

Energia Cura Press Release No. 2
September 8, 2010
Fairbanks, Alaska

Energia Cura Announces Interior Gasline Details

Energia Cura released additional details on the Fairbanks Pipeline Company's proposed natural gas pipeline at the August 31st FEDCO meeting in Fairbanks. EC partner, Alex Gajdos, stated that FPC is proposing a 10-inch pipeline from Prudhoe Bay to Fox, Alaska. Its construction cost is estimated at \$500 million and projected to collectively save Interior communities and businesses at least \$1.72 billion in energy costs across all electric meters, fuel oil and natural gas purchases over twenty years. A secondary transmission network comprised of 5" high pressure, steel coiled flow-lines is planned to emanate from FPC's Fox terminus. These secondary segments will have moderate and discrete costs of service stemming from relatively short distances required to interconnect the Interior's major load centers and Fairbanks Natural Gas to FPC's primary transmission segment.

Early hydraulic and economic simulations demonstrate the price for FPC's proposed bundled services (cost of transportation plus the cost of gas) will be less than \$10/mcf when landed at the Fox terminus and when conservatively estimating that 12 Bcf/year will be nominated during FPC's non-binding open season. FPC's projected rate is half that now paid by the Interior's major load centers and less than half that of FNG's \$24/mcf residential rate for its LNG-sourced natural gas. FPC's base case hydraulic and economic simulations were completed after Energia Cura recently conducted a power evaluation study for a new gold mine proposed in Livengood, Alaska. The mine's load prospectively adds a minimum of 2.8 Bcf/year of gas to the Interior's current energy demands under its low-load evaluation scenario.

FPC's final design and gas pricing depend upon responses obtained in its non-binding open season that closes the first of next month. Indicated volumes greater than used in Energia Cura's base case of 12 Bcf/year throughput will result in lower prices. Conversely, lower volumes requested will result in higher prices. FPC's base case simulations for its bundled services (transportation and gas) include discounts to wellhead prices on the premise that FPC's pipeline will provide a conduit to market for this currently stranded resource. Both FPC's primary and secondary transmission segments are modeled on roadside emplacement similar to gas lines paralleling the Trans-Canada Highway and other thoroughfares within our gas-producing states.

Gajdos restated at the FEDCO meeting that FPC has not requested subsidies from the State. Instead, it has offered the State a secured equity position within FPC's parent company in exchange for providing roadside easements and conditional use permits. This arrangement will lower FPC's project construction costs as much as 7.2% and offer the state a fair equity assignment as limited by the 2009 national average cost for acquiring pipeline right-of-ways: *pipeline project total cost divided by its right-of-way cost.*

Energia Cura is an energy services and consulting company based in Fairbanks, Alaska. For further information on this project, send an email to: fps-nbos@energiacura.com