewing the alternative of a liquefied natural gas export project to Asia, the Federal Coordinator has revised the permits matrix to provide more generic information that would apply to an Alaska North Slope gas pipeline project. To learn more about how to use the permits matrix, [visit the instruction page](#) ^[5] or [go directly to the permits matrix](#) ^[6] to view the information.

Project Development Efforts

In 2007, as interest in a North Slope gas pipeline had been simmering for years, the Alaska Legislature passed the Alaska Gasline Inducement Act, providing incentives for a project developer. The major incentive provided up to \$500 million in state funding for pre-construction engineering, design and environmental work. The state awarded the development license to TransCanada in 2008. The AGIA license did not grant TransCanada an exclusive right to construct and operate an Alaska gas pipeline; only the exclusive right to state financial assistance.

Denali, a joint venture between BP and ConocoPhillips, formed in April 2008 and began engineering, design and environmental work on a gas pipeline project and discussions with federal permitting agencies. Denali worked the project for three years, including holding an open season to gauge shipper interest in using the line from the North Slope into Canada to serve North American customers. Denali pre-filed with FERC, under docket number [PF08-26](#) ^[7]. The Office of the Federal Coordinator compiled an

[implementation plan](#) ^[8] describing potential issues that could arise in permitting the project. However, citing unfavorable market conditions, Denali in May 2011 shut down the project.

Concurrent with Denali's efforts, ExxonMobil joined up with TransCanada under the name Alaska Pipeline Project. FERC on May 1, 2009, accepted the venture's request to start the pre-filing process under docket number [PF 09-11](#) ^[7]. The Federal Coordinator completed an [implementation plan](#) ^[8] in May 2010 for the Alaska Pipeline Project – just as it had for Denali – focusing on the issues that would need attention to ensure a successful permitting process. As the project continued, the Federal Coordinator provided status updates on the plan's [attention items](#) ^[9] through February 2012.

TransCanada/ExxonMobil held an open season in 2010 for prospective shippers on a pipeline to Canada and, unlike Denali, also included the option of a pipeline to the Alaska port city of Valdez for the potential export of LNG, whichever shippers would prefer. TransCanada/ExxonMobil negotiated with potential shippers but failed to reach any agreements and terminated its open season in May 2012.

TransCanada and the three major North Slope producers (ExxonMobil, BP and ConocoPhillips) in spring 2012 [agreed to work together](#) ^[10] to consider a pipeline from the North Slope to Southcentral Alaska, terminating at a liquefaction plant in Nikiski, on the Kenai Peninsula, where tankers would load cargoes of LNG for overseas markets.

The Alaska Natural Gas Pipeline Act of 2004 would not apply to an LNG export project, unless amended by Congress.

Start of the NEPA Process

As part of its pre-file process with FERC, TransCanada/ExxonMobil held 24 open houses across Alaska in March, April and May 2011 to explain the project to the public and take questions. The companies in 2011 submitted preliminary drafts of two of the project's resource reports, also as part of the FERC pre-file process. The preliminary draft documents can be found on our [Environmental Review Documents](#) ^[11] page. Based on that information, FERC was able to begin the formal NEPA process and, in August 2011, issued a [notice of intent to begin an environmental impact statement](#) ^[12] for a pipeline to the Canadian border. The formal scoping period to determine issues to be covered in the impact statement began Aug. 1, 2011, and ended Feb. 27, 2012.

The developer in January 2012 submitted to FERC the first draft of the full set of [11 required resource reports](#) ^[13] based on field work and input from the federal and state regulatory agencies. With the project information available for public and agency review, FERC held scoping meetings in seven communities across Alaska in January and February 2012. For more information about the scoping process and handouts from the scoping meetings, see our [Scoping page](#) ^[14].

After the close of the formal scoping period, FERC submitted [comments on the draft resource reports](#) ^[15] to TransCanada/ExxonMobil based on input from federal and state agencies and a [summary of comments received during the scoping period](#) ^[16]. The comments are to help the developer know where the gaps are in the draft reports, allowing time to complete the information for the final reports and application to FERC. A project applicant needs to address the issues raised in scoping sessions and draft resource reports, or risks delays in the NEPA process.

FERC will not move forward to the next step in its NEPA process until an applicant notifies the agency it is moving ahead with an Alaska gas line project .

TransCanada/ExxonMobil asked FERC to keep open its pre-filing docket while it considers the LNG option. This will enable the draft resource reports and other information in the public record to remain viable until the developer moves forward.

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Links:

- [1] <http://www.arcticgas.gov/ofc/statutory-authority>
- [2] <http://www.arcticgas.gov/Pipeline-project-would-get-multimillion-dollar-environmental-review>
- [3] <http://ferc.gov/>
- [4] <http://www.arcticgas.gov/sites/default/files/documents/2006-us-federal-agency-mou.pdf>
- [5] <http://www.arcticgas.gov/permits-matrix-instructions>
- [6] <http://54.201.246.59/OFCPortalApplication.Web/ReportsManager.aspx>
- [7] <http://www.arcticgas.gov/How-to-register-for-the-FERC-E-Library>
- [8] <http://www.arcticgas.gov/status-updates>
- [9] <http://www.arcticgas.gov/status-updates#attention>
- [10] <http://www.arcticgas.gov/alaska-lng-project>
- [11] <http://www.arcticgas.gov/environmental-review-documents#predraft>
- [12] <http://www.arcticgas.gov/environmental-review-documents#noi>
- [13] <http://www.arcticgas.gov/environmental-review-documents#drrjan12>
- [14] <http://www.arcticgas.gov/nepa/scoping>
- [15] <http://www.arcticgas.gov/environmental-review-documents#agency>
- [16] <http://www.arcticgas.gov/environmental-review-documents#scoping>