

Moving Ahead

Mackenzie Valley Aboriginal Pipeline LP

*a proud partner in
The Mackenzie Gas Project*

**Northern Transportation Conference
November 8-10, 2005
Yellowknife, NT**



Northern Gas Reserves

Prudhoe Bay

Reserves:

- 31 Tcf Proven
- 99 Tcf Ultimate
- Production: 8 Bcf/d
 - 7 Bcf/d Re-injected

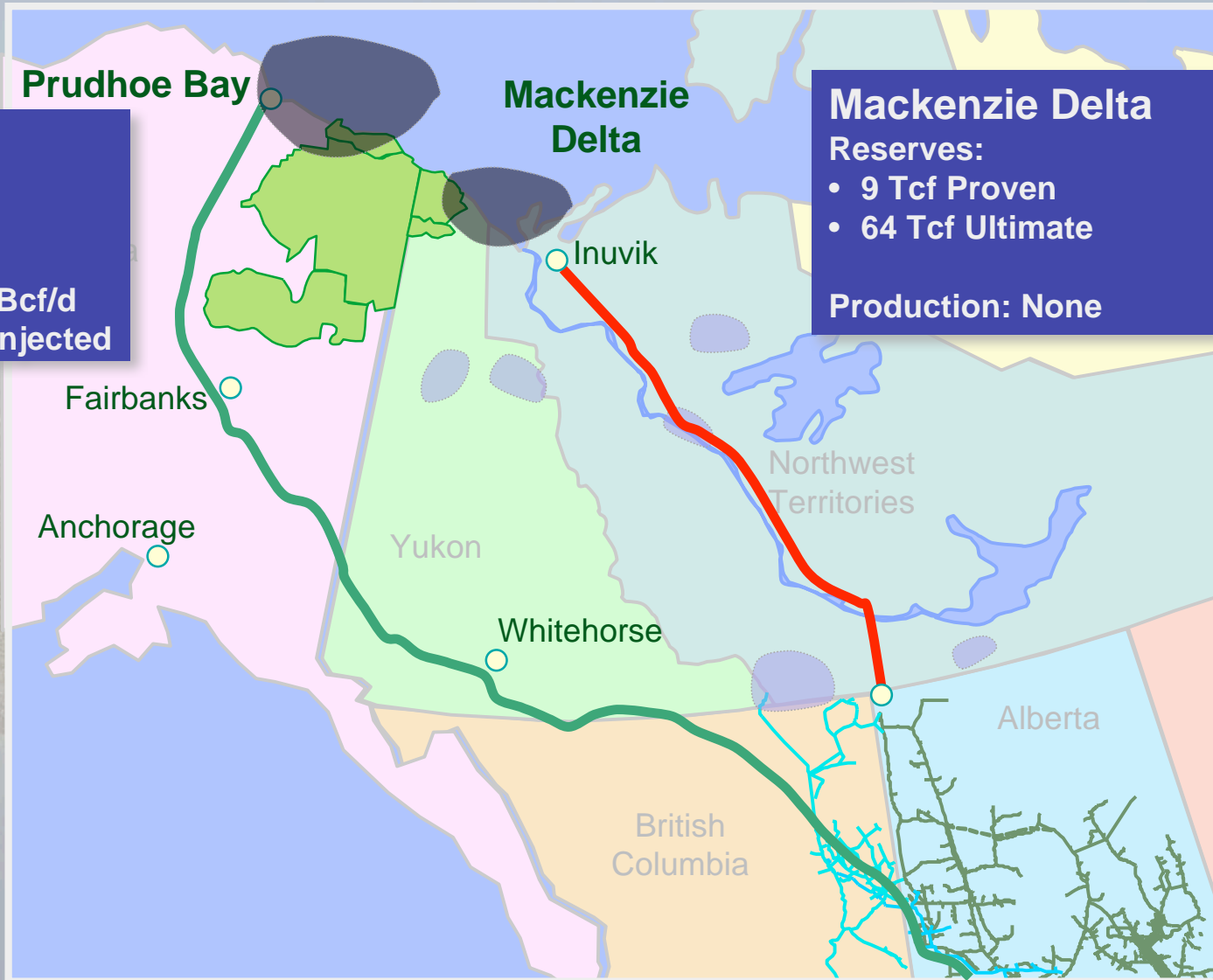
Mackenzie Delta

Mackenzie Delta

Reserves:

- 9 Tcf Proven
- 64 Tcf Ultimate

Production: None



Mackenzie Gas Project

- Accesses the closest frontier basin in North America
 - Onshore natural gas reserves – 6 Tcf
- Utilizes available capacity in existing pipelines south of 60
- Mackenzie *must* precede Alaska



Mackenzie Gas Project



- Gathering System north of Inuvik
 - Two-phase flow
- Processing Plant - Inuvik
- 10" liquids pipeline – to Norman Wells
- 1200 km - 30" gas pipeline to Alberta
- Initial capacity 1.2 Bcf/d
- Expandable to 1.8 Bcf/d
- Total Project Cost: \$ 7 billion



MGP's Commitment to the North

“The MGP co-venture partners are committed to support the fair and full participation of Aboriginal/Northern suppliers and contractors in the opportunities generated by the Project.”

Source: MGP Application and MGP Website



Supply of Granular Material

- Project requires up to 6.5 million cubic meters of borrow material sourced from about 78 sites.
- Each borrow pit is a business opportunity to develop, supply and transport borrow material.
- A typical borrow site requires a crew of 12 to 24 people, plus a mobile camp.



Logistics and Transportation

Total of approx. 870,000 tonnes of cargo required for the project (anchor fields, gathering system and pipeline)

Rail

- Mackenzie Northern Railway will provide service from Alberta to Hay River
- All pipe (5,600 rail cars in total) and fuel (230 million liters) required will be transported to Hay River via these rail lines

Barges

- Mackenzie River will be the major transportation corridor

Materials delivered by vehicle or rail to Hay River and transferred to barges



Camps

Camp supply, transport, site preparation, set-up, relocation, maintenance, catering, and security all provide excellent northern business opportunities.

- 4 – 1000 – 1350 person camps
- 6 – 500 – 1000 person camps
- 12 – 100 – 500 person camps
- 6 less than 100 person camps
- 17 mobile camps



Stockpile Sites



- Approx. 22 stockpile sites will be required to store pipe, materials and equipment
- Approx. 20 fuel storage sites will be required



Snow/Ice Roads



- Approximately 56 km of all-weather roads
- Approximately 800 km of snow/ice roads



Maximizing Aboriginal Participation

- Central Registry to be created for Aboriginal/Northern Businesses seeking business opportunities with MGP
- Business Opportunity Workshops planned throughout the NWT to communicate these opportunities
- Business Manager planned for each of MGP Field Offices to assist Aboriginal and Northern businesses



Making history

The APG is a unique alignment of
Aboriginal groups in the Mackenzie
Valley

Not only to support the construction of the
Mackenzie Valley Pipeline

...but to be a part of it



Making history

APG is a business deal, negotiated by
Aboriginal people for Aboriginal people.

We have negotiated the right to secure a
one-third ownership interest in the
Mackenzie Valley Pipeline.



Making history

The APG business deal provides:

- An immediate seat at the Board table of the MGP
- Long term dividends
- A direct voice in the development of this major project



Ownership means **full** partnership

Ownership through the Regulatory Phase:

APG – 33.33 %

Imperial Oil – 34.4%

ConocoPhillips Canada – 15.7%

Shell Canada – 11.4%

Exxon Mobil Canada – 5.2%



How the financing will work

Here's how the deal works:

- APG obtains loans to finance its investment
- Producers sign long-term shipping contracts
- Loans are repaid from APG's share of pipeline revenue
- Balance of APG revenue is returned to APG shareholders as dividends



APG Progress

- Three of the four Aboriginal Groups in the Valley are on board
- TransCanada loan in place to cover APG pre-development costs
- Federal & NWT governments providing operating funding
- DBRS credit rating of A (low) obtained for debt financing



MGP Progress

- Comprehensive applications filed October 7, 2004
 - Over 9500 pages
- Information Request process completed
 - Responses total 20,000 pages
- Geotechnical programs completed in Inuvialuit, Gwich'in & Sahtu Regions
- 200 full-time staff, plus contractors
- Over \$350 million spent to date



...HOWEVER

Project Currently on Hold

- Project execution activities suspended last April
 - Expenditures increasing
 - Lack of clarity and certainty in specific areas
- Requirements to proceed to Regulatory Hearings:
 - Federal Government support for a firm regulatory schedule
 - Assurance of access on reasonable terms
 - Federal Government ownership of socio-economic issues beyond Project's responsibility
 - Resolution of Deh Cho issues
 - Fiscal certainty and enhancements needed for Project viability
 - Tangible commitment for third-party volumes



Progress this Summer

- Both NEB and JRP ready to start hearings
- Federal Government has established \$500 million fund to deal with social issues
- Agreement reached with Deh Cho
 - Lawsuits withdrawn
 - Agree to respect existing regulatory process



Key Issues Remaining

- **Benefits and Access Agreements**
 - Discussions continuing, but no agreements in place
- **Fiscal Certainty/Enhancements**
 - Discussions continuing, but no agreement with Federal Government
- **Third-party Volumes**
 - Discussions continuing, but no tangible commitments



Current Status

- To maintain current schedule, public hearings must commence in January 2006
 - Regulators require 60 days notice
- Significant Progress must be made by early November
 - “Some” B & A Agreements in place
 - Agreement in principle with Federal Gov’t on Fiscal Issues
 - Tangible commitment for third-party volumes
- Proponents remain committed to project
 - Will update regulators by mid-November of readiness to proceed to hearings



Summary

- The MGP creates significant business opportunities for Aboriginal/northern suppliers & contractors
- The APG business deal is “ready to go”
 - Will provide stable, long-term revenue stream directly to aboriginal groups
- Hearings for the Mackenzie Gas Project could begin as early as January, 2006
 - Key issues need to be resolved by November





APG's Board of Directors

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