

STATEMENT OF INTENTION BY PRUDHOE BAY
PRODUCERS AND SPONSORS OF NORTHWEST
ALASKA

Joint Statement of Intention

Atlantic Richfield Company, Exxon Corporation, and Sohio Alaska Petroleum Company (the Producers), and Alaskan Northwest Natural Gas Transportation Company, a partnership (Alaskan Northwest), enter into this Joint Statement of Intention at the request of the United States Department of Energy.

Preliminary Recitals

The Producers and Alaskan Northwest have a common interest in the efficient and cost-effective construction and operation of the Alaska Natural Gas Transportation System (ANGTS) including the conditioning plant at the earliest practicable date. Alaskan Northwest has developed a construction schedule for the ANGTS which would result in completion of the system in 1985.

The facilities to be constructed in the State of Alaska which are necessary to placing the ANGTS in service require immense capital investment, and private sector lenders who will be asked to advance funds for the construction of Alaskan facilities will require reasonable assurance that the facilities will be completed and placed in service, and their debt serviced.

The President's Decision and Report to Congress describes the plan for private financing of the ANGTS to be implemented by Alaskan Northwest. Alaskan Northwest has indicated that the Alaskan segment of ANGTS can be financed in the private sector, if there is meaningful participation by the Producers in the financing structure. The Producers have indicated willingness to participate in a substantial way with Alaskan Northwest in the financing of the Alaskan pipeline and conditioning plan upon reasonable terms and conditions, provided they are not placed in the position of becoming, in effect, the ultimate guarantors of completion of the ANGTS and provided that their financial exposure is effectively limited.

In an effort to move forward in surmounting the acknowledged difficulties presented by this project, the parties have entered into a Cooperative Agreement for continued design and engineering of the Alaskan gas pipeline and the conditioning plant which will prepare natural gas produced from the Prudhoe Bay unit of Alaska for transmission through ANGTS.

Statement of Intention

It is the mutual objective of the Producers and Alaskan Northwest that the ANGTS be completed and placed in service at the earliest practicable date, and, accordingly, the producers and Alaskan Northwest intend to use their best efforts, on a joint and cooperative basis, to expedite design, engineering and cost estimation.

The Producers, together with their advisers, will work with Alaskan Northwest in an effort to develop its financing plan in such time and manner so that necessary governmental approvals may be obtained and construction commenced and completed as scheduled by Alaskan Northwest.

It is recognized that in order for the financing plan to be acceptable to the financial community the project must be economically sound and the financing plan must accommodate reasonably desired protections for the interests of potential lenders. If the parties, or any of them, conclude that alternative approaches in financing, or waivers of law under the Alaskan Natural Gas Transportation Act are necessary to effectuate a feasible and effective plan of financing, such party or parties may develop alternatives and advise appropriate authorities of their conclusions.

This statement of intention shall be signed after approval thereof by the Department of Energy and the Department of Justice.

IN WITNESS WHEREOF, the parties have executed this Statement on June, 1980.

Original Signed
June 19, 1980

Concurrent Resolution Expressing the Sense of Congress
Regarding the Importance of the
Alaska Natural Gas Transportation System

Whereas, the Alaska Natural Gas Transportation System is a critically important energy project that will tap Alaska's North Slope natural gas reserves which constitute more than ten per cent of this nation's entire proven natural gas reserves;

Whereas, the System, when complete, will supply the United States with five per cent of its annual natural gas demand, displacing over 400,000 barrels of oil thereby greatly reducing this nation's excessive dependence on foreign oil;

Whereas, the Congress has already expressed its overwhelming support for the System in approving by joint resolution the President's 1977 *Decision on the Alaska Natural Gas Transportation System*;

Whereas, a portion of the System known as prebuild can be constructed by the end of 1981 to bring Canadian gas to this nation until the entire system is complete in 1985;

Whereas, pre-build will contribute to completion of the entire system by spreading demand for capital, labor and materials over several years, and will enable this nation to obtain Canadian natural gas to displace 200,000 barrels of foreign oil a day;

Whereas, the Federal Energy Regulatory Commission has issued decisions granting certificates for the prebuild facilities in the United States;

Whereas, the Sponsors of the Alaskan segment of the system and the North Slope natural gas producers have entered into an agreement to fund and manage jointly the design, engineering and cost estimation for the Alaskan segment and have