

PROJECT SUMMARY



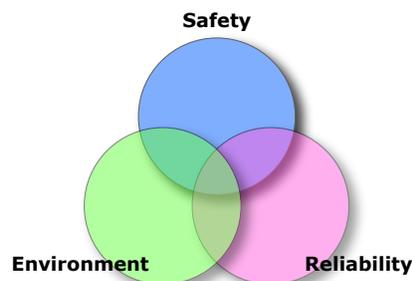
The **Alaska Risk Assessment** project is a comprehensive, engineering-oriented assessment of the status of the existing infrastructure, systems, components, and hazards to Alaska's oil and gas infrastructure. It will result in the identification and ranking of risks based on consequences to safety, the environment, and production reliability.

Purpose of the Risk Assessment

The purpose of the risk assessment is to determine the baseline condition of Alaska's oil and gas production, storage and transportation system, and to evaluate the reliability, environmental, and safety risks associated with continued operation for another generation. A risk profile will be developed for the existing infrastructure which will help the State and Industry effectively manage the risks to protect the environment and ensure safe and reliable operations into the future.

Objectives

- Identify safety, environmental, and operational risks,
- Quantify and rigorously evaluate those risks, and
- Recommend measures to mitigate or manage these risks.



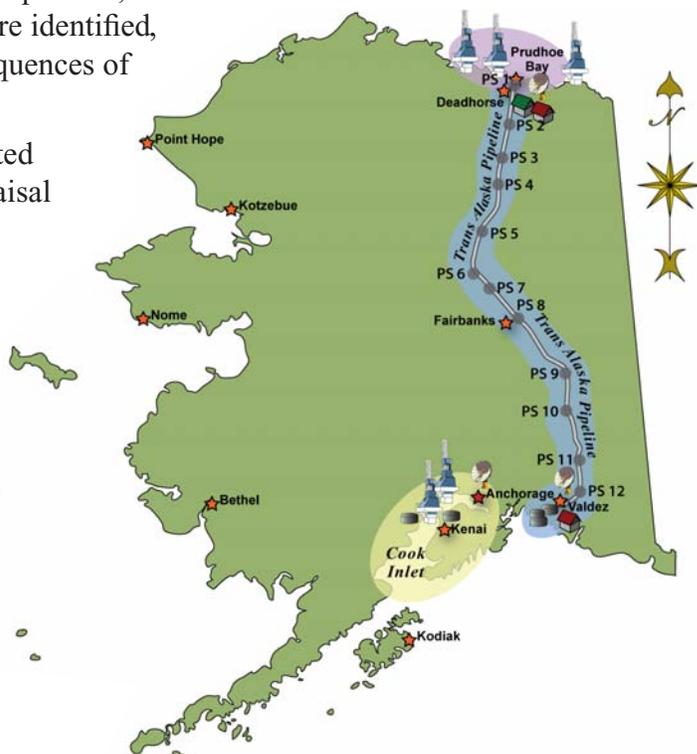
What Is Involved In the Risk Assessment

What is risk? Risk can be described as a function of the probability of an event occurring and the consequences of that event. Risk assessments are a systematic, analytical process, in which potential hazardous events associated with an operation are identified, their frequency of occurrence is estimated, and the consequences of potential adverse events are determined.

The risk assessment will be a one-time engineering oriented baseline analysis involving a thorough, independent appraisal of the condition of the petroleum infrastructure. This will identify those infrastructure items, components, systems, or hazards that have the greatest consequences and probability for failure in environmental, economic and safety terms.

This risk assessment will include all facilities and systems associated with the production, storage, and transportation of crude oil and natural gas within the State.

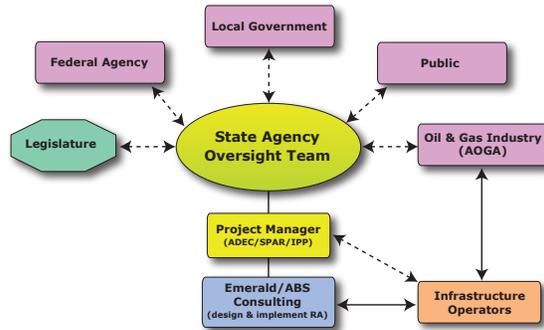
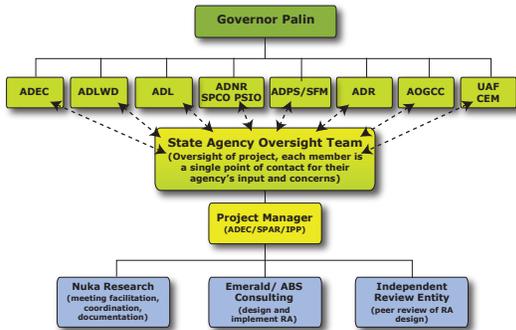
The risk assessment is intended to include the North Slope and Cook Inlet oil field infrastructure, the Trans Alaska Pipeline System and the Valdez Terminal. It will not include marine transportation.



Who's Involved

Administrative Order 234, signed in April 2007, created the Petroleum Systems Integrity Office (PSIO) in the Department of Natural Resources and tasked it with leading and coordinating interagency efforts to evaluate oil and gas facilities and practices. The Department of Environmental Conservation is conducting this particular effort as one part of the broader interagency effort coordinated by PSIO.

The following organizational charts illustrate the groups involved in this project. The left hand chart shows the administrative organization of the project. The right hand chart depicts external communication links – stakeholder and infrastructure operator involvement.

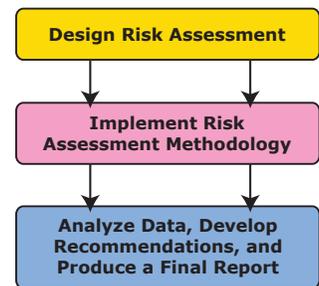


The Department has contracted with the expert firms of Emerald Consulting Group LLC (Emerald) and their subcontractor ABS Consulting Inc. (ABS Consulting) to conduct the Alaska Risk Assessment. Emerald is an Anchorage-based engineering company with extensive experience in risk assessment, process safety management, and integrity evaluation. Emerald personnel have an in-depth knowledge of the Alaska oil and gas infrastructure and associated operating companies. ABS Consulting is a wholly-owned affiliate of the American Bureau of Shipping which provides risk management services to public and private organizations around the world.

How the Risk Assessment will be Accomplished

The risk assessment will have three distinct phases. The first phase consists of development of the risk assessment design. The second phase consists of performing the risk assessment. The third phase consists of analyzing the results and developing a risk profile and associated risk contributors which can be used by the State and Industry for making risk management decisions.

Risk Assessment Process



The Proposed Schedule

STATE OF ALASKA OIL & GAS INFRASTRUCTURE RISK ASSESSMENT	DURATION (in months)	START	FINISH	Qtr 1, 2008			Qtr 3, 2008			Qtr 1, 2009			Qtr 3, 2009			Qtr 1, 2010		
				Jan	Mar	May	Jul	Sep	Nov	Jan	Mar	May	Jul	Sep	Nov	Jan	Mar	May
■ CONTRACT SIGNING	0 days	Tue 6/24/08	Wed 5/26/10	JUNE 24, 2008			CONTRACT SIGNING											
■ PHASE I: DESIGN RISK ASSESSMENT (RA) METHODOLOGY	13.5	Wed 6/25/08	Tue 8/25/09				[Gantt bar spanning from Q3 2008 to Q3 2009]											
○ Task 1a - Project Plan	1.14	Wed 6/25/08	Tue 7/29/08				[Gantt bar]											
○ Task 1b - Stakeholder Consultation	4.55	Wed 6/25/08	Tue 11/11/08				[Gantt bar]											
○ Task 1c - Existing Data/Information Review	3.41	Wed 7/30/08	Tue 11/11/08				[Gantt bar]											
○ Task 1d - Interim Report	1.25	Wed 11/12/08	Fri 12/19/08				[Gantt bar]											
○ Task 2 - Proposed RA Design	4.55	Wed 10/8/08	Fri 3/6/09				[Gantt bar]											
○ Task 3 - Evaluate RA Design	4.09	Mon 3/9/09	Fri 7/10/09						[Gantt bar]									
○ Task 4 - Proposed Final RA Design	1.14	Tue 7/6/09	Fri 8/7/09						[Gantt bar]									
○ Task 5 - Final RA Design	.55	Mon 8/10/09	Tue 8/25/09						[Gantt bar]									
■ PHASE 2: IMPLEMENT RA METHODOLOGY	5.23	Wed 8/26/09	Thu 2/11/10						[Gantt bar spanning from Q3 2009 to Q1 2010]									
○ Task 6 - Implement RA	5.23	Wed 8/26/09	Thu 2/11/10						[Gantt bar]									
■ PHASE 3: ANALYSIS, RECOMMENDATIONS, AND REPORT	3.23	Fri 2/12/10	Fri 5/21/10											[Gantt bar spanning from Q1 2010 to Q3 2010]				
○ Task 7 - Produce Draft Report	2.73	Fri 2/12/10	Thu 5/6/10											[Gantt bar]				
○ Task 8 - Produce Final Report & Presentation	0.73	Fri 4/30/10	Fri 5/21/10											[Gantt bar]				
■ PROJECT COMPLETE	0 days	Wed 5/26/10	Wed 5/26/10														MAY 26, 2010 PROJECT COMPLETE	