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**Travis/Peterson
Environmental Consulting, Inc.**

Michael D. Travis P.E.
Principal

3305 Arctic Boulevard, Suite 102
Anchorage, Alaska 99503

Phone: 907-522-4337
Fax: 907-522-4313
e-mail: mtravis@tpeci.com

Laurence A. Peterson
Operations Manager

329 2nd Street
Fairbanks, Alaska 99701

Phone: 907-455-7225
Fax: 907-455-7228
e-mail: larry@tpeci.com

May 24, 2005
1014-21B

Joint Pipeline Office/ADNR
411 W. 4th Avenue, 2nd Floor
Anchorage, Alaska 99501

**Attention: Ms. Kathleen Farley
Right-of-Way Section**

Re: Dayville Road Pipeline & Dock Permitting Packet (updated pages)

Dear Ms. Farley:

On March 9, 2005, Travis/Peterson Environmental Consulting Inc. (TPECI) completed the Dayville Road Pipeline & Dock Permitting Packet on behalf of Petro Star Inc. At that time, Petro Star Inc included a \$1,500 check for processing the permit packet. The JPO reviewed the packet and commented on the width of 23 feet for the temporary construction right-of-way (ROW) as possibly too narrow. After discussing the matter with Petro Star Inc, TPECI changed the size of the construction ROW width of 35 to 50 feet. The variable width depends on the distance between the bike path and the centerline of Dayville Road.

Originally, TPECI included one original report, 14 copies of the report, and three compact disks for the March 9, 2005 draft. TPECI has included 15 copies of the corrected pages so they can be inserted into the March 9, 2005 reports. TPECI has also included one new compact disc incorporating those changes. If you have any question or comments regarding the content of this information, please feel free to contact me personally at 522-4337.

Sincerely,

Michael D. Travis
Principal

Enclosures: Corrected Pages for the Dayville Road Pipeline & Dock Permitting Packet (15 hard copies)
Dayville Road Pipeline & Dock Permitting Packet (X compact disk)

Cc: James Boltz, Petro Star Inc, Chief Operating Officer, Anchorage

20050531-2



**DAYVILLE ROAD PIPELINE & DOCK
PERMITTING PACKET**

Prepared for

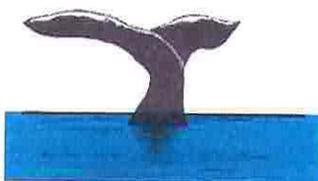
PETRO STAR INC.
3900 C Street, Suite 401
Anchorage, Alaska 99503



Prepared by

TRAVIS/PETERSON ENVIRONMENTAL CONSULTING, INC.
3305 Arctic Blvd., Suite 102
Anchorage, Alaska 99503

329 2nd Street
Fairbanks, Alaska 99701



**Travis/Peterson
Environmental Consulting, Inc.**

Project No. 1014-21B

May 2005

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APPENDIX A

Application for Pipeline Right-of Way Lease

Dayville Road Pipeline and Fueling Dock

1. **Date of Application:** May 24, 2005

2. **Name and Address of Applicant:**

Applicant:

Petro Star Inc.
3900 C Street, Suite 401
Anchorage, Alaska
99503-5966

A wholly owned subsidiary of:

Arctic Slope Regional Corporation
3900 C Street, Suite 801
Anchorage, Alaska
99503-5963

Petro Star Inc. has authorized Travis/Peterson Environmental Consulting, Inc. (TPECI) to be their agent for assisting in the permitting process for the proposed pipeline and dock.

Travis/Peterson Environmental Consulting, Inc.
3305 Arctic Blvd., Suite 102
Anchorage, Alaska
99503

PART 1. PROPOSED ROUTE

Petro Star Inc. (Petro Star) has operated a refinery in Valdez, Alaska for approximately 12 years. The Petro Star Valdez Refinery (PSVR) currently receives crude from the Trans-Alaska Pipeline from an underground pipeline. Crude oil is then pumped to the refinery process area. The refined products (jet fuel and diesel) are pumped from the refinery process area to the storage tanks in the tank farm area. PSVR transports the refined products using tanker trucks through the City of Valdez to the Valdez Petroleum Terminal (VPT) on the north side of Port Valdez. VPT transports the products by pipelines to marine vessels, which ship the products to market.

Trucking the refined product nearly 5.5 miles around Port Valdez is an inefficient method of transportation. Loading and unloading a large number of trucks and transporting the fuel to VPT increases the risks of spills during the process. Road transport also leads to deterioration of the roads and bridges, thus decreasing the life of the facility. Therefore, Petro Star has proposed construction of a new pipeline and dock facility at the south east end of Port Valdez. The dock facility will be located next to the Solomon Gulch Salmon Hatchery to load marine vessels with refined fuel products.

The Alaska Department of Transportation and Public Facilities (ADOT&PF) is upgrading Dayville Road (State Project Number STP-0863(6) / 60751). The ADOT&PF project is scheduled to take four years and includes improving the road, replacing culverts, and constructing a bike path. Petro Star proposes to construct a fuel pipeline from their PSVR located on the north side of Dayville Road at mile 2.5 to a new proposed fuel loading dock (see attached Plan Set).

The proposed pipeline would start at the PSVR and run approximately 10,400 feet (Plan Sheet 1 of 12). About 100 feet of pipeline would be located on PSVR land where it originates from the PSVR pump skid before entering the ADOT&PF ROW (Plan Sheet 3 of 12). Approximately 8,800 feet of the pipeline would be buried under the new bike path. From there, the pipeline would extend along a newly constructed dock approximately 1,500 feet over the Valdez Arm (Plan Sheet 11 of 12). Placing the pipeline underneath the new bike path would avoid any impacts to adjacent wetlands.

The pipeline would consist of three, 14-inch diameter horizontally parallel pipes and would be located underneath the newly constructed Dayville Road bike path. The upland portion of the pipeline would be buried at least 48 inches below ground surface (bgs). All excavated areas would be returned to their pre-existing conditions. It would leave ADOT&PF lands at the proposed turnout located just east of Solomon Gulch Creek. The upland and turnout portions of the pipeline would be located along the north (seaward) side of Dayville Road entirely within the ADOT&PF right-of-way (ROW). No road crossing would be necessary (see attached Plan Set). The tideland portion of the pipeline would be located almost entirely on land owned by the City of Valdez.

Petro Star requires a temporary 35 to 50-foot wide and a 23-foot wide permanent ROW for construction, operation, and maintenance of the pipeline along the Dayville Road. The portion of the proposed pipeline that follows the road would not place any fill in wetlands, but it would cross 11 existing ADOT&PF culverts. A temporary ROW would also be needed to construct the 150-foot long by 50-foot wide turnout at the dock abutment. An approximate 1,000-foot wide ROW would be required from the City of Valdez to operate and maintain the dock.

The project also includes attaching fish rearing pens to the dock to support the Solomon Gulch Hatchery owned by the Valdez Fisheries Development Association (VFDA). A fueling bulkhead would be located at the end of the dock to support fuel transfers to marine vessels. The new dock would have limited access and would be gated and locked. Security cameras would be mounted to help protect the pier and dock from vandalism. The dock would be lit according to Coast Guard Regulations. The dock would give hatchery workers access to the pens for daily feeding, and would provide some protection from storms for the fish pens. The dock would house spill response equipment.

3. Point of Origin:

The pipeline would begin at the PSVR located at mile 2.5 of Dayville Road in Valdez, Alaska just south of the Lowe River. PSVR is located in Township 009S, Range 006W, Section 14 of the Copper River Meridian (Plan Sheet 3 of 12).

4. Point of Termination:

The pipeline would terminate approximately 1,500 feet offshore from Solomon Gulch Creek at the fuel loading headers over Valdez Arm within the Port of Valdez (Plan Sheet 11 of 12).

5. Total proposed length (miles and kilometers):

The proposed length of the pipeline is approximately 1.9 miles/(3.1 kilometers). Approximately 0.3 miles of the pipeline route will cross tidelands owned by the Alaska Department of Natural Resources (DNR). A conveyance is being finalized by DNR that will give tideland ownership to the City of Valdez. The City expects the conveyance to be complete by the end of the first quarter.

6. Total length proposed to cross state lands:

Type	Miles	Kilometers
Upland	1.6	2.6
Tideland (pending city conveyance)	0.3	0.5
Total length	1.9	3.1

7. Attach a map or plat showing the proposed alignment of the centerline of the pipeline ROW, and indicate the areas of state upland ownership throughout the length of the proposed ROW.

The preliminary route and proposed pipeline are shown on the Plan Set (Plan Sheets 1 through 12) dated 5/12/04 and 6/16/04. Since the route is still preliminary at this time and would not be finalized until this area's portion of the ADOT&PF Dayville Road Improvement project has been constructed, slight engineering modifications to the plans could occur. Final engineering specifications for the pipeline would not occur until ADOT&PF Dayville Road Improvement plans are finalized.

8. Proposed crossings of streams and other bodies of water (For each crossing indicate the width and depth of the stream or water body.)

The proposed project does not cross any major streams. The proposed pipeline would cross 11 ADOT&PF culverts. The pipelines will be designed so that they can span potential future excavations that may be required to repair or replace culverts along Dayville Road, which pass under the pipelines. This project would not require the placement of fill into any of the tidal pools. The crossings are located on the Peratrovich, Nottingham & Drage, Inc. Engineering Consultants (PND) Plan Sheets 5 of 12 through 10 of 12. The plan sheets show Petro Star stationing locations and ADOT&PF stationing locations. Since ADOT&PF will be replacing the culverts during their Dayville Road Improvement project all culvert stationing locations are identified with ADOT&PF project stationing locations. The ADOT&PF project stationing locations are:

- | | | |
|-----------|-----------|------------|
| 1) 144+74 | 5) 174+56 | 9) 199+31 |
| 2) 152+79 | 6) 177+52 | 10) 210+27 |
| 3) 158+43 | 7) 180+07 | 11) 214+29 |
| 4) 165+56 | 8) 182+24 | |

At approximately ADOT&PF station 216+00, the approach to the dock begins. This is shown on Plan Sheet 11 of 12. The turnout is proposed to be 50 feet wide and 150 feet in length.

9. Attach a map or plat showing the proposed alignment of the centerline of the pipeline ROW where it crosses the beds of streams or other bodies of water.

Attached are the Plan Set Sheets dated 5/12/04 and 6/16/2004 (12 sheets) showing the proposed pipeline location, the typical sections, the ROW centerline, Petro Star and ADOT&PF stationing, and the locations of culverts.

10. Width of proposed temporary right-of-way (ROW) required for construction for each segment of the pipeline route on state lands.

The project would require a temporary 35 to 50-foot wide ROW for pipeline construction (Plan Sheet 2 of 12). The temporary ROW distance ranges between 35 and 50 feet due to the varying distance between the bike path and Dayville Road centerline. A temporary 110-foot wide by 250-foot long ROW would also be required for the turnout located near ADOT&PF station locations 216+00 (Plan Sheet 10 of 12).

11. Size and location of any sites, in addition to the proposed pipeline right-of way (ROW), requested on a temporary basis during construction.

Most of the pipe, construction supplies, and construction equipment will be staged on Petro Star land near the refinery. At approximately ADOT&PF station 216+00, a turnout for a dock would be constructed where the pipeline would leave the upland section of the project to enter the tideland section of the project. This turnout would also be used as a staging area for dock materials and pipe. A temporary 110-foot wide by 250-foot long ROW would be required to construct the turnout.

12. Width of the proposed right-of-way (ROW) required for operating the completed pipeline for each segment of the pipeline route on state lands.

After construction of the pipeline, Petro Star requires a 23-foot wide ROW to operate the pipeline within the upland area. Operation of the pipeline and the pull off would require an approximate ROW area of 70-foot wide by 250-foot long (Plan Sheet 12 of 12) within tidelands located in Section 16, Township 9S, Range 6W. The ROW for the pull off is located within state owned tidelands. Ownership of the tidelands is being transferred to the City of Valdez but ADOT&PF owns the Dayville Road ROW located within these tidelands.

13. Size and location of any sites, in addition to the proposed pipeline right-of-way (ROW), requested for the operation of the completed pipeline.

Pipeline operation of the pier/dock would require approximately 500 feet of ROW area on both sides of the trestle dock. Additional ROW area would be needed to operate the Solomon Gulch Fish Hatchery (Plan Sheet 11 of 12).

14. Legal description of state lands within the proposed pipeline right-of-way (ROW) that are reserved or committed to any purpose. (For each tract of such state lands, state the purpose to which it is reserved or committed.)

The legal descriptions for the following lands were determined from the State of Alaska Department of Natural Resources, Division of Mining, Land and Water's Title Report SC-03-105, File No 7-800-3A, and with help from Debra Knapp from the State Title's Office. Maps showing the descriptions below can be viewed on the ADOT&PF Title Report listed above.

Typically, the ADOT&PF Dayville Road ROW consists of two strips of land being 100 feet on each side of the following described centerline in U.S. Surveys 632 and 630 & in U.S. Surveys 212 & 213, in un-surveyed sections 13, 14, 15, 23, & 24 township 9S., Range 6W., Copper River Meridian. In some areas along tidelands the strips of land are of unequal distance. In these areas the ROW ranges between 50 feet wide to as much as 350 feet wide on one side, but the total width of ADOT&PF ROW does not exceed approximately 400 feet at its widest. The legal description are known as Other State Lands (OSL) #1169 (4,295.84) acres of land, Alaska Tidelands Survey (ATS) #792 (6.581 acres), and third party ROW interests to Alaska Division of Lands (ADL) #227308, and ADL #48877.

Part II – Project Description

15. Substance(s) to be transported:

The pipeline consists of a three pipe configuration with each pipe capable of transporting 5,040,000 gallons per day, for a total of 15,120,000 gallons per day for the pipeline system. Fuel flow is planned to be intermittent and not consistent. Refined petroleum products transported include diesel, Jet A, JP-5, JP-8, gasoline, and naphtha. The pipelines will not be designated for petroleum type but they will be designated as A, B, and C.

16. Size, engineering and design characteristics and amount of each type of pipe to be used:

Approximately 31,200 feet of piping would be required to complete the pipeline. The pipeline would consist of three, parallel, 10,400-foot long pipes of 14-inch diameter standard weight carbon steel pipes (106 Grade B) with two external coats of fusion bonded epoxy. All piping would be designed in accordance with 49 CFR Part 192-, Transportation of Natural and other Gas by Pipeline, and meet stress criteria per the requirements of ASME B31.4. Three shutoff valves would be used on each pipe of the pipeline. One valve would be located near the fuel pump skid inside the refinery gate, the second located at the dock abutment also located within a fenced area (Plan Sheets 3 of 12 and 10 of 12), and the third at the dock loading header.

17. Size, number, and location of pumping, compressing, heating, or refrigeration stations:

None located on state lands.

18. Transportation capacity of the proposed pipeline:

120,000 barrels per pipe per day, yielding a total of 360,000 barrels per day.

19. Estimated life of the pipeline:

Petro Star anticipates a 30 year life expectancy for the pipeline. A fusion bonded epoxy coating will cover each pipe reducing potential corrosion. Additionally, magnesium anodes will be used adding a cathodic protection, thus increasing the longevity of the pipeline.

20. Planned temperature at which each substance will be transported and whether it will be heated or refrigerated to maintain the temperature.

Substances would be transported at ambient temperatures (10 to 100 degrees Fahrenheit).

21. The pipeline will be (check as appropriate):

- Supported over the surface along the trestle pier and dock.**
 On the surface along its entire length
 Partially buried along its entire length
 Completely buried along the upland portion of the pipeline on ADOT&PF ROW.
 None of the above (If this is checked, attach a map showing which portions of the pipeline are planned to be over the surface, on the surface, partially buried and wholly buried.)

Figures are attached showing the proposed route (Plan Sheets 1 through 12)

22. Describe the methods to be employed for partially or completely burying any portion.

The pipelines will be buried a minimum of four feet beneath the bike path surface, as shown on Drawing Sheet 2. Construction of the pipelines will require temporary closure of the bike trail and the Dayville Road shoulder next to the bike trail, so that trenching, pipe placement, backfill and new paving can be conducted. Once the bike trail and shoulder are closed, and traffic control measures are implemented to safely control the flow of traffic past the construction area, the bike trail asphalt pavement will be removed and recycled. Excavation and backfill for new pipelines will be performed in accordance with ADOT&PF Standard Specifications for Highway Construction, Section 204. Normal trenching and backfilling methods will be used for the culvert crossings. Bedding material and backfill material shall meet the requirements for the applicable lift of material. All suitable material from the structure excavation will be used for bedding and backfill prior to using material from another source. Bedding and backfill will be placed in uniform layers not more than 6 inches deep and compacted to meet ADOT&PF Standard Specifications for Highway Construction, Subsection 203-3.03 "Construction of Embankments with Moisture and Density Control". All existing conduits or utilities that are encountered in the excavation will be supported and protected. New subbase and asphalt pavement will be in accordance with ADOT&PF Standard Specifications for Highway Construction, Sections 304 "Subbase" and 401 "Asphalt Concrete Pavement".

23. Describe any bridges, trestles, other structures or berms for the support of the proposed pipeline.

Approximately 1,500 feet of pipeline would be elevated above the Valdez Arm on trestles in combination with the new pier and fueling dock. All tideland associated with this section of the pipeline will be owned by the City of Valdez upon conveyance from DNR. The pier/dock and pipeline supports structures are located on the "Dock Plan" drawing sheet number 11. Detailed dock design has not been completed. Petro Star estimates about 150-250 steel pipe piles, in sizes between 24 and 48-inches in diameter. The pipe piles will be determined during final design based on geotechnical investigations for the dock. The design rock horizontal acceleration would equal 0.50 G per the American Association of State Highway and Transportation Officials (AASHTO).

24. Describe the proposed method for all stream crossings and crossings of other bodies of water.

All stream crossings would be located along the ADOT&PF ROW underneath the bike path utilizing previously placed ADOT&PF culverts for the Dayville Road Improvement project. The

bike path would be excavated using normal trenching methods. Piping would be placed at least four feet below finished grade. The excavation would be backfilled and the bike path would be returned to its pre-existing condition. The pipelines will be designed so that they can span potential future excavations that may be required to repair or replace culverts along Dayville Road, which pass under the pipelines. This project would not require the placement of fill into any of the tidal pools where the culvert crossings are located, but would require the placement of fill on tidelands where the turnoff is proposed. Petro Star estimates a 0.6 acre footprint of tidelands would be affected to complete the turnoff. 10,000 cubic yards of fill would be placed below the high tide line (HTL) to complete the turnoff (Plan Sheets 2 of 12 and 12 of 12). Fill volumes are comprised of approximately 1,500 cubic yards of relocated riprap, 1,000 yards of new riprap, and 7,500 cubic yards of new gravel and sand fill. This fill would be placed on tidelands located within the ADOT&PF ROW.

The pipelines hang over 1,500 feet of tidelands under the proposed crossway. This land is owned by the City of Valdez.

25. Describe the proposed methods for grades, cuts, or fills.

Petro Star's proposed plans do not change existing grades, so no cuts or fills are proposed. Proposed methods for trench excavation and backfill to existing grades are described in #22, above.

26. Discuss planned facilities for spill or leak prevention and containment.

Leak prevention would be an important part of the pipeline design. Design aspects related to leak detection would comply with 49 CFR 192. Leak detection software would be implemented in accordance to 49 CFR 192.

Double-coated, fusion-bonded, epoxy resin pipes would be used in combination with passive sacrificial anode cathodic protection to control corrosion. The cathodic protection will meet ASME B31.4 Sections 461.1.1B and 461.1.3. American Petroleum Institute (API) 1130 leak detection software would be used for leak detection. The leak detection software is capable of detecting a minimum of 1% of daily throughput as stated in the Alaska Administrative Code (18 AAC 75.055). Each pipe of the pipeline will have three general twin seal shutoff valves. Each valve is a plug valve with two gates and a rubber seal. One valve will be placed near the fueling platform inside the refinery gate and one will be placed at the dock abutment also located within a fenced area.

Petro Star would create a safety program that would involve the creation and implementation of an Oil Discharge Prevention and Contingency Plan (C-Plan), Spill Prevention Containment and Countermeasure (SPCC) Plan, Facility Response Plan (FRP), a Facility Security Plan, and would adhere to applicable United States Coast Guard regulations outlined under 33 CFR-Navigation and Navigable Waters. The plans would be kept in a known location for pipeline workers to consult. The Petro Star program would include continual education and response training for the pipeline workforce. A larger team of emergency response workers would also be trained in the case of a larger release. Spill prevention and minimization would be the primary objectives of these plans and the program. Cleanup measures and methods for catastrophic releases would also be a focal point of the program.

Sorbent material, oil boom, and other oil spill cleanup and response supplies would be kept on site in sufficient quantity to handle operational spills in the unfortunate event of a fuel release. Spills would be cleaned up immediately and reported. No storage tanks would be located on

state lands. Storage tanks located at PSVR would have sufficient berming and containment structures including freeboard capable of retaining the storage capacity of the tanks and additional space for rainwater and snowmelt. A list of dedicated response equipment is located as an enclosure entitled *Petro Star Valdez Refinery, Valdez Petroleum Terminal, Dedicated Response Equipment (Appendix C)*.

27. Proposed access roads, airstrips, heliports, float plane facilities, communication facilities, storage sites for equipment and materials, material sites, and material disposal sites, whether planned for construction, operation or maintenance support:

A 35 to 50-foot wide ROW would be required to construct the proposed pipeline. Additional ROW would be required from ADOT&PF at the proposed turnout for the new pier/dock. Petro Star would need to obtain a 1,000-foot wide ROW from the City of Valdez for construction, operation, and maintenance of the dock section of the pipeline within the tidelands. No additional facilities would be constructed or necessary for storage of equipment, materials, or accessing the proposed pipeline. The proposed project area would be entirely accessible from Dayville Road and the proposed dock.

28. Size, number, approximate location and planned duration of field camps:

No field camps would be necessary to construct the proposed pipeline. People would be housed in Valdez, Alaska at existing buildings.

29. Size, number, and approximate location of housing for personnel operating or maintaining the pipeline.

Petro Star pipeline personnel would not require housing set up by Petro Star. Pipeline personnel would most likely reside in the Valdez Area.

30. Size, number and approximate location of health care facilities:

Health care facilities currently exist in Valdez, Alaska. Existing facilities would be used if required. The construction contractors would provide first aid at the work stations capable of handling minor medical emergencies.

31. Approximate number of persons to be employed during construction:

The estimated number of people employed during the project would be between 20 and 40.

32. Approximate number of persons to be employed to operate and maintain the pipeline:

Five existing Petro Star personnel would be able to operate and maintain the pipeline. Personnel would share in the responsibilities of routine operation and maintenance and emergency response. In the event that non-routine maintenance is necessary, Petro Star would staff the work accordingly.

33. Planned commencement date for construction:

Summer, 2006.

34. Estimated construction time:

12 months.

35. Planned commencement date for operation:

Summer, 2007.

36. Estimated cost of materials:

\$6,300,000.

37. Estimated cost of construction and installation:

\$8,000,000.

38. Estimated annual cost for operation and maintenance:

\$100,000 per year.

Part III – Availability of Interconnections, Terminal Facilities, and Storage Facilities

39. Describe how the proposed pipeline will connect with planned field gathering systems, if any.

This pipeline is a delivery pipeline only. It would be fed uni-directionally from storage tanks located at PSVR. No other gathering systems would be associated with this pipeline.

40. Discuss the technical and economic feasibility of providing connections with other field gathering systems at intermediate points along the proposed pipeline.

The only supply source for the pipeline is located at PSVR. This is the only refinery located in the area. No other field gathering points would be associated with the project. No other gathering points exist in the area.

41. Discuss the technical and economic feasibility of providing connections or interchanges with other pipelines at intermediate points along the proposed pipeline.

It would not be technically or economically feasible to connect other pipelines to this pipeline. This pipeline would be used for transporting refined petroleum product a short distance for loading onto marine vessels.

42. Describe the location, area and capacity of the proposed tank farms or other storage facilities.

The only tank farm associated with this project would be located at the PSVR. The total capacity at the Petro Star Refinery would be 380,000 barrels of product. Tankage supplying a total of 150,000 barrels of product would be used to supply the pipeline.

43. Provide locations of and describe any terminal delivery facility of the proposed pipeline.

The terminal delivery facility would be located on a dock approximately 1,500 feet offshore from Soloman Gulch Creek. The dock would be 600 feet in length with breasting dolphins and fenders for ship docking. Fuel loading headers and infrastructure (dock head) would be located near the midpoint of the fueling dock (Plan Sheet 11 of 12). A pipeline plug valve unit would be installed at the terminal delivery facility (Plan Sheet 10 of 12). The dock head will be positioned at approximately the 50-foot water depth (Plan Sheet 11 of 12).

44. Discuss the technical and economic feasibility of providing delivery facilities at intermediate points along the proposed pipeline.

The proposed pipeline is less than two miles in length so it would not be feasible to provide delivery facilities at intermediate points along the pipeline. There are no other facilities located along the length of the pipeline.

Part IV – Safeguards for Persons, Property, the Public and the Environment

45. Describe your plans to detect and abate any condition possibly arising from the construction, operation, maintenance and termination of all or part of the proposed pipeline that may cause or threaten to cause a hazard to the safety of workers on the pipeline project.

For this project a comprehensive safety program would be developed and implemented by Petro Star. The program would include their C-Plan, SPCC Plan, and FRP to safeguard the pipeline workers and the public from any possible hazards. Petro Star will review contractor's health and safety plans to assure that all safety precautions and procedures meet Petro Star's safety standards. Daily or weekly safety meetings would be held to update workers of possible safety concerns and to answer any questions or uncertainties that people may have. Safe construction practices would involve vehicle safety, HAZWOPER training, and follow Occupational Safety and Health Administration regulations. Failure to abide by the safety procedures by any workers would result in disciplinary actions.

A comprehensive training program would be administered to any people working on the pipeline. Yearly refresher courses would be administered to Petro Star personnel responsible for maintaining and operating the pipeline. Dayville Road traffic would be controlled during construction of the pipeline and when necessary during maintenance events.

46. Describe your plans to detect and abate any condition possibly arising from the construction, operation, maintenance and termination of all or part of the proposed pipeline that may cause or threaten to cause a hazard to the public health and safety.

Safe design and construction practices combined with quality control would guard the public against any safety hazards during construction of the pipeline. Construction signs would be posted and construction area would be well marked and traffic would be controlled. Petro Star would comply with all applicable state (18 AAC 75), federal (49 CFR 190-99) and local laws and regulations pertaining to public health and safety, and environmental safety.

During operation and maintenance of the pipeline safe design, operation, and leak detection equipment would guard the public against hazards. Please refer to Appendix C for a complete list

of dedicated response equipment. Petro Star would adhere to their C-Plan, SPCC Plan, FRP, and safety program to safeguard the public from any possible hazards.

Safeguards for termination would be the same as the safeguards for construction. The pipeline would be purged clean of all residual petroleum products, cleaned, and removed after the usable life of the pipeline.

Additional measures include: A detailed routine inspection and maintenance procedures and records, documentation and record keeping, spill prevention and countermeasures for all fuel transfers, controlled access to the pier and fuel loading dock.

47. Describe your plans to detect and abate any condition possibly arising from the construction, operation, maintenance and termination of all or part of the proposed pipeline that may cause or threaten to cause serious and irreparable harm or damages to public or private property.

Petro Star would implement a comprehensive program derived from their Quality Assurance Plan, Construction Plan, and Surveillance and Monitoring to ensure that no irreparable harm or damages would occur to any lands associated with or adjacent to the pipeline. The first step to this program is the initial engineering, writing the environmental plans and permitting. Petro Star would then ensure that the final engineering is sound by abiding by applicable Federal (49 CFR 190-99), State (18 AAC 75), and local laws. Pipeline integrity, pipe standards, leak monitoring and detection, inspection and maintenance program, consolidated logs and record keeping, procedures to monitor performance, comprehensive safety program, and continued education and training for employees would help to avoid serious or irreparable harm or damage to public and private property.

48. Describe your plans to detect and abate any condition possibly arising from the construction, operation, maintenance and termination of all or part of the proposed pipeline that may cause or threaten to cause serious and irreparable harm or damages to vegetation or timber.

Construction of the upland section of the pipeline would occur in a previously disturbed area. Any small spills or releases from construction vehicles would also be removed. Any of these releases would be minimal and immediately picked up. Sorbent pads would be kept at construction sites. No timber would be directly affected by construction of the pipeline in upland areas. Any vegetation or grass that is removed or disturbed by construction would be replanted or replaced.

If a fuel release occurs, all contaminated soil and debris would be removed and replaced with clean fill material. Affected vegetation and timber would be replanted or replaced to its prior condition. Any spills would be cleaned up and reported immediately according to Federal, State, and local laws. Visual monitoring, as described in the Surveillance and Monitoring Program, will be conducted throughout the entire life of the pipeline.

Petro Star would adhere to their C-Plan, SPCC Plan, and FRP and safety program to safeguard trees and vegetation during operation and maintenance of the pipeline. Detailed routine inspection and maintenance procedures would be implemented and all records would be kept in a single location on file.

Safeguards for termination would be the same as the safeguards for construction. The pipeline would be purged clean of all residual petroleum products, cleaned, and removed after the usable life of the pipeline.

49. Describe your plans to detect and abate any condition possibly arising from the construction, operation, maintenance and termination of all or part of the proposed pipeline that may cause or threaten to cause serious and irreparable harm or damages to fish or other wildlife or to their habitats.

Construction of the pipeline could result in temporary impacts to fish, wildlife and their habitats. No long term impacts to wildlife would be caused by construction, operation or maintenance of the pipeline. Wildlife attractants such as food and garbage will be concealed during construction, maintenance, or termination to avoid attracting wildlife to the site.

The pipeline would be engineered, constructed, and have leak detection systems in accordance to applicable Federal, State, and local regulations (See response to question #26 referring to leak detection and containment). Good engineering and construction practices applied to the pipeline would eliminate the possibility of serious or irreparable harm or damages to fish or other wildlife or their habitats. Temporary siltation may occur during rain events. Siltation would be controlled by implementing a Storm Water Pollution Prevention Plan (SWPPP). Termination and removal of the pipeline would have the same temporary impacts as construction.

The possibility of human error or mechanical failure during fueling could lead to a release to the marine environment, so Petro Star would develop a comprehensive safety program which would adhere to their C-Plan, SPCC Plan, and FRP to minimize the possibility of a fuel release. Petro Star proposes to place a pipeline shutoff valve at the turnout to help avoid a release to the marine environment. An oil spill supply connex would be located on the dock. The program would assure that a sufficient quantity of oil spill recovery supplies are available to respond to a fuel release to the water. A report entitled Proposed Pipeline and Dock Terminal Valdez, Alaska, Wind and Ocean Current Analysis was prepared by TPECI in October, 2001, in which Dryden Instrumentation and VFDA determined the possible routes a fuel release would migrate within the Port of Valdez. Results to the study indicated that the most probable spill migration route was to the northwest. The fish pens for the VFDA would be located along the pier to the southeast of the fueling dock to minimize the possible impacts to the rearing fish. VFDA prepared a resolution in support of Petro Star's pipeline project (Appendix D).

Any spills would be cleaned up and reported immediately according to Federal, State, and local regulations. Any contaminated material would be removed and disposed of according to regulations and the area would be returned to its prior condition.

Petro Star would implement a comprehensive program derived from their Quality Assurance Plan, Construction Plan, and Surveillance and Monitoring to ensure that no irreparable harm or damages would occur to fish, wildlife, and habitat as a result of the construction, maintenance, or termination of the pipeline.

50. Describe your plans for restoring areas of vegetation or timber damaged or harmed directly or indirectly by the construction, operation, maintenance or termination of all or any part of the proposed pipeline.

No timber will be directly or indirectly affected by the pipeline or dock. Grass along the bike path may be directly affected in the upland portion of the project if it has grown by the time the proposed pipeline project would occur. Any vegetated or seeded areas that are affected by

construction would be reseeded with the same seed mix that the ADOT&PF used and returned to its prior condition. The same conditions apply to termination of the pipeline. If any release occurred from the pipeline, all contaminated soil and media would be removed, replaced with clean fill, and the affected area would be returned to its previous condition at the time of the release.

51. Describe your plans for abating erosion and restoring areas eroded as a direct or indirect result of construction, operation, maintenance or termination of all or part of the proposed pipeline.

Petro Star would prepare and implement a SWPPP according to National Pollutant Discharge Elimination System (NPDES) regulations. A storm water permit would be acquired before any construction takes place. The Environmental Protection Agency's (EPA's) Best Management Practices (BMPs) for erosion and pollution control would be implemented to minimize erosion, siltation, and pollution. Any areas that experience erosion would be reseeded with native vegetation to its prior condition.

In areas where slopes are steep and locations in close proximity to stream crossings measures would be used to control erosion. Examples of erosion control structures that could be used are geo-synthetic screening, hay bales, drainage channels, or transverse levees. No new stream crossings would occur due to the pipeline project. All water crossings would occur over existing ADOT&PF culverts.

52. Describe your plans for quality control and your procedures for inspection and testing the pipeline, both during and after construction.

Currently, Petro Star emphasizes achieving a high level of quality for all of their projects. Petro Star would maintain a comprehensive quality assurance/quality control (QA/QC) program both during construction and operation of the pipeline project.

Petro Star would only utilize qualified trained personnel for construction and operation of the pipeline. Petro Star would provide all pipeline workers with periodic QA/QC questions during site meetings and access to a copy of their QA/QC manual. All pipeline construction would be in compliance with Federal, State, and local regulations. Detailed construction and engineering procedures would be developed and reviewed to assure that all the processes and procedures are of sound quality and meet all Federal, State, and local regulations and meet the required specifications for this type of pipeline.

During construction, site monitoring would be performed by a site foreman or other person that is trained and qualified in the phase of construction that is to be inspected to assure all pipeline and pier/dock construction supplies and methods meet the required regulations. Site inspections would include visual and written documentation. Construction monitoring would involve the review of documentation for supply specifications, weld measurements and other important welding data, quality assurance reviews, QA/QC meetings, to assure that all regulations and specifications meet Federal, State, and local regulations.

External inspections would be performed during construction and operation of the pipeline. Additional inspection would be performed on the pier/dock according to Federal and State regulations. All information would be documented and kept on file in the pipeline operator facilities.

Internal inspection of the pipeline would include pressure testing of the pipeline before operation. Leak detection methods would also determine pipeline integrity.

External inspection during construction would include visual inspection of all pipe surfaces, welding, coatings, tie-in and lowering, backfilling, and cleanup. Coatings on the outer surfaces of pipes will be checked with an electrical device to assure that the pipe is fully coated. During operation, external inspection would include visual inspection of all exposed pipe surfaces, welding, and coatings. Cathodic protection would assure pipeline integrity. Passive sacrificial cathodic protection would be tested in accordance with Federal regulations (49 CFR Part 192).

53. Describe your plans to ensure compliance by your contractors and subcontractors with the safeguards and stipulations of the right-of-way (ROW) lease, if issued.

Provisions incorporating safeguards and an extension of lease conditions/ROW stipulations would be incorporated into all contracts and subcontracts for construction, operation and maintenance of the pipeline. Petro Star would monitor and perform site inspections to assure that all contractors and subcontractors comply with the lease conditions/ROW stipulations. Monitoring would involve reviewing incident and site inspection reports of the workers to assure that all contractors and subcontractors comply with the ROW stipulations. A copy of the ROW permit would be available to all pipeline workers if they have any questions.

Pipeline workers will be required to have their 40-hours Hazardous Waste Operation and Emergency Response training prior to construction, maintenance, or termination activities occur. Any pipeline worker that is found not complying with their program directives would be warned, reprimanded, and possibly terminated from work on the pipeline.

Part V- Special Safeguards for Natives and Others Subsisting on the Biotic Resources of the General Area of the Proposed Right-of-Way (ROW)

54. Describe your plans and procedures to protect the interests of the individuals living in the general area of the proposed right-of-way (ROW) who rely on fish, wildlife and biotic resources of the area for subsistence purposes.

The pipeline would be buried along the upland area underneath a bike trail. Subsistence would not be an important issue directly adjacent to a road. Any impacts to biotic resources would be minimal since the pipeline is buried. Impacts to biotic resources could become an issue if a release became out of control. Such a release should not occur due to the precautions outlined in responses #46 through #51. Pipeline shutoff valves would be at strategic locations to minimize losses during a pipeline release.

The section of the pipeline located over the tidelands should not negatively affect biotic resources due to construction, operation, or termination. Again, impacts to biotic resources could become an issue if a release became out of control. Such a release should not occur due to the precautions outlined in responses #47 and #49. Pipeline gate valves would be at strategic locations to minimize losses during a pipeline release.

Part VI – Financial Information

55. Describe the probable financing requirements for the proposed pipeline.

Petro Star is a wholly-owned subsidiary of Arctic Slope Regional Corporation (ASRC), a \$1 billion concern formed under the provisions of the Alaska Native Claims Settlement Act (ANCSA). As a wholly-owned subsidiary Petro Star participates in centralized treasury and financing with ASRC. ASRC generally finances acquisitions and maintenance projects through current cash reserves but also has access to a line of credit and/or long term financing.

- 56. Attach an annual financial statement and balance sheet for each applicant, prepared in accordance with generally accepted accounting principles for each of the applicant's three fiscal years immediately preceding the date of this application. The financial statement must be certified by a firm of reputable and independent Certified Public Accountants.**

Attached is a copy of the ASRC's audited financial statements for years 2001, 2002 and 2003 (Appendix E).

- 57. Name and address of the proposed general contractor(s) for constructing the pipeline:**

Petro Star Inc.
3900 C Street, Suite 401
Anchorage, Alaska
99503

- 58. Name and address of the proposed operator of the pipeline:**

Petro Star Inc.
3900 C Street, Suite 401
Anchorage, Alaska
99503

- 59. Other information you believe may aid in the consideration of this application.**

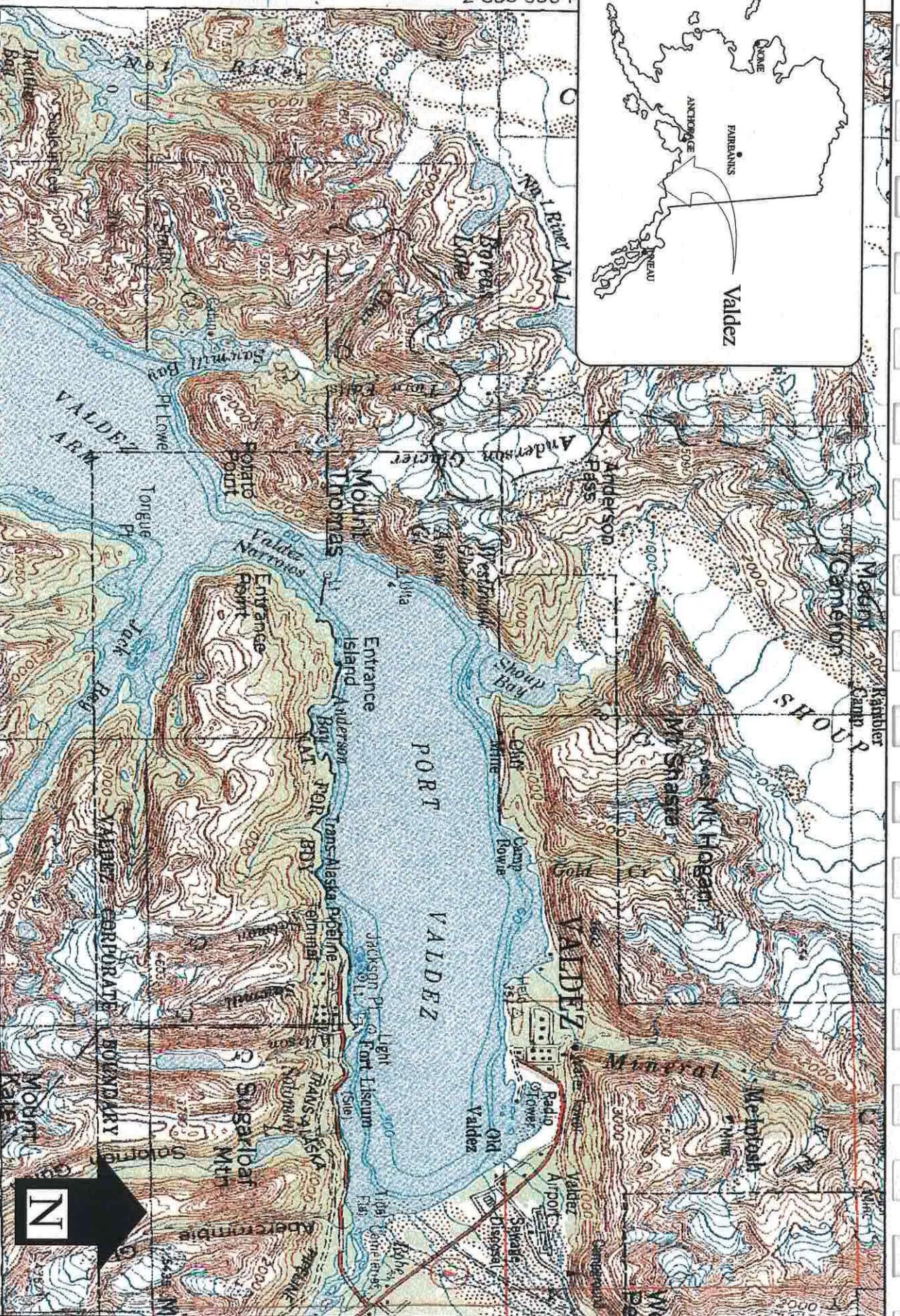
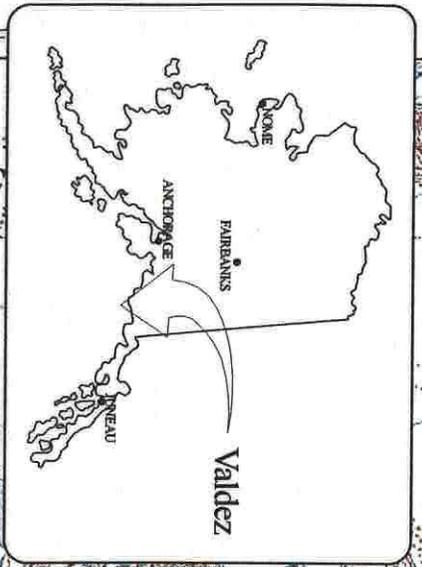
PETRO STAR INC. PIPELINE AND DOCK PROJECT VALDEZ, ALASKA PLAN SHEETS, Pages 1-12 (Appendix B);

PETRO STAR VALDEZ REFINERY, VALDEZ PETROLEUM TERMINAL DEDICATED RESPONSE EQUIPMENT (Appendix C);

VFDA Resolution #04-03 (Appendix D); and

PETRO STAR INC. AND SUBSIDIARIES, Consolidated Financial Statements, December 31, 2002 and 2001 (Appendix E).

APPENDIX B



51°00' N
147°00' W

R 10 W R 9 W

400 000 FEET 30' R 7 W

R 6 W

TRAVIS/PETERSON ENVIRONMENTAL CONSULTING, INC.
329 2ND STREET
FAIRBANKS, ALASKA 99701

LOCATION & VICINITY MAP

PROJECT No: 1014-21B

FILE: PIPELINE AND DOCK PROJECT

PETRO STAR INC.

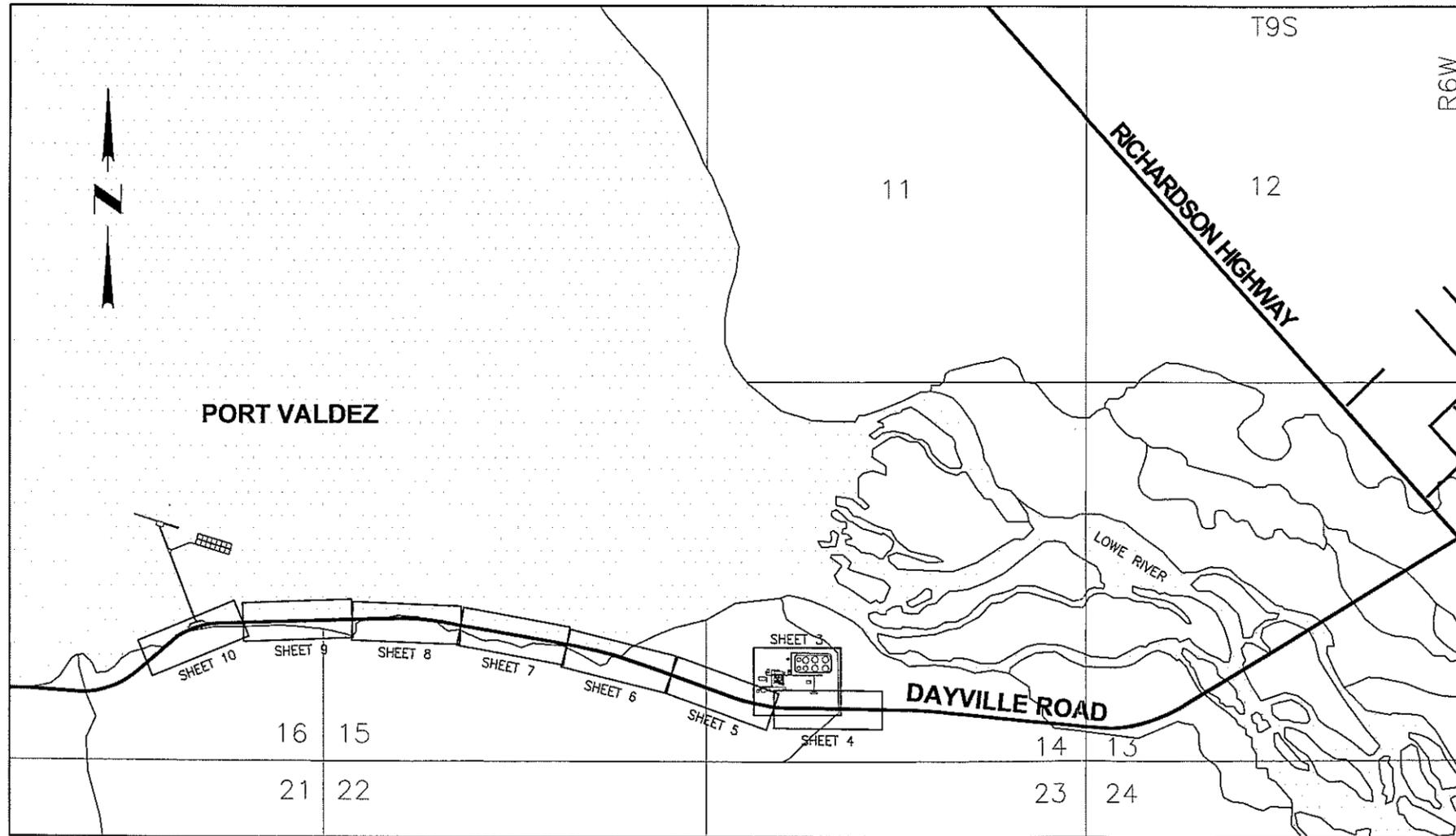
DATE: 11/23/04

SCALE: AS SHOWN

PETRO STAR INC. PIPELINE AND DOCK PROJECT VALDEZ, ALASKA



**PROJECT
LOCATION**



PLAN SHEET OVERVIEW

SHEET INDEX

NO	DESCRIPTION
1	INDEX SHEET
2	TYPICAL SECTIONS
3	REFINERY AREA PLAN
4	PIPELINE PLAN AND PROFILE
5	PIPELINE PLAN AND PROFILE
6	PIPELINE PLAN AND PROFILE
7	PIPELINE PLAN AND PROFILE
8	PIPELINE PLAN AND PROFILE
9	PIPELINE PLAN AND PROFILE
10	PIPELINE PLAN AND PROFILE
11	DOCK PLAN
12	GENERAL NOTES

PRELIMINARY
Rev. 6-16-04

**PETRO STAR PIPELINE
AND DOCK PROJECT**

Designed: JC
Drawn: WRJ
Checked: DN
Project No: 041040



Peratrovich, Nottingham & Drage, Inc.
Engineering Consultants

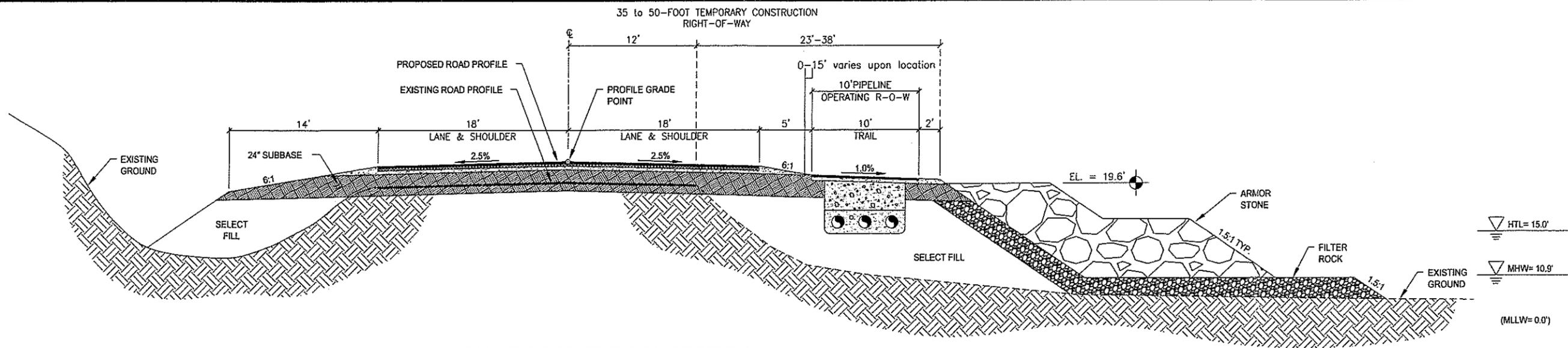
1506 West 36th Avenue,
Anchorage, Alaska 99503

(907) 561-1011 FAX (907) 563-4220

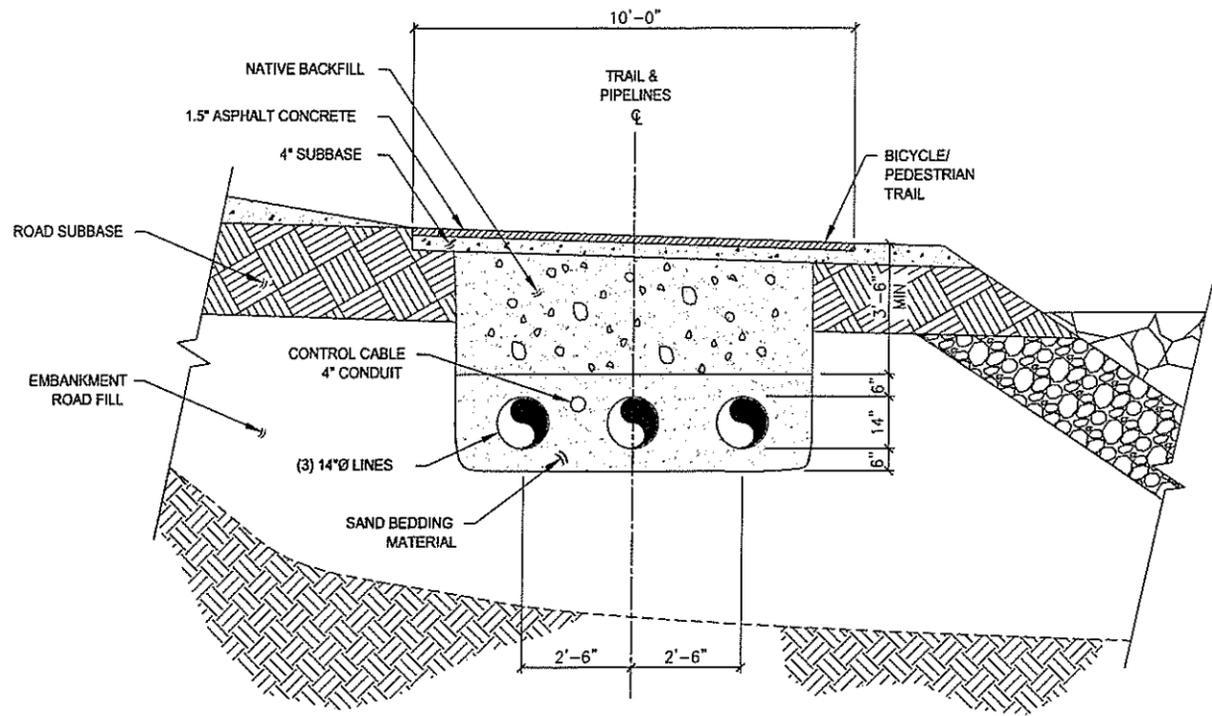
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INDEX SHEET

sheet
1 of 12



DAYVILLE ROAD TYPICAL SECTION
NTS



PIPELINE TRENCH TYPICAL SECTION
NTS

NOTES:

1. THIS PLAN SET FOR THE PETRO STAR PIPELINE AND DOCK PROJECT IS PRELIMINARY, AND IS BASED ON PRELIMINARY PLANS BY THE ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES (DOT&PF) FOR THE DAYVILLE ROAD RECONSTRUCTION AND RECREATION PATH PROJECT. MODIFICATIONS TO THIS PLAN SET FOR THE PETRO STAR PROJECT WILL BE MADE AS NECESSARY TO COMPENSATE OR ADJUST FOR ANY CHANGES IN DOT&PF'S FINAL CONSTRUCTION PLAN SET AND AS-BUILT INFORMATION FOR THE DAYVILLE ROAD RECONSTRUCTION AND RECREATION PATH PROJECT.
2. THIS PLAN SET FOR THE PETRO STAR PIPELINE AND DOCK PROJECT IS PRELIMINARY. PROJECT SPECIFICATIONS FOR RECONSTRUCTION OR REPAIR OF ANY PART OF THE STATE'S INFRASTRUCTURE IMPACTED BY THE PLACEMENT OF THE PIPELINES AND DOCK FACILITY, INCLUDING TRAFFIC CONTROL, WILL BE PROVIDED IN THE FINAL PLAN SET AND WILL CONFORM TO DOT&PF'S STANDARDS AND SPECIFICATIONS USED FOR THE DAYVILLE ROAD RECONSTRUCTION AND RECREATION PATH PROJECT. THESE STANDARDS INCLUDE, BUT ARE NOT LIMITED TO: PIPE BEDDING, SUBBASE AND BASE MATERIALS, COMPACTION, PAVING, EROSION CONTROL, DRIVEWAY APPROACH AND CULVERTS.
3. A TRAFFIC CONTROL PLAN SHALL BE PREPARED AS PART OF THE FINAL PETRO STAR PIPELINE AND DOCK PROJECT PLANS TO ADDRESS PEDESTRIAN, BICYCLE AND VEHICLE TRAFFIC DURING CONSTRUCTION. THE TRAFFIC CONTROL PLAN WILL MEET DOT&PF STANDARDS AND REQUIREMENTS UNDER THE PIPELINE RIGHT-OF-WAY LEASE.
4. DAYVILLE ROAD RECONSTRUCTION INCLUDING NEW TRAIL CONSTRUCTION AND ARMOR PLACEMENT WILL BE BY OTHERS FOR ADOT&PF.
5. PIPELINE INSTALLATION BY PETRO STAR TO BE COMPLETED AFTER DAYVILLE ROAD RECONSTRUCTION. PIPELINE INSTALLATION TO INCLUDE TRAIL REPAIR & REPAVING.
6. VERTICAL DATUM PER ADOT&PF PLAN SET, ESTIMATED MLLW= 0± 0.5'

PRELIMINARY
5-12-04

PETRO STAR PIPELINE AND DOCK PROJECT

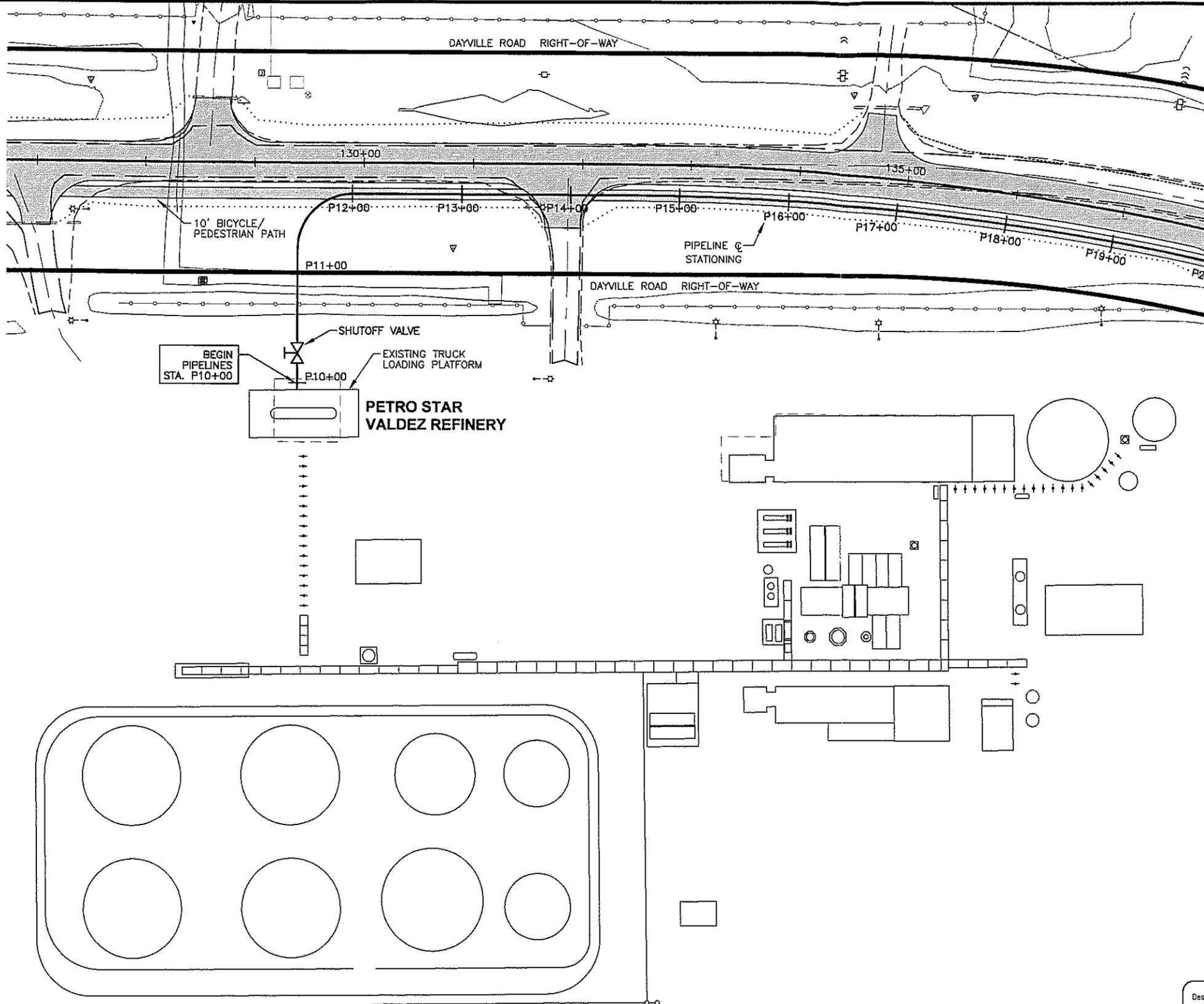
Designed: JC
Drawn: WRJ
Checked: DN
Project No: 041040

Peratrovich, Nottingham & Drage, Inc.
Engineering Consultants

1506 West 36th Avenue, Anchorage, Alaska 99503 (907) 561-1011 FAX (907) 563-4220

Date: 5/12/04
Scale: AS SHOWN

TYPICAL SECTIONS



LEGEND

PROJECT CENTERLINE	
PROJECT RIGHT-OF-WAY LINE	
LIMIT OF CUT SLOPE	
LIMIT OF FILL SLOPE	
EXISTING	
U.G. TELEPHONE (DIRECT BURY)	
U.G. ELECTRIC (DIRECT BURY)	
U.G. DUCT	
TELEPHONE MANHOLE	
ELECTRIC MANHOLE	
BUILDING	
INTERMITTENT DRAINAGE	
INTERCEPTOR DITCH	
GUARD RAIL	
FENCE	
TREES	
RIPRAP	
UTILITY POLE	
LUMINAIRE	
UTILITY POLE WITH LUMINAIRE	
GROUND LIGHT	
POLE ANCHOR	
TRANSMISSION TOWERS [WOOD]	
TRANSMISSION TOWERS [STEEL]	
ELECTRICAL PEDESTAL	
TELEPHONE PEDESTAL	
CABLE T.V. PEDESTAL	

PRELIMINARY
Rev. 6-16-04

PETRO STAR PIPELINE AND DOCK PROJECT

Designed: JC
 Drawn: WRJ
 Checked: DN
 Project No: 041040

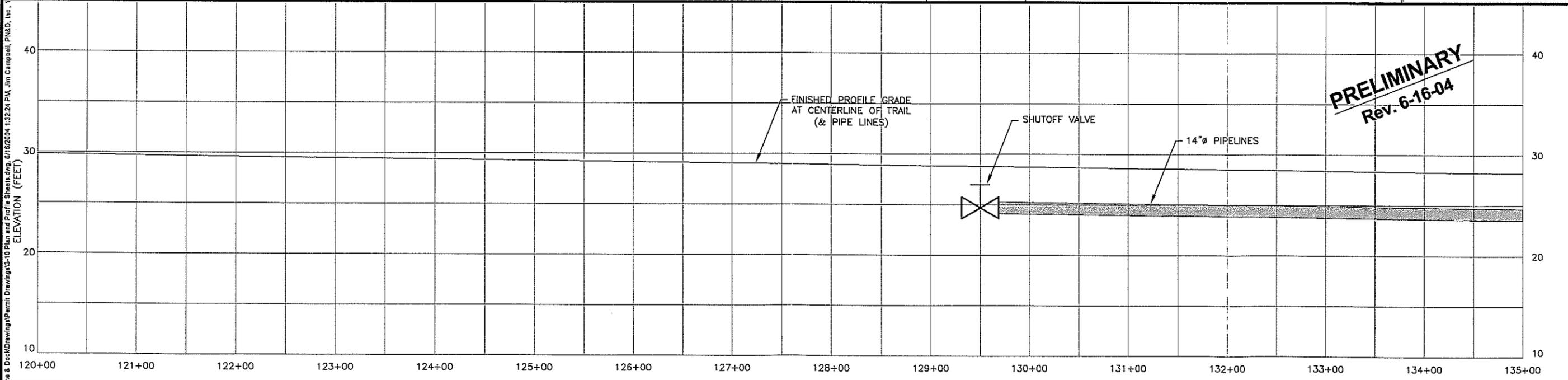
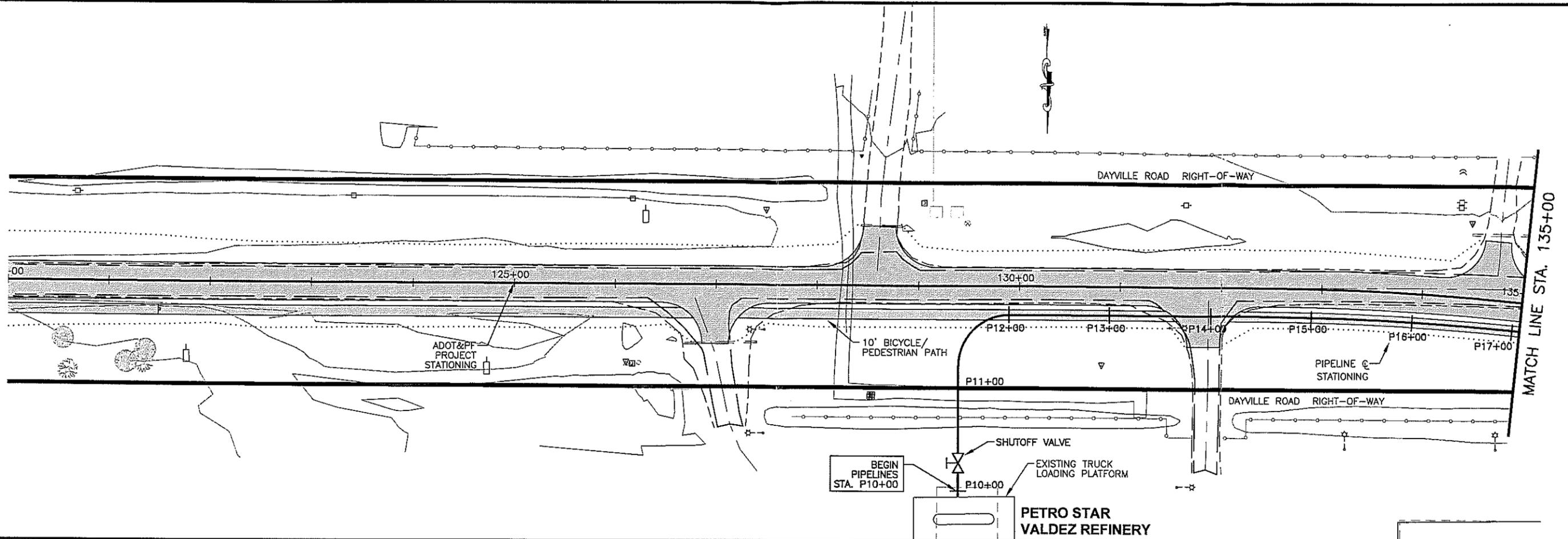
Peratrovich, Nottingham & Drage, Inc.
 Engineering Consultants
 1506 West 36th Avenue,
 Anchorage, Alaska 99503 (907) 561-1011 FAX (907) 563-4220

Date: 5/12/04
 Scale: AS SHOWN

REFINERY AREA PLAN

sheet
3 of 12

3:2004041040 Petro Star Valdez Pipeline & Dock Drawings/Permit Drawings-10 Plan and Profile Sheets dwg. 6/16/2004 1:35:09 PM, Jim Campbell, P&D, Inc., 12



REV.	DATE	DESCRIPTION	DWN.	CKD.	APP.

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Engineering Consultants
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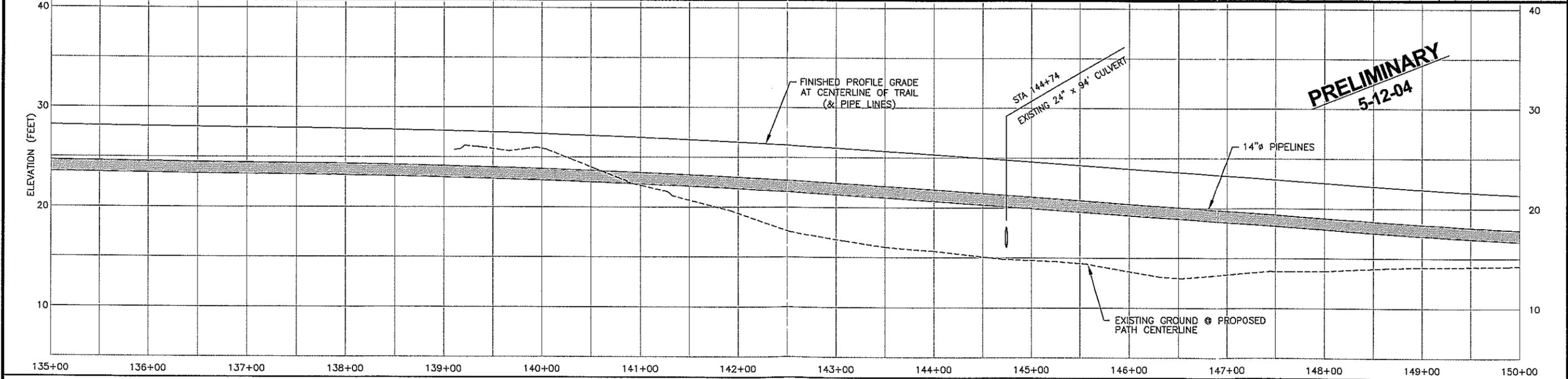
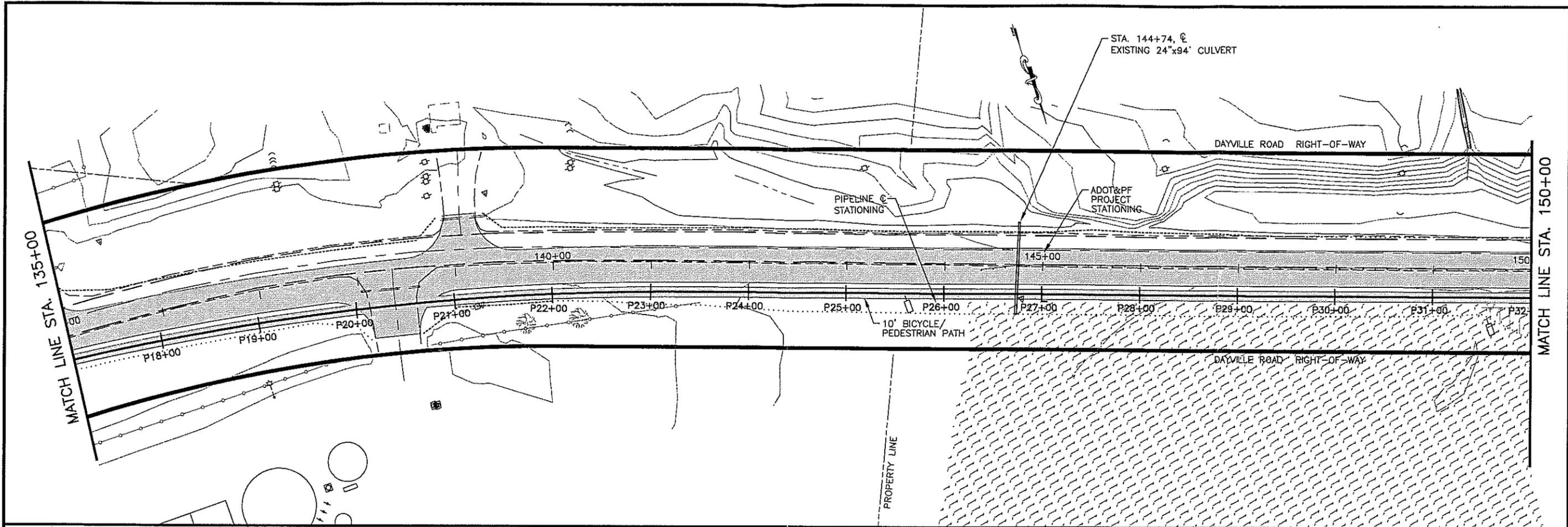
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PETRO STAR PIPELINE AND DOCK PROJECT

PIPELINE PLAN & PROFILE

4
SHEET OF 12

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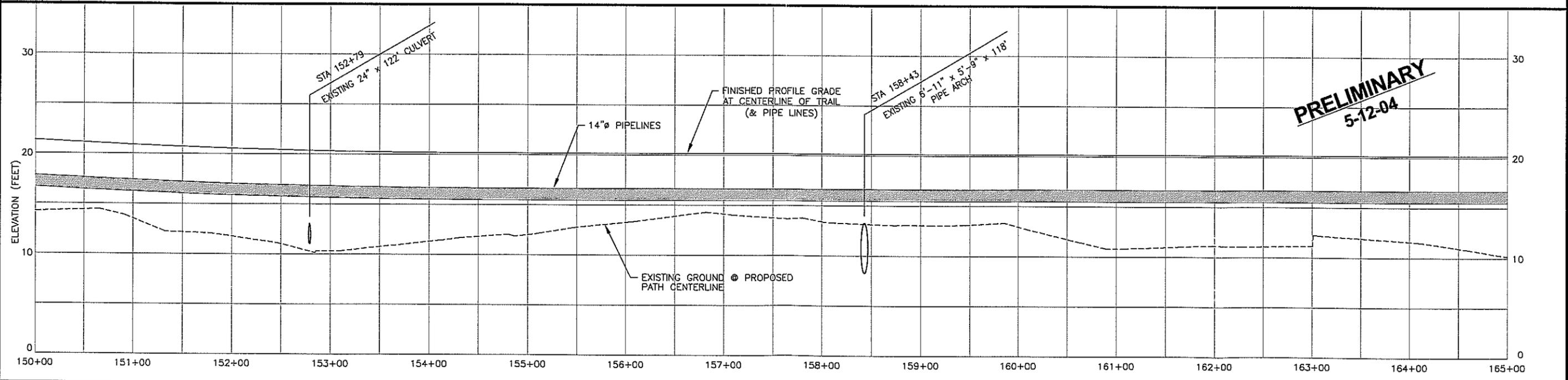
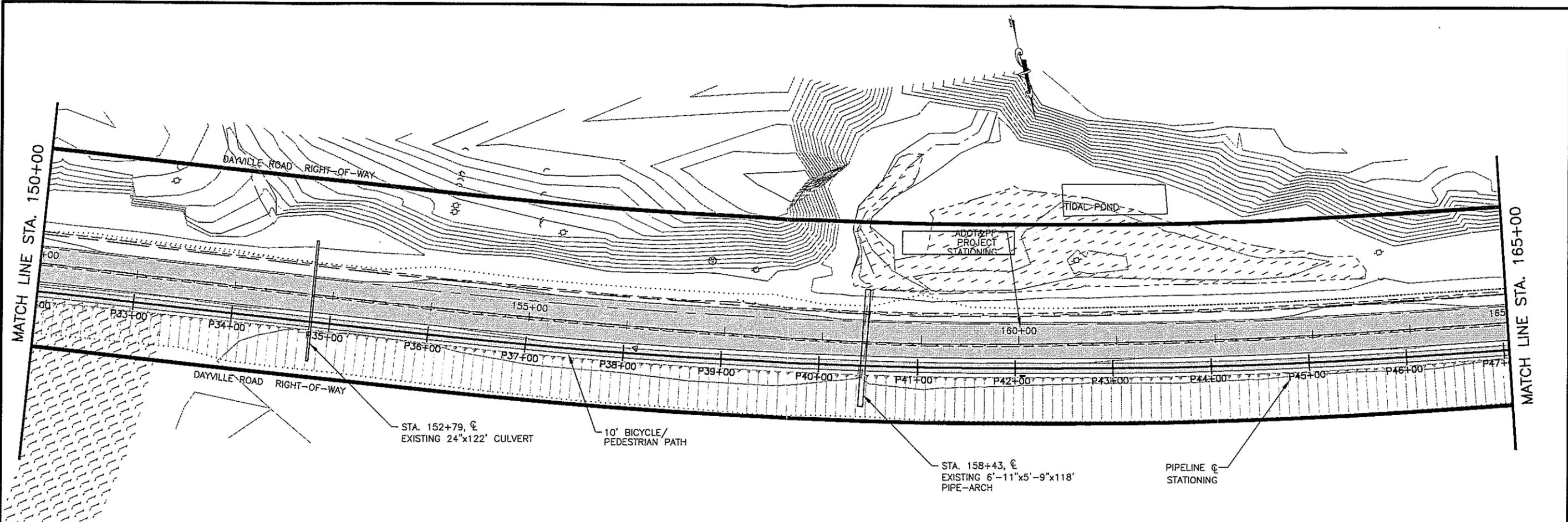
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Engineering Consultants
1508 West 38th Avenue, Anchorage, Alaska 99503 (907) 561-1011

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PETRO STAR PIPELINE AND DOCK PROJECT

PIPELINE PLAN & PROFILE

5
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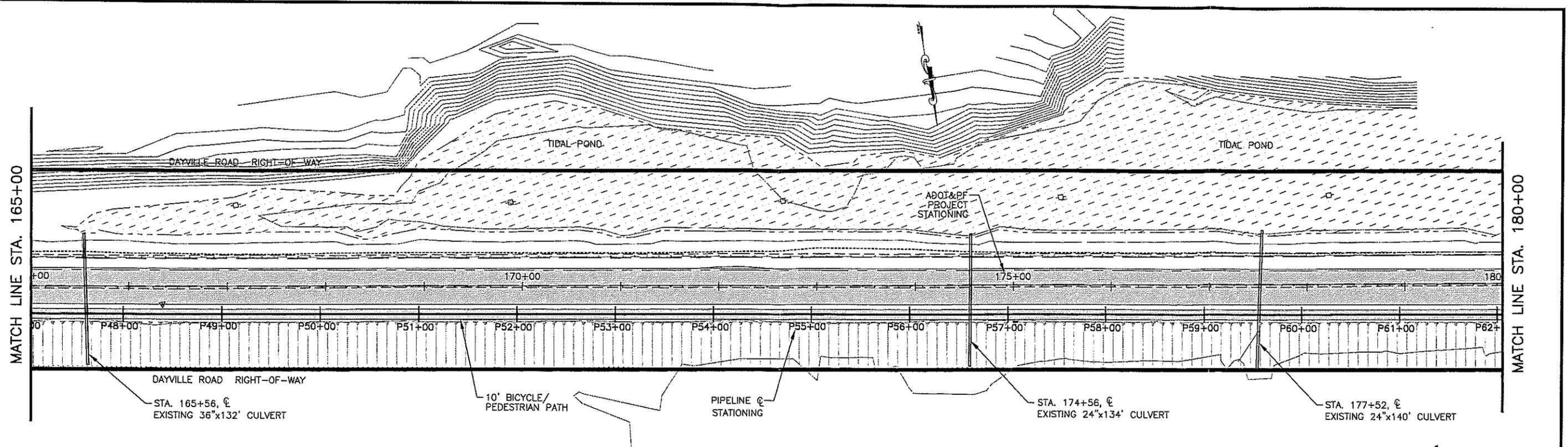
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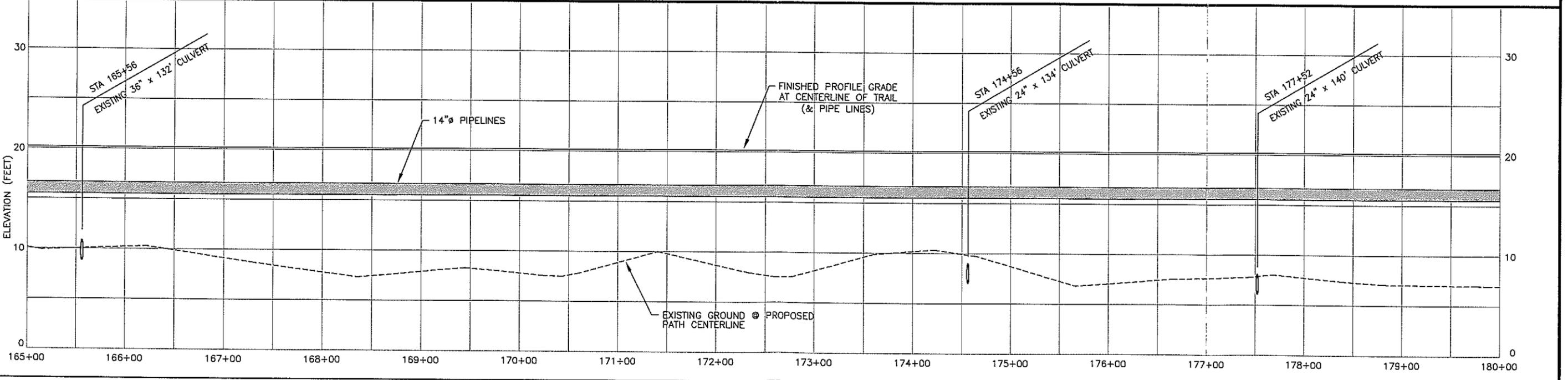
PETRO STAR PIPELINE AND DOCK PROJECT

PIPELINE PLAN & PROFILE

6
SHEET OF 12



PRELIMINARY
5-12-04



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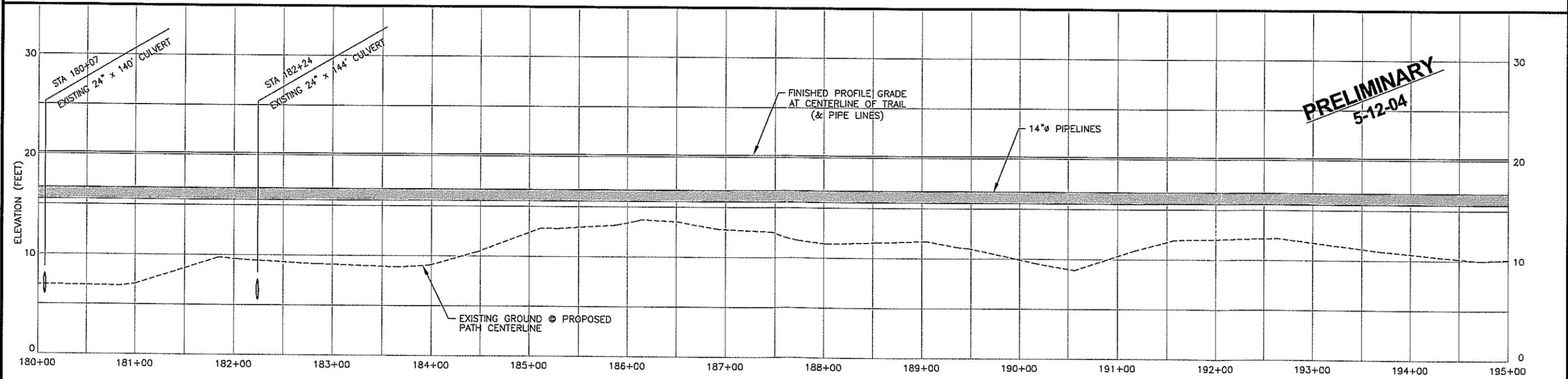
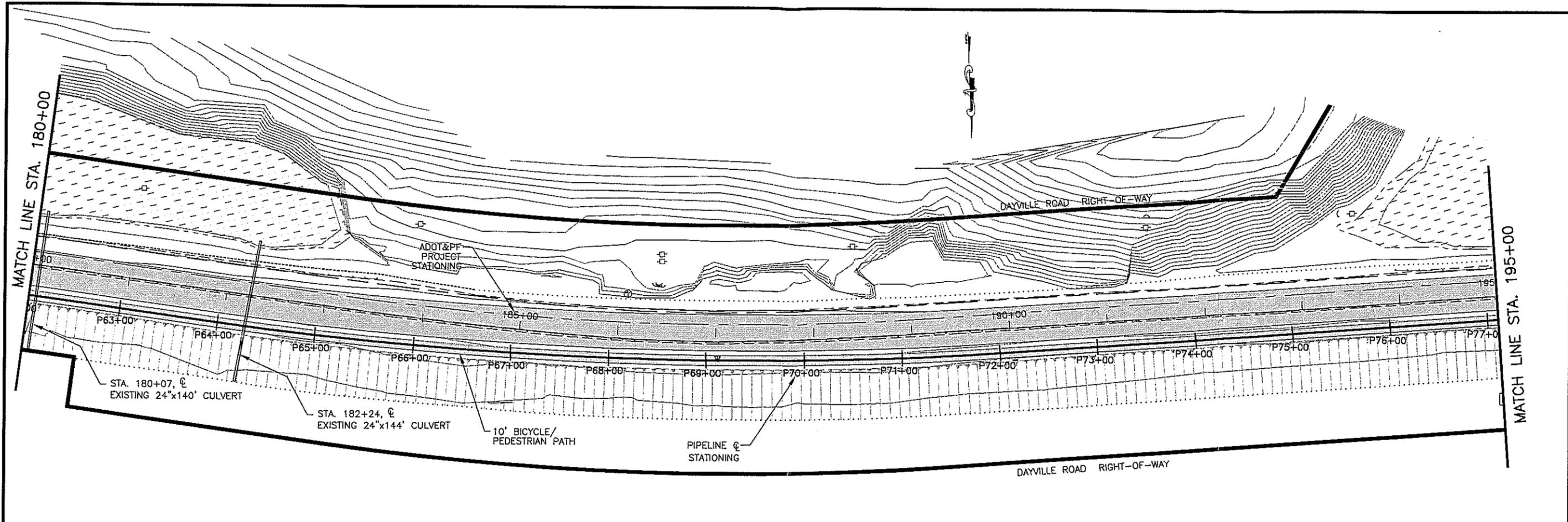
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PETRO STAR PIPELINE AND DOCK PROJECT

PIPELINE PLAN & PROFILE

7
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PRELIMINARY
5-12-04

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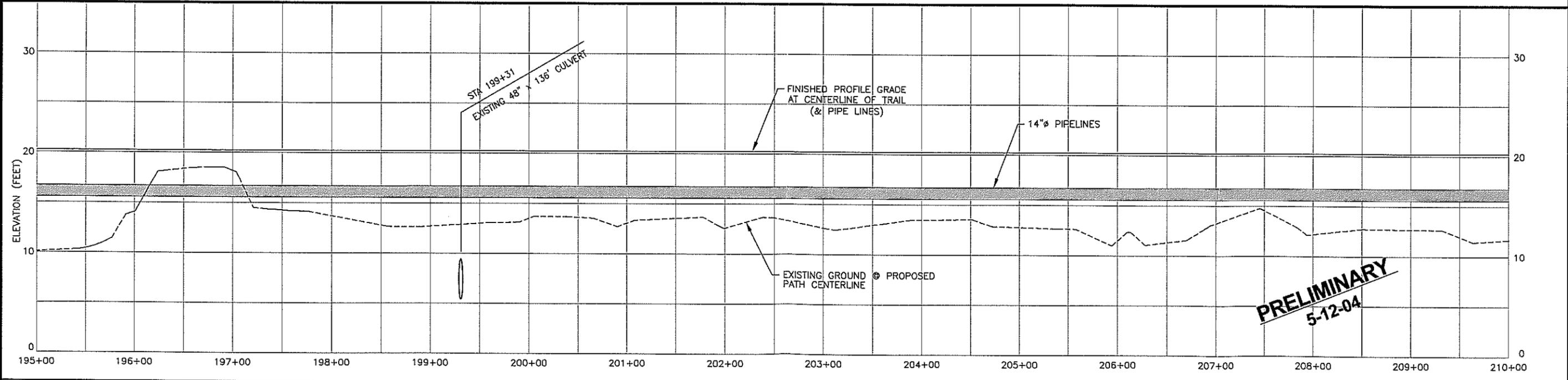
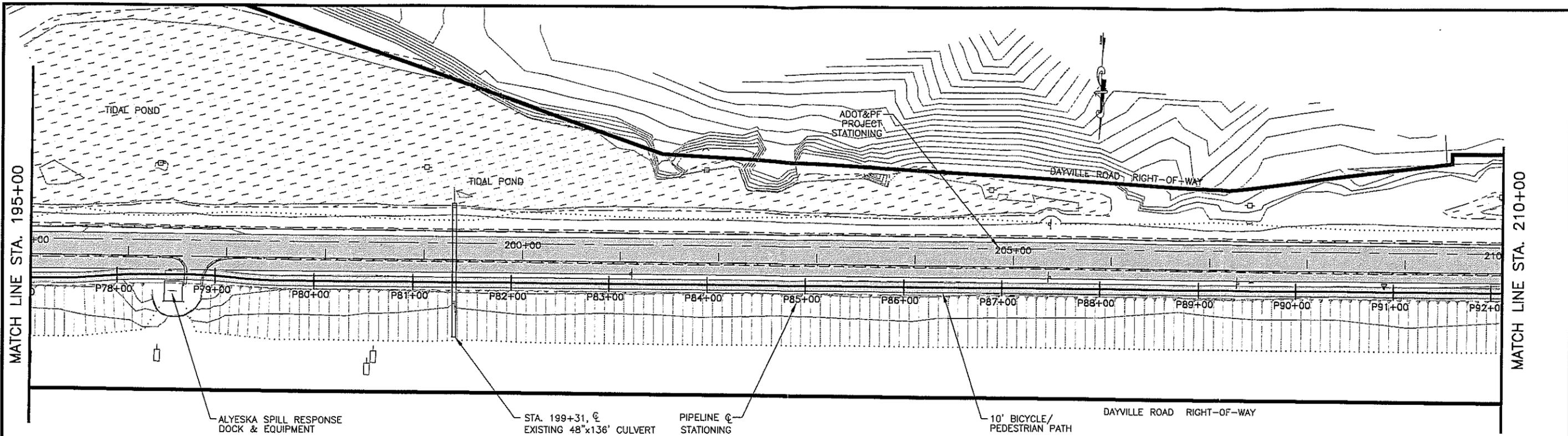
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Engineering Consultants
1524 West 39th Avenue
Anchorage, Alaska 99503 (907) 561-1911

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PETRO STAR PIPELINE AND DOCK PROJECT

PIPELINE PLAN & PROFILE

8
SHEET OF 12



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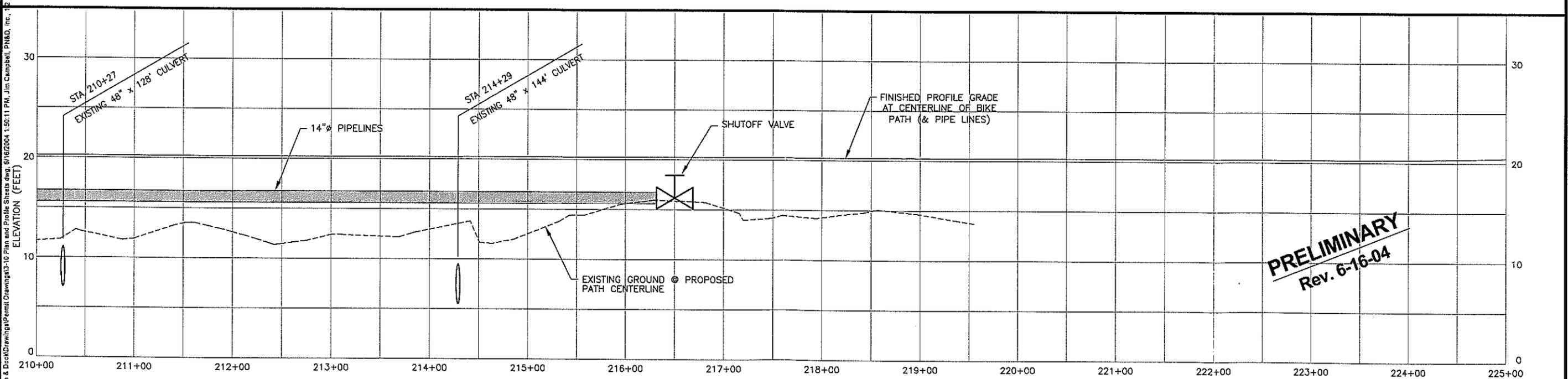
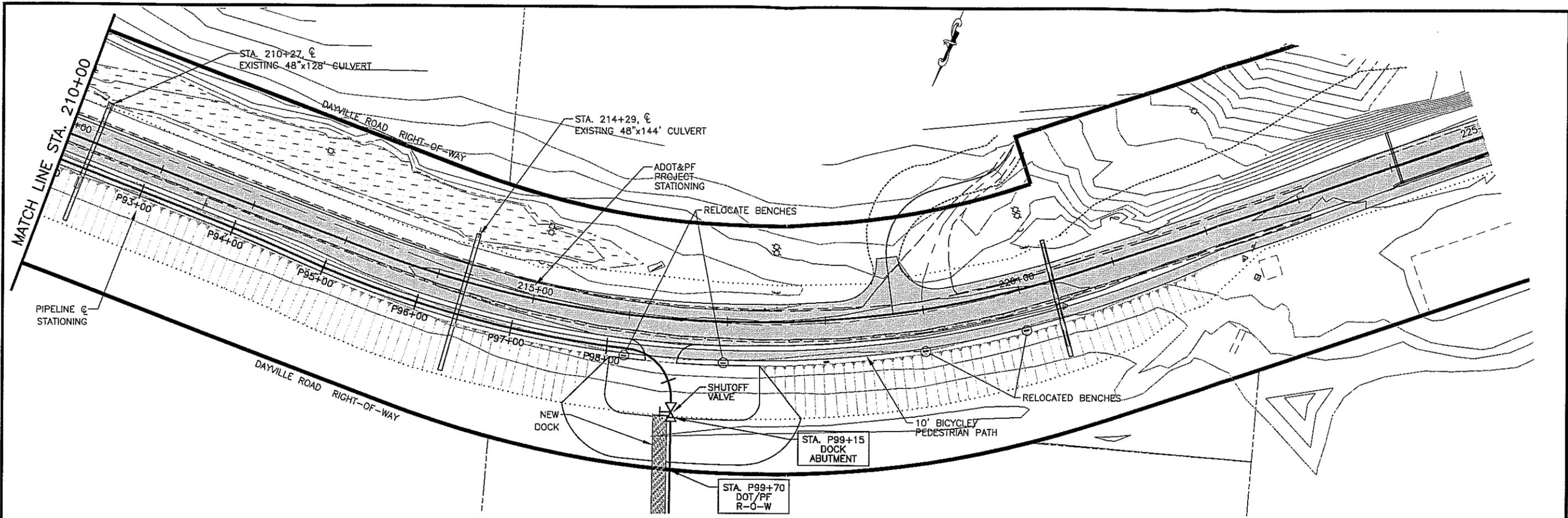
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Engineering Consultants
1506 West 20th Avenue, Anchorage, Alaska 99503 (907) 561-1911

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PETRO STAR PIPELINE AND DOCK PROJECT

PIPELINE PLAN & PROFILE

9
SHEET OF 12



PRELIMINARY
Rev. 6-16-04

1/20/04 Peratrovich, Nottingham & Drage, Inc. & Ductile Iron Pipe Research Institute, Inc. 1/20/04 Peratrovich, Nottingham & Drage, Inc. & Ductile Iron Pipe Research Institute, Inc.

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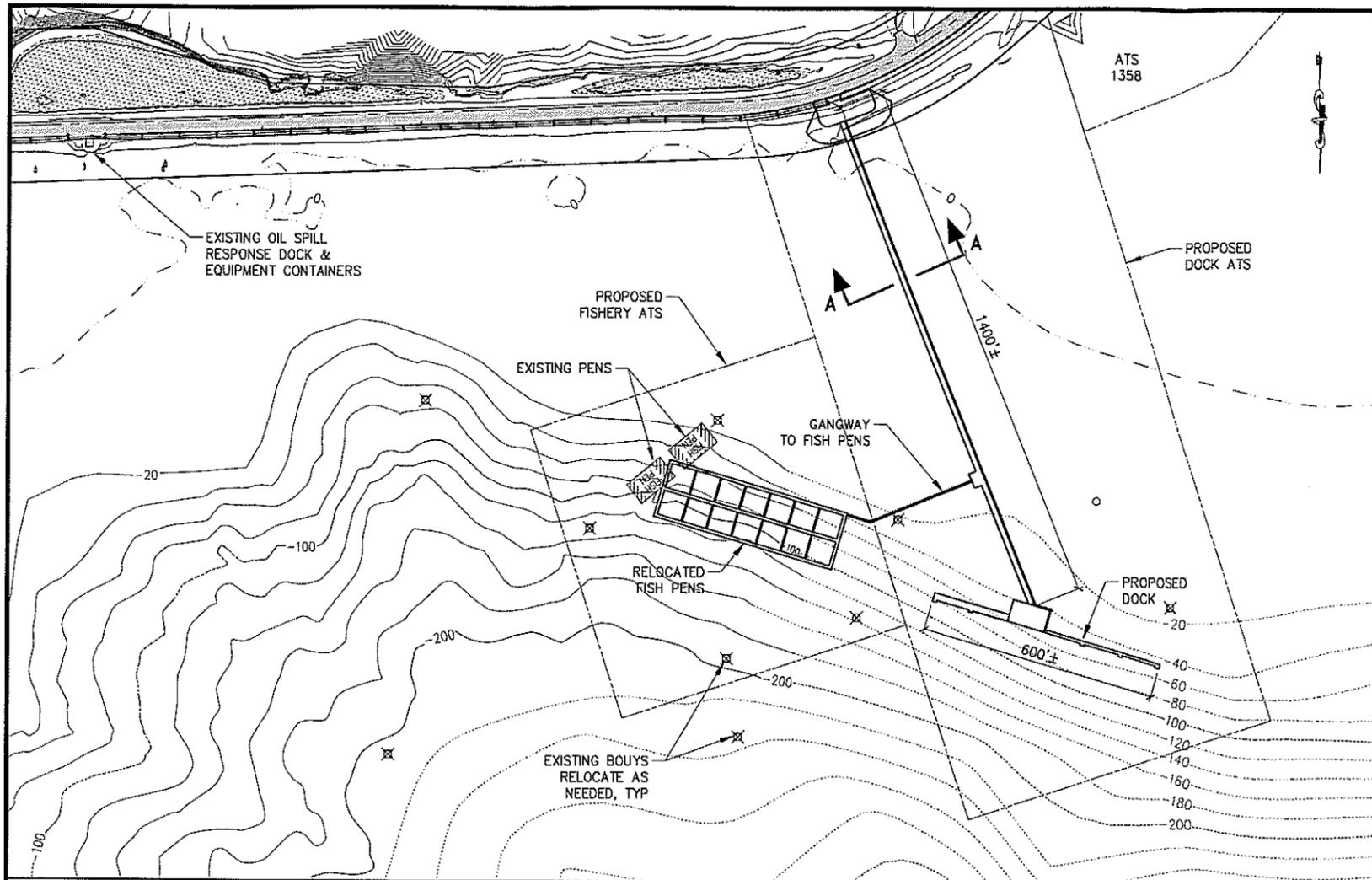

Peratrovich, Nottingham & Drage, Inc.
 Engineering Consultants
1028 West 28th Avenue, Anchorage, Alaska 99503 (907) 561-1011

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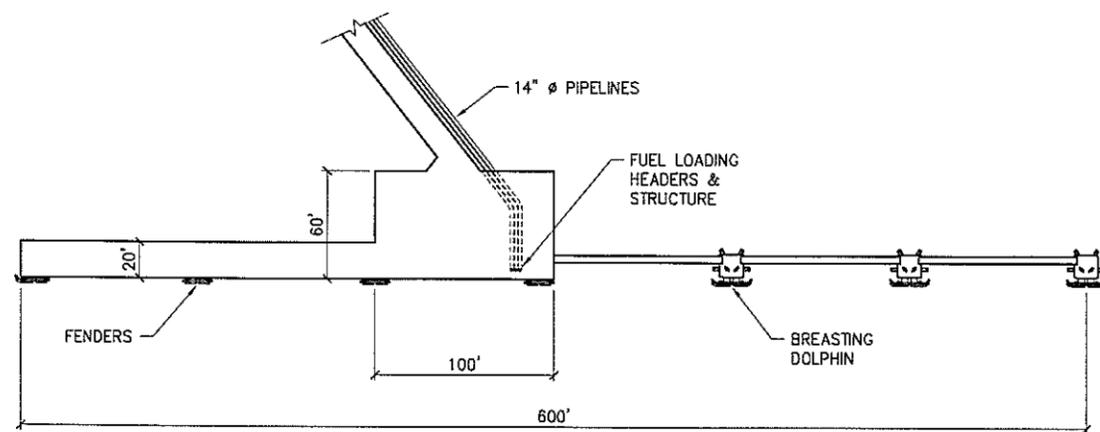
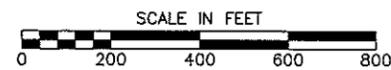
**PETRO STAR PIPELINE
AND DOCK PROJECT**

**PIPELINE
PLAN & PROFILE**

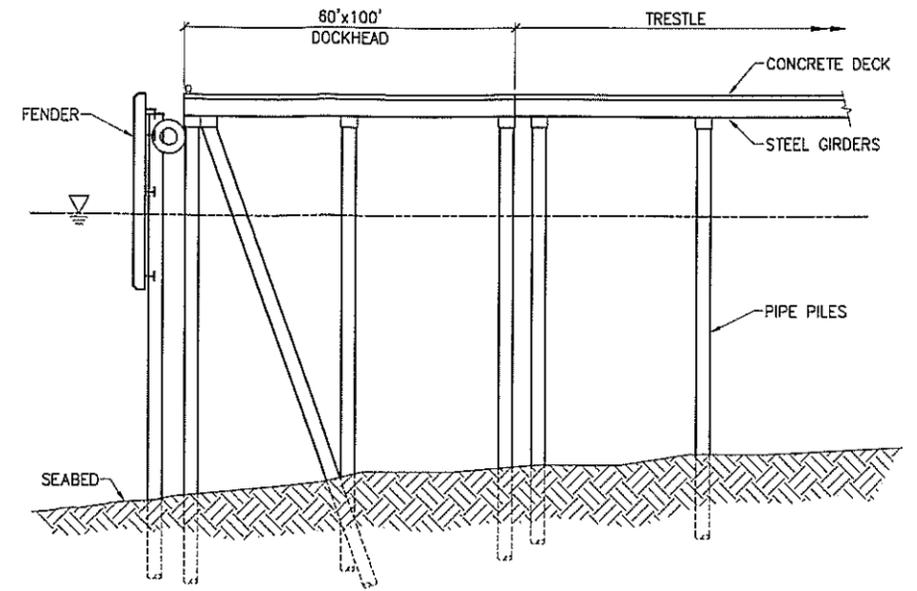
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OF 12



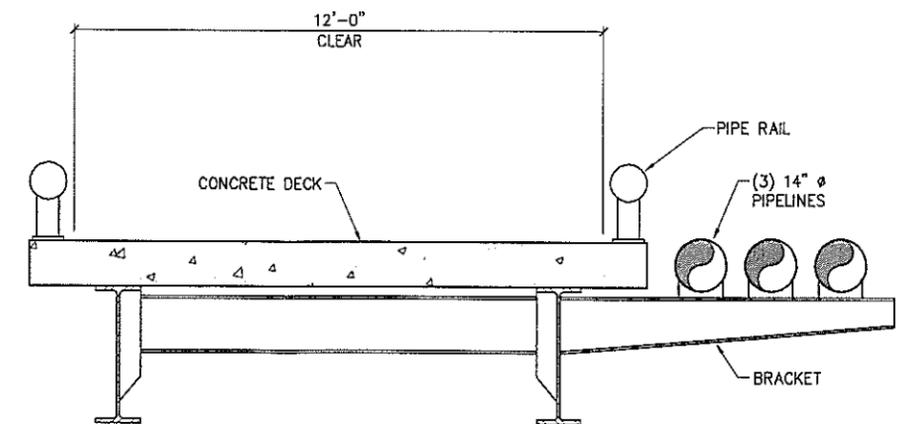
PLAN



DOCK HEAD PLAN
NTS



TYPICAL DOCK SECTION
NTS



SECTION A-A
NTS

PRELIMINARY
5-12-04

**PETRO STAR PIPELINE
AND DOCK PROJECT**

Designed: JC
Drawn: WRJ
Checked: DN
Project No: 04104D

Peratrovich, Nottingham & Drage, Inc.
Engineering Consultants

1506 West 36th Avenue,
Anchorage, Alaska 99503

(907) 561-1011 FAX (907) 563-4220

Date: 5/12/04
Scale: AS SHOWN

DOCK PLAN

sheet
11 of **12**

GENERAL NOTES

DOCK DESIGN PARAMETERS

DECK LOADS -
400 PSF UNIFORM LIVE LOAD OR HS20-44 TRUCK AND INFREQUENT USE BY A 60,000-POUND AXLE FORKLIFT OR LOADER.

DESIGN VESSEL -
600-FOOT DOUBLE-HULL PETROLEUM PRODUCT TANKER. ASSUME 45,000 TONNES DEADWEIGHT AND 0.30 M/S APPROACH VELOCITY.

EARTHQUAKE -
DESIGN ROCK HORIZONTAL ACCELERATION = 0.50G (PER AASHTO).

CORROSION -
STEEL PILES PROTECTION BY ANODES. STRUCTURAL STEEL SPRAY-METALLIZED AND/OR GALVANIZED. AFTER 10 YEARS OWNER SHOULD DEVELOP AN INSPECTION PROGRAM.

PIPELINE DESIGN PARAMETERS

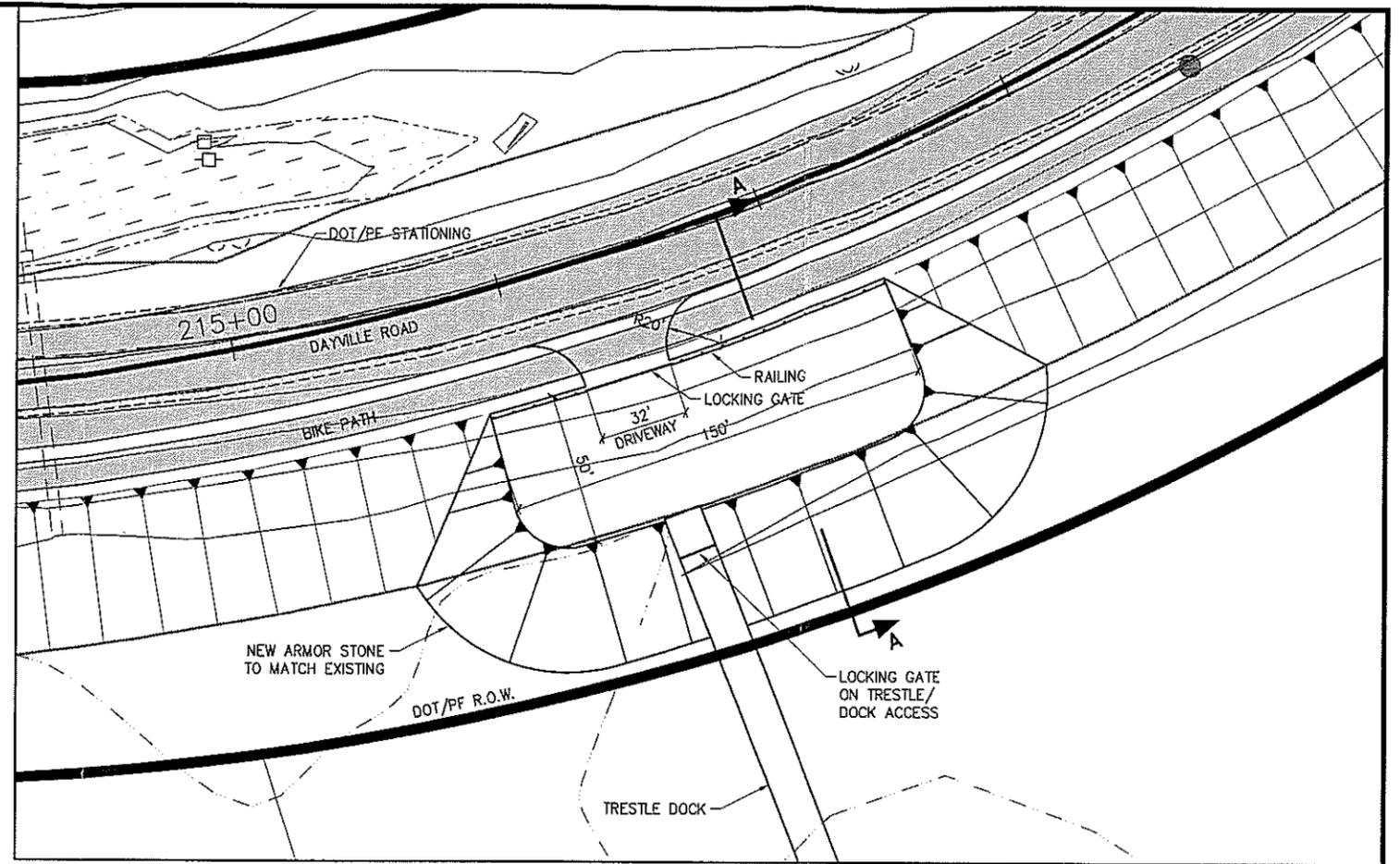
TRANSMITTANT -
REFINED PETROLEUM PRODUCTS.

CAPACITY -
5000 BBL/HOUR PER PIPELINE AND 15000 BBL/HR TOTAL CAPACITY DURING VESSEL LOADING (INTERMITTANT FLOW).

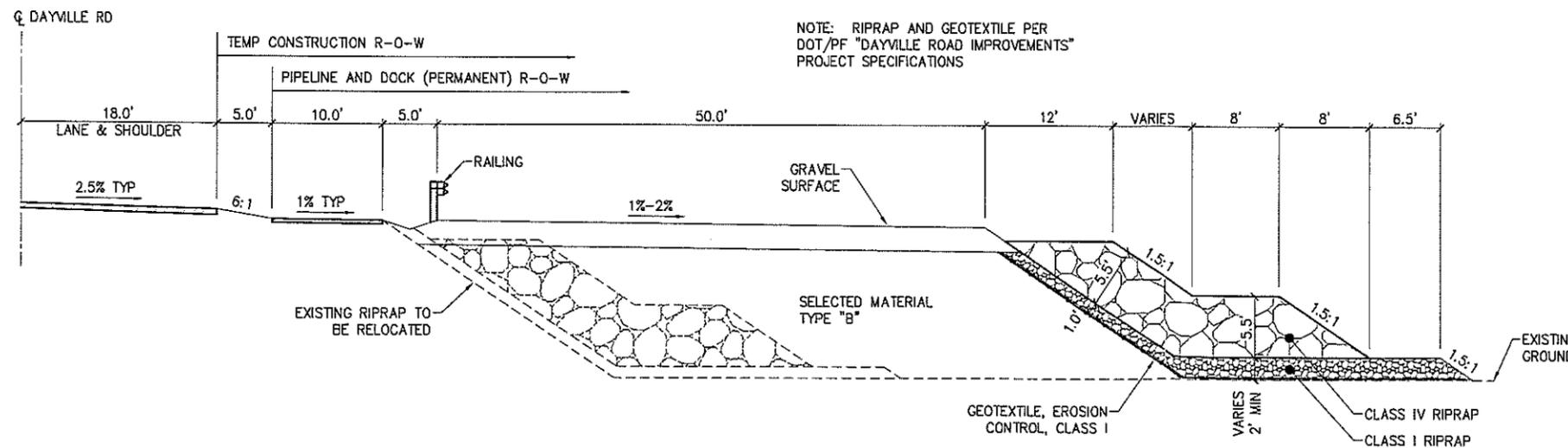
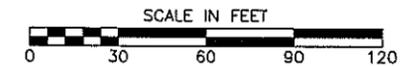
CORROSION -
COATED PIPE WITH CATHODIC PROTECTION.

LEAK DETECTION -
PER API 1130

CONSTRUCTION CODE -
ASME B31.4



DOCK PULLOUT PLAN



TYPICAL DOCK PULLOUT SECTION A-A

NOTE: RIPRAP AND GEOTEXTILE PER DOT/PF "DAYVILLE ROAD IMPROVEMENTS" PROJECT SPECIFICATIONS

ESTIMATED FILL QUANTITIES

FILL AREA BELOW HTL	0.8 ACRES
FILL VOLUMES BELOW HTL	
RELOCATED RIPRAP	1,500 CY
NEW RIPRAP	1,000 CY
NEW GRAVEL/DAILD FILL	7,500 CY
TOTAL	10,000 CY

PETRO STAR PIPELINE AND DOCK PROJECT



Peratrovich, Nottingham & Drage, Inc.
Engineering Consultants

1506 West 36th Avenue,
Anchorage, Alaska 99503

(907) 561-1011 FAX (907) 563-4220

Designed: JC

Drawn: WRJ

Checked: DN

Project No: 041040

Date: 5/12/04

Scale: AS SHOWN

DOCK PULLOUT & GENERAL NOTES

sheet
12 of 12

PRELIMINARY
Rev. 6-16-04

APPENDIX C

PETRO STAR VALDEZ REFINERY

VALDEZ PETROLEUM TERMINAL

DEDICATED RESPONSE EQUIPMENT

QUANTITY	UNITS	ITEM
1	13'	Boston Whaler with 35 hp motor
1		450 B Case front end dozer with backhoe attachment
1		L120C Volvo front end loader (20,000 lbs) with forklift attachment
1		Bobcat 763 (2,000 lbs)
1		800 JLJ Boom Truck (5 tons)
1	15hp	outboard motor
8		floats
2		oars
2		anchors
1	10gal	gas tank for outboard
1		air foot pump
1		pulley for boom or rope mop
6		life jackets
3		ringers
2	#3	wash tubs
1	large	funnel
1	medium	funnel
10	55 gal	empty drums
1	100'	rope, 3/4"
1	150'	rope, 1/2"
2	5 gal	jerry cans
1	150'	extension cord
2	100'	extension cord
1	box	air hose, assorted
2	3'	slings
4	6'	slings

4	bundles	10' sectioned sorbent boom (8" - 40' to bundle)
4	bundles	10' sectioned sorbent boom (4" - 40' to bundle)
8	bundles	18" x 18" absorbent pads (3/16")
4	bundles	36" x 150" absorbent rolls (3/8")
6		beach anchors
2		com-a-longs
1	18000SH	skim-pac 300 gpm/68 m3h (EDRC 8,240 bbls/day)
3	20'	2" suction hoses for pump/camlock fittings
4	50'	2" discharge hoses for pump/camlock fittings
1		trash pump (EDRC 4,389 bbls/day)
1		generator
1	bucket	miscellaneous fittings
1	5hp	compressor
2	small	electric winch
1		Vac-U-Max pump (EDRC 23 bbls/day)
6	2"	hose floats
1		circular saw, portable
1		disk grinder
2		wood ripper blades
1	1/2hp	electric pump (EDRC 822 bbls/day)
1		handyman jack
4		shovels, square point
4		shovels, round points
3		brass picks
2		beach shovels
2		rakes
2		pitch forks
6		ABC fire extinguishers
2	large	flashlights
1		tool box (with assorted hose clamps)
1		electric heater

1	8 gal	water cooler
1	10 gal	water cooler
2		water jugs
6		rubber boots
6		rubber gloves
6		hard hats
6		protective goggles
2	medium	slicker suits
2	large	slicker suits
2	x-large	slicker suits
6	½ face	respirators with filters
1		first aid kit
		eye wash stations
2	250M BTU	space heaters
5	cases	6 mil red Hazmat bags
1		OSHA qualified stairways
1	1600ft	8" contractor boom

APPENDIX D

VALDEZ FISHERIES DEVELOPMENT ASSOCIATION, INC.Date: 4/26/03

Resolution # 04-03

This resolution of the Board of Directors of Valdez Fisheries Development Association supports the efforts of Petro Star Valdez Refinery (PSVR) to replace their current mode of fuel movement in Port Valdez by constructing two pipelines and a fuel loading facility east of the Solomon Gulch Hatchery. PSVR proposes the following:

1. Construct two double walled pipelines embedded into the new Department of Transportation bike-path to be constructed along the Dayville Road, using the best available technology.
2. Construct a fuel loading dock with an elevated causeway east of the Solomon Gulch Hatchery at one of three possible sites. The sites will be evaluated for soil stability and to minimize any environmental impacts of the project.
3. Provide for the maximum protection of the hatchery's out-migrating salmon fry from potential spills.
4. Develop plans in accordance with VFDA'S position paper dated December 12, 2002, which is enclosed with this document.

Diagrams of the three proposed sites are attached to the following resolution.

WHEREAS: The Valdez Fisheries Development Association (VFDA) is a non-profit Corporation that owns and operates the Solomon Gulch Hatchery;

WHEREAS: VFDA raises Pink salmon and Silver salmon fry at the Solomon Gulch Hatchery and places the fry in pens and feeds these fry in the immediate Vicinity of the proposed project site;

WHEREAS: The Pink salmon and Silver salmon fry placed in the pens and fed contribute To the economic stability of the City of Valdez and Prince William Sound Commercial and sport fishers;

WHEREAS: Petro Star operates a refinery in Valdez, Alaska located 1.5 miles east of the Solomon Gulch Hatchery on Dayville Road and trucks its refined products To the Valdez Petroleum Terminal on the north side of Port Valdez;

WHEREAS: Pipelines are inherently safer and easier to secure than transportation of fuel

By road transportation;

WHEREAS: Petro Star proposes to build two double walled pipelines and a loading dock On the south side of Port Valdez close to their refinery plant and in the Immediate vicinity of the Solomon Gulch Hatchery rearing pens;

WHEREAS: Valdez Fisheries desires to have a good working relationship with the Petro Star Refinery, while assuring the maximum protection for its salmon Production and harvest;

THEREFOR, let it be resolved that VFDA supports the PSVR pipelines and fuel loading facility project. It is further resolved that involvement with the proposed project does not prohibit VFDA from participating in the permitting process. It is further resolved that VFDA will provide Petro Star with technical input for the pipelines and loading facility designs. It is further resolved that Petro Star will give the net pens a priority status during spill prevention and response activities.

ATTESTED BY: ----- DATE:-----

Don Daniels

President, Valdez Fisheries Development Association, Inc.

Thane Miller

[Signature]
4/26/03
4/22/03

[Signature]
4/22/03

John Stelling

[Signature]

John Allen

4-23-03
[Signature]
4-23-03 *[Signature]*

Pat Day

DON DANIELS

**Position Paper of Valdez Fisheries Development
Association Regarding the Petro Star Deep Water Fuel
Barge Facility in Port Valdez, Alaska**

**I. Valdez Fisheries Development Association, Inc. (VFDA)
Salmon Hatchery**

1. VFDA is a private nonprofit corporation that raises and propagates salmon. The corporation develops renewable salmon resources and salmon products for the benefit of the public, consumers of salmon and sport, commercial and subsistence fishermen, salmon processors, tourists and all other businesses dependent upon the salmon fishing industries in Alaska. VFDA has been in operation since 1979. It serves a valuable role in the salmon production of Alaska, and in the tourist and sport fishing industry in Prince William Sound. VFDA has a responsibility to the Common Property fisheries, which is spelled out in its 501C (3) tax status, VFDA Articles of Incorporation and its Corporate goals and objectives.

2. VFDA raises a uniquely early pink salmon stock, which may not be replaceable. VFDA also raises silver salmon in raceways in its hatchery facility. The Solomon Gulch Hatchery is located on Dayville Road east of the TransAlaska Pipeline Terminal. VFDA uses net pens offshore of its hatchery facility. The net pens are used to transfer juvenile salmon, fingerlings, and smolts to saltwater for holding, some feeding and acclimation in the spring. Those salmon are released from the net pens to the ocean to feed and mature. After migrating to sea, the salmon return to the hatchery area and Port Valdez where they are 1) used as brood stock for hatchery restocking purposes, 2) harvested and then sold by the hatchery for cost recovery purposes, and 3) harvested in the common property commercial, sport and subsistence fisheries.

3. The economic impact of VFDA is significant. Each year VFDA contributes between 8 to 15 million salmon to common property fisheries valued at \$5 to \$9 million to commercial fishing industry. The early run timing of the Solomon Gulch pinks extends the season for commercial fishers by about 30 days. This time extension greatly improves the risk picture for fishermen normally compressed into a 30-day wild stock harvest. Each year the hatchery has between 235 to 237 million salmon eggs, alevin and juveniles on site. VFDA supports a flourishing fishing industry in Valdez made up of a large sport fishing fleet, commercial salmon fishing boats, salmon tender vessels, and three fish processors. VFDA employs 11 year round employees and 10-20 seasonal employees.

4. In order to maintain its operations, and continue as a positive influence in the local economy, and the regional salmon fisheries, VFDA must continue to have and use net pens. Net pens serve an important link for salmon raised in the hatchery facility, as a transition to the marine environment. Critical to its success as a hatchery is maintaining an area for net pens within the influence of Solomon Gulch Creek. The net pens must also continue to be placed in a pollution free marine environment. In addition, VFDA must continue to have unfettered access to its net pens to monitor the salmon's transition from fresh water to the marine water environment. VFDA must also insure that each year its hatchery raised salmon stay strong and healthy for their ocean journey.

II. Petro Star Inc. Refinery and Proposed Marine Bulk Fuel Facility

1. Petro Star operates a refinery in Valdez, which refines oil from the Trans Alaska Pipeline, and then transports the refined product in tanker trucks. Petro Star is exploring the possibility

of constructing a deepwater dock as a bulk loading facility to load fuel barges on the south side of Port Valdez, just east of the Alyeska Pipeline terminal, the Petro Star refinery and the VFDA hatchery facility. The site under consideration by Petro Star is directly adjacent to the location of VFDA's off shore salmon net pens.

2. VFDA has four primary concerns about the Petro Star Bulk Fuel Facility it is considering. First, the proposed location of the Facility and the impact to VFDA's use, operation and access to its net pens. Second, the potential impacts to VFDA and its salmon and net pens from operations of the Bulk Fuel Facility. Third, the protection of VFDA and its salmon in case of chronic, unintentional, or catastrophic oil releases and spills from the Petro Star Facility. Fourth, the involvement, consideration and incorporation of VFDA's interest and concerns during any process that Petro Star has internally that leads to the construction, development and operation of the Facility, and the public and government permitting process that will occur if the Facility as proposed is built and becomes operational.

III. VFDA's Framework for an Agreement with Petro Star

A. Working Relationship

1. VFDA desires to work with Petro Star as it develops the plans for the Facility, and as the Facility moves through the permitting process.
2. VFDA has a significant stake in the location, operation and use of the Facility and VFDA is the entity that would be most severely affected initially in the event of a spill at the Facility.

3. VFDA wants assurances that it will be advised of developments related to the Facility, that it is communicated with on a consistent and open basis regarding the Facility, and that it be involved in all stages of planning, development, and construction of the Facility.
4. VFDA should be incorporated into the internal corporate planning team or group now in existence, or should one be developed that is charged with developing, planning and constructing the Facility.
5. VFDA does not oppose or support the Facility at this point. VFDA's concerns related to the Facility have been set forth above, and believes that a close working relationship, and a successful outcome for Petro Star and VFDA can be reached in an atmosphere of communication, coordination and consideration.

B. Government Permits

1. Involvement on the Petro Star Facility Management Group would not prohibit VFDA from commenting on any aspect of the proposed Facility when such comments are sought by any government agency.
2. VFDA should be able to work with any agency tasked with oversight and permitting of the Facility to insure that each agency understands and addresses VFDA's concerns, and that those concerns are addressed and dealt with in permitting conditions.
3. VFDA must have the ability to call for non-compliance with agency plans, permits and standard operating procedures once the facility is operational and receive expected corrections.

C. Technical and Design Input

1. VFDA has benefited from marine net pens that are close to its hatchery. Access to the net pens has been by boat. Construction of a bulk loading Facility might provide better land based access to the net pens, and allows them to be attached to a portion of the Facility. Operations of VFDA and the Facility should be discrete and unobstructed by the other. VFDA personnel or vehicles including its boats should not be prevented from gaining access to the net pens at any time, because of emergencies that may arise with salmon held in the net pens.
2. Maintenance of the net pens always has been and always should be the responsibility of VFDA. VFDA should not be responsible for the maintenance of the Facility.
3. Construction of the Facility should not interfere with VFDA's use and operation of the net pens and no costs associated with the design, construction, operation, or repair of the Facility should be borne by VFDA.
4. VFDA has long term knowledge of the marine environment in the area proposed for the Facility. VFDA should be consulted on infrastructure installation that would benefit VFDA and that may be beneficial for the Facility, and important aspects of design and technical capabilities associated with the Facility that would benefit VFDA and that could benefit the Facility should be included as part of the Facility.

D. Financing and Liability

1. Spills at the Facility could financially damage VFDA in the short term and long term. VFDA must obtain assurances of

adequate financial resources to mitigate those potential financial damages and assurances.

2. Structural damage to VFDA net pens of facilities, which could occur because of the proximity to the Facility, must be addressed by Petro Star, and VFDA must be assured of adequate protection to correct those damages, if they occur.

E. Environmental and Spill Contingencies

1. VFDA has arrangements with Alyeska to perform oil spill response operations. VFDA's oil spill response experience would benefit Petro Star as well and VFDA should be considered as part of any oil spill contingency planning submitted for approval by Petro Star related to the Facility.
2. The VFDA hatchery and net pens should receive priority attention in any oil spill contingency plans adopted by Petro Star related to the Facility.
3. It is in Petro Star's and VFDA's interest to understand the environmental impacts and parameters of the Facility's construction. Petro Star should discuss and agree upon the type and kind of studies that should be done in advance of Facility construction, and which should be done on an on-going basis.

F. Physical Improvements for VFDA

1. Anchoring Piles inshore and on west end of net pens
2. Access Ramp
3. Power supply for saltwater pumps, air circulation and lighting
4. Booming

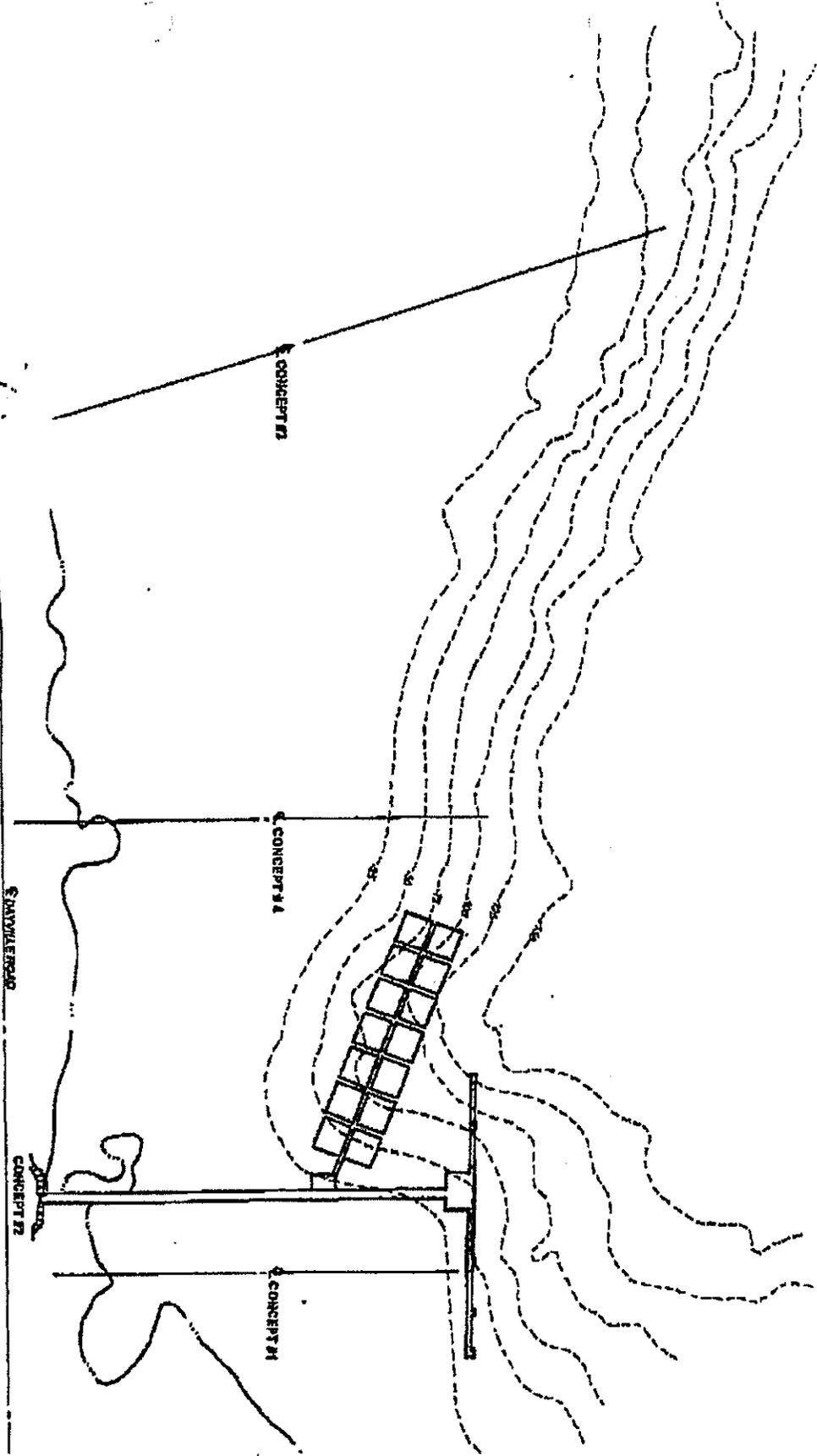
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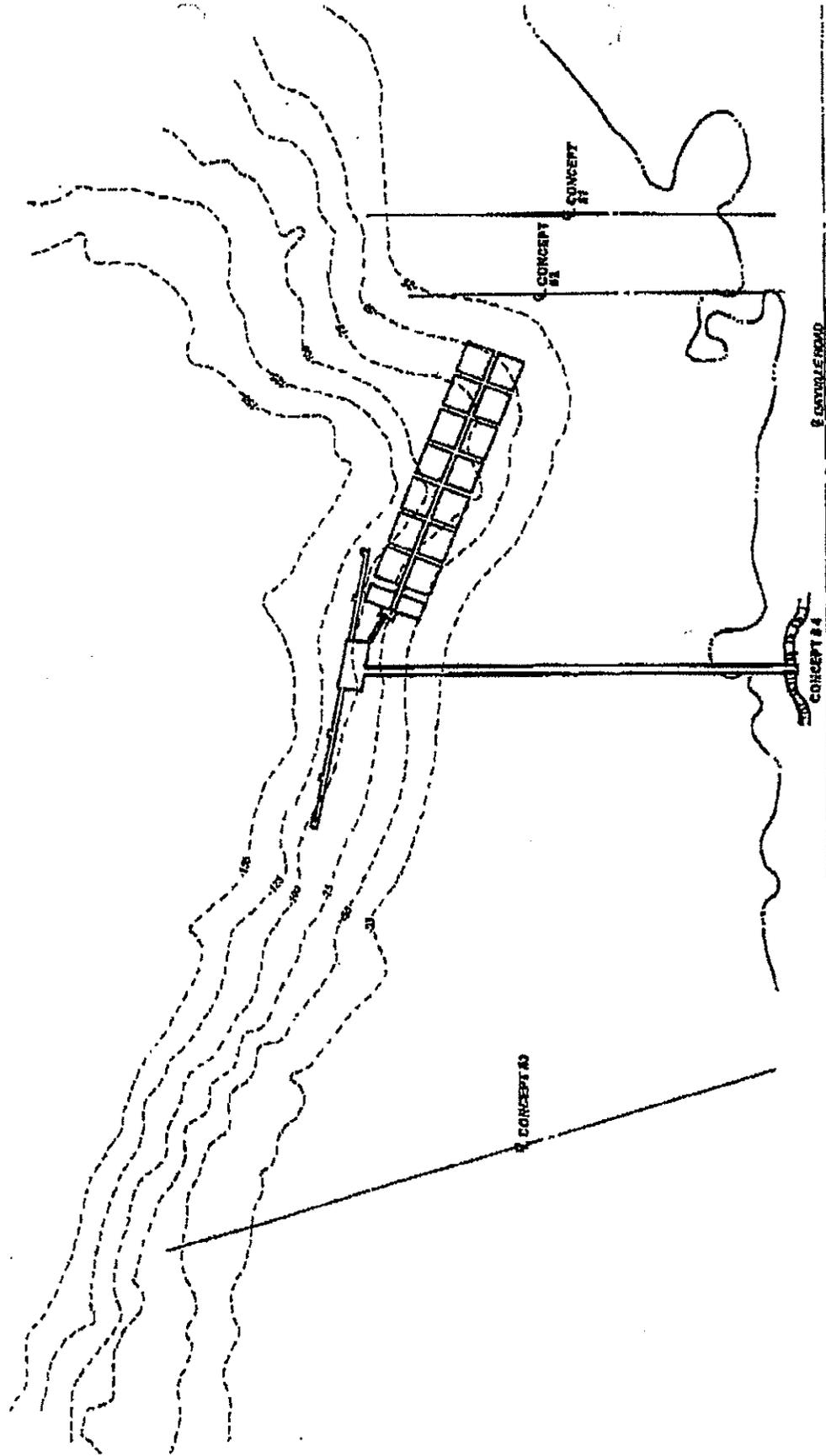
5. Crane on the net pens for freight loading
6. 12" line on the causeway for moving imprinting water and fry to the net pens.




Paulsen, Holliman & Stone, Inc.
Engineering Consultants

CONCEPT #2





 Terrapoint, Robinson & Bueh, Inc.
Engineering Consultant

CONCEPT #4

APPENDIX E



**ARCTIC SLOPE REGIONAL CORPORATION
AND SUBSIDIARIES**

Consolidated Financial Statements

December 31, 2003, 2002, and 2001



KPMG LLP
701 West Eighth Avenue
Suite 600
Anchorage, AK 99501

Independent Auditors' Report

The Board of Directors
Arctic Slope Regional Corporation:

We have audited the accompanying consolidated balance sheets of Arctic Slope Regional Corporation and subsidiaries (the Company) as of December 31, 2003 and 2002, and the related consolidated statements of income, shareholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Arctic Slope Regional Corporation and subsidiaries as of December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

As described in note 1 to the financial statements, the Company adopted Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*, on January 1, 2002.

KPMG LLP

Anchorage, Alaska
February 25, 2004



KPMG LLP, a U.S. limited liability partnership, is the U.S. member firm of KPMG International, a Swiss cooperative.

**ARCTIC SLOPE REGIONAL CORPORATION
AND SUBSIDIARIES**

Consolidated Balance Sheets

December 31, 2003 and 2002

(In thousands)

Assets	<u>2003</u>	<u>2002</u>
Current assets:		
Cash and cash equivalents, (including restricted balances of \$15,348 and \$5,500 in 2003 and 2002, respectively) (note 1)	\$ 77,099	83,507
Receivables, net (note 7)	104,729	113,671
Costs and earnings in excess of billings on uncompleted contracts	55,324	43,281
Inventories	24,970	27,290
Prepaid expenses and other current assets	7,098	9,701
Elders' Trust investments (note 4)	2,425	2,744
Deferred tax assets (note 11)	12,300	12,300
Total current assets	<u>283,945</u>	<u>292,494</u>
Property, plant, and equipment, net of accumulated depreciation (note 8)	139,932	148,345
Investments and advances, net (notes 9 and 13)	53,659	47,573
Loan portfolio, net of allowance for loan loss of \$626 and \$467 in 2003 and 2002, respectively	13,264	10,532
Intangible and other assets, net	50,201	40,762
Deferred tax assets (note 11)	40,880	40,880
	<u>\$ 581,881</u>	<u>580,586</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Notes and loans payable (note 10)	\$ 14,593	13,147
Accounts payable and accrued liabilities	121,955	112,112
Billings in excess of costs and earnings on uncompleted contracts	7,640	10,366
Total current liabilities	<u>144,188</u>	<u>135,625</u>
Long-term debt (note 10)	109,595	133,182
Equity of minority interests in subsidiaries	10,687	10,108
Other accrued obligations	70,467	54,388
Total liabilities	<u>334,937</u>	<u>333,303</u>
Shareholders' equity:		
Common stock, no par (note 2)	—	—
Paid in capital (note 2)	5	5
Contributions to capital (note 2)	22,535	22,535
Accumulated other comprehensive income	108	93
Retained earnings	224,296	224,650
Total shareholders' equity	<u>246,944</u>	<u>247,283</u>
Commitments and contingencies (notes 13 and 14)	<u>\$ 581,881</u>	<u>580,586</u>

See accompanying notes to the consolidated financial statements.

**ARCTIC SLOPE REGIONAL CORPORATION
AND SUBSIDIARIES**

Consolidated Statements of Income

Years ended December 31, 2003, 2002, and 2001

(In thousands)

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Revenues:			
Contracting, sales, and services	\$ 1,020,819	962,840	1,048,439
Natural resources, net of 7(i) obligation	8,377	10,830	13,400
	<u>1,029,196</u>	<u>973,670</u>	<u>1,061,839</u>
Operating expenses:			
Costs of contracting, sales, and services	923,188	863,145	916,603
Administration and general costs	92,602	99,615	104,545
Operating income	13,406	10,910	40,691
Earnings from unconsolidated affiliates (note 9)	9,878	24,781	9,298
Interest and investment earnings	1,795	1,610	2,966
Interest expense	(13,589)	(14,666)	(15,580)
Income allocable to minority interests	(5,635)	(7,161)	(7,328)
Other income (expenses), net (note 12)	2,199	(608)	3,769
	8,054	14,866	33,816
Income tax benefit (provision) (note 11)	(3,156)	1,926	(2,939)
Net income	<u>\$ 4,898</u>	<u>16,792</u>	<u>30,877</u>

See accompanying notes to the consolidated financial statements.

**ARCTIC SLOPE REGIONAL CORPORATION
AND SUBSIDIARIES**
Consolidated Statements of Shareholders' Equity and Comprehensive Income
Years ended December 31, 2003, 2002, and 2001
(In thousands)

	Common stock	Paid-in capital	Contributions to capital	Retained earnings	Accumulated other comprehensive income net of taxes	Total shareholders' equity
Balances at December 31, 2000	\$ —	5	22,535	195,989	—	218,529
2001 Net income	—	—	—	30,877	—	30,877
2001 Dividends declared and distributions:						
Regular dividend, \$9.75 per share	—	—	—	(8,514)	—	(8,514)
Elders' trust distributions	—	—	—	(642)	—	(642)
Balances at December 31, 2001	—	5	22,535	217,710	—	240,250
2002 Net income	—	—	—	16,792	—	16,792
Effect of cumulative translation gains, net of tax	—	—	—	—	93	93
Comprehensive income	—	—	—	—	—	16,885
2002 Dividends declared and distributions:						
Regular dividend, \$10.28 per share	—	—	—	(9,177)	—	(9,177)
Elders' trust distributions	—	—	—	(675)	—	(675)
Balances at December 31, 2002	—	5	22,535	224,650	93	247,283
2003 Net income	—	—	—	4,898	—	4,898
Effect of cumulative change in fair value of cash flow hedge, net of tax	—	—	—	—	(2,110)	(2,110)
Effect of cumulative translation gains, net of tax	—	—	—	—	2,125	2,125
Comprehensive income	—	—	—	—	—	4,913
2003 Dividends declared and distributions:						
Regular dividend, \$5 per share	—	—	—	(4,553)	—	(4,553)
Elders' trust distributions	—	—	—	(699)	—	(699)
Balances at December 31, 2003	\$ —	5	22,535	224,296	108	246,944

See accompanying notes to the consolidated financial statements.

**ARCTIC SLOPE REGIONAL CORPORATION
AND SUBSIDIARIES**

Consolidated Statements of Cash Flows

Years ended December 31, 2003, 2002, and 2001

(in thousands)

	2003	2002	2001
Operating activities:			
Net income	\$ 4,898	16,792	30,877
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	23,767	26,152	31,065
Reserves, valuations, and accruals	2,521	4,805	(5,055)
(Gain) loss on disposal of assets	(117)	2,155	(2,715)
Gain on sale of nonmarketable investments	(1,372)	(1,228)	—
Income allocable to minority interests	5,635	7,161	7,328
Distributions in excess of (undistributed earnings of) unconsolidated affiliates	2,101	20,003	(2,933)
Change in trading securities valuation	(327)	400	167
Changes in assets and liabilities providing (using) cash, net of investing activities:			
Trading securities, net of maturities, and sales	645	15,081	18,207
Receivables	6,421	4,281	13,015
Costs and earnings in excess of billings	(12,043)	(9,819)	842
Inventories	2,320	(7,337)	5,394
Prepaid expenses and other current assets	2,603	1,139	(3,349)
Accounts payable and accrued liabilities	7,733	7,147	(14,049)
Billings in excess of costs and earnings	(2,726)	(1,632)	(2,064)
Loan originations, net of repayments	(2,732)	(4,998)	(138)
Intangible and other assets	(5,434)	(143)	918
Other accrued obligations	16,079	(620)	34,883
Net cash provided by operating activities	49,972	79,339	112,393
Investing activities:			
Proceeds from disposals of property and equipment	3,572	9,199	14,592
Proceeds from sale of nonmarketable investments	7,710	4,042	—
Purchases and construction of property and equipment	(18,415)	(27,862)	(17,424)
Purchase of minority interest in consolidated affiliates	—	(2,288)	—
Acquisition of subsidiaries	—	(6,000)	(830)
Investments in and advances to unconsolidated affiliates, net	(18,924)	1,075	(32,703)
Net cash used in investing activities	(26,057)	(21,834)	(36,365)
Financing activities:			
Net repayments under line of credit agreements	—	—	(11,712)
Proceeds from other financing arrangements	—	—	8,716
Repayment of other financing arrangements	(22,141)	(16,175)	(20,429)
Distributions to minority interests	(5,056)	(5,975)	(7,189)
Dividends and Elders' benefit payments	(5,252)	(9,852)	(9,156)
Net cash used in financing activities	(32,449)	(32,002)	(39,770)
Effect of exchange rate on cash	2,126	93	—
Net (decrease) increase in cash and cash equivalents	(6,408)	25,596	36,258
Beginning cash and cash equivalents	83,507	57,911	21,653
Ending cash and cash equivalents	\$ 77,099	83,507	57,911
Cash paid for interest	\$ 11,125	12,730	13,292
Cash paid for taxes	2,621	2,650	975
Supplemental Schedule on non-cash investing activities:			
During 2003 the Corporation sold its investment in CDM Resource Management, LTD. for the following consideration (note 9):			
Cash	\$ 8,100		
Note receivable	4,400		

See accompanying notes to the consolidated financial statements.

**ARCTIC SLOPE REGIONAL CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2003 and 2002

(Dollars in Thousands)

(1) Operations and Summary of Significant Accounting Policies

(a) Operations

Business activities of Arctic Slope Regional Corporation and its subsidiaries (ASRC or the Corporation) include energy services, petroleum refining and marketing, engineering and construction, technical services, resource development, commercial lending, tourism and communications. The Corporation also participates in various partnerships, joint ventures and other business activities.

(b) Principles of Consolidation

The consolidated financial statements include those of the Corporation and its majority-owned subsidiaries. Investments in companies over which the Corporation has influence but not a controlling interest are recorded on the equity method. Investments over which the Corporation has little influence are reported on the cost method. Significant intercompany transactions and balances have been eliminated.

(c) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Significant accounting estimates include those for the allowance for doubtful accounts, the useful lives of property and equipment and the related accumulated depreciation and amortization, carrying amount of long-lived assets including goodwill, costs to complete and anticipated future losses on uncompleted contracts, realization of deferred income taxes and reserves for the ultimate cost of the settlement of litigation and claims.

The recorded amounts are currently believed by management to be sufficient. However, such estimates could significantly change in future periods to reflect new laws, regulations or information. It is not possible to determine whether additional loss, due to such changed circumstances, will occur or to reasonably estimate the amount or range of any potential additional loss.

(d) Cash Equivalents

Cash equivalents consist of highly liquid investments, maintained as part of the Corporation's cash management activities, with maturities of less than three months from their date of purchase. Cash equivalents do not include similar investments that are held in the Elders' Trust portfolio, the Supplemental Employee Retirement Plan or the Deferred Compensation Plan (see note 13). At December 31, 2003 the Corporation's restricted cash of \$15,348 consists of cash equivalents held in escrow at a bank as collateral on our workers' compensation claims, and cash held in escrow at a bank pending resolution of a contract settlement.

**ARCTIC SLOPE REGIONAL CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2003 and 2002

(Dollars in Thousands)

(e) Investments

Debt and equity securities actively traded by the Corporation are considered to be trading securities and are reported at fair value. Unrealized holding gains and losses are included in earnings. Included in investment income for the year ended December 31, 2003, are unrealized gains of \$327. Included in investment income for the years ended December 31, 2002, and 2001 are unrealized losses of \$356 and \$167, respectively.

The cost of securities sold is determined based on the specific identification method.

(f) Trade Accounts Receivable

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Corporation's best estimate of the amount of probable credit losses in the Corporation's existing accounts receivable. The Corporation determines the allowance based on historical write-off experience by industry and national economic data. The Corporation reviews its allowance for doubtful accounts monthly. Past due balances over 90 days and over a specified amount are reviewed individually for collectibility. All other balances are reviewed on a pooled basis by industry. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Corporation does not have any off-balance-sheet credit exposure related to its customers (see note 7).

(g) Inventories

Inventories consist primarily of petroleum products, contracting supplies and manufacturing materials and are valued at the lower of current market value or cost using the first-in, first-out method.

(h) Property, Plant, and Equipment

Property, plant, and equipment are recorded at the lower-of-cost or estimated fair value, and are depreciated over estimated useful lives using the straight-line method (see note 8). Useful lives are periodically evaluated and depreciation modified prospectively based on changes in estimated useful lives.

(i) Loan Portfolio, Net

Loans are reported at their outstanding unpaid principal balances, adjusted for charge-offs, the allowance for loan losses, and any deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal balance.

The allowance for loan losses is a management estimate of the reserve necessary to absorb probable losses in the Corporation's loan portfolio. In determining the adequacy of the allowance, management evaluates prevailing economic conditions, results of regular examinations and evaluations of the quality of the loan portfolio by external parties, actual loan loss experience, the extent of existing risks in the loan portfolio and other pertinent factors. Future additions to the

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allowance may be necessary based on changes in economic conditions and other factors used in evaluating the loan portfolio.

(j) Goodwill and Other Intangible Assets

Goodwill represents the excess of costs over fair value of assets of businesses acquired. The Corporation adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 142, *Goodwill and Other Intangible Assets*, as of January 1, 2002. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead tested for impairment at least annually in accordance with the provisions of SFAS No. 142. SFAS No. 142 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with SFAS No. 144, *Accounting for Impairment or Disposal of Long-Lived Assets*. There was no impairment recorded on goodwill during 2003, and during 2002, the Corporation recorded impairment on goodwill of \$3,200.

Prior to the adoption of SFAS No. 142, goodwill was amortized on a straight-line basis over the expected periods to be benefited, generally 20 years, and assessed for recoverability by determining whether the amortization of the goodwill balance over its remaining life could be recovered through undiscounted future operating cash flows of the acquired operation. All other intangible assets were amortized on a straight-line basis from 3 to 25 years. Had this statement been in effect for the year ended December 31, 2001, net income would have increased by approximately \$2,500.

(k) Impairment of Long-Lived Assets

In accordance with SFAS No. 144, long-lived assets, such as property, plant, and equipment, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet.

(l) Lands Received Under the Act

The fair value of all land and subsurface estate received and to be received pursuant to the Alaska Native Claims Settlement Act (the Act) was not readily determinable without incurring extensive costs of appraisal at the dates such properties were conveyed to the Corporation. Accordingly, no value has been attributed to these lands in the accompanying consolidated financial statements.

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The Corporation has patent or interim conveyance of title to the surface and subsurface estate of approximately 3,574,986 acres; to the subsurface estate only of an additional 906,000 acres; and to the surface estate only of 189,000 acres.

(m) Revenue Recognition

The primary source of the Corporation's revenue is service and construction contracts. The percentage-of-completion method of accounting is used for determining revenue to be recognized for all fixed price construction, manufacturing and consulting contracts based on the estimate of the percentage of completion of individual contracts. As some of the contracts extend over one or more accounting periods, revisions in cost and earnings estimates are reflected in the period during which the facts requiring the revision become known. Provisions for estimated losses on uncompleted contracts are made in the period in which the losses are determined. Revenues from cost-plus-fee contracts are recognized on the basis of costs incurred during the period plus the fee earned. If contract costs and estimated earnings exceed related billings on any uncompleted contract, the difference is shown as a current asset. If billings exceed related contract costs and estimated earnings on any uncompleted contract, the difference is shown as a current liability. Certain construction contract revenues are subject to audit by customers. Any resulting contract audit adjustments are reflected in the period when audit issues are determined to have sufficient merit to justify recognition. Revenue earned from noncontract operations is recorded when title passes or services are rendered. Revenue from Alpine resource royalties is recognized on the cash sales method and recorded when royalties are received.

(n) Translation of Foreign Currency

The financial statements of foreign subsidiaries have been translated from Canadian dollars into U.S. dollars, which is the primary functional currency for those operations. Those translations used (i) current exchange rates for monetary asset and liability accounts, (ii) historical exchange rates for nonmonetary asset and liability accounts, (iii) historical exchange rates for revenues and expenses associated with nonmonetary assets and liabilities, and (iv) the weighted average exchange rate of the reporting period for all other revenues and expenses.

(o) Income Taxes

Funds and properties received under the Act are not subject to income taxes.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. See (note 11) for further discussion of income taxes.

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(p) Concentration

Most of the Corporation's business activity is with customers associated with or dependent upon the petroleum industry and government contracts. In 2003, 2002, and 2001 government contracts and three commercial customers provided approximately 53%, 55% and 56% of the Corporation's contracting, sales and services revenue, respectively. Any improvement or decline in the Petroleum industry or government spending could have a significant positive or negative effect on the Company.

(q) Self-Insurance

The Corporation utilizes third-party insurance subject to varying retention levels or self-insurance. Such self-insurance relates to losses and liabilities primarily associated with health insurance, workers' compensation claims and general and automobile liability. Losses are accrued based upon the Corporation's estimates of the aggregate liability for the claims incurred using certain actuarial assumptions followed in the insurance industry, on the Corporation's experience, and the advice of legal counsel.

(r) Commitments and Contingencies

Liabilities for loss contingencies, including environmental remediation costs, arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. Recoveries for environmental remediation costs from third parties, which are probable of realization, are separately recorded, and are not offset against the related environmental liability, in accordance with FASB Interpretation No. 39, *Offsetting of Amounts Related to Certain Contracts*.

(s) Recently Issued Accounting Standards

In December 2003, the FASB issued FASB Interpretation No. 46 (revised December 2003) (FIN 46), *Consolidation of Variable Interest Entities*, which addresses how a business enterprise should evaluate whether it has a controlling financial interest in an entity through means other than voting rights and accordingly should consolidate the entity. FIN 46R replaces FASB Interpretation No. 46, *Consolidation of Variable Interest Entities, an interpretation of ARB No. 51*, which was issued in January 2003. The Corporation will be required to apply FIN 46R to variable interest in VIEs created after December 31, 2003. For variable interests in VIEs created before January 1, 2004, the Interpretation will be applied beginning on January 1, 2005. For any VIEs that must be consolidated under FIN 46R that were created before January 1, 2004, the assets, liabilities and noncontrolling interest of the VIE initially would be measured at their carrying amounts with any difference between the net amount added to the balance sheet and any previously recognized interest being recognized as the cumulative effect of an accounting change. If determining the carrying amounts is not practicable, fair value at the date FIN 46R first applies may be used to measure the assets, liabilities and noncontrolling interest of the VIE.

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The Corporation is evaluating the impact of applying FIN 46R to existing VIEs in which it has a variable interest and has not yet completed this analysis. The application of this Interpretation is not expected to have a material effect on the Corporation's financial statements.

In May 2003, the FASB issued SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*. This Statement establishes standards for the classification and measurement of certain financial instruments with characteristics of both liabilities and equity. The Statement also includes required disclosures for financial instruments within its scope. For the Corporation, the Statement was effective for instruments entered into or modified after May 31, 2003 and otherwise will be effective as of January 1, 2004, except for mandatorily redeemable financial instruments. For certain mandatorily redeemable financial instruments, the Statement will be effective for the Corporation on January 1, 2005. The effective date has been deferred indefinitely for the Corporation for certain other types of mandatorily redeemable financial instruments. The Corporation currently does not have any financial instruments that are within the scope of this Statement.

(2) Alaska Native Claims Settlement Act and Amendments

The Arctic Slope Regional Corporation was created pursuant to the Act. The Act created 13 regional and numerous village corporations and sets forth, among other things, certain responsibilities and provides for distribution of certain benefits to those entities and their shareholders.

(a) Shareholders

Under the terms of the Act, Alaska Natives initially enrolled in the Corporation each received 100 shares of the Corporation's stock. This stock may not be sold, pledged, assigned or otherwise alienated, except in certain circumstances by gift, court decree or death. These stock restrictions were originally designed to expire on December 18, 1991. Provisions of the Alaska Native Claims Settlement Act Amendments (Amendments) provide for the extension of the alienation restrictions indefinitely or, upon the affirmative vote of the shareholders, until a specific date or event. The Corporation's alienation restrictions remain in place, and accordingly the stock carries voting rights only if the holder is an eligible Alaska Native or a descendant of a Native.

In accordance with the terms of the Act the Corporation originally issued two classes of stock with the classes differing only in terms of distributions to be received by the shareholders. The Corporation's shareholders who are also enrolled in village corporations received Class A common stock and shareholders who are not enrolled in village corporations received Class B common stock.

At a special meeting of shareholders held in 1989 the Corporation was authorized to issue additional classes of common stock without consideration. Class C common stock is issuable to an Alaska Native born after December 18, 1971, to a parent eligible pursuant to the Act. Class D common stock is issuable to a person who is not a Native but who was born or adopted to a Native eligible pursuant to the Act. Class E common stock is issuable to an Alaska Native who was eligible for enrollment pursuant to the Act but who was not enrolled. Class C and D common stocks are life estate only, otherwise Class C, D and E common stocks are fully participating.

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Shares authorized and outstanding are as follows at December 31:

	Shares authorized	Shares outstanding	
		2003	2002
Class A	1,000,000	353,700	353,700
Class B	500,000	19,900	19,900
Class C	1,000,000	496,700	480,400
Class D	300,000	44,500	41,400
Class E	10,000	700	700

(b) Contributions to Capital

The Act established the Alaska Native Fund for cash distributions to the regional corporations. The Corporation received its full entitlement of \$22,535 that comprises contributions to capital.

(c) Distributable Under Section 7(i)

The Act established 12 regional corporations for resident Alaska Natives. Under Section 7(i) of the Act, 70% of net revenues received by each of these twelve corporations from certain timber resources and subsurface estate patented to it shall be divided annually by the regional corporations among all twelve regional corporations in proportion to the number of Alaska Natives originally enrolled to each. One-half of each regional corporation's share of the pool must be redistributed to village corporations within its region and to its originally enrolled shareholders who are not also shareholders of the village corporations. The amount to be distributed is determined in accordance with the Section 7(i) Settlement Agreement negotiated among the regional corporations in 1982.

(3) Acquisitions

There were no acquisitions during the year 2003.

Effective August 5, 2002, the Corporation acquired the net assets of an engineering company for approximately \$6,000 plus additional consideration in the future based on future earnings in excess of a threshold amount. The acquisition resulted in approximately \$3,000 of goodwill. Results of this operation have been included in the Corporation's financial statements from the date of acquisition. Revenue contributed by this business was approximately \$10,700 while net income was not significant for the year ended December 31, 2002.

During the year 2001, the Corporation acquired the net assets of one company in the Petroleum Refining and Marketing segment for approximately \$830. Net income contributed by this business was not significant for the year ended December 31, 2001.

(4) Elders' Trust

A trust was established by the Corporation's board of directors from which to make monthly payments to shareholders becoming 65 years of age on or before June 30, 1998. The shareholders in June 1999,

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approved an extension of the eligibility requirements for Elders who reach age 65 on or before December 31, 2004. During the years ended December 2003, 2002, and 2001, payments totaling \$699, \$675 and \$642, respectively, were made to the Elder shareholders of the Corporation. These payments have been recorded as distributions of retained earnings in the financial statements. The terms of the trust may be amended or revoked by the board of directors.

(5) Derivative Instruments and Hedging Activities

The Corporation employs derivative instruments to protect its earnings and cash flows, and does not utilize derivative instruments for speculative purposes.

By using derivative financial instruments to hedge exposures to changes in commodity prices, the Corporation exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Corporation, which creates credit risk for the Corporation. When the fair value of a derivative is negative, the Corporation owes the counterparty and, therefore, it does not incur credit risk. The corporation minimizes credit risk by entering into transactions with high-quality counterparties whose credit rating is Aa3 or higher.

Market risk is the potential adverse effect on the value of a financial instrument that results from changes in interest rates, currency exchange rates, or commodity prices. The market risk associated with commodity-price contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

The Corporation maintains a commodity price risk management strategy that uses derivative instruments to minimize significant, unanticipated earnings fluctuations caused by commodity-price volatility. The Corporation derives a significant amount of its earnings from oil royalty revenues and the refining and sale of fuels. The Corporation periodically enters into swaps for a portion of its anticipated resource royalty revenues generated from the Colville River Unit, and a portion of its anticipated purchases and sales of crude oil and jet fuel, respectively, to hedge the price risk associated with fluctuation in market prices. The swaps limit the potentially unfavorable effect of fluctuation in the price of those commodities. All of the Corporation's swaps have been designated as cash flow hedges. The maximum term over which the Corporation is hedging exposures to the variability of cash flows for commodity-price risk is 12 months.

Changes in the fair value of crude oil and jet fuel swaps designated as hedging instruments and that effectively offset the variability of cash flows associated with the purchase and sale of those commodities are reported in accumulated other comprehensive income. These amounts subsequently are reclassified into income when the sales and purchases occur.

As of December 31, 2003, \$2,110 of losses arising from the fair valuation of derivative instruments was recorded in other comprehensive income. Some or all of these losses may be reclassified to earnings during the next 12 months depending upon future movements in commodity prices and price expectation. There were no cash flow hedges discontinued during 2003.

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(6) Fair Value of Financial Instruments

The following table presents the carrying amounts and estimated fair values of the Corporation's financial instruments at December 31, 2003 and 2002. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties.

	2003		2002	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Cash and cash equivalents	\$ 77,099	77,099	83,507	83,507
Elders' Trust	2,425	2,425	2,744	2,744
Cash flow hedge	2,110	2,110	—	—
Retirement and deferred compensation assets and obligation	17,406	17,406	14,481	14,481
Long-term debt	124,188	132,209	146,329	158,562

In assessing the fair value of financial instruments, the Corporation uses a variety of methods and assumptions based on estimates of market conditions and risks existing at the balance sheet date. The carrying amounts of cash and cash equivalents and the current portion of notes and loans payable approximate fair value due to their short maturities. Quoted market prices were obtained for the cash flow hedge and a majority of investments. The fair value of long-term debt has been determined using discounted future cash flows at borrowing rates currently available to the Corporation. These values represent a general approximation of possible value and may never actually be realized.

(7) Receivables

Receivables are comprised of the following at December 31:

	2003	2002
Trade accounts receivable	\$ 102,929	110,956
Retainage	862	2,914
Other	7,240	5,781
	111,031	119,651
Less allowance for doubtful accounts	(6,302)	(5,980)
	\$ 104,729	113,671

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(8) Property, Plant, and Equipment

The Corporation's investment in property, plant, and equipment at December 31:

	Depreciable lives	2003	2002
Land	—	\$ 10,194	10,463
Buildings	40 years	138,737	68,924
Plant and equipment	3-15 years	160,368	233,212
		309,299	312,599
Less accumulated depreciation		(173,007)	(174,903)
		136,292	137,696
Construction in progress		3,640	10,649
		\$ 139,932	148,345

Depreciation expense approximated \$23,105, \$25,786, and \$28,395, for the years ended December 31, 2003, 2002, and 2001, respectively.

(9) Investments and Advances

Components of investments and advances at December 31:

	2003	2002
Unconsolidated companies:		
Investments and advances using the equity method	\$ 34,749	31,227
Investments carried at cost	1,504	1,865
Retirement, deferred compensation, and other invested assets	17,406	14,481
	\$ 53,659	47,573

Investments using the equity method include Council Tree Alaska Native Wireless (CTANW), Kaktovik Constructors, UICC/SKW/Eskimos, Inc. JV, Ukpeagvik Arctic Slope, CDM Resource Management, LTD. (CDM), Alpine Transportation Company and other entities, none of which are significant, except as noted below. The investment in CDM of \$1.1 million was sold in May 2003 for \$12.5 million for a \$1.4 million gain. The sales price of \$12.5 million consisted of \$8.1 million cash and \$4.4 million note receivable.

In 2001, the Corporation and other investors formed a limited liability company, CTANW. CTANW and a subsidiary of AT&T Wireless (AT&T) formed Alaska Native Wireless LLC (ANW). The Corporation applies the prescribed "equity method" of accounting for its investment in CTANW, since the Corporation

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can exert sufficient control, as measured under that approach. In applying this method, earnings are determined in accordance with Statement of Position 78-9, *Accounting for Investments in Real Estate Ventures*, which defines how the Corporation should accrue increased asset value and related equity in earnings.

In 2002, CTANW and AT&T agreed to modify the terms of their investment in ANW. The agreement modifications resulted in an early distribution from ANW to CTANW and, in turn, to the Corporation. In December of 2002, the Corporation received a \$41,679 cash distribution from CTANW which was comprised of previously undistributed earnings together with a partial return of its original investment. The Corporation's equity in the earnings of CTANW was \$804, \$20,007 and \$5,474 in 2003, 2002 and 2001, respectively. The Corporation maintains its membership interest in CTANW and expects to recognize additional income in the future based on appreciation of the remaining investment.

Aggregate summary combined unaudited financial information for other investments in significant companies carried on the equity method as of and for the years ended December 31 is as follows:

	<u>2003</u>	<u>2002</u>	
Current assets	\$ 46,227	43,998	
Other assets	97,432	31,258	
Total assets	<u>\$ 143,659</u>	<u>75,256</u>	
Current liabilities	\$ 25,443	22,687	
Other liabilities	15,307	18,427	
Equity	102,909	34,142	
Total liabilities and equity	<u>\$ 143,659</u>	<u>75,256</u>	
	<u>2003</u>	<u>2002</u>	<u>2001</u>
Income	\$ 201,255	88,335	53,245
Costs and expenses	170,081	81,206	46,536
Net income	<u>\$ 31,174</u>	<u>7,129</u>	<u>6,709</u>

(10) Notes and Loans Payable and Long-Term Debt

As of December 31, 2003, the Corporation had a \$85,000 revolving line of credit expiring in July 2004. The availability under this line of credit is reduced by approximately \$10,000 of undrawn but outstanding Letters of Credit (See note 14). In addition, no amounts may be drawn on the line of credit that would cause a covenant violation under the loan agreements and bond indentures. Interest is accrued and paid monthly to the extent that there are borrowings under the line. There were no borrowings under the line as of and for the year ended December 31, 2003.

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Short-term notes and long-term debt of the Corporation and its subsidiaries unless otherwise noted, are secured primarily by guarantees of the parent and certain subsidiaries, consisted of the following at December 31:

	2003	2002
Senior Notes payable in installments through 2012 bearing interest at 8.52%	\$ 55,000	55,000
Senior Notes payable in installments through 2007 bearing interest at 7.35%	25,714	32,143
Senior Notes payable in installments through 2008 bearing interest at 6.76%	22,500	27,000
Senior Notes payable in installments through 2010 bearing interest at 8.37%	20,000	20,000
Notes payable in installments through 2008, secured primarily by equipment, bearing interest at rates from 5% to 10%	974	3,879
Obligations retired in 2003	—	8,307
	124,188	146,329
Less short-term notes and current portion of long-term debt	(14,593)	(13,147)
	\$ 109,595	133,182

Principal payments required on short-term notes and long-term debt:

Year ending December 31:		
2004	\$	14,593
2005		13,852
2006		13,858
2007		13,815
2008		18,357
Later years		49,713
	\$	124,188

The loan agreements and bond indentures contain restrictions on tangible net worth and maintenance of selected financial ratio covenants on a quarterly basis. At December 31, 2003, the Corporation was in compliance with such covenants.

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(11) Income Taxes

The income tax provision includes the following for the years ended December 31:

	2003	2002	2001
Current income tax expense (benefit):			
Federal	\$ —	(3,772)	—
State	668	(374)	200
Foreign	2,488	2,220	2,739
Total	<u>3,156</u>	<u>(1,926)</u>	<u>2,939</u>
Deferred income tax expense (benefit):			
Federal	4,375	188,737	(201,044)
State	1,297	57,602	(56,544)
Change in valuation allowance	(5,672)	(246,339)	257,588
Total	<u>—</u>	<u>—</u>	<u>—</u>
Income tax expense (provision)	<u>\$ 3,156</u>	<u>(1,926)</u>	<u>2,939</u>

The provision of income taxes differs from the "expected" amount (computed by applying the U.S. federal corporate tax rate of 35% to earnings before taxes) as follows for the years ended December 31:

	2003	2002	2001
Computed "expected" tax expense	\$ 2,897	5,201	11,498
State income tax, net of federal tax	506	921	200
Basis differences in resources and other assets	—	—	(265,190)
Change in valuation allowance	(5,672)	(246,339)	257,588
Non-US subsidiaries taxed at other than 35%	199	357	496
Effect of changes in tax law	—	(4,050)	—
Expiring NOL's	213	242,854	—
Effect of rate differential applied to deferred tax assets	—	(1,805)	—
Permanent differences	504	1,562	(1,861)
Other	4,509	(627)	208
	<u>\$ 3,156</u>	<u>(1,926)</u>	<u>2,939</u>

The Corporation has recorded a net deferred tax asset of \$53,180 reflecting the estimated future benefit of \$530,397 federal and \$449,398 state net operating loss carryforwards (NOL) which expire in varying amounts beginning in 2003 and the deferred tax asset estimated to be realized as a result of the difference between the tax basis in oil reserves in the Alpine field and the book value of zero. The Corporation has a royalty interest in the Alpine field that is located on the North Slope of Alaska. A valuation allowance has

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been established reducing the maximum possible benefit of these carryforwards to management's estimate of the benefit likely to be realized. Realization is dependent on generating sufficient taxable income prior to expiration of the loss carryforwards and basis differences. Although realization is not assured, management believes it is more likely than not that all of the recorded net deferred tax asset will be realized. Net deferred tax assets considered realizable are adjusted annually dependent on management's estimate of future earnings. An increase or decrease in management's estimate of the total taxable income that will be generated during the carryforward period will have a corresponding increase or decrease in net deferred tax assets considered realizable.

The Job Creation and Worker Assistance Act of 2002 (JCWAA) was signed into law on March 9, 2002, and contains several provisions that are effective for tax years ending in 2001 and 2002, one of which relates to net operating losses. In general, the JCWAA allows a NOL generated in a tax year ending in 2001 or 2002 to be carried back five years, rather than the two-year carry back period generally allowed. The JCWAA also allows alternative minimum tax net operating losses (AMT NOLs) generated in 2001 or 2002 to be utilized 100% against alternative minimum taxable income (AMTI) rather than being limited to 90% of AMTI. This 90% limitation repeal also applies for AMT NOLs generated in 2001 or 2002 that are carried back. The Corporation received a benefit in 2002 due to this tax law change in the amount of \$4,050 for refunds of alternative minimum tax paid in prior years.

Net deferred tax assets and liabilities include the following as of December 31:

	2003	2002
Net operating loss carryforwards	\$ 217,942	154,217
Land resource and fixed asset basis difference	557,315	614,100
Other	18,334	30,946
	793,591	799,263
Valuation allowance	(740,411)	(746,083)
	\$ 53,180	53,180

The Corporation's 1996 through 2001 income tax returns are being examined by the Internal Revenue Service. At this time, the Corporation has received no indication from the IRS of any proposed adjustments.

(12) Other Income and Expense

Other income and expenses consist primarily of routinely recorded impairment or amortization of goodwill, as well as certain period income and expenses that are nonrecurring in nature and not directly attributable to current period operations, including grant revenues, gains and losses from foreign currency transactions, gains and losses on asset dispositions, asset impairments, contributions, and adjustments to reserves, valuations and accruals.

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For 2003, the significant period expenses include losses from foreign currency transactions, contributions and other miscellaneous items of approximately \$4,418, offset by grant revenues, gains on sales of nonmarketable securities and other miscellaneous items in the amount of \$6,617.

For 2002, the significant period expenses include impairment charges on goodwill and losses on sale of equipment of approximately \$5,931, offset in part by gains on sales on nonmarketable securities and contracts on other miscellaneous items in the amount of \$5,323.

For 2001, the significant period expenses include \$12,800 in additional reserves and asset impairments for certain ongoing operations. These expenses were partially offset by reductions in the Corporation's estimated long-term general and environmental obligations and gains on sale of assets.

(13) Deferred Compensation, Retirement and Other Post Retirement Benefits

(a) 401(k) Plan

The Corporation has a qualified defined contribution 401(k) retirement plan covering substantially all nonunion employees who have one year of service. The Corporation matches employee contributions to the plan up to an annually determined percentage of each participant's compensation subject to statutory limits. The Corporation's Plan is under examination by the Department of Labor (DOL). Due to the early stages of the examination the Corporation is unaware of any findings, if any, from the DOL. For the years ended December 31, 2003, 2002, and 2001, the match rate was 4%. Employer contributions totaling approximately \$5,881, \$5,688, and \$4,193, are included in expenses for 2003, 2002, and 2001, respectively.

(b) Other Post Retirement Benefits

In 2000 the Corporation adopted a retiree medical insurance plan for certain of its retired board members, employees and spouses. The plan generally provides health benefits to board members who retire with ten or more years of service. Retirees share in the cost of health care benefits. The actuarially determined benefit obligation of \$631 was recorded, but unfunded as of December 31, 2003. A discount rate of 7% and an assumed health care cost trend rate of 10% the first year, 9% the second year, 8% the third year, 7% the fourth year, 6% the fifth year, and 5% the sixth year and beyond were used in measuring the benefit obligation.

(c) Multi-employer Health and Welfare Plans

Certain union employees participate in multi-employer health and welfare plans that provide substantially all union workers in that contract with health care and other welfare benefits during their working lives and after retirement. Amounts included in expenses and contributed to the health and welfare plans for those benefits were approximately \$2,678, \$2,617, and \$2,686, for the years ended December 31, 2003, 2002, and 2001, respectively.

**ARCTIC SLOPE REGIONAL CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2003 and 2002

(Dollars in Thousands)

(d) ASRC Supplemental Executive Retirement Plan

The Corporation has a nonqualified Supplemental Executive Retirement Plan. The plan is a defined benefit pension plan covering certain senior executives of the Corporation. The plan is intended to provide a monthly benefit at age 60 based on a formula utilizing average earnings and years of service. Prior to 2003 the Corporation funded its actuarially determined contribution requirement through the purchase of annuity contracts from an insurance company. The total cost of annuities purchased approximated \$1,563, and \$350 for the years ended 2002, and 2001, respectively. In 2003 the Corporation funded its actuarially determined contribution requirement through a cash contribution of \$1,200. The Participants will have no claim superior to that of general creditors. As of December 31, 2003 and 2002, the funded liability and invested assets for the plan, amounted to \$9,783 and \$8,583, respectively.

(e) Deferred Compensation Plan

The Corporation has a deferred compensation plan for eligible executives. The Plan permits accumulation of retirement income through a nonqualified deferred compensation plan. Elective deferrals are credited to the executive's account to the extent specified in compensation reduction agreements in effect for that year. Amounts credited to the executive's account are not funded in any way, and the executive will have no claim superior to that of general creditors of the Corporation for amounts credited to the Plan. As of December 31, 2003 and 2002, the Deferred Compensation Plan assets and liabilities were \$7,622 and \$5,898 respectively.

(14) Commitments and Contingencies

The Corporation has obligations under noncancelable operating leases for facilities and equipment. Lease expense for the years ended December 31, 2003, 2002, and 2001, were approximately \$13,500, \$11,800, and \$10,000, respectively.

Future minimum lease payments through 2022, net of annual subleases of approximately \$645 annually through 2010, are as follows:

Years ending December 31,	
2004	\$ 11,720
2005	9,496
2006	8,222
2007	7,927
2008	6,882
Later years	68,575
	\$ 112,822

In connection with one of the operating leases, the Corporation is contractually obligated to provide for building support and maintenance costs through 2005.

**ARCTIC SLOPE REGIONAL CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2003 and 2002

(Dollars in Thousands)

(a) Guarantees and Letters of Credit

The Corporation has guaranteed certain statutory responsibilities, not to exceed \$12,006, in the event of an environmentally damaging petroleum product discharge. No amounts have been accrued in the accompanying financial statements, as it is not probable that any liability has been incurred.

The Corporation has approximately \$10,000 outstanding in undrawn letters of credit securing payment obligations under the deductible provisions of certain insurance policies and debt obligations of a subsidiary and an affiliate. No claims against these letters of credit have been made through December 31, 2003.

(b) Exploratory Agreement

The Corporation has an agreement with major oil companies granting them the exclusive right to conduct exploratory activity and to acquire oil and gas leases on certain lands. Should certain conditions requiring performance by other parties occur during the period of the revised agreement, the Corporation could receive and record additional consideration up to \$25,000.

(c) Alpine True-up and Re-Determination Provision from the Colville River Unit Agreement

The Corporation's allocation of production from the Colville River Unit was reduced beginning in December 2002 based upon a revised division of interest reflecting actual results from the first two years of production in the participating area. Actual production from unit tracts in which the Corporation has an interest has been less as a percentage of total production from the participating area than was estimated prior to the commencement of production. Pursuant to Article 10 of the Colville River Unit Agreement, the amount of the Corporation's allocation must be reduced, beginning in December 2002, until the amount of the over-allocation to the Corporation's for the first two years has been recovered. The Corporation's over-allocation for the first two years was 751,000 barrels. At current rates of production, the amount of that over-allocation will be recovered by withholding the Corporation's allocation for approximately four months. Accordingly, resource royalty revenues were reduced by the value of the withheld production (123,000 barrels in 2002 and approximately 628,000 barrels in 2003) from the amounts that would have been received had there been no adjustment.

The revised allocation will be subject to further adjustments in 2005, 2008, and 2012 and also in the event the participating area is expanded or contracted.

(d) Claims and Disputes

The Corporation is party to legal, regulatory, compliance, personnel matters and operating risks associated with its businesses. Management does not believe these matters will have a material effect on financial condition, results of operations and liquidity.

In addition, the Corporation is involved in various disputes and claims. Due to the early stages of these matters, the Corporation's legal counsels are unable to provide opinions as to the outcome or quantify any potential liability. The Corporation intends to vigorously defend against these matters.

**ARCTIC SLOPE REGIONAL CORPORATION
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2003 and 2002

(Dollars in Thousands)

A subsidiary of the Corporation owns and operates small crude oil refineries at North Pole, Alaska and Valdez, Alaska. Both of these refineries are dependent on the Trans Alaska Pipeline System (TAPS) for their crude oil supply. Both refineries receive petroleum from TAPS, distill it, remove certain fractions for fuel to be made into product then return the remainder to TAPS. The refineries pay compensation to the TAPS Quality Bank based on the difference in value between the petroleum they return to TAPS and the TAPS common stream. The methodology by which these payments are calculated has been the focus of active regulatory proceedings since 1989. The matter currently is set in concurrent hearings before the Federal Energy Regulatory Commission and the Regulatory Commission of Alaska. Final determinations are expected in 2004 with payment in 2005. Management has assessed the range of reasonably estimated outcomes in this matter and has accrued the most likely outcome for its exposure within the range. Estimates are based upon experience with the industry and issues involved and advice of legal counsel. The resolution of this matter could have a material negative or positive effect on financial position and results of operations, but will have a material negative effect on liquidity.

APPENDIX F

STATE OF ALASKA DEPARTMENT OF NATURAL RESOURCES
STATE PIPELINE COORDINATOR'S OFFICE
411 West 4th Avenue, Anchorage, Alaska 99501-2343

APPLICANT ENVIRONMENTAL RISK QUESTIONNAIRE

The purpose of this questionnaire is to help clarify the types of activities you propose to undertake. The questions are meant to help identify the level of environmental risk that may be associated with the proposed activity. The Division of Mining, Land, and Water's Evaluation of environmental risk for the proposed activity does not imply that the parcel or the proposed activity is an environmental risk from the presence or use of hazardous substances.

Through this analysis, you may become aware of environmental risks that you did not know about. If so, you may want to consult with an environmental engineer or an attorney.

Applicant's Name

Doing Business As

Petro Star Inc.

Petro Star Valdez Refinery
P.O. Box 3389, Mile 2.5 Dayville Road,
Valdez, Alaska 99686

Address

City

State

Zip

3900 C Street, Suite 401

Anchorage,

Alaska

99503

Work Phone

Work Fax

E-Mail

Contact Person

(907) 339-6614

(907) 339-6655

jfboltz@petro-star.com

Jim Boltz, Chief Operating Officer

Describe the proposed activity:

Petro Star proposes to construct a pipeline consisting of three parallel, horizontally laid, 14-inch diameter pipes for transporting refined fuel products to barges for sale. The pipeline is broken up into two different sections; the upland section (underground), and the pier/dock section (over-water).

The Alaska Department of Transportation & Public Facilities (ADOT&PF) is reconstructing Dayville Road and a new bike path (STP-0863(6)/60751) on the north side of the road. Petro Star proposes to place an 8,700-foot section of pipeline under the bike path from the PSVR westward to a location near Solomon Gulch Creek. From Dayville Road, a trestle dock would extend about 1,500 feet northward to a fuel transfer dock. A 100-foot long section would be located on Petro Star Refinery owned land leading from the loading platform to the edge of ADOT&PF's Dayville Road Right-of-Way. The total length of the pipeline would be approximately 10,400 feet in length. The project would also include constructing additional tank storage at the refinery and attaching fish rearing pens to the dock to support the Solomon Gulch Hatchery. A fueling bulkhead would be located at the end of the dock to support fuel transfers to marine vessels. The new dock will have limited access. It would be gated to keep the area clear from pedestrian traffic and security cameras would be mounted to help protect the dock from vandalism. The dock would give hatchery workers access to the pens for daily feeding, and will protect the fish pens from storms. The dock will house facility response equipment and supplies in the unfortunate case of a fuel release.

In the course of your proposed activity will you generate, use, store, transport, dispose of, or otherwise come in contact with toxic and/or hazardous materials, and/or hydrocarbons? Yes No

If yes, please list the substances and the associated quantities. Use a separate sheet of paper, if necessary.

Refined petroleum products (diesel, Jet A, JP-5, JP-8, gasoline and naphtha) would be transported from Petro Star Valdez Refinery via pipeline to a fuel loading dock located in Port Valdez approximately 1,500 feet offshore from Soloman Gulch Creek. The pipeline would consist of a three pipe configuration with each pipe capable of transporting 5,040,000 gallons per day, for a total of 15,120,000 gallons per day for the pipeline system. Fuel flow is planned to be intermittent and not consistent.

If the proposed activities involve any storage tanks, either above or below ground, address the following questions for each tank. Please use a separate sheet of paper, if necessary, and, where appropriate, include, maps or plats:

a. Where will the tank(s) be located?

All above ground storage tanks would be located at the Petro Star Valdez Refinery Refinery on Petro Star Property. Currently, Petro Star refinery has tankage on site with the capability of holding 230,000 barrels of product. Petro star proposed to add additional tankage with the capability of storing 150,000 barrels. This additional tankage would be used to feed the pipeline.

b. What will be stored in the tank(s)?

Refined petroleum products (diesel, Jet A, JP-5, JP-8, gasoline and naphtha) will be stored within the tanks.

c. What will be the tank's size in gallons?

Cumulatively, the tanks at the refinery will have a total capacity of 15,960,000 gallons.

d. What will the tank(s) be used for? (Commercial or residential purposes?)

Tanks will be used to store refined fuel products for commercial sale. The pipeline will supply the refined products to barges and tankers for commercial sale.

e. Will the tanks be tested for leaks?

Tanks at the refinery will be inspected by the shift operators daily. The operator will visually inspect the tanks and their associated valves and fittings for leaks and discharge. The tanks and their associated valves and fittings are also non-routinely checked by operators while changing tank line-ups for loading. Inspection of the storage tanks and their schedule of inspections will conform to procedures outlined in API 653.

f. Will the tank be equipped with leak detection devices? Yes No . If yes, describe:

SMART TANK™ system is incorporated into tank management. The SMART TANK™ tank management system is used for acquiring, displaying, monitoring, and storing tank gauging information. The system keeps track of tank levels, flow rates, fluid temperature, density, mass, and volume in each tank. The system has computer monitors that graphically display the fluid parameters mentioned above allowing quick and easy monitoring of tank fluid status.

Additionally, each tank is underlain by impermeable plastic liners that are incorporated into a leak detection system. The leak detection liners are built within the gravels below the tanks and have low points centered below each tank. The liners slope inward to the central low points, from which drain pipes carry any fluids present within the gravels below the tanks to test wells located out beyond the external walls of the tanks. The test wells are checked regularly for the presence of fluids.

Do you know or have any reason to suspect that the site may have been previously contaminated? Yes No .
If yes, please explain:

I certify that due diligence has been exercised and proper inquiries made in completing this questionnaire, and that the foregoing is true and correct to the best of my knowledge.


Applicant

FEB 25, 2005
Date

Alaska Statute (AS) AS 38.05.035(a) authorizes the director to decide what information is needed to process an application for the state land and resources. This information is made a part of the state public land records and becomes public information under AS 09.25.110 and 09.25.120 (unless the information qualifies for confidentiality under AS 38.05.035 (a)(9) and confidentiality is requested). Public information is open to inspection by you or any member of the public. A person who is the subject of the information may challenge its accuracy or completeness under AS 44.99.310, by giving a written description of the challenged information, the changes need to correct it, and a name and address where the person can be reached. False statements made in an application for a benefit are punishable under AS 11.56.210.

APPENDIX G

trucking the fuel. The proposed pipeline would run approximately 10,400 feet from their refinery located at Mile 2.5 Dayville Road in Valdez, Alaska west to a point located 1,500 feet offshore from Soloman Gulch Creek. Approximately 8,800 feet of the pipeline would be located in upland areas underneath the bike trail within the ADOT&PF Dayville Road Improvement project (STP-0863(6)/60751) right-of-way (ROW). The other 1,500 feet of the pipeline would be constructed over Port Valdez on the dock north of Solomon Gulch Creek.

Included in this project is the proposed construction of the pipeline, a new dock with a fueling dock head, and new fish hatchery pens for the Solomon Gulch Fish Hatchery.

Proposed starting date for project: Summer 2006 Proposed ending date for project: Summer 2007

2. Attach the following: • a detailed project description, all associated facilities, and land use conversions, etc. (Be specific, including access roads, caretaker facilities, waste disposal sites, etc.); • a project timeline for completion of all major activities; • a site plan depicting project boundary with all proposed actions; • other supporting documentation to facilitate project review. Note: If the project is a modification, identify existing facilities and proposed changes on the site plan.

■ PROJECT LOCATION

1. Attach a copy of the topographical and vicinity map clearly indicating the location of the project. Please include a map title and scale.
2. The project is located in which region (see attached map): Northern Southcentral Southeast
 Southwest within or associated with the Trans-Alaska Pipeline corridor
3. Location of project (Include the name of the nearest land feature or body of water.) Port Valdez

Township 009S Range 006W Section Section 14, 15, & 16 Meridian Copper River Latitude/Longitude 61 degrees 95' / 146 degrees 17'
USGS Quad Map Valdez

4. Is the project located in a coastal district? Yes No If yes, identify: Valdez Coastal Management Program

(Coastal districts are a municipality or borough, home rule or first class city, second class with planning, or coastal resource service area.) Note: A coastal district is a participant in the State's consistency review process. It is possible for the State review to be adjusted to accommodate a local permitting public hearing. Early interaction with the district is important; please contact the district representative listed on the attached contact list.

5. Identify the communities closest to your project location: City of Valdez

6. The project is on: State land or water* Federal land Private land
 Municipal land Mental Health Trust land

*State land can be uplands, tidelands, or submerged lands to 3 miles offshore. See Question #1 in DNR section.
Contact the applicable landowner(s) to obtain necessary authorizations.

■ DEPARTMENT OF ENVIRONMENTAL CONSERVATION (DEC) APPROVALS

- | | Yes | No |
|---|--------------------------|-------------------------------------|
| 1. Will a discharge of wastewater from industrial or commercial operations occur? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Will the discharge be connected to an approved sewer system? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Will the project include a stormwater collection/discharge system? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 2. Do you intend to construct, install, modify, or use any part of a wastewater (sewage or greywater) disposal system? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| a) If the answer is yes, will the discharge be 500 gallons per day or greater?..... | <input type="checkbox"/> | <input type="checkbox"/> |
| b) If constructing a domestic wastewater treatment or disposal system, will the system be located within fill material requiring a COE permit?..... | <input type="checkbox"/> | <input type="checkbox"/> |

If you answered yes to a) or b), answer the following:

- | | | |
|---|--------------------------|--------------------------|
| 1) What is the distance from the bottom of the system to the top of the subsurface water table? _____ | | |
| 2) How far is any part of the wastewater disposal system from the nearest surface water? _____ | | |
| 3) Is the surrounding area inundated with water at any time of the year? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4) How big is the fill area to be used for the absorption system? _____ | | |
- (Questions 1 & 2 will be used by DEC to determine whether separation distances are being met; Questions 3 & 4 relate to the required size of the fill if wetlands are involved.)*

- | | Yes | No |
|---|--------------------------|-------------------------------------|
| 3. Will your project require a mixing zone? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| <i>(If your wastewater discharge will exceed Alaska water quality standards, you may apply for a mixing zone. If so, please contact DEC to discuss information required under 18 AAC 70.032.)</i> | | |
| 4. a) Will your project result in construction, operation, or closure of a facility for solid waste disposal?..... | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| <i>(Note: Solid waste means drilling wastes, household garbage, refuse, sludge, construction or demolition wastes, industrial solid waste, asbestos, and other discarded, abandoned, or unwanted solid or semi-solid material, whether or not subject to decomposition, originating from any source. Disposal means placement of solid waste on land.)</i> | | |
| b) Will your project result in treatment of solid waste at the site? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| <i>(Examples of treatment methods include, but are not limited to: incineration, open burning, baling, and composting.)</i> | | |
| c) Will your project result in storage or transfer of solid waste at the site?..... | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| d) Will the project result in storage of more than 50 tons of materials for reuse, recycling, or resource recovery?..... | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| e) Will any sewage solids or biosolids be disposed of or land-applied to the site? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| <i>(Sewage solids include wastes that have been removed from a wastewater treatment plant system, such as a septic tank, lagoon dredge, or wastewater treatment sludge that contain no free liquids. Biosolids are the solid, semi-solid, or liquid residues produced during the treatment of domestic septage in a treatment works which are land applied for beneficial use.)</i> | | |
| 5. Will your project require application of oil, pesticides, and/or any other broadcast chemicals? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 6. a) Will you have a facility with industrial processes that are designed to process no less than five tons per hour and needs air pollution controls to comply with State emission standards? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b) Will you have stationary or transportable fuel burning equipment, including flares, with a total fuel consumption capacity no less than 50 million Btu/hour?..... | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c) Will you have a facility with incinerators having a total charging capacity of no less than 1,000 pounds per hour? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| d) Will you have a facility with equipment or processes that are subject to Federal New Source Performance Standards or National Emission Standards for hazardous air pollutants?..... | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| i) Will you propose exhaust stack injection? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| e) Will you have a facility with the potential to emit no less than 100 tons per year of any | | |

- regulated air contaminant?.....
- f) Will you have a facility with the potential to emit no less than 10 tons per year of any hazardous air contaminant or 25 tons per year of all hazardous air contaminants?.....
- g) Will you construct or add stationary or transportable fuel burning equipment of no less than 10 million Btu/hour in the City of Unalaska or the City of St. Paul?.....
- h) Will you construct or modify in the Port of Anchorage a volatile liquid storage tank with a volume no less than 9,000 barrels, or a volatile liquid loading rack with a design throughput no less than 15 million gallons?
- i) Will you be requesting operational or physical limits designed to reduce emissions from an existing facility in an air quality nonattainment area to offset an emission increase from another new or modified facility?.....

7. Do you plan to develop, construct, install, or alter a public water system?.....

- 8. a) Will your project involve the operation of waterborne tank vessels or oil barges that carry crude or non-crude oil as bulk cargo, or the transfer of oil or other petroleum products to or from such a vessel or a pipeline system?
- b) Will your project require or include onshore or offshore oil facilities with an effective aggregate storage capacity of greater than 5,000 barrels of crude oil or greater than 10,000 barrels of non-crude oil?

Yes No

- c) Will you operate facilities on land or water for exploration or production of hydrocarbons?

If you answered "No" to ALL questions in this section, continue to next section.

If you answered "Yes" to ANY of these questions, contact the DEC office nearest you for information and application forms. Please be advised that all new DEC permits and approvals require a 30-day public notice period. DEC Pesticide permits take effect no sooner than 40 days after the permit is issued.

Based on your discussion with DEC, please complete the following:

Types of project approvals or permits needed and name of individual you contacted. Date application submitted

Types of project approvals or permits needed and name of individual you contacted.	Date application submitted

- 9. Does your project qualify for a general permit for wastewater or solid waste?.....
- Note: A general permit is an approval issued by DEC for certain types of routine activities.*

If you answered "Yes" to any questions in this section and are not applying for DEC permits, indicate reason:

_____ (DEC contact) told me on _____ that no DEC approvals are required on this project because

Other: _____

■ DEPARTMENT OF FISH AND GAME (DFG) APPROVALS

Yes No

- 1. Is your project located in a designated State Game Refuge, Critical Habitat Area or State Game Sanctuary?
- 2. Does your project include construction/operation of a salmon hatchery?
- 3. Does your project affect, or is it related to, a previously permitted salmon hatchery?

4. Does your project include construction of an aquatic farm?

**If you answered "No" to ALL questions in this section, continue to next section.
 If you answered "Yes" to ANY questions under 1-4, contact the ADF&G Commercial Fisheries Division headquarters for information and application forms**

Based on your discussion with ADF&G, please complete the following:

Types of project approvals or permits needed.	Date application submitted

If you answered "YES" to any questions in this section and are not applying for ADF&G permits, indicate reason:

_____ (ADF&G contact) told me on _____ that no ADF&G approvals are required on this project because _____

Other: Petro Star Inc. is coordinating the project with the Valdez Fisheries Development Association.

■ DEPARTMENT OF NATURAL RESOURCES (DNR) APPROVALS

Yes No

1. Is the proposed project on State-owned land or water or will you need to cross State-owned land for access? ("Access" includes temporary access for construction purposes. *Note: In addition to State-owned uplands, the State owns almost all land below the ordinary high water line of navigable streams, rivers and lakes, and below the mean high tide line seaward for three miles.*)
 a) Is this project for a commercial activity?

2. Is the project on Alaska Mental Health Trust land (AMHT) or will you need to cross AMHT land? *Note: Alaska Mental Health Trust land is not considered State land for the purpose of ACMP reviews.*

3. Do you plan to dredge or otherwise excavate/remove materials on State-owned land?
 Location of dredging site if different than the project site: _____
 Township _____ Range _____ Section _____ Meridian _____ USGS Quad Map _____

4. Do you plan to place fill or dredged material on State-owned land?
 Location of fill disposal site if other than the project site: _____
 Township 9S Range 6W Section 16 Meridian Copper River USGS Quad Map Valdez Quadrangle
 Source is on: State Land Federal Land Private Land Municipal Land

5. Do you plan to use any of the following State-owned resources:
 Timber: Will you harvest timber? Amount: _____
 Materials such as rock, sand or gravel, peat, soil, overburden, etc.:

Which material? Riprap; gravel/sand fill Amount: 2,500 cubic yards riprap, & 7,500 cubic yards gravel/sand fill will be necessary to complete the turnoff. The majority of material would originate from construction of the pipeline. Petro Star estimates 18,000 to 26,000 cubic yards of excavation will be generated due to the trenching underneath the bike trail for the pipeline. Petro Star proposes to reuse all of this material for fill. If excavation causes unacceptable mixing of

lower-quality and higher-quality materials, resulting in material that does not meet the ADOT&PF Specifications, the material will instead be used as fill material for the dock pull off.

Location of source: Project site Other, describe: Some additional materials will be necessary. This material would most likely originate from a commercial source.

Township _____ Range _____ Section _____ Meridian _____ USGS Quad Map _____

6. Do you plan to divert, impound, withdraw, or use any fresh water, except from an existing public water system or roof rain catchment system (regardless of land ownership)?.....

Amount (maximum daily, not average, in gallons per day): _____

Source: _____ Intended Use: _____

If yes, will your project affect the availability of water to anyone holding water rights to that water?

7. Do you plan to build or alter a dam (regardless of land ownership)?.....

8. Do you plan to drill a geothermal well (regardless of land ownership)?.....

9. At any one site (regardless of land ownership), do you plan any of the following?.....

- Mine five or more acres over a year's time
- Mine 50,000 cubic yards or more of materials (rock, sand or gravel, soil, peat, overburden, etc.) over a year's time
- Have a cumulative unreclaimed mined area of five or more acres

If yes to any of the above, contact DNR about a reclamation plan.

If you plan to mine less than the acreage/amount stated above and have a cumulative unreclaimed mined area of less than five acres, do you intend to file a voluntary reclamation plan for approval? **Yes** **No**

10. Do you plan to explore for or extract coal?.....

11. a) Will you explore for or produce oil and/or gas?

b) Will you conduct surface use activities on an oil and/or gas lease or within an oil and/or gas unit?

12. Will you investigate, remove, or impact historical or archaeological or paleontological resources (anything over 50 years old) on State-owned land?

13. Is the proposed project located within a known geophysical hazard area?

Note: 6 AAC 80.900(9) defines geophysical hazard areas as "those areas which present a threat to life or property from geophysical or geological hazards, including flooding, tsunami run-up, storm surge run-up, landslides, snowslides, faults, ice hazards, erosion, and littoral beach process." "known geophysical hazard area" means any area identified in a report or map published by a federal, state, or local agency, or by a geological or engineering consulting firm, or generally known by local knowledge, as having known or potential hazards from geologic, seismic, or hydrologic processes.

14. Is the proposed project located in a unit of the Alaska State Park System?

15. Will you work in, remove water or material from, or place anything in, a stream, river or lake? (This includes work or activities below the ordinary high water mark or on ice, in the active flood plain, on islands, in or on the face of the banks, or, for streams entering or flowing through tidelands, above the level of mean lower low tide.)
Note: If the proposed project is located within a special flood hazard area, a floodplain development permit may be required.

Contact the affected city or borough planning department for additional information and a floodplain determination.).....

Name of waterbody: _____

16. Will you do any of the following:

Please indicate below:

- Build a dam, river training structure, other instream impoundment, or weir
- Use water
- Pump water into or out of stream or lake (including dry channels)
- Divert or alter a natural stream channel
- Change water flow or the stream channel
- Introduce silt, gravel, rock, petroleum products, debris, brush, trees, chemicals, or other organic/inorganic material, including waste of any type, into water
- Alter, stabilize or restore banks of a river, stream or lake (provide number of linear feet affected along the bank(s))
- Mine, dig in, or remove material, including woody debris, from beds or banks of a waterbody
- Use explosives in or near a waterbody
- Build a bridge (including an ice bridge)
- Use a stream, lake or waterbody as a road (even when frozen), or cross a stream with tracked or wheeled vehicles, log-dragging or excavation equipment (backhoes, bulldozers, etc.)
- Install a culvert or other drainage structure
- Construct, place, excavate, dispose or remove any material below the ordinary high water of a waterbody
- Construct a storm water discharge or drain into a waterbody
- Place pilings or anchors
- Construct a dock
- Construct a utility line crossing
- Maintain or repair an existing structure
- Use an instream in-water structure not mentioned here

**If you answered "No" to ALL questions in this section, continue to next section.
 If you answered "Yes" to ANY questions under 1-16, contact the Area DNR, office for information and application forms.**

Based on your discussion with DNR, please complete the following:

Types of project approvals or permits needed.	Date application submitted
ADOT&PF Utility Permit	August 8, 2003

If you answered "Yes" to any questions in this section and are not applying for DNR permits, indicate reason:

_____ (DNR contact) told me on _____ that no DNR approvals are required on this project because _____

■ FEDERAL APPROVALS

Yes No

U.S. Army Corps of Engineers (COE)

1. Will you dredge or place structures or fills in any of the following:
- tidal (ocean) waters? streams? lakes? wetlands*?
 - If yes, have you applied for a COE permit?.....

Date of submittal: _____

Name of COE contact: _____

(Note: Your application for this activity to the COE also serves as application for DEC Water Quality Certification.)

**If you are not certain whether your proposed project is in a wetlands (wetlands include muskegs), contact the COE, Regulatory Branch at 907-753-2712 for a wetlands determination (outside the Anchorage area call toll free 1-800-478-2712)*

Bureau of Land Management (BLM)

- 2. Is the proposed project located on BLM land, or will you need to cross BLM land for access?.....
- If yes, have you applied for a BLM permit or approval?.....
- Date of submittal: _____
- Name of BLM contact: _____

U.S. Coast Guard (USCG)

- 3. a) Do you plan to construct a bridge or causeway over tidal (ocean) waters, or navigable rivers, streams or lakes?
- b) Does your project involve building an access to an island?.....
- c) Do you plan to site, construct, or operate a deepwater port?
- If yes, have you applied for a USCG permit?
- Date of submittal: _____
- Name of USCG contact: _____

U.S. Environmental Protection Agency (EPA)

- 4. a) Will the proposed project have a discharge to any waters?
- b) Will you dispose of sewage sludge (contact EPA at 206-553-1941)?
- If you answered yes to a) or b), have you applied for an EPA National Pollution Discharge Elimination System (NPDES) permit?.....
- Date of submittal: _____
- Name of EPA contact: _____
- (Note: For information regarding the need for an NPDES permit, contact EPA at 1-800-424-4372)*
- c) Will construction of your project expose 5 or more acres of soil? *(This applies to the total amount of land disturbed, even if disturbance is distributed over more than one season, and also applies to areas that are part of a larger common plan of development or sale.)* **Yes** **No**
- d) Is your project an industrial facility that will have stormwater discharge directly related to manufacturing, processing, or raw materials storage areas at an industrial plant?.....
- If you answered yes to c) or d), your project may require an NPDES Stormwater permit. Contact EPA at 206-553-8399.

Federal Aviation Administration (FAA)

- 5. a) Is your project located within five miles of any public airport?.....
- b) Will you have a waste discharge that is likely to decay within 5,000 feet of any public airport?
- If yes, please contact the Airports Division of the FAA at 907-271-5438.

Federal Energy Regulatory Commission (FERC)

- 6. a) Does the project include any of the following:
 - 1) a non-federal hydroelectric project on any navigable body of water.....
 - 2) a location on federal land (including transmission lines).....
 - 3) utilization of surplus water from any federal government dam.....
- b) Does the project include construction and operation, or abandonment of natural gas pipeline facilities under sections (b) and (c) of the Federal Power Act (FPA)?
- c) Does the project include construction for physical interconnection of electric transmission facilities under section 202 (b) of the FPA?
- If you answered yes to any questions under number 6, did you apply for a permit from

FERC?

Date of submittal: _____

Name of FERC contact: _____

(Note: For information, Div. Hydropower-Environment and Engineering contact: Vince Yearek 202-502-6174 or Mike Henry 503-944-6762, 202-502 8700; (for Natural Gas Projects) Division of Pipeline Certificate 202-502-8625; for Alaska projects contact Richard Foley - 202-502-8955)

U.S. Forest Service (USFS)

7. a) Does the proposed project involve construction on USFS land?.....
b) Does the proposed project involve the crossing of USFS land with a water line?.....
If the answer to either question is yes, did you apply for a USFS permit or approval?.....

Date of submittal: _____

Name of USFS contact: _____

8. Have you applied for any other federal permits or authorizations?

AGENCY	APPROVAL TYPE	DATE SUBMITTED

Please be advised that the CPQ identifies permits subject to a consistency review. You may need additional permits from other agencies or the affected city and/or borough government to proceed with your activity.

Certification Statement

The information contained herein is true and complete to the best of my knowledge. I certify that the proposed activity complies with, and will be conducted in a manner consistent with, the Alaska Coastal Management Program.


Signature of Applicant or Agent

FEB. 25, 2005
Date

Note: Federal agencies conducting an activity that will affect the coastal zone are required to submit a federal consistency determination, per 15 CFR 930, Subpart C, rather than this certification statement. ACMP has developed a guide to assist federal agencies with this requirement. Contact ACMP to obtain a copy.

This certification statement will not be complete until all required State and federal authorization requests have been submitted to the appropriate agencies.

- To complete your packet, please attach your State permit applications and copies of your federal permit applications to this questionnaire.

Petro Star Inc.
Proposed Dayville Road Pipeline and Dock Project

Project Description

Petro Star Inc (Petro Star) proposes to construct a new pipeline and dock facility at the southeast end of Port Valdez. Valdez lies 305 road miles east of Anchorage, and 364 road miles south of Fairbanks. It is the southern terminus of the Trans-Alaska oil pipeline. Port Valdez is ice-free year round and is navigated by hundreds of ocean going oil cargo vessels each year.

The pipeline would begin at the Petro Star Valdez Refinery (PSVR) located at mile 2.5 of Dayville Road, in Valdez, Alaska just south of the Lowe River (Plan Sheet 1 of 12). PSVR is located in Township 009S, Range 006W, Section 14 of the Copper River Meridian.

The Alaska Department of Transportation & Public Facilities (ADOT&PF) is reconstructing Dayville Road and a new bike path (STP-0863(6)/60751) on the north side of the road. Petro Star proposes to place an 8,800-foot section of pipeline under the bike path from the PSVR westward to a location near Solomon Gulch Creek (Preliminary Plan Set 6-16-04). From Dayville Road, a trestle dock would extend about 1,500-feet northward to a fuel transfer dock. The project would include placing 100 feet of pipeline within PSVR land originating at the pump skid and leading to the ADOT&PF right-of-way (ROW). Petro Star has coordinated with the Valdez Fisheries Development Association (VFDA) to attach fish rearing pens to the dock to support the Solomon Gulch Hatchery.

Proposed Project Purpose

Petro Star has operated a refinery in Valdez, Alaska for approximately 12 years. PSVR currently receives crude from the Trans-Alaska Pipeline from an underground pipeline. Crude oil is then pumped to the refinery process area. The refined products (jet fuel, diesel, and naphtha) are pumped from the refinery process area to the storage tanks in the tank farm area. Eventually, the refined products are transported from tanker trucks through the City of Valdez to the Valdez Petroleum Terminal (VPT) on the north side of Port Valdez where they are shipped off-site for sale (DENV, 2000).

Trucking the refined product nearly 5.5 miles around Port Valdez is an inefficient method of transportation. Currently, Petro Star utilizes 30 to 40 trucks per day along the 11 mile roundtrip route that crosses the Valdez Duck Flats. Trucking occurs 20 hours per day, 365 days per year. This method has an associated risk from transportation and weather conditions. Road transport also leads to wear and tear on the roads decreasing their life. Additionally, loading and unloading from a large number of trucks increases the risk of spills during the process. Therefore, Petro Star has proposed construction of a new pipeline and dock facility on the south end of Port Valdez next to the Solomon Gulch Salmon Hatchery. The pipeline would be used to load marine vessels with refined fuel products for sale on the world market. It would be unidirectional and would not be used for receiving product. The pipeline could yield a maximum flow of 360,000 barrels per day.

Petro Star has evaluated seven different alternatives over the past 10 plus years. Agency comments and input indicated that the construction of a new offshore dock and berthing facility off Dayville Road, west of the refinery and east of the Solomon Gulch Creek would provide significantly less risk to the environment than the other alternatives. The seven original alternatives included:

- Alternative A – Utilization of the existing Valdez Petroleum Terminal (VPT) and Docking Facilities.
- Alternative B – Utilization of existing fill and docks at Old Valdez Town site with construction of a 700-foot extension seaward to an offshore dock and berthing structure.
- Alternative C – Construction of an offshore dock and berthing structure off Dayville Road east of Solomon fish hatchery (Project Proposal).
- Alternative D – Construction of a buried marine pipeline to an offshore dock and berthing structure in Port Valdez west of the mouth of Lowe River.
- Alternative E – Construction of an offshore dock and berthing structure off Dayville Road west of Solomon Gulch fish hatchery.
- Alternative F – Construction of a pile-supported pipeline and offshore dock and berthing facility immediately southeast of the Valdez containment terminal.
- Alternative G – Trucking of refined products from Valdez to Anchorage and Seward with utilization of existing storage facilities and transfer to a barge for shipment.

This pipeline project would increase human safety, decrease environmental risk, and decrease transportation cost for the delivery of petroleum products to market. The proposal has the potential to provide the Solomon Gulch hatchery with a safer and more secure site for their salmon fry rearing pens. The new dock would give hatchery workers access to the pens for daily feeding without having to use small boats and would protect the pens from storms. Petro Star would coordinate pipeline construction upon completion of the ADOT&PF Dayville Road reconstruction.

Pipeline Specifics

The proposed pipeline consists of two distinct parts; the upland section, and the tideland section. In the upland section of the pipeline, Petro Star would place the three pipes horizontally side by side underneath the 10-foot wide Dayville Road bike path (Figure 2 & 3). The pipeline would consist of three 14 inch diameter, standard weight, carbon steel, pipes (106 Grade B) with two external coats of fusion bonded epoxy. All piping would be designed in accordance with 49 CFR, Part 192-Transportation of Natural and other Gas by Pipeline, and meet stress criteria per the requirements of ASME B31.4. The pipeline would also utilize passive sacrificial anode

cathodic protection to control corrosion. The cathodic protection will meet ASME B31.4 Sections 461.1.1B and 461.1.3. Three shutoff valves would be used on each pipe of the pipeline. One plug valve would be located near the fuel pump skid inside the refinery gate, a second located at the dock abutment also located within a fenced area (Plan Sheets 3 of 12 and 10 of 12), and a third at the dock header.

The upland section of the pipeline would be placed on the ADOT&PF owned Dayville Road ROW. The second section of the project would involve constructing a turnout, pier, fueling dock, and fish hatchery rearing pens within the Port Valdez (Plan Sheets 10, 11, & 12 of 12). The turnout would be located on the ADOT&PF ROW and all but a small section of the trestle dock would be located on City of Valdez owned tidelands and water (Plan Sheet 12 of 12). The majority of the trestle dock and fueling dock would be located on tidelands and water of Port Valdez owned by the City of Valdez.

The upland portion of the pipeline would be buried at least four feet beneath the newly constructed bike path. The pipeline would be buried using conventional, open trenching, excavation, backfill, and construction compaction techniques. All excavated areas would be returned to their pre-existing conditions. All tidal pool crossings will be located atop the ADOT&PF culverts underneath the bike path at least four feet below finished grade. The pipelines will be designed so that they can span potential future excavations that may be required to repair or replace culverts along Dayville Road, which pass under the pipelines. Retaining walls or other structures would be used at these crossings to stop material from falling into the tidal pools or onto tidelands.

Petro Star proposes to remove and dispose the asphalt from the bike path to place the pipeline underneath. Petro Star would pull back the subbase and embankment material and if usable would reuse the material. Approximately six feet of fill would be removed before six inches of sand bedding is laid on the bottom of the excavation. The three pipes would be laid on top of the sand bedding approximately 2.5 feet apart from one another. Sand would be placed around the pipes and on top of the pipes until a depth of six inches of sand is reached over the pipes. At least 3.5 feet of backfill would be laid within the excavation. An additional four to six inches of subbase would be laid on top of the fill. Lastly, 1.5 inches of asphalt concrete paving would be used to finish the surface of the bike path. The surface of the bike path would be crowned at one percent for surface drainage as it did before the construction of the proposed pipeline project.

At approximately ADOT&PF station 216+00, the second section of the project would begin. A turnout would be constructed on tidelands located within the ADOT&PF Dayville Road ROW. The turnout would be 50-foot wide by 150-foot long, and it would accommodate pipeline and Solomon Gulch workers with parking and access to the fueling dock and fish pens. Access to the pier and fueling dock would be limited to these workers with a gated fence. Lighting would also be supplied to the dock structure according to United States Coast Guard regulations. The pipeline would leave the turnout and run along a trestled dock for approximately 1,500 feet into Port Valdez. This is shown on Plan Sheet 11 of the preliminary drawings dated 6-16-04.

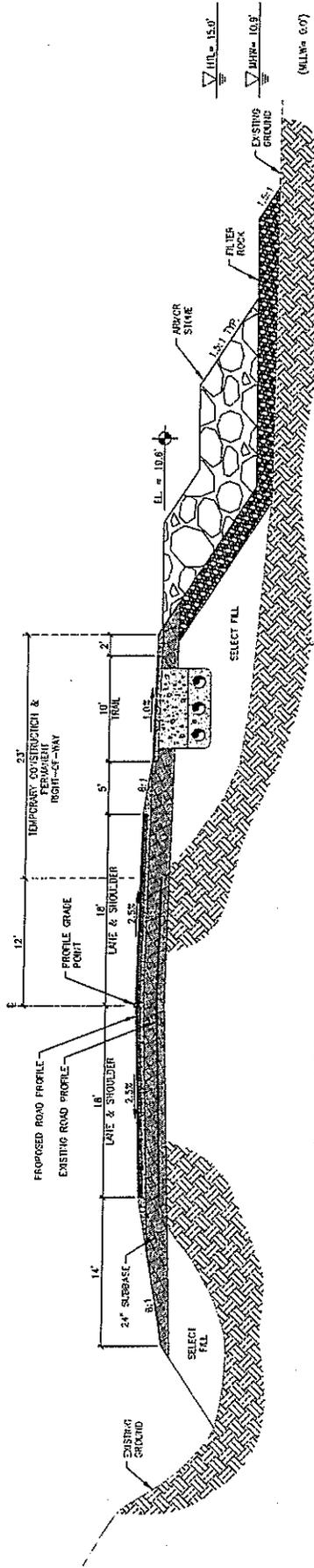
Metalized or galvanized steel piles would be used to support the dock. Detailed dock design has not been completed. Petro Star estimates about 150-250 steel pipe piles, in sizes between 24 and

48-inches in diameter. The dock head would be positioned at approximately the 50-foot water depth. Pile penetration depths would be determined during final design based on geotechnical investigations for the dock. The ADOT&PF American Association of State Highway and Transportation Officials (AASHTO) design rock horizontal specification of 0.50 G will be met. The piles would be rust protected with a passive anode system. The dimension of the trestled dock would be approximately 1,400 feet long by 15 feet wide. Approximately 1,000 feet offshore on the east side of the pier a gangway leading to the fish pens would be constructed. Approximately 1,400 feet offshore, a 60-foot wide by 100-foot long fueling dock would be attached to the end. This is where the fueling headers would be located. Attached to the east side of the dock head would be a 20-foot wide stretch of approximately 200 feet of dock. To the west side of the dock head would be three breasting dolphins placed at 100-foot intervals. Combined, the arrangement would create a 600-foot long berthing area (Sheet 11 of 12).

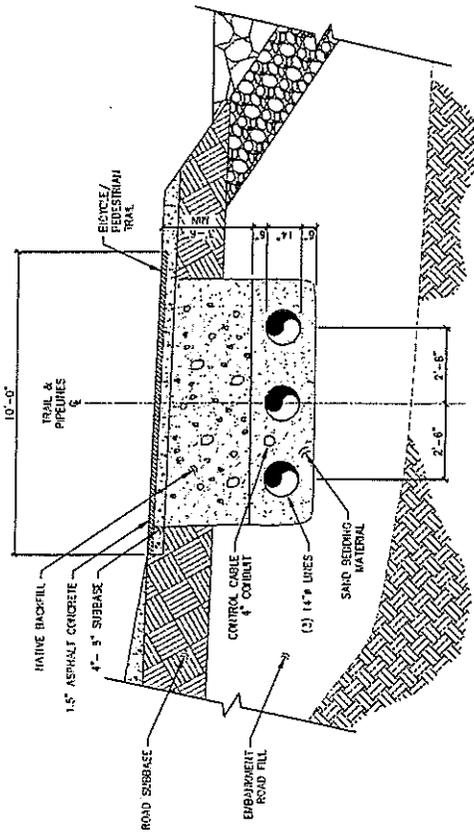
Constructing the turnout would require approximately 10,000 cubic yards of fill to be placed on tidelands. This would affect about 0.6 acre footprint of tidelands. Fill material would match the materials that ADOT&PF have in their plan sets. Fill would consist of approximately 1,500 cubic yards of relocated riprap, 1,000 cubic yards of new riprap, and 7,500 cubic yards of new gravel/sand fill. Geotextile erosion control, class I, and class IV riprap will be utilized as erosion control. The tidelands which would be impacted by constructing the pullout are located adjacent to Dayville Road within the ADOT&PF ROW (Plan Sheet 12 of 12). All but approximately 50 feet of the pier and dock would be placed on tidelands owned by the City of Valdez.

Schedule

Petro Star would like to begin construction of the pipeline project shortly after ADOT&PF completes the section of the Dayville Road Improvement Project that the Petro Star project is proposed. Petro Star estimates construction would begin in the summer of 2006. Construction should continue for approximately 12 months, and the pipeline would be functional by 2007.



DAYVILLE ROAD TYPICAL SECTION
11/75



PIPELINE TRENCH
TYPICAL SECTION
11/75

- NOTES:**
1. THIS PLAN SET FOR THE PETRO STAR PIPELINE AND DOCK PROJECT IS PREPARED IN ACCORDANCE WITH THE PRELIMINARY PLANS BY THE ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC SAFETY FOR THE DAYVILLE ROAD RECONSTRUCTION AND REPAIR PROJECT. THE DAYVILLE ROAD RECONSTRUCTION AND REPAIR PROJECT SPECIFICATIONS TO THIS PLAN SET FOR THE PETRO STAR PROJECT WILL BE MADE AS NECESSARY TO COMPENSATE OR ADJUST FOR ANY CHANGES IN DESIGN OR CONSTRUCTION. THIS PLAN SET AND AS-BUILT INFORMATION FOR THE DAYVILLE ROAD RECONSTRUCTION AND REPAIR PROJECT.
 2. THIS PLAN SET FOR THE PETRO STAR PIPELINE AND DOCK PROJECT IS PREPARED IN ACCORDANCE WITH THE PRELIMINARY PLANS BY THE ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC SAFETY FOR THE DAYVILLE ROAD RECONSTRUCTION AND REPAIR PROJECT. THE DAYVILLE ROAD RECONSTRUCTION AND REPAIR PROJECT SPECIFICATIONS TO THIS PLAN SET FOR THE PETRO STAR PROJECT WILL BE MADE AS NECESSARY TO COMPENSATE OR ADJUST FOR ANY CHANGES IN DESIGN OR CONSTRUCTION. THIS PLAN SET AND AS-BUILT INFORMATION FOR THE DAYVILLE ROAD RECONSTRUCTION AND REPAIR PROJECT.
 3. A TRAFFIC CONTROL PLAN SHALL BE PREPARED AS PART OF THE FINAL PETRO STAR PIPELINE AND DOCK PROJECT PLANS TO ADDRESS PEDESTRIAN, BICYCLE AND VEHICLE TRAFFIC DURING CONSTRUCTION. THE TRAFFIC CONTROL PLAN WILL MEET ODOT'S STANDARDS AND REQUIREMENTS UNDER THE PIPELINE RIGHT-OF-WAY LEASE.
 4. DAYVILLE ROAD RECONSTRUCTION INCLUDING NEW TRAIL CONSTRUCTION AND ARCHER PLACEMENT WILL BE BY OTHERS FOR ADDRESS.
 5. PIPELINE INSTALLATION BY PETRO STAR TO BE COMPLETED AFTER DAYVILLE ROAD RECONSTRUCTION PIPELINE INSTALLATION TO INCLUDE TRAIL REPAIR & REPAIRING.
 6. VERTICAL DATUM PER AIRPORT PLAN SET, ESTIMATED MSLM = 0 ± 0.5

PRELIMINARY
08-16-16-00

**PETRO STAR PIPELINE
AND DOCK PROJECT**



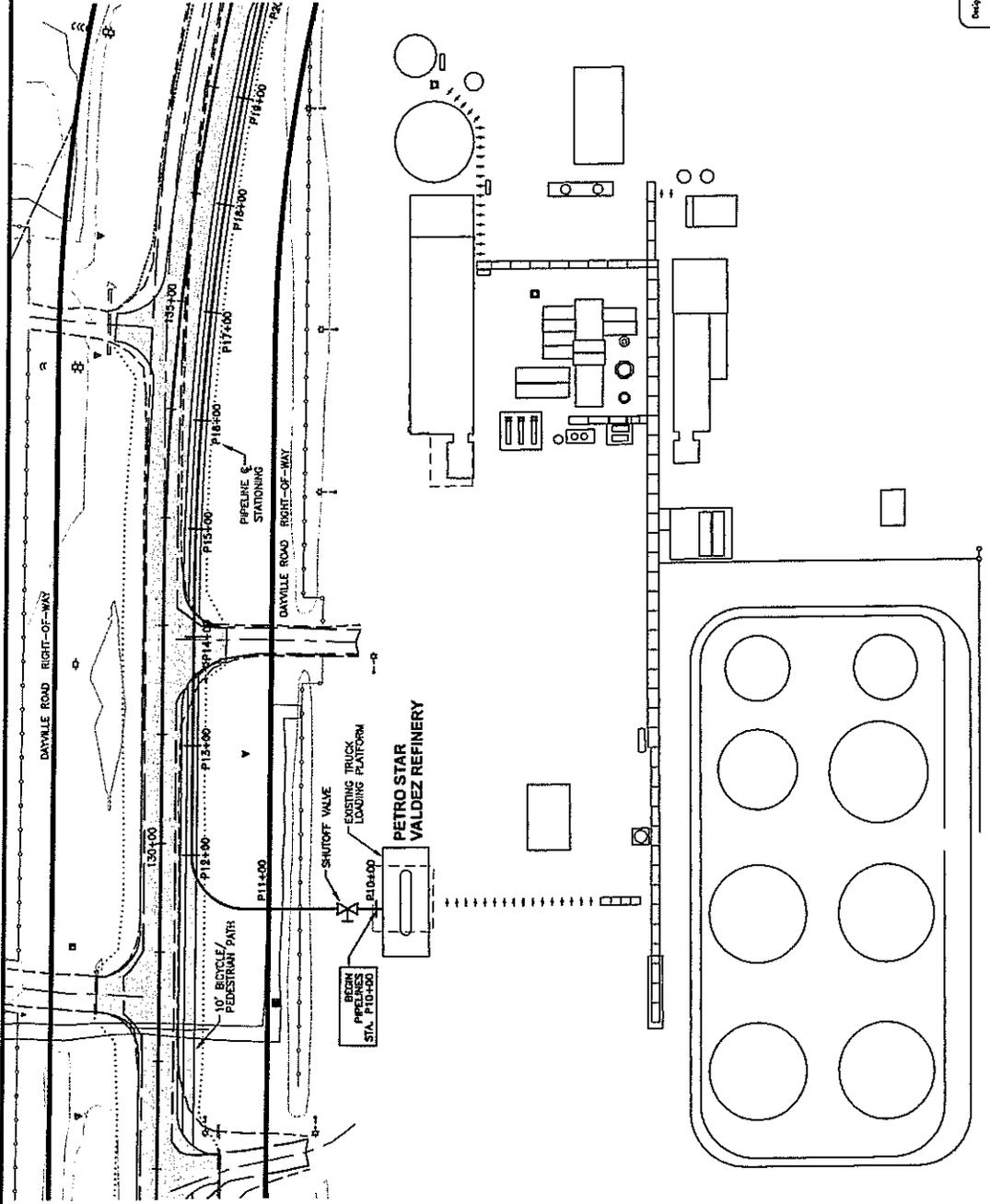
Paratrovich, Nottingham & Drage, Inc.
Engineering Consultants

1405 West 96th Avenue,
Anchorage, Alaska 99503

PO BOX 10111 FAX (907) 543-4233

Prepared	by	Checked	by
Drawn	by	Checked	by
Project No.	62150	Date	2/12/21
Scale	AS SHOWN	Sheet	2 of 12

TYPICAL SECTIONS



LEGEND

- PROJECT CENTERLINE
- PROJECT RIGHT-OF-WAY LINE
- LIMIT OF CUT SLOPE
- LIMIT OF FILL SLOPE
- EXISTING
 - 18" WATER
 - 12" WATER
 - 6" WATER
- U.G. TELEPHONE (RIGHT WAY)
- U.G. AIR ELECTRIC
- U.G. DUCT
- TELEPHONE MANHOLE
- ELECTRIC MANHOLE
- BUILDING
- INTERMITTENT DRAINAGE
- INTERCEPTOR DITCH
- GUARD RAIL
- FENCE
- TREES
- RIPRAP
- UTILITY POLE
- LUMINAIRE
- UTILITY POLE WITH LUMINAIRE
- GROUND LIGHT
- POLE ANCHOR
- TRANSMISSION TOWERS (WOOD) (STEEL)
- ELECTRICAL PEDESTAL
- TELEPHONE PEDESTAL
- CABLE T.V. PEDESTAL

PRELIMINARY
Rev. 6-19-04

PETRO STAR PIPELINE AND DOCK PROJECT

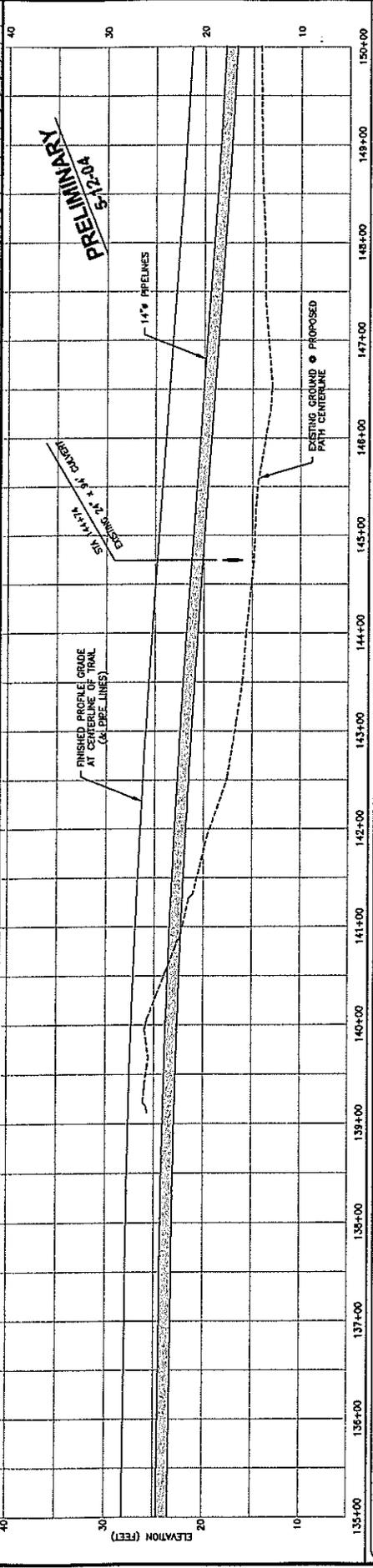
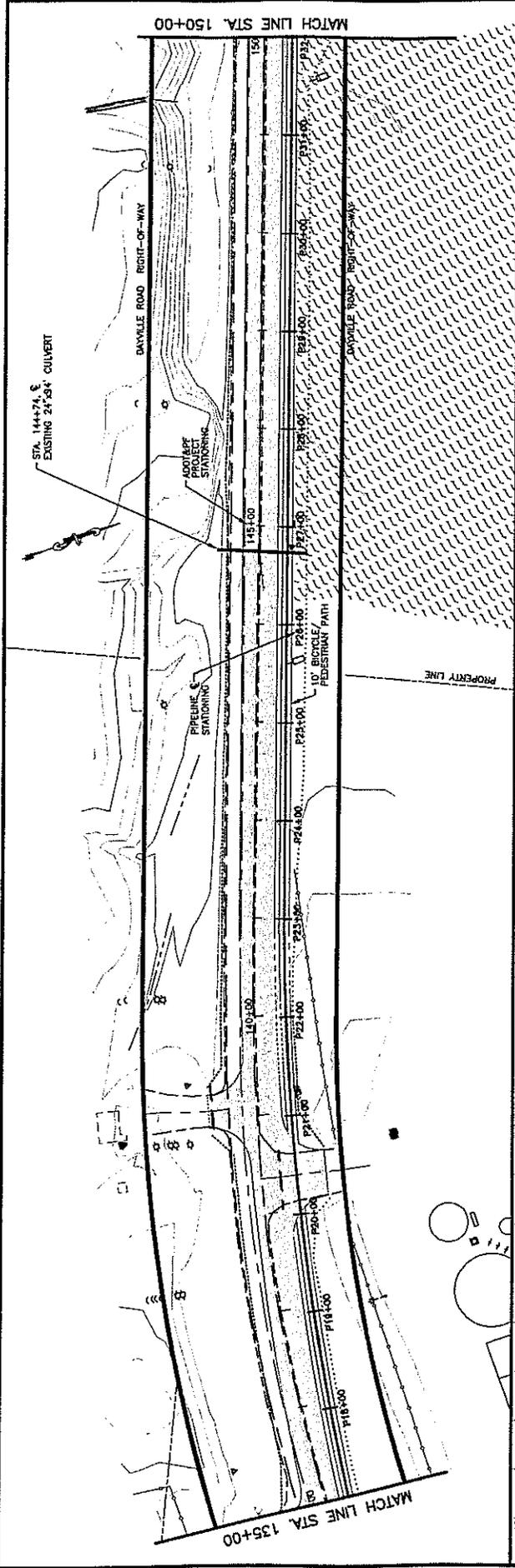
Peratroufch, Nottingham & Drege, Inc.
Engineering Consultants

1808 West 54th Avenue,
Anchorage, Alaska 99503
(907) 981-1811 FAX (907) 983-8238

REFINERY AREA PLAN

DATE: 3.12

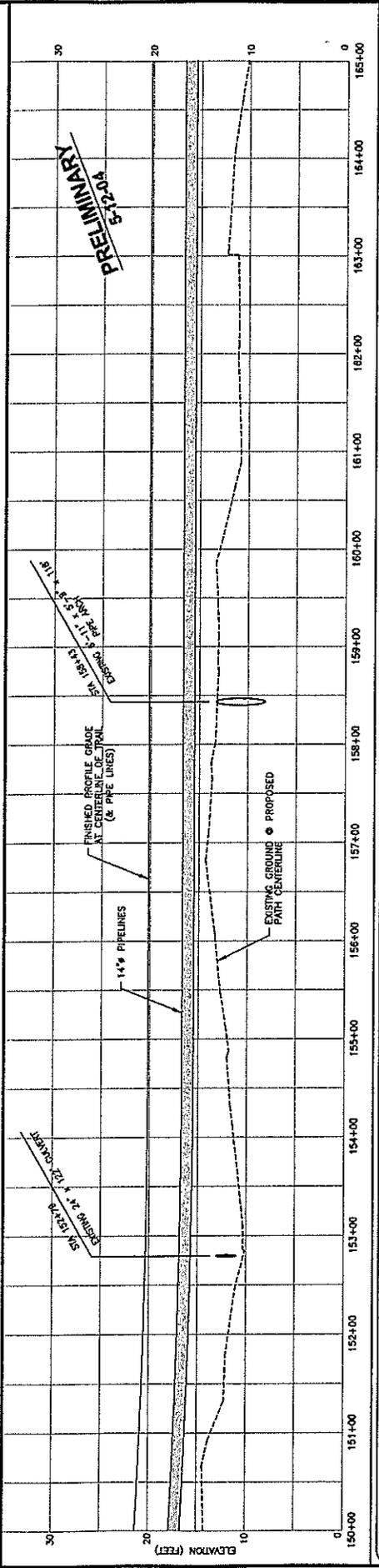
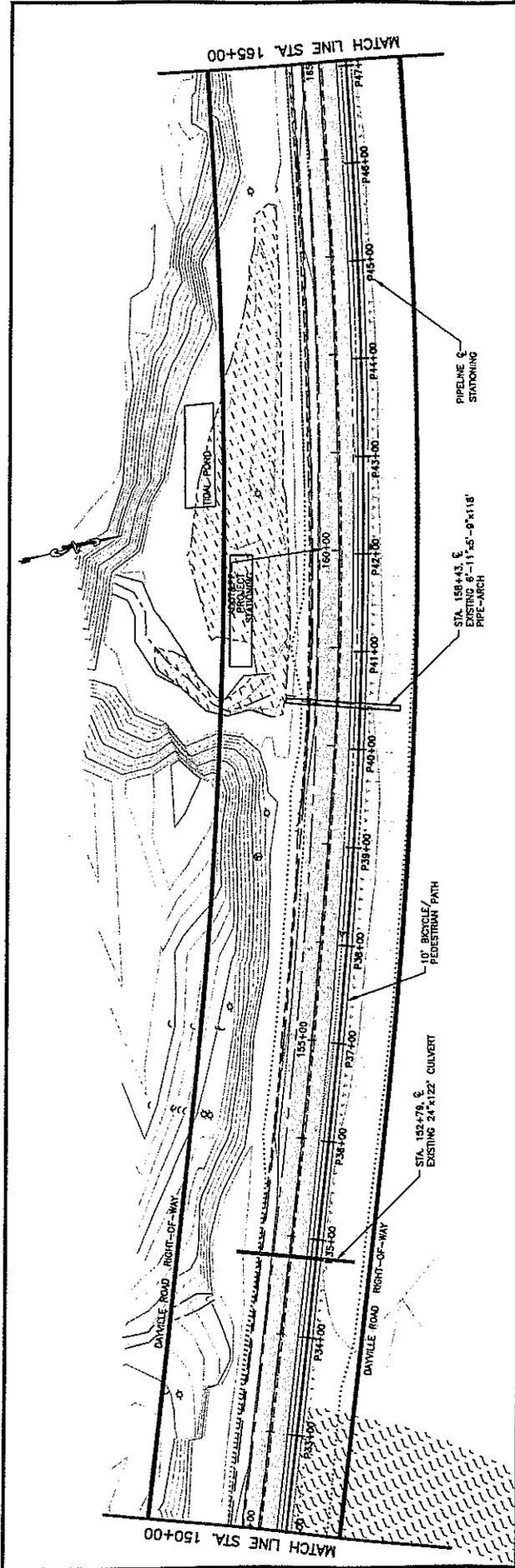
Designed	BY
Drawn	BY
Checked	BY
Project No.	00100
Rev.	3/2/04
Scale:	AS SHOWN



PERITROVICH, Nottingham & Drayton, Inc. Engineering Consultants <small>INCORPORATED IN THE STATE OF MARYLAND</small>		PROJECT NO. <u>041540</u> DATE <u>5/12/04</u>
DESIGNER <u>JC</u>	CHECKER <u>JH</u>	APPROVED <u>[Signature]</u>
DRAWN <u>[Signature]</u>	SCALE <u>AS SHOWN</u>	SHEET NO. <u>5</u> OF <u>12</u>

REV.	DATE	DESCRIPTION

PIPELINE PLAN & PROFILE



PRELIMINARY
5-23-2004

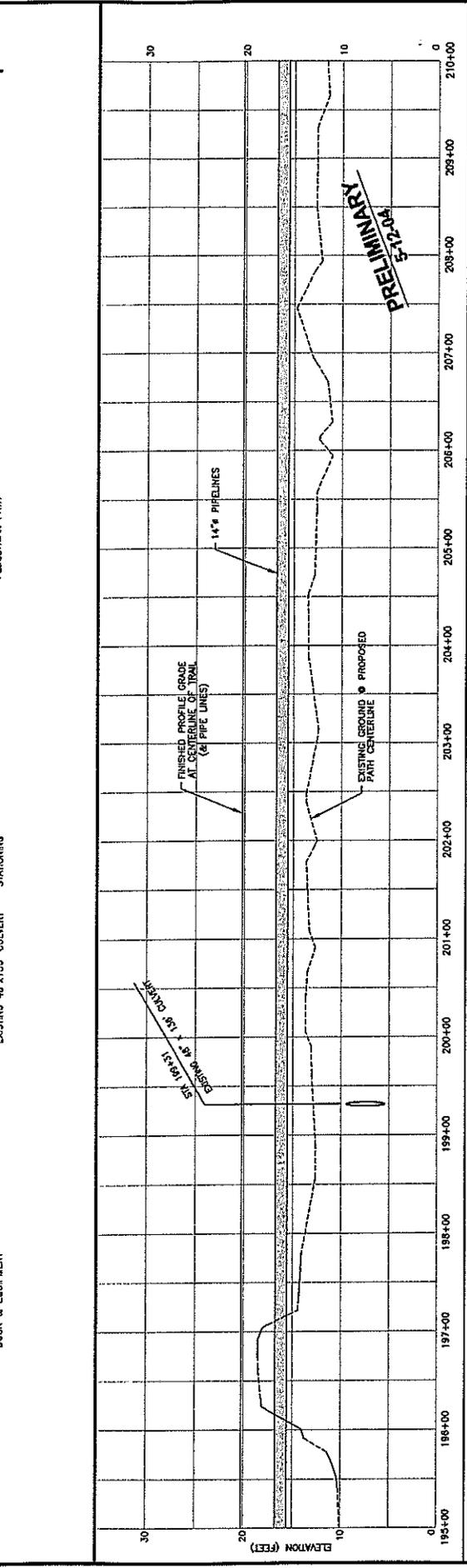
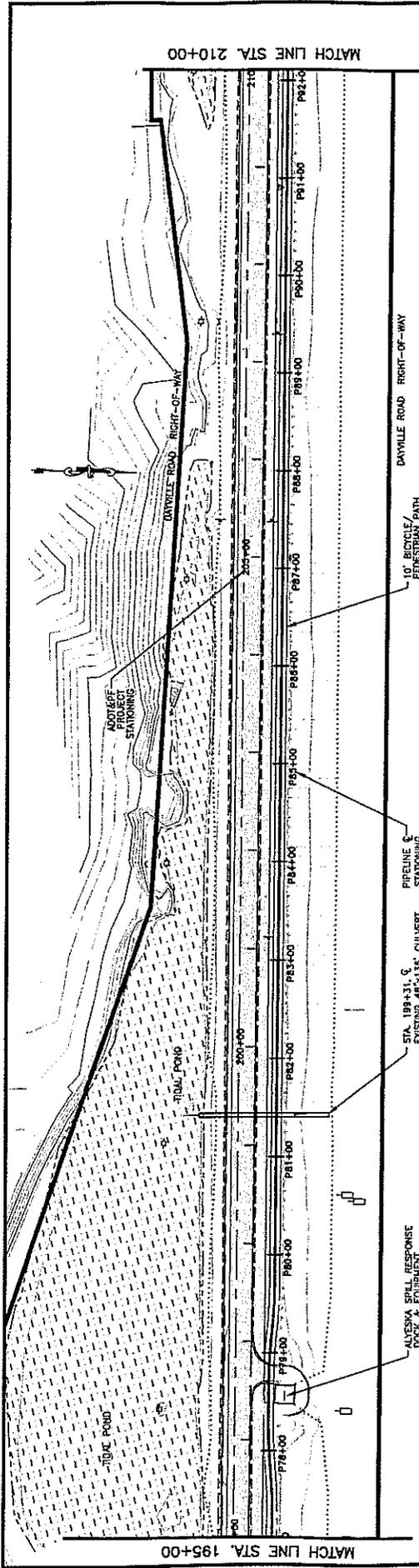
**PETRO STAR PIPELINE
AND DOCK PROJECT**

**PIPELINE
PLAN & PROFILE**

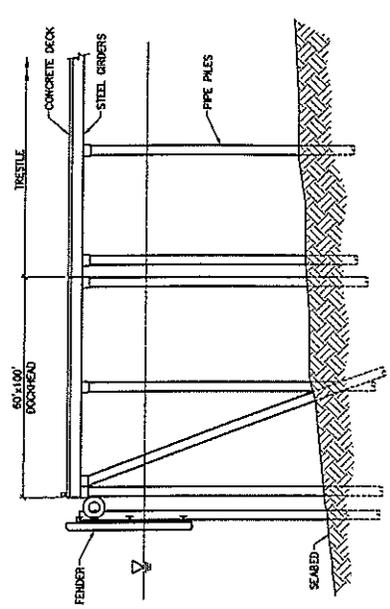
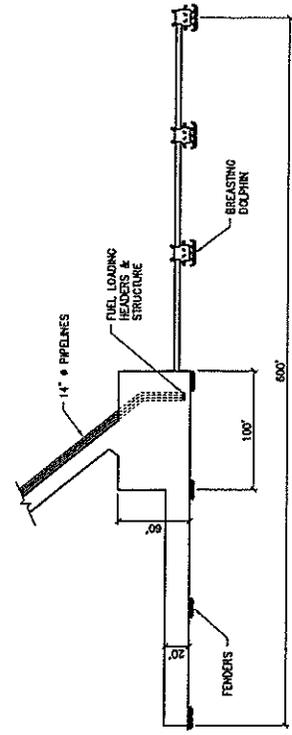
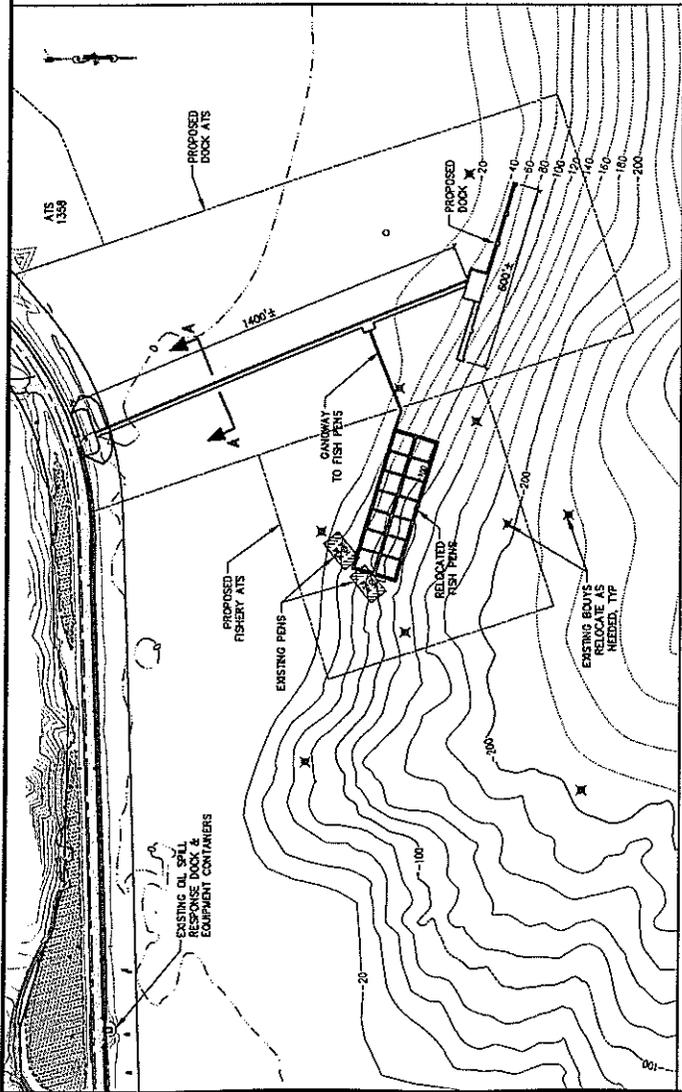

Petrotych, Nottingham & Drake, Inc.
 Engineering Consultants
 10000 W. 11th St., Suite 100
 Overland Park, KS 66204

DESIGN: JSC CHECKED: JBI PROJECT NO: 041050
 DRAWN: WSL APPROVED: DATE: 5/13/04

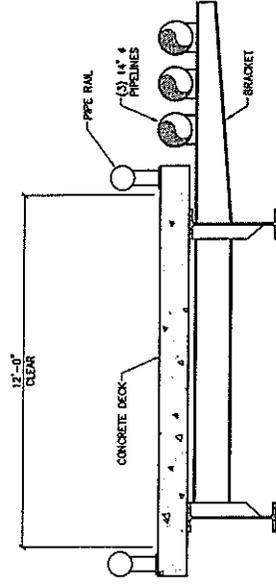
REV.	DATE	DESCRIPTION	BY	CHK.	APP.



PETRO STAR PIPELINE AND DOCK PROJECT	
PIPELINE PLAN & PROFILE	
9 <small>SHEET OF 12</small>	
Petrovich, Kottelheim & Drage, Inc. <small>Engineering Consultants</small>	
<small>DESIGN BY</small> JC <small>CHECKED BY</small> DM <small>DATE</small> 5/12/04	<small>PROJECT NO.</small> 041510 <small>DATE</small> 5/12/04
<small>REV.</small> <small>DATE</small> <small>DESCRIPTION</small>	<small>DATE</small> 05/12/04



TYPICAL DOCK SECTION
N15



SECTION A-A
N15

PRELIMINARY
5-12-04

PETRO STAR PIPELINE AND DOCK PROJECT

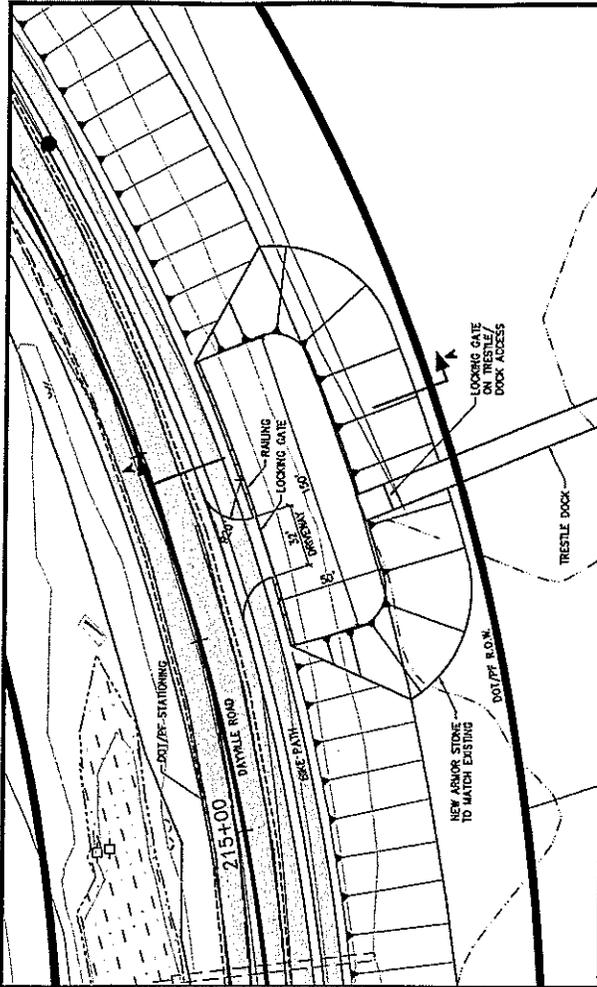
Author	EL
Checker	WJL
Designer	RL
Project No.	251104
Scale	AS SHOWN
Date	08.20.04

Peretrotovich, Nottingham & Drage, Inc.
 Engineering Consultants
 1508 West 94th Avenue
 Anchorage, Alaska 99515
 (907) 561-1011 FAX (907) 885-4228

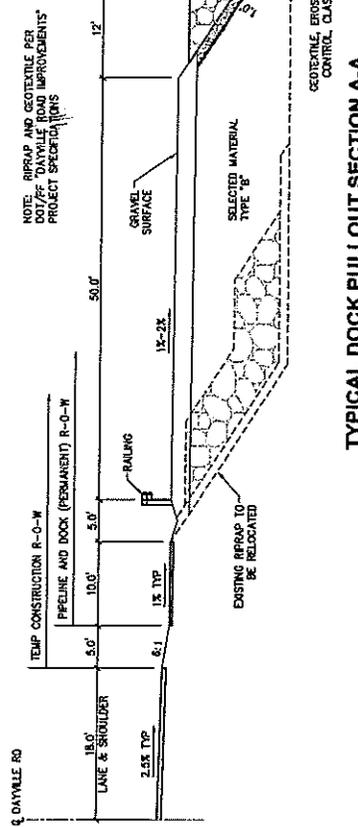
DOCK PLAN
11 of 12

GENERAL NOTES

- DOCK DESIGN PARAMETERS
- DECK LOADS - 80 PSF UNIFORM LIVE LOAD OR H20-44 TRUCK AND INFREQUENT USE BY A 40,000 LB FORK LIFT OR LOADER.
- DESIGN VESSEL - 100-FOOT DOUBLE-HULL PETROLEUM PRODUCT TANKER, ASSUME 40,000 TONNES DEADWEIGHT AND 0.5C MS APPROACH VELOCITY.
- EARTHQUAKE - DESIGN ROCK HORIZONTAL ACCELERATION = 0.50G (PER AASHTO).
- CORROSION - STEEL PILES PROTECTED BY ANODES. STRUCTURAL STEEL SPRAY-METALLIZED AND/OR GALVANIZED. AFTER 10 YEARS OWNERS SHOULD DEVELOP AN INSPECTION PROGRAM.
- PIPELINE DESIGN PARAMETERS
- TRANSPORTANT - REFINED PETROLEUM PRODUCTS.
- CAPACITY - 5000 BBL/HOUR PER PIPELINE AND 15000 BBL/HOUR TOTAL CAPACITY DURING VESSEL LOADING (INTERMITTENT FLOW).
- CORROSION - COATED PIPE WITH CATHODIC PROTECTION.
- LEAK DETECTION - PER API 1103.
- CONSTRUCTION CODE - ASME B31.4.



DOCK PULLOUT PLAN



TYPICAL DOCK PULLOUT SECTION A-A

ESTIMATED FILL QUANTITIES

FILL 30" x 6" RIP-RAP - FT:	10,400
CLASS IV RIPRAP - FT:	15,700
CLASS I RIPRAP - FT:	15,700
GEOTEXTILE - FT:	15,700

PETRO STAR PIPELINE AND DOCK PROJECT

Petrofronch, Nottingham & Drake, Inc.
Engineering Consultants

1504 North Park Avenue
Anchorage, Alaska 99503
(907) 561-1011 FAX (907) 682-4200

Project No: 041060
Date: 2/12/04
Scale: AS SHOWN

DOCK PULLOUT & GENERAL NOTES

Sheet 12 of 12

PRELIMINARY
Rev. 09.16.04

Public reporting burden for this collection of information is estimated to average 5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Defense, Washington Headquarters Service Directorate of Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0710-0003), Washington, DC 20503. Please DO NOT RETURN your form to either of those addresses. Completed applications must be submitted to the District Engineer having jurisdiction over the location of the proposed activity.

PRIVACY ACT STATEMENT

Authority: 33 USC 401, Section 10. 1413, Section 404. Principal Purpose: These laws require permits authorizing activities in, or affecting, navigable waters of the United States, the discharge of dredged or fill material into waters of the United States, and the transportation of dredged material for the purpose of dumping it into ocean waters Routine Uses: Information provided on this form will be used in evaluating the application for a permit. Disclosure: Disclosure of requested information is voluntary. If information is not provided, however, the permit application cannot be processed nor can a permit be issued.

One set of original drawings or good reproducible copies which show the location and character of the proposed activity must be attached to this application (see sample drawings and instructions) and be submitted to the District Engineer having jurisdiction over the location of the proposed activity. An application that is not completed in full will be returned.

(ITEMS 1 THRU 4 TO BE FILLED BY THE CORPS)

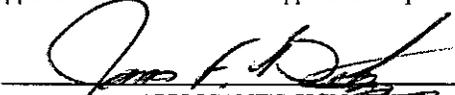
1. APPLICATION NO.	2. FIELD OFFICE CODE	3. DATE RECEIVED	4. DATE APPLICATION COMPLETED
--------------------	----------------------	------------------	-------------------------------

(RFNS BELOW TO BE FILLED BY APPLICANT)

5. APPLICANT'S NAME Petro Star Inc. Jim Boltz, Chief Operating Officer	8. AUTHORIZED AGENT'S NAME AND TITLE <i>(an agent is not required)</i> Travis/Peterson Environmental Consulting, Inc. Michael Travis, P.E., President
6. APPLICANT'S ADDRESS 3900 C Street, Suite 401 Anchorage, Alaska, 99503-5966	9. AGENT'S ADDRESS Travis/Peterson Environmental Consulting Inc. 3305 Arctic Blvd., Suite 102 Anchorage, Alaska 99503
7. APPLICANT'S PHONE NOS. W/AREA CODE Business (907) 339-6614 Fax (907) 339-6655	10. AGENTS PHONE NOS. W/AREA CODE Business (907) 522-4337 Fax (907) 522-4313

11. STATEMENT OF AUTHORIZATION

I hereby authorize, Michael D. Travis, P.E. to act in my behalf as my agent in the processing of this application and to furnish, upon request, supplemental information in support of this permit application.


APPLICANT'S SIGNATURE

FEB 25 2005
DATE

NAME, LOCATION AND DESCRIPTION OF PROJECT OR ACTIVITY

12- PROJECT NAME OR TITLE (see instructions)
Petro Star Inc. Proposed Pipeline and Dock Structure

13. NAME OF WATERBODY, IF KNOWN *(if applicable)*
Port Valdez Tidelands

14. PROJECT STREET ADDRESS

Township 009S Range 006W Section 14 Meridian Copper River
Latitude/Longitude 61°02'16.57" N 146°11'46.44" W
USGS Quad Map Valdez Quadrangle

15. LOCATION OF PROJECT

Valdez

Alaska

COUNTY

STATE

16. OTHER LOCATION DESCRIPTIONS, IF KNOWN, *(see instructions)*

17. DIRECTIONS TO THE SITE

Mile 2.5 of Dayville Road. See attached Location and Vicinity Map (INDEX SHEET)

18. Nature of Activity (Description of project, include all features)

Construct a pipeline and pier/dock that is approximately 10,400 feet long extending from Petro Star Valdez Refinery (PSVR) to a new fueling dock. Approximately 8,800 feet of the pipeline would be buried and 1,500 feet would be attached to the pier/dock. (See Project Description for details).

19. Project Purpose (Describe the reason or purpose of the project, see instructions)

This pipeline would eliminate the need for trucking fuel from PSVR to the Valdez Petroleum Terminal. Eliminating trucking, would increase safety, decrease road wear, and decrease costs when transporting refined petroleum products for sale. (See Project Description for details).

USE BLOCKS 20-22 IF DREDGED AND/OR FILL MATERIAL IS TO BE DISCHARGED

20. Reason(s) for Discharge

The purpose for the discharge would be to construct a pull-off and access point for Petro Star pipeline workers to access the pier/dock and fueling facilities for operation and maintenance. The pull-off would also be used by Solomon Gulch Hatchery workers for access to their fish pens. Access to the pier/dock would be limited to these two user groups.

21. Type(s) of Material Being Discharged and the Amount of Each Type in Cubic Yards

(Approximately) 1,500 cubic yards of relocated riprap, 1,000 cubic yards of new riprap; and 7,500 cubic yards of new gravel/sand fill = 10,000 cubic yards total fill. One Plan View sheet and two Section View sheets are included.

22. Surface Area in Acres of Wetlands or Other Waters Filled (see instructions)

0.6 acre of tidelands would be affected by construction of the turn off and dock approach.

23. Is Any Portion of the Work Already Complete? Yes No IF YES, DESCRIBE THE COMPLETED WORK

This is a proposed project that would be constructed along the Alaska Department of Transportation and Public Facilities (ADOT&PF) Dayville Road Improvement Project.

24. Addresses of Adjoining Property Owners, Lessees, Etc., Whose Property Adjoins the Water body (If more than can be entered here, please attach a supplemental List).

City of Valdez, Valdez, Alaska 99686

ADOT&PF, 2301 Peger Road, Fairbanks, Alaska 99709

25. List of Other Certifications or Approvals/Denials Received from other Federal, State or Local Agencies for Work Described in This Application.

AGENCY	TYPE APPROVAL*	IDENTIFICATION NUMBER	DATE APPLIED	DATE APPROVED	DATE DENIED
ADOT&PF	Utility Permit		August 8, 2003		
Joint Pipeline Office	Right-of Way Permit				

*Would include but is not restricted to zoning, building and flood plain permits

26. Application is hereby made for a permit or permits to authorize the work described in this application. I certify that the information in this application is complete and accurate. I further certify that I possess the authority to undertake the work described herein or am acting as the duly authorized agent of the applicant.


SIGNATURE OF APPLICANT

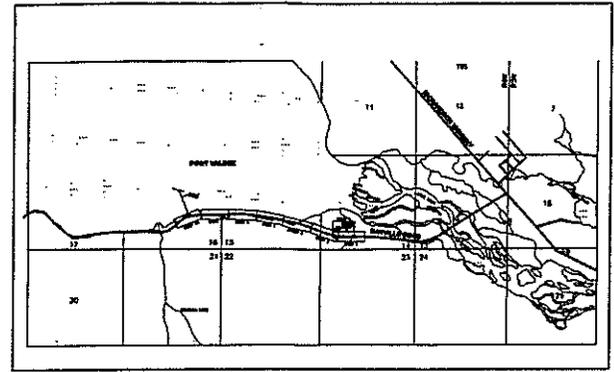
2/25/2005
DATE

Michael D. Travis
SIGNATURE OF AGENT

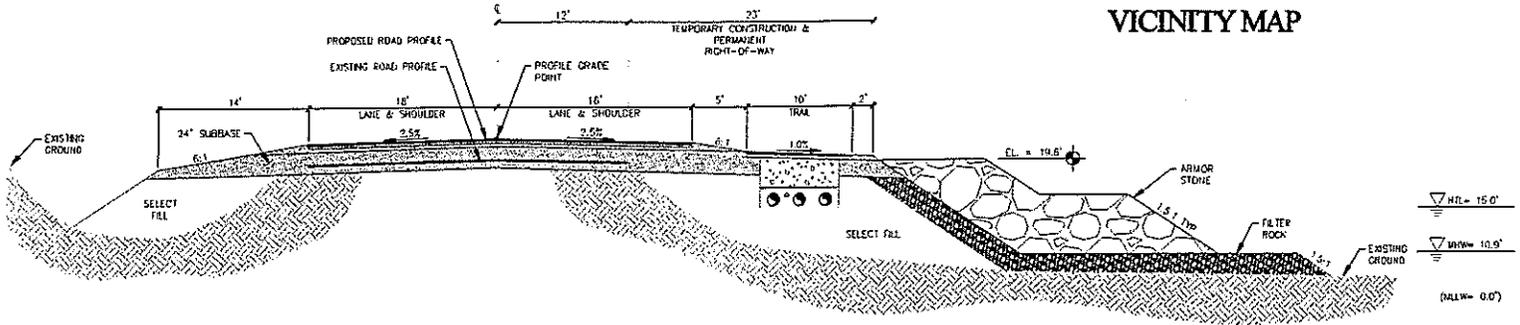
3/1/05
DATE

The application must be signed by the person who desires to undertake the proposed activity (applicant) or it may be signed by a duly authorized agent if the statement in block 11 has been filled out and signed.

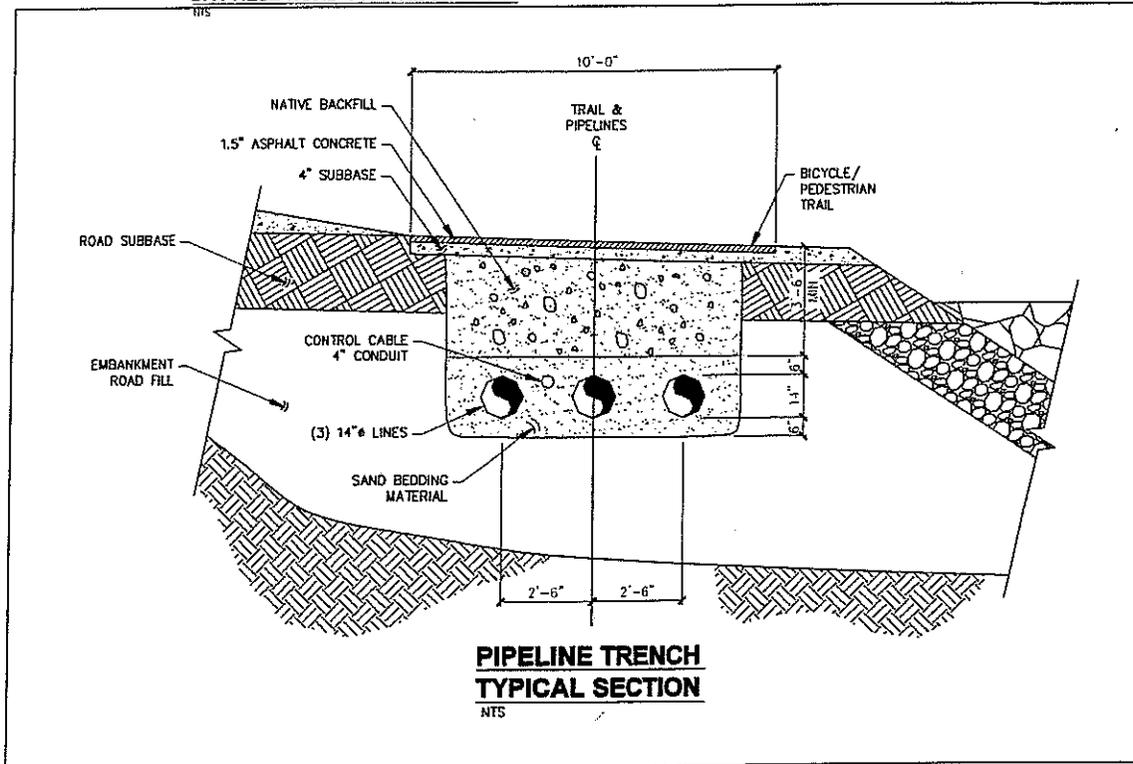
18 U.S.C. Section 1001 provides that: Whoever, in any manner within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals, or covers up any trick, scheme, or disguised a material fact or makes any false, fictitious or fraudulent statements or representations or makes or uses any false writing or document knowing same to contain any false, fictitious or fraudulent statements or entry, shall be fined not more than \$10,000 or imprisoned not more than five years or both.



VICINITY MAP

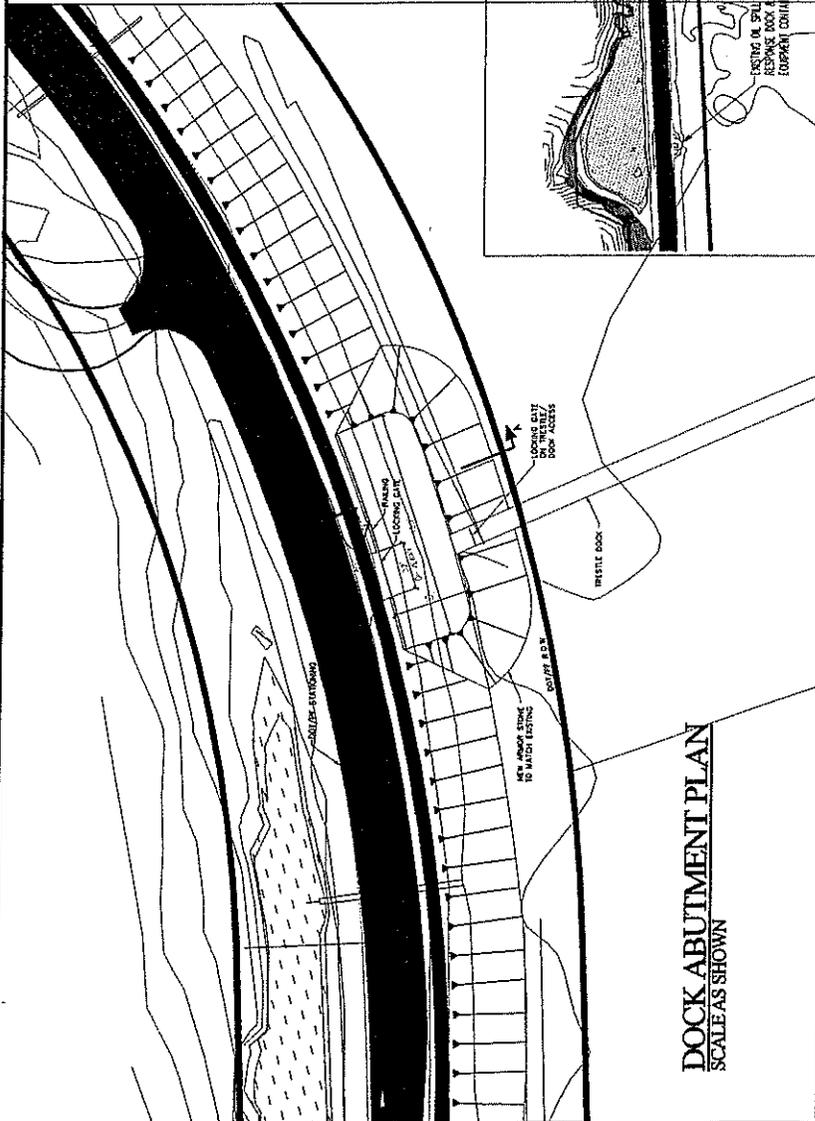
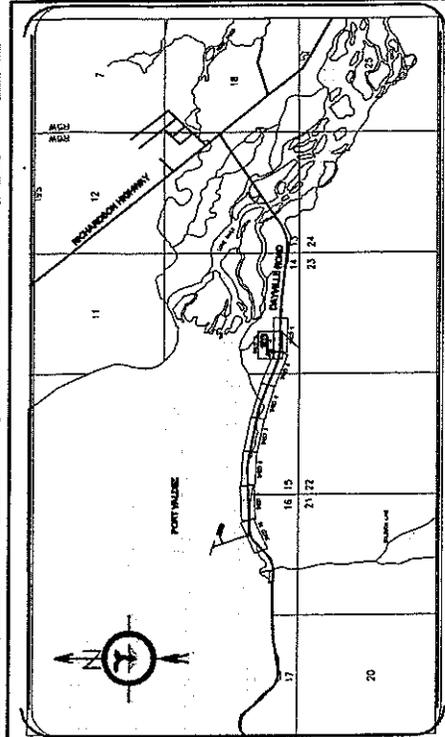


DAYVILLE ROAD TYPICAL SECTION

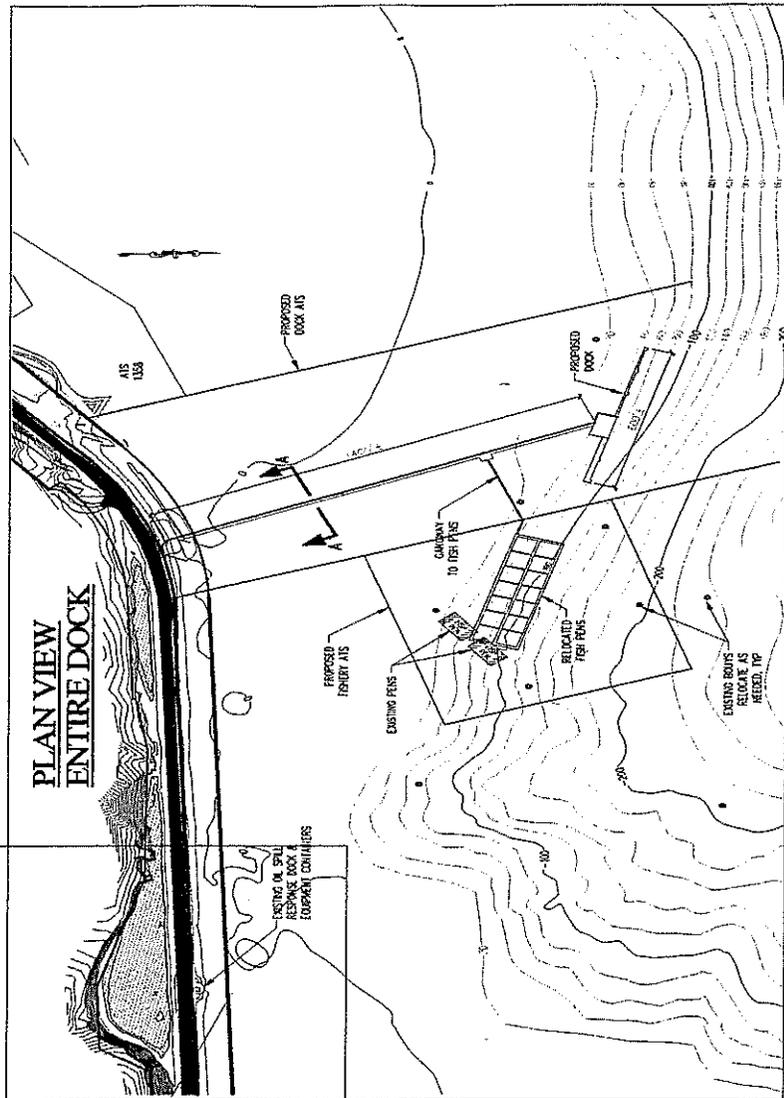


PIPELINE TRENCH TYPICAL SECTION

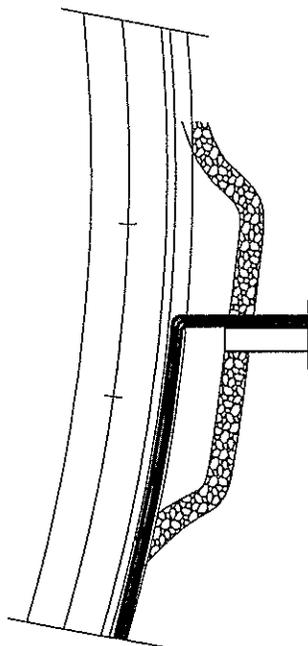
<p>PURPOSE: DATUM: UPLAND SECTION VIEWS AND AREAS LOCATED ON TOP OF CULVERTS OVER TIDAL CREEKS</p>	<p>SECTION VIEWS Travis/Peterson Environmental Consulting, Inc. 3305 Arctic Boulevard Suite 102 Anchorage, AK 99503</p>	<p>PROPOSED PETRO STAR INC. DAYVILLE ROAD PIPELINE IN: PORT VALDEZ & UPLANDS AT: T 009S, R 006W, Section 16 Copper River Mer. COUNTY OF: CITY OF VALDEZ, ALASKA APPLICATION BY: PETRO STAR INC SHEET DATE: 7-2-04</p>
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DOCK ABUTMENT PLAN
SCALE AS SHOWN



**PLAN VIEW
ENTIRE DOCK**



DOCK ABUTMENT PLAN
HTS

**PROPOSED PETRO STAR INC.
DAYVILLE ROAD PIPELINE
IN: PORT VALDEZ
AT: T 009S, R 006W, Section 16 Copper River Mer.
COUNTY OF: CITY OF VALDEZ, ALASKA
APPLICATION BY: PETRO STAR INC.
SHEET DATE: 07/01/04**

PLAN VIEW
Travis/Peterson Environmental
Consulting, Inc.
3305 Arctic Boulevard
Suite 102
Anchorage, AK 99503

PURPOSE:
DATUM:
DOCK ABUTMENT
DOCK EXTENT

APPENDIX H

PETRO STAR INC.

Telephone (907) 339-6600
Fax (907) 339-6653

3900 C Street, Suite 401
Anchorage, Alaska 99503-5966

May 4, 2005
1014-21B

U.S. Army Corps of Engineers (USACE)
Att: Mr. Lloyd Fanter
Regulatory Branch
South Section
P.O. Box 6898
Anchorage, Alaska 99506-6898

Re: Petro Star Inc. Dayville Road Pipeline Project
Army Corps of Engineers, Section 404 Permit Application

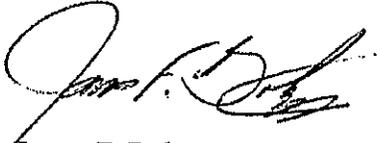
Dear Mr. Fanter:

Petro Star Inc. (Petro Star) proposes to construct a new 10,300-foot pipeline and dock facility along the south end of Port Valdez. Valdez lies 305 road miles east of Anchorage, and 364 road miles south of Fairbanks. The pipeline would begin at the Petro Star Valdez Refinery (PSVR) located at mile 2.5 of Dayville Road, just south of the Lowe River and travel approximately 8,800-feet south where it would extend northward about 1,500-feet to a fuel transfer dock in the Port of Valdez.

Petro Star Inc. contracted Travis/Peterson Environmental Consulting, Inc. (TPECI) to complete the environmental studies for this project. Petro Star has also designated TPECI as the Authorized Agent. TPECI has prepared a USACE Application for Department of Army Permit for the USACE review. The amounts of fill material, impacted wetlands, plan view and section view, along with more detail of the project is located in the permit application. TPECI has also included 12 plan sheets showing the proposed pipeline route along with the location of the project.

The project is scheduled for construction during the summer of 2006 through 2007. Attached for your review, is a Section 404 permit application for the proposed pipeline project. If you have any questions or comments feel free to contact TPECI at (907) 522-4337.

Sincerely,



James F. Boltz
Chief Operating Officer

Enclosures:
COE 404 Permit application
Section Views (2)
Plan View (1)
Project Description
Plan Sheets (12)

cc: Ben Greene, Alaska Coastal Management Program, Joint Pipeline Office Liaison,
Anchorage
✓ Michael D. Travis, P.E., TPECI, Partner, Anchorage