



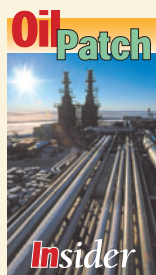
page 5 Col. Phillip Borders new head of Corps of Engineers-Alaska District

Eni, Caelus, Oxy, Exxon, Oil Search Alaska news, rumors; BP's Dawn Patience retires

THE HOTTEST RUMORS BARELY BEING CIRCULATED IN ALASKA, in order are: 1. mega-major Eni has acquired Caelus Alaska Exploration's eastern North Slope leases; 2. Eni has acquired Caelus' Oooguruk leases and will take over operatorship of that unit; 3. Eni has bought Caelus Alaska, including all of its Smith Bay acreage.

Eni's official response to these three rumors as of Aug. 16: "no and we have no further comments," per Whitney Grande, vice president of safety, environment and quality out

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Wilken nominated to IGU board

Prior to the Aug. 9 board meeting of the Interior Gas Utility, board member Frank Abegg notified the board that he was resigning. Subsequently Fairbanks Mayor Jim Matherly nominated Gary Wilken to take Abegg's place on the board, according to a report in the Fairbanks Daily News Miner. IGU is owned by the Fairbanks North Star Borough. In order to accept the nomination, Wilken has resigned from the board of the Alaska Industrial Development and Export Authority, the Daily News Miner report says.

Wilken, a former state senator and a Fairbanks resident, has been a strong proponent of AIDEA's Interior Energy Project, a project to bring affordable natural gas to the Fairbanks region, to displace the use of fuel oil and wood burning stoves. As part of

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No impact apparent from Slope quake

A magnitude 6.4 earthquake with an epicenter 52 miles southwest of the village of Kaktovik on the North Slope appears to have left oil industry facilities undamaged, although it did trigger a flurry of facility inspections. According to the University of Alaska Fairbanks Alaska Earthquake Center, the earthquake, which happened at 6:58 a.m. on Aug. 12, was by far the largest ever recorded north of the Brooks Range. A sequence of aftershocks included a magnitude 6.0 earthquake at 1:15 p.m. Even that aftershock was more powerful than any previous earthquake recorded in the region.

The epicenter was located in the Sadlerochit Mountains, about 25 miles south of the Beaufort Sea coast.

ExxonMobil's Point Thomson gas-condensate field lies on

see **SLOPE QUAKE** page 6

NPR-A lease sales appeals continue

Two separate but related lawsuits filed in federal District Court in Alaska by environmental organizations, challenging the legality of recent National Petroleum Reserve-Alaska lease sales, are continuing. One lawsuit challenges the lease sales conducted in 2016 and 2017, while the other challenges the 2017 lease sale.

In both cases the environmental organizations have filed motions for summary judgements, and both ConocoPhillips and the Bureau of Land Management have responded to the motions. Judge Sharon Gleason has scheduled joint oral arguments for Sept. 21. ConocoPhillips acquired leases from the sales.

Both lawsuits challenge the legitimacy of the lease sales on the grounds that the sales contravened the National

see **SALE APPEALS** page 7

GOVERNMENT

AOGCC ups bonding

Minimum from \$100,000 to \$500,000, bonds would top out at \$30 million

By **KRISTEN NELSON**

Petroleum News

The Alaska Oil and Gas Conservation Commission has been reviewing its bonding requirements for drilling in the state — currently a minimum of \$100,000 for one well and a minimum of \$200,000 for multiple wells — and has settled on a multitiered proposal beginning at \$500,000 and rising to as much as \$30 million.

The bonding covers plugging and abandonment requirements.

Last year the commission considered a change requiring companies to provide estimates of costs to plug and abandon all of their wells, receive the commission's concurrence on the amount and

The commission said the proposed bonding changes would increase "the minimum bonding amount to more accurately reflect the costs of abandoning wells by establishing a multi-tiered bonding schedule based on the number of wells an operator has."

bond to cover that amount, with an update every five years — or whenever the operator made significant changes — and requiring commission concurrence.

For exploration wells, the commission pro-

see **AOGCC BONDING** page 10

PIPELINES & DOWNSTREAM

Double blow for line

Kinder Morgan discloses rising costs, possible 1-year delay, for Trans Mountain

By **GARY PARK**

For Petroleum News

Like almost every large-scale energy project, the costs of expanding Canada's Trans Mountain oil pipeline are climbing and the deadline for a startup date is extending.

In a filing with the U.S. Securities and Exchange Commission, the current owner, Kinder Morgan Canada, updated the construction budget for plans to increase pipeline capacity to 890,000 barrels per day from 300,000 bpd. It was the first official cost update since February 2017.

The new price tag is now either C\$8.4 billion with a completion date of December 2020, or more likely C\$9.3 billion by December 2021, compared with the

Preparatory construction work is scheduled to start in Alberta on Aug. 25 and in eastern British Columbia on Sept. 3, with pipeline installation expected to start in early 2019.

original C\$4.3 billion.

The news generated a collective shrug from the Alberta government, which could become a co-owner of the facility, and TD Securities, the banker for Kinder Morgan, which said the project will still be profitable, even if final outlay is C\$9.3 billion.

The bank estimated Trans Mountain could still

see **TRANS MOUNTAIN** page 8

UTILITIES

Board wants proposal

IGU interested in LNG plant near Houston, but needs detailed plan for evaluation

By **ALAN BAILEY**

Petroleum News

During the Aug. 7 meeting of the board of the Interior Gas Utility, several board members expressed concern that they need to see a detailed proposal for a concept being pushed by industrial manufacturing company Siemens and Knikatnu, the Native village corporation for Knik and Wasilla, to build a new liquefied natural gas plant next to an Alaska Railroad siding near Houston. The plant would bolster LNG production for increased gas supplies for Fairbanks and its surrounds.

Board Chair Pamela Throop told the board that Siemens has committed to present a proposal for the plant during the board's next meeting on Aug. 21.

As part of the Alaska Industrial Development

Another issue relating to IGU and the Interior Energy Project is the fate of a gravel pad that AIDEA had built on state land on the North Slope during an earlier phase of the project.

and Export Authority's Interior Energy Project, IGU, a Fairbanks gas utility, has purchased Pentex Natural Gas Co. from AIDEA. Pentex owns gas utility Fairbanks Natural Gas, the small Titan LNG facility near Point Mackenzie on Cook Inlet and a trucking operation for transporting LNG from the Titan plant to Fairbanks. The Pentex purchase is enabling IGU to combine with FNG as a single,

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