



ABORIGINAL PIPELINE GROUP FACT SHEET PUBLIC INFORMATION

1. TOTAL PROJECT CAPITAL COSTS (\$2006)

- a. Mackenzie Valley Gas Pipeline (1200km 30 inch diameter pipe from Inuvik Facility to NWT/Alberta border) **\$7.8 Billion**

- b. Inuvik Facility (processing plant that separates liquids from the natural gas and prepares the natural gas for shipment) **\$1.2B**

Gas Gathering System (series of pipe that transports the natural gas and liquids from the Anchor Fields to the Inuvik Facility) **\$1.35B**

Liquids Line (450km 10 inch diameter pipe from Inuvik Facility to Norman Wells) **\$0.95B**
\$3.5 Billion

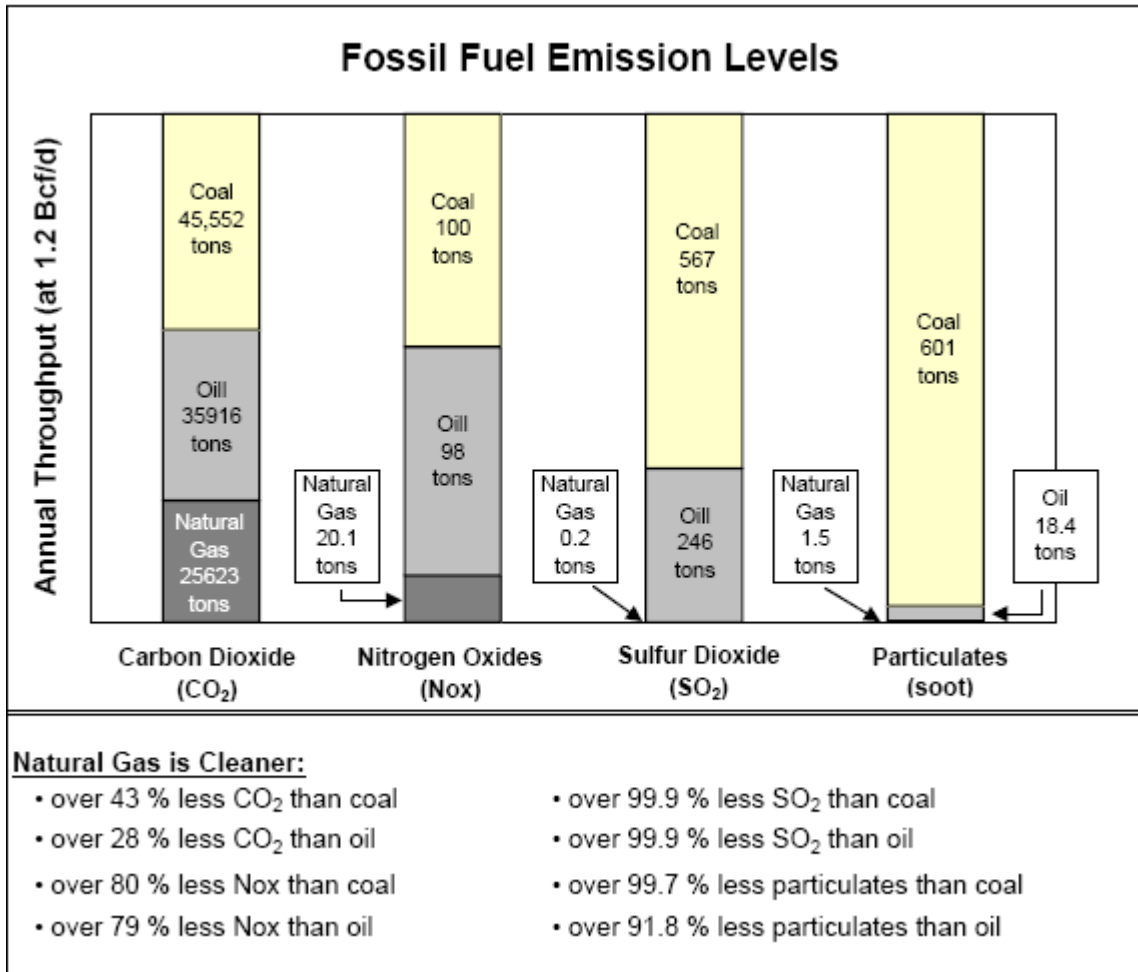
- c. Anchor Fields (Taglu – Imperial Oil, Parsons Lake – ConocoPhillips & ExxonMobil, Niglintgak – Shell), **\$4.9Billion**

TOTAL MGP COST **\$16.2Billion**

2. ENVIRONMENTAL BENEFITS

Natural gas is the cleanest burning fossil fuel, so the MGP is a part of the climate change solution. Many advanced economies (France, Britain, and Ontario) are moving away from carbon intensive fuels like coal and oil. Natural gas emits 30% less CO₂ than oil, 45% less CO₂ than coal.

Power generation is the largest growth market for natural gas in North America. Assuming the MGP displaces 50% coal and 50% oil in this market, the Mackenzie Gas Pipeline will reduce greenhouse gas emissions by over 40 tons per day. In addition, sulphur emissions will be reduced by over 400 tons annually. The Mackenzie pipeline can play very significant role towards meeting Canada's environmental goals.



3. OWNERSHIP

APG's ownership in the MGP is currently based on attracting incremental shippers to the Mackenzie Valley Gas Pipeline, increasing throughput from the Anchor Producers' daily production of 830,000 cf/d to a total of 1.2 bcf/d. At 1.2 bcf/d APG would continue to own 33.33% of the Mackenzie Valley Gas Pipeline. The Project ownership is as follows:

Project Proponent	Percent Ownership	Capital Costs
Aboriginal Pipeline Group	33.33%	\$2.6B
Imperial Oil	34.40%	\$2.7B
ConocoPhillips Canada	15.70%	\$1.2B
Shell Canada	11.40%	\$0.9B
Exxon Mobil Canada	5.20%	\$0.4B

4. RESTRUCTURING

Minister Prentice's challenge was to re-invent the Project to become more user-friendly and basin-opening. He outlined 5 key principles of a Mackenzie Gas Project:

- a. Must be driven by private, free-market forces and competitive with alternative gas supply options
- b. Must be designed and regulated as a basin-opening infrastructure investment
- c. Must satisfy the public interest tests (regulatory approvals)
- d. Must result in tangible benefits for both Northerners and Canadians in general
- e. The participation of APG is essential

The objective is to offer every producer the same toll and tariff structure to ship their product south. With a pipeline in place to ship their product to market, exploration companies will be incented to spend capital for exploration in the NWT.

Shipping tolls must be affordable; low enough to attract the incremental volumes needed to fill the pipeline to capacity (1.2 bcf/d at present design). The pipeline will open up new basins (areas) to connect to the North American Pipeline grid, and deliver an economic stimulus to the Mackenzie Delta and Valley providing long-term business and employment opportunities.

APG, along with the other MGP proponents, has been working steadfastly on various economic models that take into consideration today's economic climate, the major lending institution's rates, and the forecast price of natural gas. The Project is working towards providing shipping tolls that are competitive in today's (and the future's) natural gas markets.

The benefits of this Project will be felt Canada-wide. Hundreds of thousands of jobs involved in providing the goods and services to the Project will be required, along with the thousands required to construct the various proponents of the Project over 3 winter seasons.

5. NEED FOR THE PROJECT

Recent discoveries of shale gas in North America have brought into question the viability of both the MGP and the Alaska Natural Gas Pipeline. While the amount of recoverable shale gas dwarfs conventional reserves including northern gas, the cost of producing these shale gas fields remains high. APG hired Ziff Energy, a leading North American Energy Analyst, and their conclusion is that both Northern Pipelines are needed. Based on their study Ziff also identified high decline rates for shale gas wells. Considering the high decline rates currently

being experienced in our conventional production, and the even higher decline rates for shale production, we are convinced that both Northern pipelines will be needed to meet the forecast demand for this environmentally preferred fossil fuel.

6. ALASKA

There are two competing projects currently on the go in Alaska:

- Alaska Highway Pipeline Project (TransCanada): The Alaska State Government legislated the Alaska Gas Inducement Act (AGIA) to pursue tapping into the gas reserves in Prudhoe Bay. TransCanada was awarded the contract and their proposal is to develop the Alaska Highway Pipeline project. In 2009, ExxonMobil and TransCanada announced an agreement to work together on the development of the proposal. TransCanada will request interest from potential shippers (open season) sometime in 2010. TransCanada continues with the Pre-filing process for its project with the Federal Energy Regulatory Commission, and an application to the regulators has not been made yet.
- Denali Pipeline (ConocoPhillips and BP): Denali is developing a similar proposal for a pipeline down the Alaska Highway. Denali continues with the Pre-filing process for its project with the Federal Energy Regulatory Commission, and has not applied to the regulators yet. Denali has also scheduled an open season in 2010.

Both projects are contemplating in-service dates around 2018-2020. If there are further delays with Mackenzie, the MGP construction window could collide with the Alaska projects. Both Alaska and MGP pipelines are too big to be constructed at the same time (not enough equipment for both and costs would increase for both projects).

7. PRESENT REGULATORY TIMELINE (Subject to change)

- a. JRP Report – December 2009
- b. NEB Final Hearings – April 2010
- c. Government Response to the JRP Report – August 2010
- d. NEB Decision – November/December 2010

8. PROJECT TIMELINE

Project is currently in “Regulatory Only mode”. Engineering, geotechnical and other project work are required before a decision to construct is made. This work will not be started until a fiscal deal with Government is completed. If a fiscal deal were completed in Jan 2011 and the project restarted, APG predicts the most optimistic case for a Decision to Construct is early 2014 and in-service in 2018.