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JOINT PIPELINE OFFICE

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**ExxonMobil**  
*Production*

April 24, 2006

Mr. Frederick M. Thompson  
Acting State Pipeline Coordinator  
State Pipeline Coordinator's Office  
411 West 4th Avenue  
Anchorage, Alaska 99501

RE: Eastern North Slope Pipeline ROW Lease Applications

Dear Mr. Thompson:

As Operator of the Point Thomson Unit and on behalf of the Point Thomson Unit working interest owners, ExxonMobil appreciates the opportunity to submit these comments upon the subject applications.

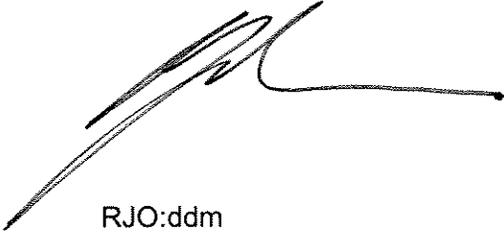
ExxonMobil recognizes the efforts of the Department of Natural Resources, Office of Project Management and Permitting (DNR OPMP), to streamline permitting and facilitate oil and gas developments. We are concerned, however, that in applying for Conditional Right-of-Way (ROW) Leases for oil and gas pipelines between the Point Thomson Unit area and the Prudhoe Bay Unit area, as described in the public notice issued by the State Pipeline Coordinator's Office, this objective may not be realized. We are concerned these applications may instead introduce uncertainty and result in delay. Provided in the attachment is a list of concerns identified from our initial review.

ExxonMobil has conducted many studies related to the permitting requirements for Point Thomson development, and we have found that the overall timing is controlled by the length of time it takes to conduct the federal Environmental Impact Statement (EIS) process. Our view is that ROW leases can be obtained within the timeframes of the EIS, and early issuance of a ROW lease will not shorten the time required to obtain permits to develop the field. Since the pipeline designs are not complete, it is premature to issue a ROW lease until additional detail is available.

In summary, the proposed early ROW lease applications will not facilitate Point Thomson development and may introduce uncertainty and delay. For that reason, we believe the DNR OPMP should withdraw the applications. If not, we urge the State Pipeline Coordinator's Office to suspend processing or, if necessary, not issue a conditional ROW.

Thank you for the opportunity to comment. Please feel free to contact us if you have any questions about our concerns.

Sincerely,

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

RJO:ddm  
Attachment

RJO\Fredrick Thompson - Eastern NS Pipeline ROW Lease Applications.doc

xc: Randy Bates, OPMP  
Commissioner Mike Menge, DNR

**Attachment**  
**ExxonMobil Detailed Comments**  
**Eastern North Slope Pipelines ROW Lease Application**

The ROW lease applications for both the oil and gas pipelines appear to be geared toward an oil (liquids) pipeline and do not recognize some of the inherent differences between oil and gas pipelines. Those fundamental changes will be noted in several places in the following comments. The detailed design basis appears to draw upon prior applications and preferences by the Joint Pipeline Office. While these may constitute sound engineering criteria, we believe it is premature to specify them and believe a preferable approach is to allow ExxonMobil, as PTU Operator, and the operator of each pipeline to design and propose the overall system.

**Application**

Gas Pipeline- Item 4. Point of Termination: "Pump Station 1 area" is stated to be the terminus. The actual location will depend upon the final location of a future gas treating plant. While this has not yet been selected, it is more likely to be in the area of the Prudhoe Bay Central Gas Facilities than in the area of Pump Station 1. The two areas are several miles apart.

Gas - Item 5 and 6. Pipeline length: Because of #4, this may be incorrect.

Gas Pipeline - Item 15. Substance to be transported. We do not currently anticipate treating Point Thomson Unit natural gas, which contains carbon dioxide, to sales quality at PTU before transporting it to the Prudhoe Bay area. Sales quality treating is expected to occur at the gas treating plant located at Prudhoe Bay. Further, the stated methane content of 99.9% is nearly pure and does not reflect the potential to include some heavier hydrocarbon gases in the sales gas.

Oil & Gas Pipelines - Item 20. The temperature range of the Point Thomson gas as it enters the pipeline has not yet been determined. The estimated range of "-50 to +140F" is slightly below our previous plans for condensate to be at 150F as it enters the pipeline.

Oil & Gas Pipelines - Item 20 We have not yet designed the gas pipeline vertical support members (VSM) and the seven feet of vertical clearance for the liquid line differs from our prior plans. We have not yet determined whether a gas pipeline would be buried or elevated.

Oil & Gas Pipelines - Items 40 & 41. It is premature to specify or commit to tie-ins for other potential fields or off-takes for industrial purposes.

Gas - Item 43. See Item 4 above.

**Design Basis**

Inclusion of the detailed design basis appears to exceed the requirements of the regulations and introduces many detailed design considerations which may be premature, particularly for the gas pipeline. It appears the application relies upon a prior oil pipeline design basis and this introduces a number of inaccuracies with respect to a gas pipeline.

Gas - 1.2 Pipeline Description. The gas pipeline will likely connect to a future gas treating plant rather than the TAPS facilities.

Oil & Gas - Figure 1, Route. The Point Thomson preferred line routing has not yet been determined.

Gas 1.3 - Facilities. It's premature to conclude that "a larger pipeline (gas) is more likely to be buried."

Gas 2.1 - Fluid Properties and Characteristics. The level of gas conditioning and processing for the Point Thomson Unit has not yet been determined. Preliminary plans for gas sales from both Point Thomson and the entire north slope will likely contain less than "99.9% methane" due to inclusion of impurities in the Point Thomson gas and the inclusion of heavier hydrocarbon components in the main gas pipeline sales gas.

Oil & Gas 2.2 - Facilities Description. The control systems, particularly for a gas pipeline, have not yet been designed.

Gas 2.2 continued. As noted previously, the Point Thomson gas pipeline will not terminate at PS1.

Gas Fig. 2 - Generic Pigging Facilities. Flow from the pipeline will likely be to a gas treating plant rather than to "Compressors on the Natural Gas Pipeline."

Oil & Gas 2.3 - Regulations and Codes. Compliance with the "latest edition at the time of construction" for all regulations and codes is not practical. Literally taken, it would require redesign, repurchase, and refabrication each time any regulation, code, or listed industry standard was revised during the execution of the project, prior to construction. We expect our future design basis will specify the edition or year for each code, standard, or regulation and that such will be fixed throughout the design and construction of the project. Changes would be addressed on a case by case basis.

The above comment applies to other references to codes, standards, and regulations contained in the design basis.

Oil & Gas 3.6 - Pipeline Right of Way Routing. The Point Thomson pipeline routings and design criteria have not been determined. If pipeline vibration dampeners (PVDs) that extend below the bottom of the pipelines are used, the requirement that "No structures, such as PVD's, will be allowed to hang under the pipeline" may be a problem.

Oil & Gas 4.4 - Foundation Design. This section appears to be too specific for a ROW lease application and may be incorrect for this project.

Oil & Gas 4.6 - Antennas and Other High Structures. It is premature to specify that use of antennas "shall be minimized."

Oil & Gas 5.3.4 - Dead and Live Loads. It's premature to specify "A minimum of ten (10) lbs/sf shall be included for ice and snow loads."

Gas 5.4 - Pipe Stress Criteria. Requires compliance with 49 CFR 195 and ASME B31.4. These apply to liquid pipelines. The corresponding references for gas pipelines are 49 CFR 192 and ASME B31.8.

Gas 5.4.1 - Allowable Stresses. Reference to ASME B31.4 should be ASME B31.8.

Oil & Gas 5.5 - Configuration. Table 4: Allowable Stress Criteria and Table 5: Load Combinations appear to be too specific and may be incorrect for this project. It appears they were based upon oil pipelines and have not considered gas pipeline criteria.

Gas 5.7 - Material Selection. Reference to 49 CFR 195 should be 49 CFR 192.

Oil & Gas 5.7 continued. It may not be correct to say the wall thickness will be increased to the nearest APL 5L standard thickness. For most cross-country pipelines, the pipe is custom rolled to the exact WT requirement.

Gas 7.3 - Leak Detection System. It's premature to specify a computational leak detection system for the gas pipeline.

Gas 8.1 - Flow Control. It's incorrect to say gas will be "pumped using shipping pumps". Our preliminary plans indicate the initial high pressure gas production at Point Thomson will not require compression. Low pressure compression facilities may be installed later in field life and these would be upstream of the field oil and gas processing facilities such that there would not be compressors that directly feed the gas pipeline.

Oil & Gas 8.8 - Maintenance and Pipeline Removal. It's premature to specify that "multiple pipelines on one pipeline rack shall be designed with a minimum two-foot clearance."

Gas 8.9 - Surveillance. Reference to ASME B31.4 should be ASME B31.8.