

## **Stranded Gas Hearings**

(0409011115 Minutes)

### **The Advantages and Disadvantages of State Ownership of an Interest in the Pipeline**

*Martin Massey, Joint Interest Manager for U.S. Operations, ExxonMobil Production, on behalf of BP, ConocoPhillips, and ExxonMobil, September 1, 2004.*

MARTY MASSEY, Joint Interest Manager US, ExxonMobil Production Company, ExxonMobil Corporation, informed the committees that in his position he is responsible for the commercialization of ExxonMobil's gas resource in Alaska. Mr. Massey paraphrased from the following written testimony [original punctuation provided]:

Today I have been asked by ExxonMobil, BP and ConocoPhillips to provide testimony to you on behalf of those three companies on the topic of possible State ownership in the gas pipeline project. Joining me today is Richard Guerrant. Richard is Vice-President Americas in the ExxonMobil Gas & Power Marketing Company. He has been involved in worldwide natural gas marketing for 20 years. Richard will provide testimony on behalf of all three companies on industry trends of natural gas and natural gas liquids commonly called NGLs.

Before I turn it over to Richard, let me begin with a few remarks on State ownership in the gas pipeline project. As you know ExxonMobil, BP and ConocoPhillips submitted an application under the Stranded Gas Development Act in January of this year. That application was accepted and the producers, now referred to as the Sponsor Group, and the State are now in negotiations on a fiscal contract. The Governor and his staff have indicated an interest in evaluating the State taking its gas in kind and owning an interest in the gas pipeline project. This approach has the possibility of providing greater alignment between State and Sponsor Group interests. It would also facilitate the State's use of its gas to meet in-state demand as well as provide a source of revenue should the State decide to make the investment. At this point we are in the early stages of discussion with the State and both the Sponsor Group and the State are currently evaluating this possibility. However, much work remains to be done regarding the feasibility of this approach and it is premature to draw any conclusions at this time. Since this is a part of the current negotiations, it is not appropriate to comment on specifics that are being discussed. However, the Sponsor Group is encouraged that the Governor and the Commissioners are focused on negotiating the fiscal contract with the Sponsor Group.