

Project Overview for Stakeholders



Alaska Risk Assessment of Oil & Gas Infrastructure



Project Background

Alaska is dependent on oil and gas production as a primary revenue source, both now and for the foreseeable future. The integrity of the Alaska oil and gas network must be maintained to protect safety of people, the environment, and to ensure uninterrupted oil and gas production and revenue. A primary goal of this project is to provide information to State agencies that is necessary for them to perform their mandated duties to oversee the steady flow of oil and gas without unplanned interruptions, while protecting the public's safety and the environment.

Parts of Alaska's complex oil and gas infrastructure have been in place since the early 1960s, and in some cases have already exceeded their original engineered lifespan. As demonstrated in 2006 when part of Alaska's North Slope oil production was inter-

rupted due to corrosion, failures in any one component of the system can directly impact the system as a whole.

Past incidents alone are not reliable predictors of future problems, and oversight of the integrity of the system requires rigorous analysis to anticipate and prevent future problems before they happen. The outcome of the risk assessment will be a "picture" of the system as it stands today, highlighting the infrastructure components with the highest relative risk of a potential significant event.

Governor Palin announced this three-year, \$5 million initiative in May 2007. In June 2008, the Alaska Department of Environmental Conservation (ADEC) contracted with an expert firm consisting of Emerald Consulting Group LLC, in partnership with ABS Consulting, to design and imp-

lement the project. This project is being managed by the ADEC Division of Spill Prevention and Response, Industry Preparedness Program. Work in 2008 will primarily consist of stakeholder consultation and development of the risk assessment method by the expert firm. Implementation of the risk assessment will continue into 2010.

The risk assessment is being overseen by the State Agency Oversight Team (SAOT) with representatives from the multiple State agencies. Federal agencies with responsibility for Alaska oil and gas infrastructure will be requested to provide direct input to the SAOT and the expert firm. Local governments, the general public, other interested stakeholders, and the companies that operate Alaska's oil and gas infrastructure will be actively consulted.

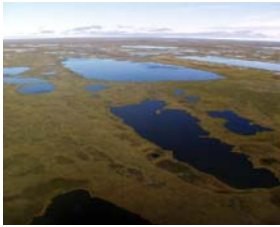
What is a "Risk Assessment?"

A risk assessment is the process of evaluating "how likely" it is that a significant event will occur, and "how damaging" the event would be to people, the environment, or production and revenue if the event were to occur. By assigning scores of "how likely" and "how damaging" to the particular event, the combination of the two scores can provide an overall

understanding of relative risk for each event.

It is important to understand that a *risk assessment* is a predictive tool that helps evaluate the relative risks of potential significant events in the future. The risk level of a potential event can be minimized by implementing changes that would reduce

"how likely" or "how damaging" the event would be. It does not identify what risks are "acceptable." The actions taken to minimize risk to an acceptable level must be defined by the State of Alaska and as part of a *risk management process* after this project is completed.



Stakeholder Input Process

The State of Alaska is soliciting input from individuals or groups with interests in existing Alaska oil and gas industry infrastructure during the initial phase of the project. We refer to these parties as “stakeholders.” Stakeholder input will be used by the State of Alaska to solidify the scope of the risk assessment and help

the expert firm design the risk assessment methodology that will be implemented in the next phase of the study.

Stakeholder input will be actively solicited by the State of Alaska through regional public meetings, key stakeholder meetings, surveys, and web site input. Public meetings will

be conducted in regional centers near oil and gas infrastructure and are scheduled in the following locations: Anchorage, Barrow, Fairbanks, Kenai, and Valdez. Please visit the project web site below for the current schedule of regional public meetings.

Stakeholder input for this phase of the project will be accepted through November 4, 2008.

Further Information

Additional information on the project, as well as a link to the on-line Stakeholder Survey Form can be found on the State of Alaska web page at:

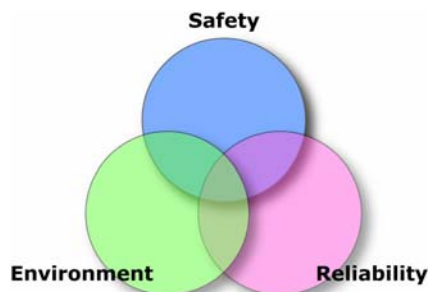
<http://www.dec.state.ak.us/spar/ipp/ara/index.htm>

Guiding Principles

- The outcome will be meaningful.
- The risk assessment is not an investigation or enforcement action.
- The results of the risk assessment will be useful to both the state and industry.
- Stakeholder input will be actively sought and incorporated.
- The risk assessment will be conducted in cooperation with infrastructure owners.
- The risk assessment will provide a baseline for ongoing monitoring.
- The risk assessment will provide a benchmark for the DNR Petroleum Systems Integrity Office.

For additional project information, please contact:

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ANNOUNCEMENT OF REGIONAL STAKEHOLDER MEETING

FAIRBANKS

The State of Alaska is soliciting input from individuals or groups with interests in existing Alaska oil and gas industry infrastructure during the initial phase of the Alaska Risk Assessment of Oil & Gas Infrastructure project. Stakeholder input will be used by the State of Alaska to solidify the scope of the risk assessment and help the expert firm design the risk assessment methodology that will be implemented in the next phase of the study.

Stakeholders will have the opportunity to provide input to the State of Alaska at the following regional public meeting.

WHERE: UAF Wood Center
505 Yukon Drive
Fairbanks, Alaska

WHEN: Thursday, September 25, 2008
6:30 PM – 8:30 PM

- All interested parties are welcome to attend. This meeting will include an overview of the project and be focused on informal stakeholder input to the project team representatives.
- Please see the project web site for detailed information:
<http://www.dec.state.ak.us/spar/ipp/ara/index.htm>
- This meeting is free to the public. Parking permits are available from the information desk of the UAF Wood Center.
- Please contact the ADEC Project Manager at (907) 465-6219 if you have disabilities and may need auxiliary aids or services or special modifications to participate in a meeting.

AGENDA

- Welcome & Introductions
- Stakeholder Overview Presentation
- Stakeholder Input on:
 - o Focus of the Risk Assessment
 - o Significant Unplanned Events Related to Alaska Oil & Gas Infrastructure in terms of Reliability, Safety, and Environment
 - o Other Specific Concerns or Priorities

