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FOR IMMEDIATE RELEASE • October 2, 2003

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Yet Another Opportunity to Sell Alaska's Natural Gas

Opposition by Governor and Legislature threaten voter-approved gas line

ANCHORAGE – The State of Alaska may be missing the economic opportunity of a generation. While the Murkowski administration and the GOP's legislative leaders wait on energy legislation from Washington D.C. to provide incentives for an Alaska Highway natural gas pipeline through Canada, Alaska's natural gas has yet another offer for purchase in the form of liquefied natural gas.

"I can walk and chew gum at the same time," said Representative Eric Croft (D-Anchorage), "so why can't this administration handle LNG and a gas pipeline?"

The Alaska Natural Gas Development Authority (ANGDA) last month received a proposal from Mitsubishi Corp., the largest marketer of natural gas in the world, for the purchase of 1.0 billion cubic feet (bcf) per day of Alaska's stranded natural gas reserves. A Memorandum of Understanding (MOU) from Mitsubishi was delivered to ANGDA on September 19 and is being considered by the board. This proposal comes on the heels of a proposal from Sempra Energy to allocate 1.0 bcf/day of Alaska gas for supply to the California market. Together, these two proposals could market most of the 2.3 bcf/day capacity of the all-Alaska gas pipeline proposal, says Croft, but ANGDA does not have the resources to adequately investigate the offers.

"These two proposals show there is a market for our gas," said Croft. "Our country and the world need a reliable supply of clean-burning energy, we in Alaska have it, and the voters have created the mechanism to deliver it to market."

But there is a chance these LNG proposals are falling on deaf ears.

The Murkowski administration has consistently opposed the all-Alaska route for the gas pipeline and hindered the efforts of the voter-approved ANGDA. The Murkowski administration originally proposed zero funding for ANGDA. Rep. Jim Whitaker (R-Fairbanks) inserted \$1.3 million for the authority at the finance subcommittee level that was later changed to \$130,000 at the request of the Murkowski administration. This level of funding is clearly inadequate for the studies and due diligence needed on this project. The authority has requested emergency funding to address the Sempra and Mitsubishi opportunities and is waiting on a response from Senate President Gene Therriault (R-North Pole).

"The next month is crucial," said Croft. "If the authority continues to be starved for funding and the Legislature refuses to act, then the best opportunity to market our gas in the last 20 years will slip through our fingers. We should act and act now."

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