

**ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY**

**RESOLUTION NO. G23-13**

**RESOLUTION OF THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY RELATING TO THE APPROVAL OF A COST REIMBURSEMENT AGREEMENT AND NON-BINDING TERM SHEET CONCERNING AN AS 44.88.172 APPLICATION FOR THE FINANCING OF A PCHEMICAL MANUFACTURING FACILITY ON THE NORTH SLOPE**

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**WHEREAS**, Alyeschem, LLC has requested that the Alaska Industrial Development and Export Authority (“Authority”) finance a distributed chemical manufacturing (DCheM) facility on the North Slope of Alaska under AS 44.88.172 et. seq. (the “Project”); and

**WHEREAS**, pursuant to AS 44.88.173, before approving a project financed under AS 44.88.172, the Authority must prepare a finance plan with respect to the project; and

**WHEREAS**, the development of a finance plan for the Project requires a project feasibility study, evaluation, the preparation of the requisite financing agreements and certain other tasks (collectively the “Feasibility Activities”); and

**WHEREAS**, the estimated cost of the Feasibility Activities is \$150,000; and

**WHEREAS**, the Authority has prepared a draft cost reimbursement agreement to be shared with Alyeschem, LLC relating to certain costs incurred in the evaluation of the Project; and

**WHEREAS**, it is in the best interests of the Authority that it enter into the Cost Reimbursement Agreement with Alyeschem, LLC and that, subject to the execution of such agreement, the Authority may expend up to \$150,000 to complete the Feasibility Activities for the Project; and

**WHEREAS**, pursuant to the completion of the Feasibility Activities to the satisfaction of the Authority it is in the best interests of the Authority that it negotiate a non-binding term sheet that will be presented to the Board of Directors for approval at a subsequent meeting.

**NOW THEREFORE, BE IT RESOLVED BY THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY AS FOLLOWS:**



Section 1. Staff of the Authority is authorized to undertake the Feasibility Activities with respect to the Project in such a manner as in the judgment of the Executive Director is appropriate.

Section 2. The Executive Director is hereby authorized to execute the Cost Reimbursement Agreement on behalf of the Authority with such non-material modifications as the Executive Director, in his discretion, may deem appropriate.

Section 3. Subject to execution of the Cost Reimbursement Agreement by Alyeschem, LLC, the Authority may utilize up to \$150,000 in assets of the Economic Development Account, AS 44.88.172, to undertake the Feasibility Activities.

Section 4. The Executive Director, at their discretion, is hereby authorized to negotiate a non-binding term sheet with Alyeschem, LLC to be presented to the Authority's Board of Directors in addition to a finance plan pursuant to AS 44.88.173 for approval at a subsequent meeting.

Dated at Anchorage, Alaska, this 6<sup>th</sup> day of December, 2023.

  
  
Secretary

  
Chair



## MEMORANDUM

TO: Board of Directors  
Alaska Industrial Development and Export Authority

FROM: Randy Ruaro  
Executive Director

DATE: December 6, 2023

SUBJECT: Alyeschem, LLC – Alaska North Slope Methanol Plant  
Cost Reimbursement Agreement & Non-binding Term Sheet Negotiation  
Resolution No. G23-13

### **AIDEA Participation:**

Alyeschem, LLC (the “Developer”), has requested AIDEA’s participation in the financing of a proposed methanol plant (“Project”) on the North Slope on the formerly AIDEA owned “North Slope Pad”.

Resolution No. G23-13 authorizes the Executive Director to 1) execute a Cost Reimbursement Agreement (the “Reimbursement Agreement”) and 2) negotiate a non-binding termsheet with Alyeschem, LLC.

The Cost Reimbursement Agreement would allow AIDEA to study, evaluate, prepare a finance plan, and conduct due diligence with regard to the viability of the Project and the soundness of the business case (the “Feasibility Analysis”). Up to \$150,000 could be used for this effort (see budget below).

The Project would be the first distributed chemical manufacturing (DCheM) facility on the North Slope of Alaska supplying critical chemicals starting with methanol and low sulfur diesel (ULSD) to this isolated market where extreme logistics costs and stranded feed gas have created a unique opportunity.

Upon approval from the Board, a Cost Reimbursement Agreement would be executed for the subsequent work.

The budget for the Feasibility Analysis is:

Technology Consultant	\$50,000
Financial Advisor	\$75,000
<u>Legal Services</u>	<u>\$25,000</u>
<b>Total:</b>	<b>\$150,000</b>

Resolution G23-13 also requests approval for the Executive Director to negotiate a non-binding term sheet to be presented to the Board at subsequent meeting for consideration.

**Background:**

Alyeschem intends to construct an estimated \$116 million petrochemical plant on the North Slope of Alaska to serve an isolated, high-priced local market.

The plant's primary purpose will be to add value to existing North Slope production streams by converting field fuel gas into methanol and converting Arctic heating fuel into ultra-low sulfur diesel (ULSD). Alyeschem is finalizing two base contracts with Hilcorp for the Prudhoe Bay Unit and ConocoPhillips for Kuparuk, Alpine and Willow. Additional volumes will be offered to third parties as available.

ULSD and methanol are the two largest volume commodities imported to the North Slope, both have been used since the beginning of operations and are essential for operations. The demand for diesel exceeds our plant's capacity even during periods of low diesel use. Methanol demand is relatively resistant to oil price fluctuations and production declines.

Alyeschem's primary customers will supply the natural gas and high-sulfur diesel feedstocks for manufacturing their methanol and ULSD. This allows Alyeschem to charge a fee for converting one to the other at a fixed price. This eliminates exposure to market price and feedstock cost volatility. Along with robust volumes, this leads to a low-risk business model even during periods of weak oil prices. Even worst-case volume and market price assumptions will deliver revenue significantly exceeding planned operating expenses.

The plant will be constructed on an existing 5-acre gravel site owned by Alyeschem within DNR lease ADL 421055. It will share a gas pipeline with Harvest Alaska's LNG Plant, which is currently under construction on the same pad. The plant will be built as truckable modules in Texas and installed onsite in the summer of 2025, with first production expected in 4Q25. Construction will be executed by a team consisting of a general contractor with North Slope expertise, an engineering firm with North Slope expertise, and an engineering and fabrication company with expertise at building small modular methanol and hydrotreating facilities.

AIDEA has been asked to investigate the possibility of entering into financing arrangement with Alyeschem, LLC. The estimated investment would be in the range of \$50 to \$55 million. Alyeschem is working towards finalizing equity investment agreements that would provide the initial capital into the Facility.

**Project Impact:**

The proposed development will benefit the State of Alaska in many ways.

- Lowering operating costs will extend field life and increase state revenues.
- Local production will relieve pressure on the Dalton Highway and support development.
- Improved environmental footprint.

- Creates foundation for value-added manufacturing on the North Slope.

Additionally, the impact of the project will be 10+ direct jobs at the Facility and 80+ jobs during the 2-year construction period.

**Current Status:**

- A Cost Reimbursement Agreement is being reviewed by Counsel and will be presented to Alyeschem subject to the approval of Resolution G23-13.
- Due Diligence consultants/contractors have been identified and shall be selected for both the technical and financial review.
- Due Diligence review and analysis pre 3<sup>rd</sup> party Subject Matter Expert diligence activities have shown that this project warrants continued AIDEA participation.

**AIDEA Mission:**

AIDEA's purpose is to promote, develop, and advance the general prosperity and economic welfare of the people of Alaska. Economic development in connection with the extraction, transportation and production of Alaska's abundant natural resources, including oil and gas resources is key for the prosperity of all Alaskans.

Under AS 44.88.172(a), AIDEA is entitled to expend money from the economic development account to finance, acquire, manage and operate development projects that the Authority intends to own and operate or to provide development project financing, all for projects defined under AS 44.88.900(13)(A), including oil and gas development.

Thus, the proposed and contemplated financing to Alyeschem is consistent with its mission to create and maintain jobs and facilitate economic development in Alaskan communities.

**Next Steps:**

- Execute Cost Reimbursement Agreement (December 2023 / January 2024);
- Execute NTP with Project Due Diligence Subject Matter Expert(s) (December 2023 / January 2024);
- Conduct Feasibility Analysis (January 2024 / February 2024);
- Negotiate a non-binding term sheet (February 2024);
- Assuming a positive outcome of the Feasibility Analysis and term sheet negotiations, AIDEA staff expects to bring the project and term sheet to the Board for approval in March 2024.

Staff recommends approval of Resolution No. G23-13.

## EXHIBIT A TO COST REIMBURSEMENT AGREEMENT

### PROMISSORY NOTE

USD \$150,000

Anchorage, Alaska

FOR VALUE RECEIVED, the undersigned promises to pay, to the order of the ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY (the "Authority"), on demand, in lawful money of the United States of America, the principal sum of all amounts expended by the Authority pursuant to that certain Cost Reimbursement Agreement (as hereinafter defined) in a maximum amount not to exceed USD ONE HUNDRED FIFTY THOUSAND (\$150,000).

This Note has been executed and delivered pursuant to the certain Cost Reimbursement Agreement ("Agreement") of even date herewith by and between the Authority and the undersigned. Capitalized terms used herein have the same meanings as used in the Agreement.

In the event all amounts due hereunder are not paid on demand, all amounts so unpaid shall accrue interest at the rate of Ten and One-Half Percent (10.5%) per annum beginning thirty (30) days from the date of demand, provided that in no event shall the interest rate charged hereunder be higher than the maximum rate permitted by applicable law.

No single or partial exercise of any power hereunder shall preclude any other and further exercise hereof or the exercise of any other power. No delay or omission on the part of the holder in exercising any right hereunder or any other right holder may have in the event of any default hereunder shall operate as a waiver of such right or of any other right under this Note.

The undersigned agrees to pay all reasonable costs of collection when incurred, including, but not limited to, attorneys' fees. If any suit or action is instituted to enforce this Note, if the holder is the prevailing party, the undersigned promises to pay, in addition to the costs and disbursements otherwise allowed by law, all expenses incurred in collection. This includes, subject to any limits under applicable law, the holder's actual attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. If not prohibited by applicable law, the undersigned will also pay any court costs related to this agreement, in addition to all other sums provided by law.

The undersigned hereby waives diligence, presentment and protest, and also notice of protest, dishonor, and nonpayment of this Note and all other notices in connection with this Note; however, this waiver does not affect the requirement of the Authority to provide to undersigned written demand for payment under this Note.

This Note shall be governed by Alaska law. The undersigned agrees that should litigation or any legal proceeding be necessary under this Note, the same shall be commenced in the Superior Court for the Third Judicial District at Anchorage, Alaska; the undersigned agrees specifically that the venue and jurisdiction in that court are proper and further agrees to submit to the jurisdiction of that court.

In the event anyone or more of the provisions of this Note shall for any reason be held to be invalid, illegal, or unenforceable, in whole or in part or in any respect, or in the event that any one or more of the provisions of this Note operate to invalidate this Note, then and in either of those events, such provision or provisions only shall be deemed null and void and shall not affect any other provision of this Note and the remaining provisions of this Note shall remain operative and in full force and effect and shall in no way be affected, prejudiced, or disturbed thereby.

**DATED** this \_\_\_\_\_ day of \_\_\_\_\_, 2023, at Anchorage, Alaska.

Alyeschem, LLC  
2903 Doris Place  
Anchorage, AK  
99517

By: \_\_\_\_\_

Its: \_\_\_\_\_

## COST REIMBURSEMENT AGREEMENT

**THIS COST REIMBURSEMENT AGREEMENT** (the “Agreement”) is made and entered into and effective this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by and between the ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY (the “Authority”), a public corporation of the state and a body corporate and politic constituting a political subdivision within the Department of Commerce, Community, and Economic Development, but with separate and independent legal existence, and Alyeschem, LLC (the “Developer”), an Alaska limited liability company organized and existing under the laws of the State of Alaska.

### RECITALS

**WHEREAS**, pursuant to the provisions of AS 44.88 (the “Act”), the purposes of the Authority include the promotion, development, and advancement of the general prosperity and economic welfare of the people of Alaska, to relieve problems of unemployment, and to create additional employment by providing means of financing and facilitating the financing of industrial, manufacturing, export, small business, and other business enterprises; and

**WHEREAS**, the Developer proposes that Developer, Alyeschem, LLC, and the Alaska Industrial Development and Export Authority (“Authority”) would collectively finance the development and construction of a methanol production facility under AS 44.88.172 et. seq.;

**WHEREAS**, the Developer has requested the assistance of the Authority with respect to the development of the Project; and

**WHEREAS**, prior to approving a project financed in part under AS 44.88.172, the Authority is required to prepare a project finance plan and undertake certain other due diligence activities; and

**WHEREAS**, the Developer recognizes and acknowledges that the Authority reserves its full and absolute discretion to determine whether to terminate the study or not to participate in the Project or declines to develop the Project subject to the conditions set out herein;

**NOW, THEREFORE**, in consideration of the mutual covenants and promises herein contained, and for other valuable consideration, the receipt and sufficiency of which is acknowledged, the parties hereto agree as follows:

**Section 1. Advance and Expenditure of Funds for Feasibility Analysis.** Subject to the repayment requirements set out herein and the other terms and conditions of this Agreement, the Authority agrees that it will, for the benefit of the Developer, advance and expend not to exceed USD \$150,000 in direct costs to study, evaluate, prepare a finance plan, and conduct due diligence of the Project (the “Feasibility Analysis”). The Authority shall have the sole authority to determine the scope of the Feasibility Analysis, and the amount of and purpose for expenditures hereunder, and the sole authority to enter into contracts with any consultants and other professionals who will



assist with the Feasibility Analysis, and shall administer such contracts and direct the activities of those persons working on the Feasibility Analysis. The Developer shall have no authority to approve expenditures or contracts, enter into contracts, incur expenditures, or administer or direct activities undertaken pursuant to this Agreement.

**Section 2. Repayment Obligation of the Developer.** In consideration of the terms and conditions of this Agreement, the Developer agrees to repay the Authority, on demand, for the direct costs incurred by the Authority in undertaking the Feasibility Analysis. The Developer's obligation for repayment will not exceed \$150,000. Direct costs include, but are not limited to, costs of consultants, legal counsel, and other professionals, and travel and transportation costs (including such costs for Authority staff). Direct costs do not include Authority staff time. To further evidence the loan and repayment obligations under this Agreement, concurrently with the execution of this Agreement, the Developer shall execute and deliver to the Authority a demand Promissory Note, in the form attached as Exhibit A, in the principal amount not to exceed USD \$150,000. As provided in such Promissory Note, all amounts are due on demand, and interest shall accrue on all unpaid amounts at the rate of ten and one-half percent (10.5%), beginning thirty (30) days from the date of demand, provided that in no event shall the interest rate charged hereunder be higher than the maximum rate permitted by applicable law.

**Section 3. Qualified Project Costs.** At the sole discretion of the Authority, if the Authority and the Developer enter into a subsequent agreement with respect to the financing all or part of the Project, the Authority may, to the extent feasible, include all costs of the Feasibility Analysis incurred under this Agreement as qualified costs to be financed pursuant to the financing agreement to be negotiated between the Authority and the Developer, which qualified costs shall accrue interest at the rate provided in such negotiated financing agreement. To such extent, the repayment obligations under the Promissory Note as provided in Section 2 shall be paid from the proceeds of such financing.

**Section 4. Reservation of Authority's Discretion.** The obligation of the Authority pursuant to this Agreement is strictly limited to the advancement of funds for the Feasibility Analysis as herein provided, and nothing herein shall obligate the Authority to participate or otherwise finance the Project. Without affecting the Developer's repayment obligations hereunder, the Authority may at any time, in the Authority's sole and absolute discretion, terminate the Feasibility Analysis if (a) the Developer withdraws or otherwise declines to proceed with development assistance from the Authority, or (b) the Authority (i) determines that the Project is not feasible or in the best interests of the Authority; (ii) determines that the Developer is not creditworthy; (iii) determines that the Project is not subject to financing by the Authority; or (iv) declines to approve the Project. Without affecting the Developer's repayment obligations hereunder, the Authority may impose additional terms and conditions with respect to the Feasibility Analysis as the Authority, in its sole and absolute discretion, determines to be reasonable and prudent.

**Section 5. Indemnification.** The Developer agrees to defend, indemnify and hold harmless the Authority and the State of Alaska from and against all suits, claims, actions, causes of action, losses, costs, penalties and damages (of whatever kind or nature, including reasonable attorneys' fees and litigation costs) (collectively a "Loss") arising out of, in connection with, or

otherwise related to this Agreement, the Promissory Note, or the Feasibility Analysis provided, however, that the Developer shall have no obligation under this paragraph for any Loss caused by the Authority's gross negligence or willful misconduct. This indemnification, defense, and hold harmless obligation shall survive the termination or expiration of this Agreement.

**Section 6. Governing Law; Remedies; No Waiver.** This Agreement and the rights of the parties under it will be governed by and construed in all respects in accordance with the laws of the State of Alaska. Any action or judicial proceeding arising out of this Agreement shall be filed and prosecuted in the Superior Court for the State of Alaska, Third Judicial District at Anchorage, and the Developer consents to such venue and the jurisdiction of such court. The Developer agrees to pay all reasonable costs of collection when incurred by the Authority, including, but not limited to, attorneys' fees. If any suit or action is instituted to enforce this Agreement, the Developer agrees to pay, in addition to the costs and disbursements otherwise allowed by law, all expenses of the Authority incurred in collection. This includes, but is not limited to, subject to any limits under applicable law, the Authority's actual attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services. If not prohibited by applicable law, the Developer will also pay any court costs, in addition to all other sums provided by law. All rights or remedies of the Authority hereunder or otherwise available at law or in equity shall be cumulative, and no one right or remedy shall be deemed exclusive of the other, or any other right or remedy conferred by law or equity. No failure on the part of the Authority to exercise, and no delay in exercising, any right, power or remedy will operate as a waiver thereof, nor will any single or partial exercise by the Authority of any right, power or remedy preclude any other or future exercise thereof or the exercise of any other right, power or remedy.

**Section 7. Term.** The Authority's agreement to advance and expend funds for feasibility analysis under Section 1 shall expire upon the first anniversary of mutual execution, and all amounts owed shall become due and payable, unless this Agreement is otherwise extended by written agreement between the parties. Either the Authority or the Developer may earlier terminate this Agreement for any reason at any time upon delivery to the other party of written notice thereof, provided that Developer shall be obligated under Section 2 to repay only those costs incurred or obligated up to the date of such termination and those costs that arise as a result of such termination, including costs incurred or obligated during the time reasonably necessary for the Authority to terminate the Feasibility Analysis and related contracts after the Authority receives a notice of termination from Developer; all amounts owed under this Agreement shall become due and payable; and Sections 3 – Section 13 shall remain enforceable until repayment of all amounts owed is completed.

**Section 8. Amendment; Assignment.** This Agreement shall not be altered or otherwise amended except by an instrument in writing signed by both parties. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned or otherwise transferred by the Developer without the prior written consent of the Authority, which consent the Authority can withhold in its sole and absolute discretion, and any purported assignment or other transfer without such consent shall be void and of no force and effect.

**Section 9. Notices.** Unless otherwise provided in this Agreement, any and all notices required or permitted under this Agreement or the Promissory Note shall be in writing and given by mail, facsimile, or in person to the parties at the address set forth below:

**AUTHORITY:**

ALASKA INDUSTRIAL DEVELOPMENT AND  
EXPORT AUTHORITY

Attn: Randy Ruaro, Executive Director

813 W. Northern Lights Boulevard

Anchorage, Alaska 99503

Telephone: (907) 771-3000

Facsimile: (907) 771-3044

**DEVELOPER:**

Alyeschem, LLC

Attn: JR Wilcox, CEO

2903 Doris Place

Anchorage, AK

99517

Telephone: (907) 310-2637

Facsimile: N/A

If notice is given in person, such notice shall be deemed delivered upon personal delivery. If notice is given by facsimile, such notice shall be deemed delivered upon confirmation of transmittal. If notice is given by mail, such notice shall be deemed to have been delivered five (5) days following deposit in U.S. mail, postage prepaid, certified mail, return receipt requested. Any party may change its notice address by giving notice to the other party as provided in this Section 8.

**Section 10. No Third Party Beneficiaries.** Nothing in this Agreement shall be interpreted or construed as creating any rights or privileges of any kind whatsoever in persons or entities who are not parties to this Agreement. Nothing in this Agreement shall be intended or deemed to create a partnership, joint venture, or other similar relationship between the parties hereto.

**Section 11. Entire Agreement; Construction.** This Agreement and the Promissory Note constitute the final and complete expression of the parties with respect to the subject matter hereof, and replace and supersede all prior understandings with respect thereto. This Agreement and the Promissory Note have been negotiated by the Authority and the Developer,

and their respective legal counsel, and the parties specifically agree that any legal or equitable principles that might require the construction of this Agreement or the Promissory Note or any provision of this Agreement or the Promissory Note against the party drafting will not apply in any construction or interpretation of this Agreement or the Promissory Note. The section headings contained herein are for convenience and reference only and are not intended to define or limit the scope of any provision of this Agreement.

**Section 12. Authority.** The signatories to this Agreement and the Promissory Note represent that they have the power and requisite authority to bind the respective party to perform the obligations set out in this Agreement and the Promissory Note. The Developer represents, warrants, covenants and agrees that it has the full, complete, and absolute authority to enter into this Agreement and the Promissory Note; that Alyeschem, LLC is a limited liability company organized under the laws of the State of Alaska and is in good standing under Alaska law; that it holds all necessary authorizations and licenses; that this Agreement and the Promissory Note have been duly authorized by its board of directors and any other body, person, or entity whose approval is required; and that this Agreement and the Promissory Note are binding and enforceable agreements of and against the Developer in accordance with their terms.

**Section 13. Counterparts.** For the convenience of the parties hereto, this Agreement may be executed, including by facsimile signature, in one or more counterparts, each identical to the other, so long as the counterparts in a set contain the signatures of all the parties to this Agreement, and shall bind the parties when each party has received a set containing the signature of all.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first herein above written.

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

By: \_\_\_\_\_

Its: \_\_\_\_\_

STATE OF ALASKA )
)ss.
Third Judicial District )

ACKNOWLEDGMENT

THIS IS TO CERTIFY that the foregoing instrument was acknowledged before me this \_\_\_ day of \_\_\_, 2023, by Randy Ruaro, the Executive Director of the Alaska Industrial Development and Export Authority, a public corporation of the State of Alaska, on behalf of the public corporation.

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_



Alyeschem, LLC

By: \_\_\_\_\_

Its:

STATE OF \_\_\_\_\_ )  
 )ss.  
\_\_\_\_\_ County )

**ACKNOWLEDGMENT**

**THIS IS TO CERTIFY** that the foregoing instrument was acknowledged before me this day of \_\_\_\_\_, 2023, by \_\_\_\_\_, the \_\_\_\_\_ of \_\_\_\_\_, a corporation of the State of \_\_\_\_\_, on behalf of the corporation.

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_



Attachment: Exhibit A - Promissory Note



Made On The North Slope,  
For The North Slope

ALYESCHEM<sup>3</sup>

## Vision

The North Slope is a world-class energy basin, and can continue to be for generations to come. Its future hinges on lowering operating costs, increasing the resource base, monetizing gas, and adapting to the clean fuel transition. Value-added chemistry is the key to all of these challenges.



## Plan

Alyeschem is developing a small chemical plant in Prudhoe Bay to make methanol and hydrogen from natural gas, CO<sub>2</sub>, and water. The hydrogen will be used to treat local fuel to make ULSD. This will eliminate the cost, risk, and emissions from transporting the two highest-volume imports to the Slope. Alyeschem will create stable revenue for its investors while improving the economics for everyone.





ALYESCHEM<sub>3</sub>

Russia

China

Japan

Canada

Seattle

California

373 miles of rail and 480 miles of gravel road from Anchorage to Prudhoe Bay

5,524 miles to Trinidad

6,118 miles to Brunei

Methanol is the simplest chemical made from natural gas, yet we imported it thousands of miles, daily, for over 40 years.

Hawaii



Diesel is made on the Slope from crude, but can't be burned in engines because of its sulfur content.





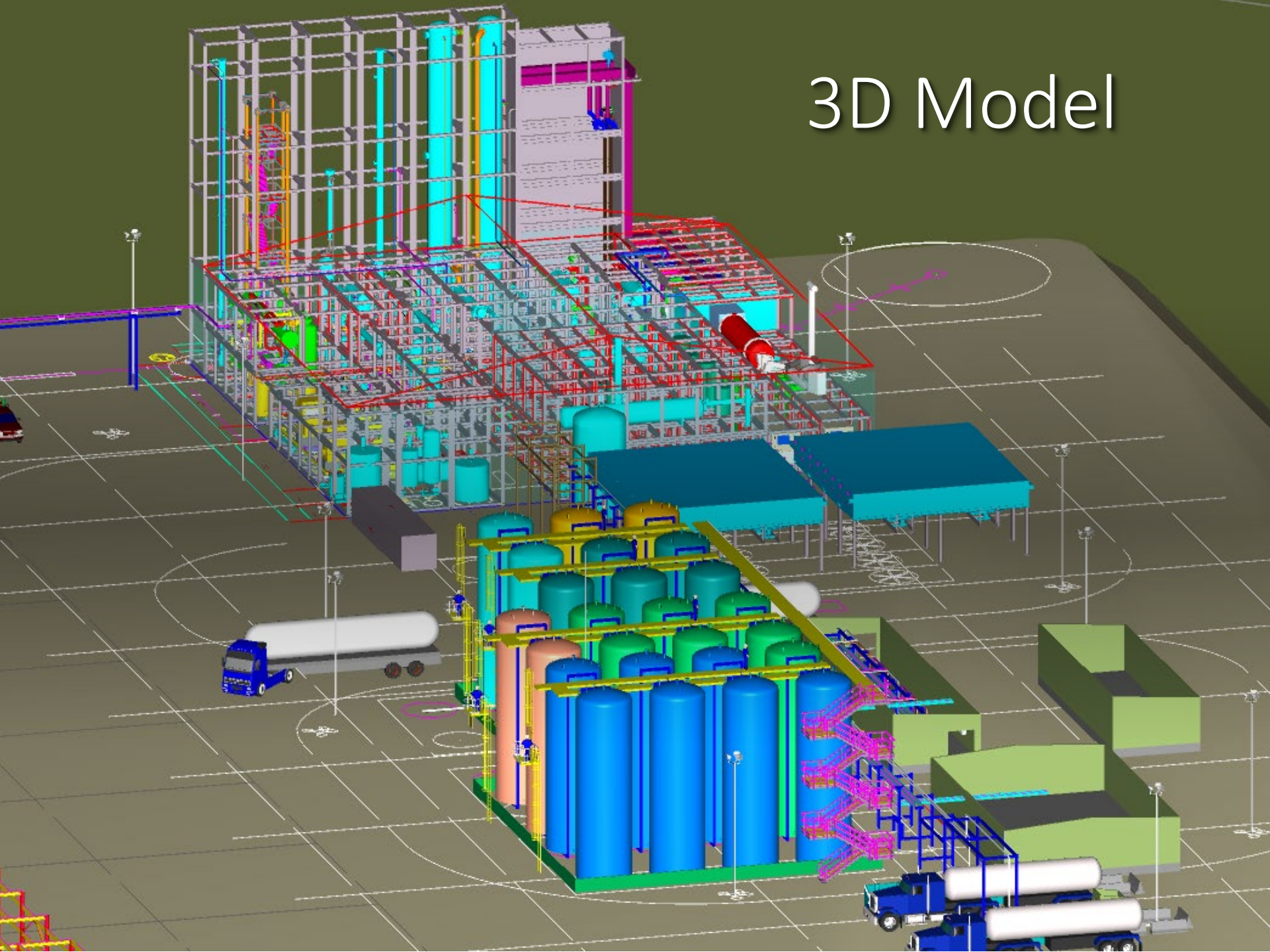
# Plant Site

- Alyeschem now owns 5 acres of the 15-acre "AIDEA Pad" and its associated pipeline corridor
- Located in the heart of the Prudhoe Bay Unit, off Spine Road
  - 1,000 ft south of main pipeline corridor
  - ½ mile south of Flow Station 3
  - 1.3 miles from Pump Station #1
- The only reformer tied to over 7 Bcf/d of "stranded" gas
- This lease can be expanded by DNR under subsequent Development Plans to accommodate growth
- We believe this site is positioned to become a hub for innovation on the North Slope.





# 3D Model







- Harvest's LNG plant is being constructed on the same pad
- We have entered a mutually-supportive Shared Use Agreement
- We could use their waste CO<sub>2</sub> stream to make methanol
- Harvest will build the shared pipeline in 1Q24



# HSE Impact

## Pollution

- 93% reduction in CO<sub>2</sub>e emissions, or 45,000 tons per year
- No trucking/shipping
- Consumes CO<sub>2</sub>
- More efficient
- Potential to be carbon-negative
- Eliminates transportation pollution
- Enable transition to cleaner, cheaper fuel

## Safety

- Eliminating the long supply chain will also reduce:
  - Wear & congestion on the Haul Road
  - Spills
  - Accidents
  - Human injury/death

mtCO<sub>2</sub>e = Metric Tons of Carbon Dioxide Equivalent



## Economic Impact

- 150 in-state construction jobs
- 10 direct operations jobs to start
- Catalyst for job preservation
  - Strengthening supply chains
  - Lowering costs
- Catalyst for growth
  - Relieving pressure on Dalton Highway critical for Willow & Pikka
  - New possibilities for heavy oil and natural gas
- Catalyst for energy transition
  - Alternative fuels
  - Potential for “blue” hydrogen carriers



# Project Status

- FEED studies completed
- Plant location and pipeline ROW acquired
- Gas supply contract executed
- Major permits acquired
- Major equity partners: McKinley Capital and BP Energy Partners
- Sales contracts near final form
- 30% / Class III engineering estimate by 12/22/32
- Year-end target FID
- Gas pipeline to be constructed 1Q24
- Long-lead items ordered 1Q24
- Foundation constructed summer 2024
- Plant set and constructed summer 2025
- Plant startup in 4Q25

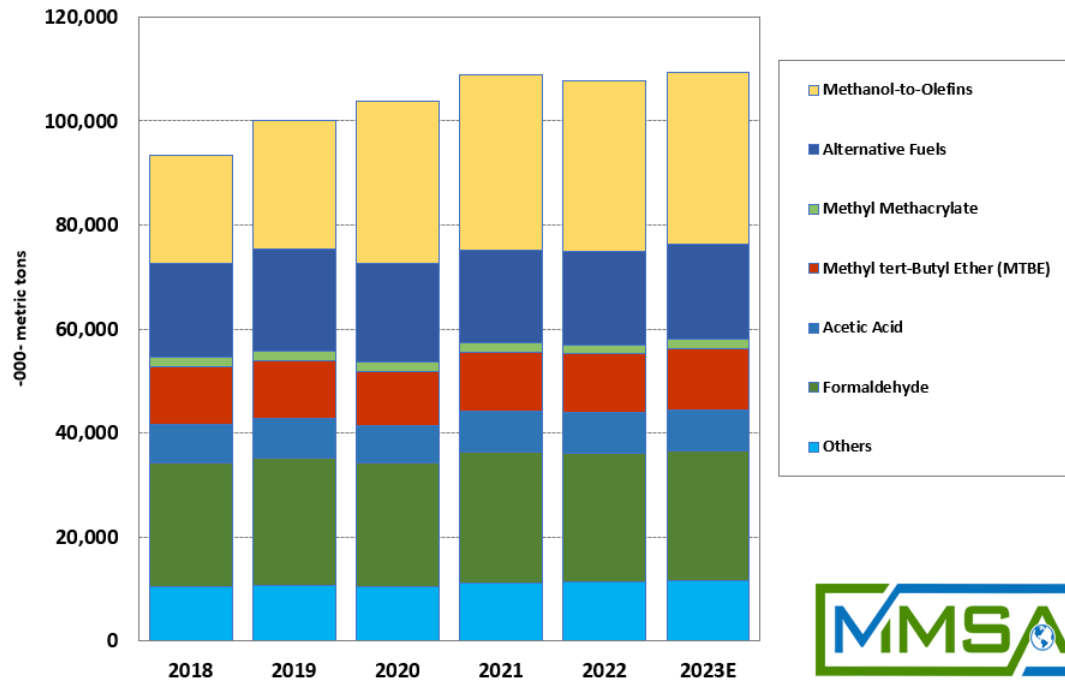




# Methanol Market

- The Prudhoe Bay gas plants use a large and consistent stream of methanol to **prevent hydrate formation**. No good alternative exists.
- All fields use methanol for **freeze protection** and **chemical mixing**. These markets are variable and projected to grow as activity levels increase, the methanol price drops, and infrastructure expands and ages.
- Alyeschem's methanol revenue will not vary with oil price or oil production volumes.
- Alyeschem will have enough capacity to satisfy all existing North Slope demand.
- Alyeschem will dominate Alaska's methanol market by pricing below competitor's transportation costs.

**MMSA Global Methanol Supply and Demand Balance**  
2018 - 2023E



# Ultra Low Sulfur Diesel (ULSD)

The thousands of people needed to keep the North Slope oilfields running use millions of gallons of diesel every year for trucks, drill rigs, and equipment. They are currently paying rack price for ULSD in Fairbanks and trucking it 494 miles north, even though both the Prudhoe Bay and Kuparuk Units have crude oil topping units operating at reduced capacity because they can only make high sulfur diesel.

Trucks bringing supplies to the North Slope burn millions more gallons. Alyeschem's plant will initially satisfy only 20% of the market demand for ULSD.

