

GOVERNOR'S AGRIMUM TASK FORCE
Meeting Minutes
March 18, 2005
Kenai Job Center

The second meeting of the Governor's Agrium Task Force began at 9:00 a.m., facilitated by Bill Noll, Office of the Governor, Chaired by Co-Chairs: Bill Popp and Bob Favretto.

Attendees: Bill Noll, Director of Communications, Office of the Governor; Dave Carey, Soldotna Mayor; Pat Cowan, Wells Fargo Board; George Ford; Past manager, Agrium plant; Bill Popp, KPB Oil & Gas Liaison, Task Force Co-chair; Rick Ross, Kenai City Councilman; Gary Superman, KPB Assembly President; Roy Wells, President Kenai Chamber of Commerce; Lisa Parker, Agrium Government Relations; John Coston, Agrium Employee representative; Bob Favretto, Task Force Co-chair; Erich Deland, staff to Representative Chenault.

Kenai Staff: Susan Davis, Office of the Governor; Diana Spann, DOLWD Regional Manager.

Members of the Public: Harold Heinze, CEO ANGDA; John Parker, KPB-EDD; Judene Van Cleave, Director-Nikiski chamber of commerce; Casey Reynolds, Kenai Peninsula EDD; Sal Mattero, Reality Check Consulting; a reporter from the Peninsula Clarion.

Attendees by Teleconference:

Senator Tom Wagoner and staff Amy Seitz; ; Konrad Jackson, staff to Rep. Kurt Olson; Corine Geldhof and Shawna Harper, DOL; McHugh Pierre, Communications Staff, Office of the Governor; Jim Carter.

Absent:

Department of Natural Resources

The minutes of the last meeting were read and accepted as amended.

1. Bill Noll gave an update from the March 8th meeting with the Governor and several oil company executives regarding the potential closure of the Agrium plant. He shared two letters written to the Governor, one by Agrium and another by Unocal. The members will study the contents of the letters, and discuss at the next meeting. Mr. Noll said the Governor asked for input from

- the task force. Chevron will be sending a letter to the Governor, Conoco Phillips may send a letter, per Lisa Parker. Marathon declined the invitation to attend the Governor's meeting.
- a. Senator Wagoner stated that there is legislation forthcoming regarding the content of the letters, and more will be addressed by amendment.
 - b. Bill Noll asked that Senator Wagoner give copies of the proposed legislation to Mike Menge and Kevin Jardell in the Governor's office, and said that there are no obstacles to clear dialog between the Governor and legislature.
 - c. Rick Ross asked that the task force receive any further letters of response from oil companies as soon as possible.
2. Lisa Parker gave a presentation, based on the members' request for clarity of Agrium's position on the announced closure.
- a. Lisa stated that Agrium has sent out an RFP for the purchase of a minimum of 24 bcf at \$3.00. A positive response is needed by April 15th to allow consideration of keeping the plant open.
 - b. She stated that Agrium will not sell the plant to a competitor.
 - c. Lisa will email a summary of her comments at this meeting, see attached.
 - d. Lisa will bring a copy of the RCA decision regarding sale of royalty gas to the next meeting.
3. Mr. John Coston, Agrium employee representative, gave an update on the services being provided to Agrium employees. These include an intranet employee site where employees can research re-training, healthcare options, and various other services. Jim Carter said we should ask DNR to take a second look at an earlier decision to not sell royalty gas. He said we need to look at ways to stimulate exploration and production.
- a. Shawna Harper, DOL, said it would be appropriate for the Governor, legislative delegation, and the task force to send letters of support to federal DOL. She will send a sample letter of what is needed for the TAA, which would allow the state DOL rapid response division to act.
4. Mr. Harold Heinze, CEO, ANGDA, gave a presentation on the prospects for the development of a natural gas spur line to cook inlet. Presentation handouts were provided to members.
- a. ANGDA is a quasi state agency, and is able to use a business model to get gas to market.
 - b. ANGDA will be issuing a report on 4-1-05.
 - c. Bullet line versus Spur line:

1. There are more right of way issues with the bullet line. Applications for ROW are being reviewed.
 2. Timelines are vital for either route. If no one comes forward with a proposal in 18 months, the federal government can form a federal corporation to handle the project.
 3. Timeline for spur line or bullet line are both 2010 for gas to flow to Cook Inlet.
 4. There is 6 million dollars in the Governor's capital budget for investment in a jack up rig for Cook Inlet.
 5. Propane by-product of natural gas is a value added component.
5. Judene Van Cleave requested that she be allowed membership on the task force. Bill Popp will ask the Governor's office for permission.
6. Next Meeting:
- a. Members will review letters from oil companies and prepare to send comments and recommendations to the Governor.

Next Meeting date set: Tuesday, May 29, 2005, 9:00 am – 12:00 pm, place to be decided.