Petroleum news

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page 5 Alyeska Pipeline Service Co. series celebrates 45th anniversary of TAPS

Plaque honoring geologist Gil Mull goes up; Brune back-up for Lt. Gov.

AMIDST A SEVERE MOSQUITO bombardment at 8:30 a.m. on June 18, Tom Homza and Bob Swenson installed a plaque in remembrance of renowned Alaska geologist Charles G. "Gil" Mull in a rock garden in front of the Arctic Interagency Visitor Center in Coldfoot, Alaska, on the southern slopes of the Brooks Range.

The plaque, which contained a brief bio of Gil, was placed on an existing wall in the rock garden that contained two sizable Kanayut formation boulders.

The significance of the Kanayut is that it's a particularly beautiful rose-colored chert pebble conglomerate that records the erosion of an ancient mountain belt.

The plaque effort was an accomplishment of a loosely connected group of 83 people with no board of directors, or other type of organizational structure, except that they all admired Gil Mull.

"We're just a bunch of his friends," one participant told Petroleum News, asking not to be identified. "We don't have a leader or a spokesperson," he said, "although Gil mentored some of us."

see **INSIDER** *page 8*

IEA: Demand rebounds; world oil use to reach new record next year

Worldwide demand for oil has rebounded sharply, and will surpass the pre-pandemic record next year, the International Energy Agency reports, with total consumption rising to 101.6 million barrels each day in 2023.

The strong demand for oil products has confounded many analysts.

In its 2020 annual statistical report released just a bit more than a year ago, BP said that the rise in electric vehicles, reduced commuting as people worked from home, increased energy from renewables, and other developments would dampen demand for oil, so that 2019's 100.4 million barrels a day would stand as the peak for oil demand.

That BP prediction came after oil demand dropped by 9% between 2019 and 2020 to just 91.3 million barrels a day. The recent roaring consumption — in the face of a huge increase in costs — seemingly came from nowhere.

Actually, it came from Asia.

see **OIL DEMAND** *page 10*

AOGCC proposes reg changes; well control plan to be required

The Alaska Oil and Gas Conservation Commission is requesting public comment on proposed changes in its regulations, changes which include the addition of emergency well control contingency plans in advance of drilling permits.

In discussing the proposal for emergency well contingency plans, AOGCC said the new section "would transfer the requirement for operators to submit an emergency well control contingency plan to the AOGCC from the Alaska Department of Environmental Conservation."

In addition to the proposed regulation, the commission has also included a draft guidance bulletin on the emergency well control contingency plans requirement.

Well control plan

Under the proposed regulations, the required emergency well control contingency plan is based on a company regaining control

see **AOGCC PROPOSALS** *page 10*

FINANCE & ECONOMY

Recession fears loom

Pessimism pressures oil prices as Fed signals hawkish stand on inflation

By STEVE SUTHERLIN
Petroleum News

Alaska North Slope crude slid $4.15 June 22 to close at $112.61 per barrel, while West Texas Intermediate tanked $4.46 to close at $106.19 and Brent fell $2.91 to close at $111.74.

The red ink came as traders fretted about the possibility that the United States would fall into a recession in the wake of signals from the U.S. Federal Reserve that it would be willing to accept job losses in its fight against inflation.

The pessimism spilled over into U.S. equity markets, which fell, erasing a part of the strong gains set in a rally June 21 that followed the federal Juneteenth holiday Monday June 20.

Oil rallied modestly June 21 as well. ANS rose 59 cents to close at $116.76, WTI rose $1.09 to close at $110.65 and Brent rose $1.53 to close at $114.65. There was no trading in U.S. markets June 20.

The cost of financing the vessels and trades has increased significantly due to Western sanctions, but the discount on Urals is too attractive for some refiners to ignore, Rystad said.

Leading into the holiday weekend, the indexes closed substantially lower. ANS plunged $6.89 June 17 to close at $116.17, WTI plummeted $8.03 to close at $109.56 and Brent plunged $6.69 to

see **OIL PRICES** *page 6*

UTILITIES

Ensuring gas supplies

CINGSA takes actions to ensure continuing reliable Southcentral gas storage

By ALAN BAILEY
For Petroleum News


JOHN SIMS

During a Regulatory Commission of Alaska public meeting on June 8 officials of Cook Inlet Natural Gas Storage Alaska described actions that they have taken in the past year to ensure the continuing reliability of the natural gas storage services that they provide for electric and gas utilities in Southcentral Alaska. The CINGSA facility, on the Kenai Peninsula, stores gas in what used to be a subsurface sand reservoir of the Cannery Loop gas field, south of the city of Kenai.

The facility first went into operation in April 2012, in anticipation of the deliverability of gas from Cook Inlet gas fields falling below the levels required to meet peak winter gas demand in the region. Essentially, as the gas fields declined, there remained enough total gas to meet local utilities' annual needs, but the maximum deliverability, or rate of gas supply, was dropping below the levels required during peak winter demand. So, CINGSA provides a vital service in which utilities can store excess produced gas when gas demand is low, especially during the summer, and then retrieve the gas during high winter demand to ensure sufficient gas can be delivered.

see **GAS SUPPLIES** *page 9*

PIPELINES & DOWNSTREAM

Pikka nudges forward

Regulatory Commission of Alaska says yes to Santos-owned firms' requests

By KAY CASHMAN
Petroleum News

An order granting requests by Oil Search (USA) and its parent Papuan Oil Search Ltd. was issued June 16 by the Regulatory Commission of Alaska, moving Oil Search's North Slope Pikka project that much closer to first oil in 2025. Both companies are owned by Santos Ltd.

"In the matter of the (April 21) application filed by Oil Search (USA), or OSU, for a certificate of public convenience and necessity to construct and operate a common carrier oil pipeline (Pikka Sales Oil Pipeline), for approval of connection, and for approval of connection agreement," RCA's June 16 order approved a petition for confidential treatment of financial statements, addressed the decision timeline and re-designated the commission panel.

RCA's June 16 order approved a petition for confidential treatment of financial statements, addressed the decision timeline and re-designated the commission panel.

Another Santos subsidiary, Oil Search (Alaska), is on the ground working on Phase 1 of the Pikka project, which is expected to bring 80,000 barrels

see **PIKKA PROGRESS** *page 11*

GOVERNMENT

SEC closes in on climate disclosure rule

Companies weigh in on proposal; would govern what shareholders must be told — both risk to operations and contributions to problem

By SUMAN NAISHADHAM
Associated Press

The Securities and Exchange Commission moved closer June 10 to a final rule that would dramatically change what public companies tell shareholders about climate change — both the risks it poses to their operations and their own contributions to the problem.

Public comment on the proposal has now closed, with more than 10,000 comments submitted since March by companies, auditors, trade groups, lawmakers, individuals and others.

Comments ranged from concerns about the costs involved for companies getting up to speed, the SEC's authority to regulate such data and praise that the nation's top financial regulator was moving to make mandatory the reporting of climate-risks data. If enacted, public companies in their annual reports and stock registration statements would have to report their greenhouse-gas emissions. The largest companies would also have to disclose emissions data related to their suppliers and reveal whether their climate-related risks are material to investors.

For example, the SEC's rule would force companies to disclose in annual statements whether climate change is expected to affect more than 1% of a line item and explain how. "That's incredibly granular," said Margaret Peloso, a partner at Vinson & Elkins focused on climate change risk management and environmental litigation. "It's a lot more detailed than many other financial reporting requirements."

Companies would also have to report on the physical impact of storms, drought and higher temperatures brought on by global warming. They would have to explain how extreme weather events affect their finances, lay out their plans for reducing climate risks and outline any progress made in meeting climate-related goals.

"It's correcting a market problem ... which is that investors don't currently have all the information they need about climate risk in order to make their investment decisions," said Alex Thornton, senior director of tax policy at the Center for American Progress.

But Republicans who oppose the SEC's measure insist climate disclosures should remain voluntary. In May, a group of Republican governors including Texas Governor Greg Abbott and Arizona's Doug Ducey wrote that the rule "forces investors to view companies through the eyes of a vocal set of stakeholders," and added that it would unduly penalize oil and gas companies.

In a March statement, the U.S. Chamber of Commerce called the proposal overly prescriptive, saying that as written, the rule would "limit companies' ability to provide information that shareholders and stakeholders find meaningful."

Auditing firms, trade groups and some lawmakers have repeatedly pointed to the proposal's inclusion of companies' indirect effects on the climate — known as Scope 3 emissions — as a thorny area to report on. Attorneys and auditors say the information could be difficult to obtain for companies with international suppliers or suppliers that are private companies.

But proponents say having detailed information on indirect emissions is critical to understanding how companies affect the climate.

Many public companies already release data on their emissions, as investor interest for such information has risen in recent years. The SEC issued voluntary guidance in 2010 for how companies can report information about climate change. In 2020, more than 90% of S&P 500 companies published sustainability reports, according to the Governance and Accountability Institute.

The SEC's climate disclosure rule would standardize what public companies report. It would also require them to seek independent certification for some reporting, which would provide investors with much more reliable information than what's currently disclosed, environmental attorneys, auditors and climate-data software companies say.

"There's a mega trend of demand for this information," said Tim Mohin, chief sustainability officer of Persefoni, a startup that uses artificial intelligence for carbon accounting. Yet current emissions data that companies report through a patchwork of disclosures is not uniform in quality or timeliness, he said.

Climate activists, sustainable finance proponents and investors have long advocated for mandatory emissions reporting required of all companies. Once finalized, the U.S. would join a growing number of countries including the U.K. and Japan that are requiring large companies to disclose such information. The European Union is finalizing its reporting standards. ●

contents

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LAND & LEASING

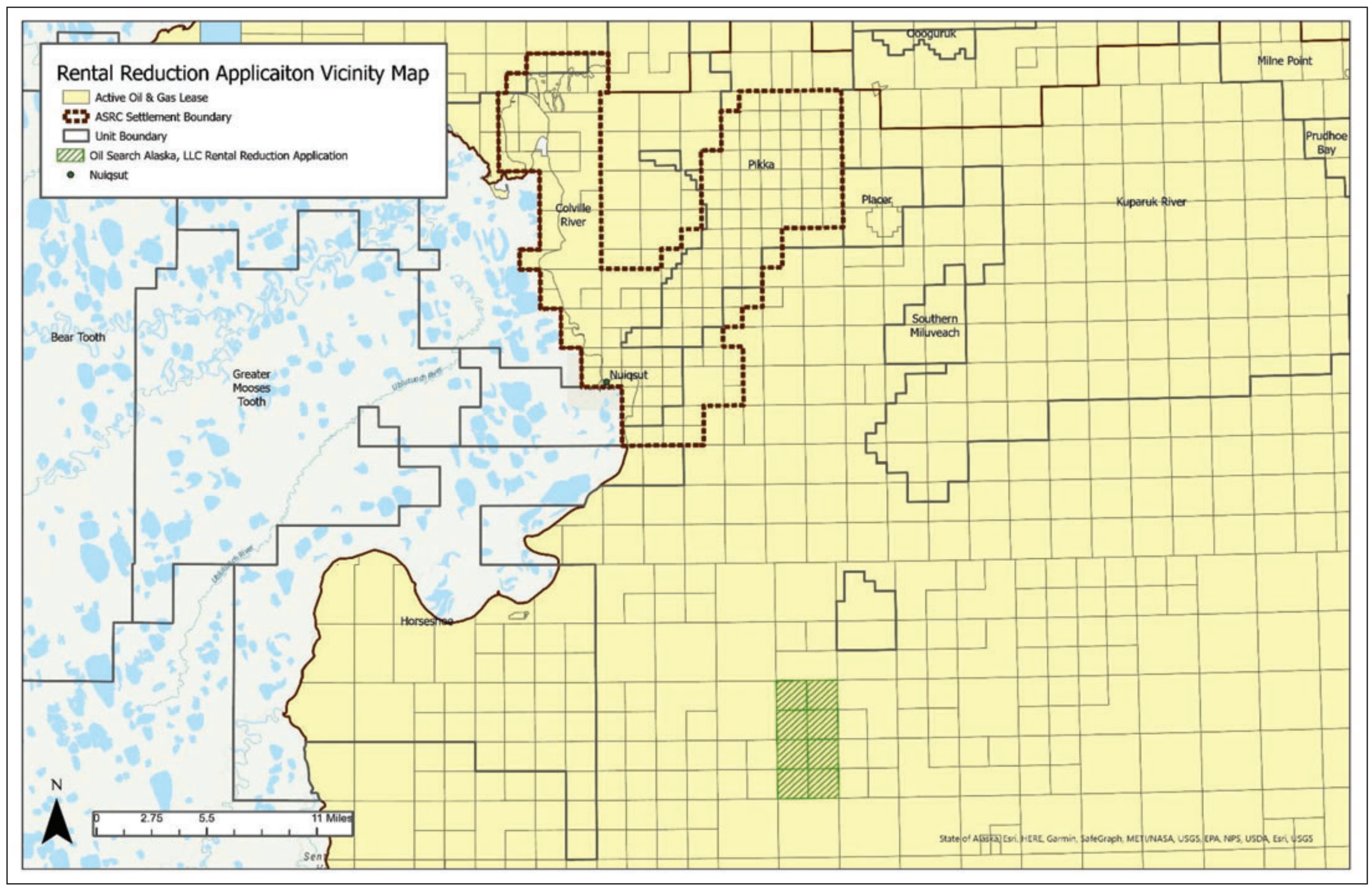
Nottingham approves OSA rental reduction

Eight leases in application signed by Chmielowski are part of proposed 70-lease Quokka unit; annual rent drops back to $10

By KAY CASHMAN
Petroleum News

On June 15, Derek Nottingham, director of Alaska's Division of Oil and Gas, approved a rental reduction request from Oil Search (Alaska) that was filed March 25 on behalf of the working interest owners for eight North Slope leases. In addition to OSA the other WIO is Repsol E&P USA.

The eight leases consist of 11,520 contiguous acres approximately 17 miles southeast of Nuiqsut located between the Itkillik and Kachemach Rivers west of the central North Slope. Furthermore, the lease block is southeast of OSA's giant Horseshoe discovery and directly south of the Pikka unit and its discoveries. (See map in pdf and print versions of this story.)



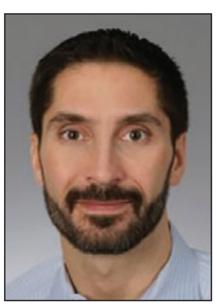
ALASKA DIVISION OF OIL AND GAS


DEREK NOTTINGHAM

All the leases have a July 1, 2015, effective date with a 10-year primary term.

In the first seven years of each lease the rental rate was $10 a year.

In the last three years the annual rental was to be $250, but the division's rental reduction approval kept the rate at $10 per year.


JOSEF CHMIELOWSKI

The rental rates were set up with the idea the acreage would be in production by the eighth year.

At its sole discretion, the director of the division can reduce the annual rental rate, upon request from the working interest owners.

In evaluating a request to decrease the rental "based on the exercise of reasonable diligence," the director must consider the funds spent by the lessee to explore and develop a lease and the types of work completed by or on behalf of the lessee on a lease.

Work completed in first 7 years

In support of OSA's application, the company submitted work completed and confidential expenditure information associated with exploring and developing the eight leases.

In the division's approval, the work completed was described as: "the Kuukpik 3D seismic survey was acquired on behalf of the WIOs during the primary term of the leases. Two additional 3D seismic surveys were licensed by the WIOs during the primary term of the leases. Further, two separate merges and reprocessing events on 3D seismic data covering the leases and adjacent acreage was conducted during the primary term. Lidar data and imagery were also collected from the lands encompassing the leases and adjacent acreage during the primary term of the leases."

The work added to the WIOs understanding of prospective reservoir targets on the leases, the decision said, noting that during the seventh year of the primary term, OSA applied for the formation of the Quokka unit, which encompasses the eight leases.

The proposed 70-lease Quokka unit contains the former Placer unit, which was sold to OSA and its partner Repsol by Arctic Slope Regional Corp. in March 2021. The much larger Quokka unit is anchored in the north by the Placer unit, and then extends south on state land for more than 30 miles.

Review of the Quokka unit application was pending at the time of the June 15 lease rental reduction decision.

The work added to the WIOs understanding of prospective reservoir targets on the leases, the decision said, noting that during the seventh year of the primary term, OSA applied for the formation of the Quokka unit, which encompasses the eight leases.

The decision said a "sustained effort to explore and develop" the eight leases was exercising reasonable diligence, noting this work "continues to inform new phases of development for the leases."

Based on the expenditures made and the work completed, the division director decided that the WIOs had exercised reasonable diligence to explore and develop the leases during their primary term.

The eight leases are as follows: ADL 392790; ADL 392791; ADL 392792; ADL 392793; ADL 392794; ADL 392795; ADL 392796; ADL 392797.

The rental reduction application was filed by Josef "Joe" Chmielowski, OSA's vice president of exploration and new ventures, and former geoscientist with Alaska's Division of Oil and Gas. Chmielowski is known for his knowledge of the Nanushuk and Torok formations west of the central North Slope. ●

Contact Kay Cashman at publisher@petroleumnews.com

EXPLORATION & PRODUCTION

Hilcorp files Kenai gas field pool 6 POD

Hilcorp Alaska has filed the 18th plan of development for the Kenai gas field pool 6 gas storage lease, covering Aug. 1 through July 31, 2023.

In its approval of the 17th POD last June, the Alaska Department of Natural Resources' Division of Oil and Gas said Kenai Pool 6, within the Kenai unit, was formed in 2006 when the division granted ADL 390821 to Marathon Oil Co. Hilcorp took over as operator in 2013 and in 2016 the division approved a request to extend the lease for an additional term of 10 years, expiring in 2026.

In its 18th POD Hilcorp said the Kenai Pool 6 area is some 2,637.96 acres.

Alaska Oil and Gas Conservation Commission storage injection order 7A, rule 6, limits reservoir pressure for Pool 6 as 400 psi, the company said, with maximum reservoir pressure increased from 300 psi to 400 psi by AOGCC in 2018.

At the 400 psi maximum pressure, maximum storage capacity is some 40.94 billion cubic feet, the company said, and with current compression capabilities it is estimated the Pool 6 has a total estimated working capacity of 34.98 bcf.

Hilcorp said total current gas in place is 18.21 bcf, as of the end of 2021, and with current compression capabilities, the working volume in the Pool 6 storage reservoir is estimated at 12.3 bcf.

Work achieved, planned

Hilcorp said that under the 2021 POD, it converted KDU 1 to a Pool 6 producer which came online in November 2021. Also in the 2021 POD was a conversion of KU 31-07X from a storage producer/injector but that was not done. Hilcorp said KU 31-07X would remain a storge injector well "until its utility as such is compromised."

For the 2022 POD, the company said it has no long-range plans for Pool 6 at this time and has no plans to expand or contract Pool 6.

No development operations are currently planned for the 2022 POD period, the company said. There are no major facility upgrades planned for the 2022 POD, but the company said that as the need arises it "will pursue improvements through various well, infrastructure and facility repairs."

—KRISTEN NELSON

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FINANCE & ECONOMY

Revenue budget forecast up from mid-March

In its spring revenue forecast, released in mid-March, the Alaska Department of Revenue forecast oil at $91.68 per barrel for the current fiscal year, FY2022, and $101 per barrel for FY 2023.

In a June 20 release, Revenue said it is now forecasting oil at $91.90 per barrel for FY22, up 22 cents from the spring forecast, and at $111.04 per barrel in FY23, up $10.04 from the spring forecast.

Revenue said it is providing updates on changes in its revenue outlook because of the volatility around petroleum revenues.

"Our goal," Revenue said in its June 20 release, "is to ensure that policymakers and citizens have the most accurate and up-to-date information when making decisions that impact the fiscal condition of the state."

Revenue said its monthly revenue outlook, covering the current (FY2022) and next fiscal year (FY2023), is "used internally to review actual revenue for the current fiscal year and to update our estimated revenue based on the most recent information."

The department said the monthly update doesn't have the same rigor and detail as the official spring and fall forecasts, but "it does give an indication of how revenues are expected to perform based on the most currently available information."

Estimated revenues are up $67.6 million for FY2022 and up $706.5 million for FY2023 from the spring forecast.

—KRISTEN NELSON

EXPLORATION & PRODUCTION

US rotary drilling rig count up 7 to 740

The Baker Hughes' U.S. rotary drilling rig count was 740 on June 17, up by seven from the previous week and up by 270 from 470 a year ago.

When the count dropped to 244 in mid-August 2020 it was the lowest the domestic rotary rig count has been since the Houston based oilfield services company began issuing weekly U.S. numbers in 1944.

Prior to 2020, the low was 404 rigs in May 2016. The count peaked at 4,530 in 1981.

The count was in the low 790s at the beginning of 2020, where it remained through mid-March, when it began to fall, dropping below what had been the historic low in early May with a count of 374 and continuing to drop through the third week of August 2020 when it gained back 10 rigs.

The June 17 count includes 584 rigs targeting oil, up by four rigs from the previous week and up 211 from 373 a year ago, with 154 rigs targeting natural gas, up by three from the previous week and up 57 from 97 a year ago, and two miscellaneous rigs, unchanged from the previous week and unchanged from a year ago.

Thirty-nine of the rigs reported June 17 were drilling directional wells, 674 were drilling horizontal wells and 27 were drilling vertical wells.

Alaska rig count unchanged

The rig count in New Mexico (110) was up by seven rigs from the previous week.

Rig counts in all other states were unchanged week over week: Alaska (8), California (6), Colorado (16), Louisiana (62), North Dakota (35), Ohio (12), Oklahoma (59), Pennsylvania (25), Texas (356), Utah (14), West Virginia (14) and Wyoming (18).

Baker Hughes shows Alaska with eight rotary rigs active June 17, unchanged from the previous week and up by five from a year ago, when the state's rig count stood at three. Seven of the rigs in Alaska were onshore, one was offshore — also unchanged week over week.

The rig count in the Permian, the most active basin in the country, was unchanged from the previous week at 345 and up by 108 from 237 a year ago.

—KRISTEN NELSON

PIPELINES & DOWNSTREAM

JUDY PATRICK

Series celebrates TAPS 45th anniversary

Alyeska Pipeline Service Co., operator of the trans-Alaska pipeline system, is celebrating the 45th anniversary of TAPS with stories.

This series, which will release two to three stories a week through the summer, contains content commemorating every year of operations since startup in 1977.

The stories will blend the reflections and recollections from dozens of employees, past and present, with some of the 800-mile oil pipeline's most notable milestones and achievements.

A story available on the Alyeska website now (https://www.alyeska-pipe.com/) is that of Jeff Streit, titled "A Journey, never a job."

"After helping build TAPS from 1974-1977, operating rock trucks, fuel trucks, boom trucks and forklifts, including working on a Hercules aircraft team offloading critical supplies while Wien F-27s were hauling workers in and out nearby, from Galbraith Lake to Coldfoot, Jeff transitioned to removing remnants of that historic construction effort.

"He demobilized Prospect, Oldman and 5-Mile camps, loading piece by piece onto numerous high deck trailers to be shipped out of state. Jeff even saw one of those Hercules blow up at the Galbraith airport.

"After crossing the Yukon River for years on a powerful hovercraft barge, he helped load up its dismantled pieces when the bridge was complete," the first part of his story reads.

"Seeing the signs that this phase was finite, Jeff sought a long-term gig on the now-operating pipeline," following a lead about technician openings at Pump Station 8.

Jeff remained on TAPS for more than 48 years.

Later in the story he was asked why he stayed so long. He replied, "Curiosity, passion, being a student of the pipeline. It has always been a journey and never a job."

—PETROLEUM NEWS

ALTERNATIVE ENERGY

Wind farm proposed near Little Mt. Susitna

Following receipt of an application by Little Mount Susitna Wind LLC to lease state land on the south side of Little Mount Susitna for the construction of a wind farm, Alaska's Division of Mining, Land, and Water solicited interest from other parties who may consider developing the site for similar purposes. This solicitation of interest is required before a lease can be issued. Little Mount Susitna Wind is a wholly owned subsidiary of Alaska Renewables, a Fairbanks based company, founded in early 2021.

The proposed lease would encompass about 19,200 acres and would last for 40 years. The concept involves the development of about 450 acres within the lease area, which lies 35 to 40 miles northwest of Anchorage. The project would connect via new transmission lines into Chugach Electric Association's existing power transmission lines — Chugach Electric has transmission lines that extend around to Anchorage from the utility's aging gas-fired Beluga Power Plant on the west side of the Cook Inlet.

Any other entity interested in a similar development in the same area had to submit a lease application and development plant to the Division of Mining, Land and Water by June 24.

—ALAN BAILEY

UTILITIES

RCA opens EV charging station docket

Having recently approved initial electric utility tariffs for the supply of electricity to commercial high-speed electric vehicle charging stations in Alaska, during a June 8 public meeting the Regulatory Commission of Alaska opened a new docket, for the purpose of gathering information about the performance of charging station electricity supplies. The idea is to monitor how the actual charging station electricity supply parameters compare with what was proposed in the approved tariffs. There is currently no track record of commercial high speed electric vehicle charging station operations in Alaska.

The idea is to monitor how the actual charging station electricity supply parameters compare with what was proposed in the approved tariffs.

The newly approved tariffs take account of the fact that electric vehicle charging stations tend to put high demand loads on the electrical system for relatively short periods of time when vehicles are being charged. Under a normal commercial electricity tariff, these shorts bursts of high loads would trigger demand charges that could render the charging stations uneconomic. So, the utilities have electric vehicle charging station tariffs in which the demand charges do not kick in, provided that the charging station load factors remain below some specified level.

The newly instigated information docket would require annual reporting from the utilities on the actual load factors associated with commercial charging station operation. This will enable the commission to ensure that the rate structure is working as envisaged and that the electricity supply rates are reasonable. The commission will also require reporting on any instances where a utility has refused service to a charging station operator.

The initial charging station tariffs have been approved on a 10-year interim basis. However, if the actual data associated with charging station operations differ significantly from what was assumed in the approved tariff filings, the commission may require new tariff filings, making appropriate adjustments to the rate determinations.

—ALAN BAILEY

continued from page 1

OIL PRICES

close at $113.12.

On June 16, ANS managed a gain of $1.15 to close at $123.06, WTI gained $2.28 to close at $117.59 and Brent gained $1.30 to close at $118.51.

From Wednesday to Wednesday, the ANS close June 22 was $9.30 lower than its closing price of $121.91 set June 15.

There is some evidence that U.S. drivers are cutting back on fuel purchases in light of regular gasoline prices hovering in the $5 per gallon range.

The Wall Street Journal reported June 22 that in the first full week of June, sales at U.S. gas stations were 8.2% lower than prices the same week in 2021 — the 14th consecutive week that sales have lagged 2021 levels, according to surveys by energy-data provider OPIS.

Drivers are consolidating trips or filling their tanks with only as much fuel as they need for a few days, the Journal report said, adding that analysts have said some drivers are carpooling or using mass transit and others are working from the office fewer days each week.

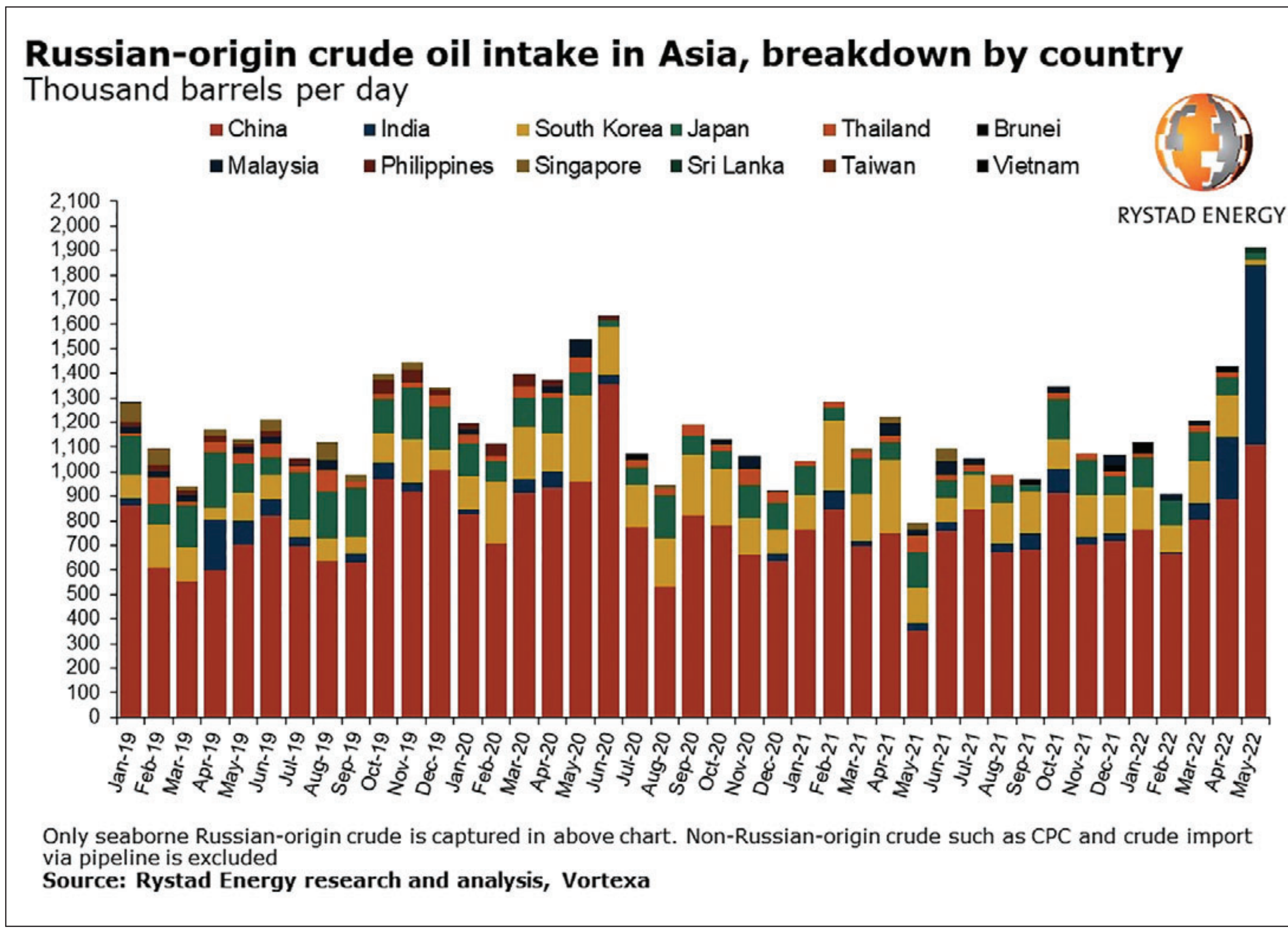
"You have to have some demand destruction to give supply a chance to catch up," said Tom Kloza, OPIS global head of energy analysis.

Over the four weeks leading into June 10, motor gasoline product supplied to U.S. markets averaged 9.0 million barrels a day, down by 1.1% from the same period last year, the U.S. Energy Information Administration said June 15.

U.S. commercial crude oil inventories rose by 5.607 million barrels for the week ending June 17 according to the American Petroleum Institute, Oilprice.com reported June 22. Analysts had predicted a draw of 1.433 million barrels.

It was the first build exceeding 5 million barrels since mid-February, according to API data.

The Department of Energy released 6.8 million barrels from the Strategic Petroleum Reserve over the same period.



Russian oil diverts to Asia

Since the war between Russia and Ukraine began, imports of Russian oil to Asia have risen 347% above 2021 levels, based on the average of March to May 2022, according to Rystad Energy research.

Indian imports of Urals crude for the period are up by 658% compared to 2021 levels, while for China the increase is 205%, Rystad said in a June 20 release.

"India has emerged as the significant Urals importer in the region, prompted by the crude's attractive margin in relation to Middle Eastern grades, which have traditionally been the country's staple," Rystad said.

The Urals sport a similar profile to Middle Eastern oil grades and an advantageous lower sulfur content, leading Indian refiners to swap Middle Eastern crudes in favor of Urals, Rystad said, adding that "as long as the Urals discount is maintained, it will have a huge margin advantage over alternative crude grades, meaning Indian refiners are likely to maximize Urals imports."

European refiners started shunning Russian oil in late February, leading Russian imports to Europe to fall by 554,000 barrels per day — from 2.04 million bpd to 1.49 million bpd between March and May, the consultancy said. Russian oil imports by Asian refiners saw a corresponding 503,000 bpd increase from the January-February 2022 average of 1.14 million bpd to a March-May average of 1.517 million bpd.

The cost of financing the vessels and trades has increased significantly due to Western sanctions, but the discount on Urals is too attractive for some refiners to ignore, Rystad said.

"As with Iranian oil in the past, once Russian crude is refined, it will become almost impossible to distinguish between those barrels and others as they re-enter the international market," it said.

"Historically, India has taken very little Russian oil but the war in Ukraine and Russian-origin oil embargoes by the EU have led to a rebalancing in oil trade flows," said Wei Cheong Ho, Rystad vice president, downstream.

Discounts of Russian oil have to remain high to provide a compelling refining margin on top of offsetting the high insurance and freight costs, he said.

"Tracking what happens to Russian crude will be a challenge — Europe may end up importing petrol, diesel and other products from India that are blended with Russian Urals," he said.

Rystad said it has seen low amounts — about 200,000 bpd — of Russian crude flow to Africa in June. ●

Contact Steve Sutherlin at ssutherlin@petroleumnews.com

Thanks for your service

Thank you Commissioner Feige

Thank you Commissioner Corri Feige for your service to Alaska's oil and gas industry. We consider you one of the finest commissioners of the Department of Natural Resources in Alaska's history.

We wish you the best in the years ahead.

Corri Feige

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Computing Alternatives
CONAM Construction
Construction Machinery Industrial (CMI)
Cook Inlet Tug & Barge
Cruz Construction
Denali Industrial Supply, Inc.
Denali Universal Services (DUS)
Doyon Anvil
Doyon Associated
Doyon Drilling
Doyon, Limited
EEIS Consulting Engineers, Inc.
EXP Energy Services
F. R. Bell & Associates, Inc.
Flowline Alaska
Frost Engineering Service Co. – NW
GCI
GeoLog
Greer Tank & Welding
Guess & Rudd, PC
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Lynden Transport
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Northern Air Cargo
Northern Solutions
Oil Search
Owl Ridge Natural Resource Consultants
Pape Kenworth Alaska
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PRA (Petrotechnical Resources of Alaska)
Price Gregory International
Resource Development Council
SeaTac Marine Services
Strategic Action Associates
Surepoint Technologies Group US
Tanks-A-Lot
The Alaska Support Industry Alliance
TorcSill
Udelhoven Oilfield System Services Inc.
US Ecology Alaska
Weston Solutions
Wolfpack Land Co.

continued from page 1

INSIDER

Coldfoot is more a truck stop than a town. It's about the halfway point between Fairbanks and the Beaufort Sea coast at Mile 175 on the Dalton Highway, also known as the Haul Road.

Originally named Slate Creek, Coldfoot was founded as a gold-mining camp in 1898. The name changed when many prospectors got "cold feet" upon winter's arrival and headed back south. At its turn-of-the-century peak, Coldfoot boasted a gambling hall, two roadhouses, seven saloons, a post office and a brothel. By 1912 it was nearly a ghost town.


GIL MULL

At the end of the Dalton Highway is Deadhorse, an unincorporated community that was established to support oil development in the giant Prudhoe Bay oil field.

The community consists mainly of facilities for companies providing supplies and services for Prudhoe, other nearby oil fields and the trans-Alaska oil pipeline which transports oil from Prudhoe to Valdez on Southcentral Alaska's coast.

According to the website of the Arctic Interagency Visitor Center, it is a partnership between three federal agencies that manage the public lands along the Dalton Highway: the Bureau of Land Management (the Utility Corridor), the National Park Service (Gates of the Arctic National Park and Preserve), and the U.S. Fish and Wildlife Service (Yukon Flats, Kanuti and Arctic National Wildlife Refuges). The Alaska Geographic Association is the visitor center's not-for-profit cooperating partner and operates its bookstore.

The group wants to give special thanks to BLM's Bill Hedman at the visitor center. "We couldn't have done it without him; he was very helpful and enthusiastic," one of the geoscientists told PN.

Another project (there are a few others) the group is working on is the Charles Gilbert "Gil" Mull Field Camp Scholarship; a project spearheaded by Geosciences Professor Michael Whalen of the University of Alaska Fairbanks.

In literature Whalen prepared about the scholarship fund, he wrote: "In memory of Gil Mull (1935-2021), family and friends are raising funds for the Charles Gilbert Mull Field Camp Scholarship intended for geology students at the University of Alaska Fairbanks (UAF). The scholarship will allow students to attend a geology field course of their choice."


Tom Homza and Bob Swenson with Gil Mull's (Charles G. Mull) plaque between them on June 18.

The group's goal is to build a minimum endowment of $25,000, which will provide a UAF scholarship in perpetuity.

If you would like to contribute by mail, note the Charles Gilbert Mull Field Camp Scholarship in your correspondence, and address to:

University of Alaska Foundation
Attn: Fund and Gift Services
PO Box 755080
Fairbanks, AK 99775

You may also contribute online with the UA Foundation (https://engage.alaska.edu/), by selecting Designation "Other" and writing in Charles Gilbert Mull Field Camp Scholarship and completing the online form.

Please contact Prof. Michael Whalen by email with any questions at mtwhalen@alaska.edu

These efforts have morphed to include a broader "Pioneers of AK geology" series of panels, not just Gil, the group's periodic email said.

This Geologic Materials Center effort was announced at a recent Alaska Geological Society board meeting. A committee has been formed to set up criteria etc. This effort will also require funding.

Another accomplishment of the group was getting a 2022 Geological Society of America session in Denver, Colorado, dedicated to Gil. Meeting dates: Oct. 9-12.

If you would like to join the group's email list, email Tom Homza at Thomas.Homza@Shell.com

—KAY CASHMAN

Brune new back-up Lt. Gov.

ALASKA GOV. MIKE DUNLEAVY has named the head of the state's environmental protection agency as the person second in the line's state of succession.

In a June 20 memo, Dunleavy designated Jason Brune, commissioner of the Alaska Department of Environmental Conservation, the replacement for Lt. Gov. Kevin Meyer if Meyer is unable to perform his job.

The memo arrived 10 days before Michael Johnson, commissioner of the Alaska Department of Education and Early Development, is set to leave his job. Johnson is the state's current No. 3 officer.

The role of designated successor comes with no additional power or authority, but Brune could become governor if both the governor and lieutenant governor are incapacitated or otherwise unable to perform their jobs.

In that case, he would serve as acting governor until a special election is held.

Brune's designation is subject to legislative confirmation if Dunleavy is re-elected and Brune stays the designated successor. If Dunleavy loses re-election this fall, the newly elected governor would name a new No. 3 official.

Well known in the resource community, Brune was named DEC commissioner by Dunleavy on Nov. 26, 2018.

Brune has been senior director of land and resources for Cook Inlet Region Inc., was public affairs and government relations manager for Anglo-American and prior to that

see **INSIDER** *page 10*

continued from page 1

GAS SUPPLIES

Natural gas is currently the primary fuel used for heating buildings and generating electricity in Southcentral Alaska. Any shortfall in gas deliverability, especially during the winter, would cause major problems for businesses and residents.

The storage facility has five wells that are used for both injecting and retrieving gas. The facility can potentially store up to 11 billion cubic feet for future withdrawal, with additional gas also being stored to maintain the pressure in the underground reservoir. The original design concept assumed that all five wells would have similar performance characteristics. However, in practice each well has performed differently, a factor that impacts some of the well monitoring and management activities.

Dealing with reservoir sand

One issue is the possible blocking of well bores by sand that can be sucked into a well from the reservoir. CINGSA conducts tests for sand entering into the wells at different fluid withdrawal pressures, Matt Federle, CINGSA director of storage operations, explained to the commission. The idea is to keep the withdrawal pressures at levels below those at which sand will become a problem and, thus, ensure that the wells continue to perform effectively.

CINGSA President John Sims commented that this testing is particularly important for well 1, which is by far the strongest performing well in the facility. Following past experience of another well sanding in, the company cannot take any risk of having the same problem happen with well 1, he said.

Federle commented that well 1 is a critical well in that it contributes just over 40% of total field activity.

Water issues in well 5

Another issue is the potential for water to flow into a well bore from the reservoir and reduce the flow of gas. When gas is injected into a well during the summer, the gas tends to push water away from the well in the reservoir rock. However, during gas withdrawals during the winter water tends to move back towards the well and can enter the well, thus diminishing gas production. This phenomenon has proven particularly problematic for well 5, Federle said. As a consequence, the gas withdrawal performance of this well had progressively declined since the well went into operation in 2012. To try to rectify the problem, last year CINGSA installed small diameter tubing into the well, to increase the flow velocity up the well. So far the results of doing this have been very promising, with gas flow rates increasing to levels near those of the first year of operation, Federle said.

Federle particularly thanked consulting company PRA for its work in designing this "velocity string" arrangement.

Compressor upgrade

A further issue for CINGSA revolves around the compressor power needed to pump stored gas into the storage facility reservoir — achieving the maximum storage capacity of 11 billion cubic feet would have overloaded the compression system. Consequently CINGSA has been limiting the storage capacity to around 10.3 billion cubic feet, Federle said. However, in November and December CINGSA upgraded the compressor horsepower.

"It puts us into a much more reliable position to deliver an uninterrupted service," Federle said.

Continuing reliable service

And CINGSA has been continuing its record of reliably supporting the needs of its customers. Sustained abnormally cold weather last November resulted in high rates of gas withdrawal for several weeks. However, CINGSA maintained a substantial inventory of stored gas and was able to continue an uninterrupted firm service of gas withdrawals for its customers throughout the winter — major gas injections for the summer injection period have already begun, Federle said.

"It was a good season," he said.

Asked about any plans for expanding the CINGSA facility or, perhaps, constructing an additional storage facility, Sims commented that his company is evaluating this possibility, especially given recent discussions around the reliability of future gas supplies.

"The one thing that seems to be unanimously clear and obvious is that storage is going to be critical to meeting all of the utilities' needs in the future," Sims said. "I think that you can anticipate something very shortly on additional wells. I think you can also anticipate additional storage options being evaluated and, when we have clear line of sight for additional storage, we will absolutely be bringing them in front of the commission, more than likely in a public setting." ●

Contact Alan Bailey at abailey@petroleumnews.com

Petroleum news

Oil Patch Bits

PumpTech acquires Frost Engineering Service Company NW

As reported by Pike Street Capital LLC June 7, Pike Street portfolio company PumpTech LLC announced the acquisition of Frost Engineering Service Company-Northwest, a provider of industrial engineering solutions for the oil and gas, petrochemical, manufacturing, and other industries. Frost Engineering brings extensive expertise in instrumentation and control solutions, complementing PumpTech's current line of pump, process, and environmental products and services.

"There are tremendous synergies between the two companies," said Doug Staab, PumpTech board member and an industry veteran in the flow management space. "Frost Engineering and PumpTech serve a similar type of customer across adjacent markets. All of these customers can benefit from the combined products and services we're now able to offer, which will lead to growth for both companies."

Founded in 1954, Frost Engineering is a trusted supplier and integrator of fluid handling systems and associated instrumentation based in Snohomish, Washington. With deep expertise in measurement applications, process control, and lubrication systems, the organization delivers proven, industry-specific solutions based on decades of knowledge.

"Frost Engineering is a great addition and aligns perfectly with our strategy to build on the PumpTech platform," said Dave Dandel, partner at Pike Street Capital. "We're excited about this rapidly growing market and plan to accelerate this growth through further acquisitions."

Pike Street Capital invests in middle-market companies with leading market positions, strong management teams, and discernible growth drivers. The firm targets sectors serving professional customers and B2B growth where it has relevant investing and operating experience, including industrial technology, specialty manufacturing, distribution and logistics, and business services. The firm's $237 million over-subscribed inaugural fund closed in November 2020.

Companies involved in Alaska's oil and gas industry

All of the companies listed above advertise on a regular basis with Petroleum News

continued from page 1

OIL DEMAND

"A resurgent China will drive gains next year, with (world demand) growth accelerating from 1.8 mb/d (million barrels per day) in 2022 to 2.2 mb/d in 2023," the IEA said in its Oil Market Report released June 15. While the "developed world" is providing the demand push in 2022, "non-OECD economies are set to account for nearly 80% of growth next year." The 38-member OECD is the Organization for Economic Co-operation and Development.

With rising demand and disruptions due to sanctions and boycotts of Russian oil, the supply-demand relationship will remain tight, the IEA predicts. Nations outside the OPEC+ marketing group will provide most of the production gains, as "tighter sanctions force Russia to shut in more wells, and a number of producers bump up against capacity constraints." Plus there's the steep drop in Libya's output.

Non-OPEC+ producing nations will add 1.9 million barrels of daily production this year and 1.8 million in 2023, much of it coming from the United States.

Refiners will barely keep up, with some 1.0 million bpd of new capacity this year and 1.6 million bpd in 2023 from projects in Africa, the Middle East and Asia. Shortages are expected to persist and keep prices up. Diesel and other middle distillates will remain at record highs, "with a knock-on effect for other products which could cause more pain at the pump as pent-up demand is unleashed during peak driving and summer cooling season," IEA says.

So even with June oil prices 70% above the levels just a year ago, consumers may complain loudly but aren't deterred from buying. And if IEA is right, they won't be deterred next year either.

—ALLEN BAKER

Contact Allen Baker through publisher@petroleumnews.com

continued from page 1

AOGCC PROPOSALS

of the well within 15 days.

The commission said that prior to "any activities authorized by an application for a Permit to Drill (Form 10-401) or an application for Sundry Approvals (Form 10-403), the operator must submit and obtain the commission's approval of an emergency well control contingency plan," which may be approved for an area or field, "rather than for each well individually."

The commission said required information includes location, site-specific procedures, methods, equipment, personnel, logistics, "and time frames proposed to be employed to regain control of the well within 15 days." Certification of the resources necessary to commit the plan is required, "signed by a person with appropriate authority."

The commission may require a formal drill with AOGCC present.

The plan will be a controlled document, with updates, "annually or at an interval acceptable to the commission," to certify the plan covers current and proposed operations "and that information and best engineering practices are current."

There must be a copy at each covered exploration or production facility.

For wells approved prior to the effective date of the regulation, the operator must submit a proposed plan within 60 days of the effective date of the regulation.

"Upon written request of the operator, the commission may, at its discretion, approve a variance from the requirements of this section if the variance provides at least an equally effective means of complying with the requirement."

The plan covers "procedures, methods, equipment, personnel, logistics, and time frames that will be employed to regain control of an uncontrolled flow of oil, gas, drilling mud, and other substances from a well, including surface blowout."

Guidance bulletin

A four-page industry guidance bulletin accompanying the proposed regulations explains in detail the emergency well control contingency plan requirements in the proposed regulations.

Details on the application process include: the plan must be submitted and approved prior to AOGCC approving applications for drilling permits or for sundry approvals; informal pre-applications meetings are encouraged; estimated plan approval time is 30 to 60 days after receipt of a complete plan; AOGCC will issue a unique plan ID once the plan has been approved.

Most of the guidance bulletin is devoted to describing required contents of the plan, including "facility diagrams detailing the pad and a well diagram"; description of procedures to regain well control within 15 days; "conditions that activate primary and secondary prevention measures"; "preliminary relief well planning" with a minimum of two locations identified for drilling a relief well and "an overview of appropriate drilling rigs that could potentially be mobilized, rig ownership, seasonal commitments and availability, and the rig staging or normal operating location(s)."

A description of the command system is required, with the notation that "the command system must be consistent with the operator's state-approved Oil Discharge Prevention and Contingency Plan."

A complete list of emergency well control equipment is required, including location and ownership and time frame for delivery and startup of emergency well control equipment, logistical support detail and deployment strategies.

If an emergency well control contractor is to be used, contact information for that contractor is required along with a statement of what that contractor is obligated to do.

Other regulatory changes

In addition to the new emergency well control contingency plan section, the commission proposes five other regulatory changes.

In the regulation on onshore location clearance, the proposed change adds language that site clearance for an individual well is not required when there is active production and/or injection at a location. The commission said the revision is based on public comments received in 2021.

In the regulation on offshore location clearance, the proposed change adds language state that site clearance is not required for an individual well when there is active production and/or injection at a location. The revision is based on public comments received in 2021.

In the regulation on workover operations, the revision specifies a completion date for work performed under a sundry and "is proposed to clarify that approved well work is to be completed expeditiously," the commission said.

In the regulation on casing, cementing, and tubing of injection wells for enhanced recovery, disposal, and storage, the revision clarifies when tests must be performed, revises the required test pressure, establishes test acceptance criteria and specifies test equipment requirements, with a new subjection proposed to address standards for variances and waivers.

In the regulation on public and confidential information, language is added "stating that information submitted as part of an application for an order or hearing is not confidential unless entitled under some other provision of law."

Hearing scheduled

Information on all proposed changes is available on the commission's website: https://www.commerce.alaska.gov/web/aogcc.

Comments are due by 4:30 p.m. Aug. 4. The commission has scheduled a public hearing on the proposed regulations for Aug. 4 at 10 a.m. at its Anchorage offices, which may be changed to virtual if necessary. The audio call in information is 907-202-7104 conference ID 557 730 662#. Those wishing to participate by Microsoft Teams should contact Samantha Carlisle at the commission (907-793-1223) at least two business days prior to the conference.

—KRISTEN NELSON

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continued from page 8

INSIDER

executive director of the Resource Development Council of Alaska.

He has served on the Alaska Sealife Center Board, Cook Inlet Beluga Whale Endangered Species Act Recovery Team, Tyonek Tribal Conservation District Board, the Exxon Valdez Oil Spill Public Advisory Committee and numerous other business and civic organizations.

While at CIRI, Brune oversaw and participated in the development and administration of CIRI's 1.6 million acres of subsurface resources, including oil, gas, minerals, sand and gravel, and coal. He supervised the team's staff, environmental contractors, stakeholder management and legal review while building relationships with CIRI's villages. He also worked to identify priorities for addressing Alaska Native Claims Settlement Act contaminated lands.

Brune has a bachelor's degree in biology from Carleton College and did graduate work in environmental science at Alaska Pacific University.

—Jim Brooks, Alaska Beacon. Petroleum News' Kay Cashman contributed to this piece.

Contact Kay Cashman at publisher@petroleumnews.com

continued from page 1

PIKKA PROGRESS

of oil online shortly after startup in 2025.

Eighty thousand barrels of oil per day represents a 25% increase in flow through the 800-mile trans-Alaska pipeline system.

Pikka Phase 1 involves a single drill site; subsequent phases are expected to add two more drill sites and increase output to a maximum of 160,000 bpd.

Oil Search estimates the minimum engineering design life of the Pikka Sales Oil Pipeline will be 30 years.

The sales line will be approximately 22.2 miles long and consist of a 16-inch diameter pipe from Pikka's Nanushuk processing facility, or NPF, to the tie-in pad, or TIP, and a 12-inch pipeline from the TIP to the Kuparuk Pipeline.

The sales line will be located on the Pikka and Seawater Treatment Plant pipeline support racks when present and connect the NPF, via the TIP, and terminate at the Kuparuk Pipeline Extension, or KPE, Tie-in Point.

Financial statement waiver

For an existing business, RCA regulations require submission of the two most recent years of independently audited financial statements with a pipeline carrier application for new construction.

With its application, OSU filed a motion for waiver of this requirement.

Plus, OSU and POSL filed a petition for confidential treatment of financial statements submitted with the application.

RCA issued a public notice of the application, motion for waiver, and petition for confidential treatment on April 28, with comments due by May 19, and notice of intent to file a competing application due by May 30.

The agency received no comments or competing applications. OSU supplemented the application on June 9.

In lieu of audited financial statements, OSU filed three years of unaudited financial statements, asserting that the financial statements filed were comparable to the financial statements required by RCA regulations "as they substantially set forth OSU's financial status and detail its assets and liabilities."

OSU further asserted that the submitted financial statements had been verified and certified for accuracy. In support of this assertion, OSU referred to the verified written statement of Troy Herrera who certified that the unaudited OSU financial statements were accurate.

In further support of its application and motion for waiver, OSU provided copies of the audited financial statements for POSL, noting that OSU was a wholly owned subsidiary of POSL and that POSL was willing to provide a parent company guaranty of its common carrier obligations under AS 42.06.

The four audited POSL financial statements filed in the supplemental filing, dated June 9, were for years ending Dec.31, 2018; Dec. 31, 2019; Dec. 31, 2020; and Dec. 31, 2021.

Based on these facts, RCA found that OSU satisfied the requirements for waiver of the audit requirement contained in 3 AAC 48.625(a)(7)(B) and granted the motion for waiver.

Petition for confidential treatment

Under the Pipeline Act, records filed with RCA are presumed to be open to public inspection. However, this presumption is subject to limited exception, per AS 42.06.445.

"We have previously held that AS 42.06.445(c) was enacted to protect pipeline carriers that are jointly regulated by a federal agency and by this commission from having to make public disclosure of any information about themselves that they would not have had to make if they were regulated only by the federal agency," RCA wrote in its June 16 order.

The statute's part c provided a three-part test to determine confidential treatment. Under the three-part test the information or document must be related to the finances or operations of a pipeline, the pipeline must be subject to federal jurisdiction, and the information or document must not be required to be filed with the appropriate federal agency, RCA said.

Good cause

"Our regulations further allow classification of records as privileged or confidential under 3 AAC 48.045. In order to obtain privileged or confidential treatment under that section, we require a petition identifying the record to be protected and setting out good cause.

"The good cause standard requires a showing that (1) disclosure of the record to the public might result in competitive or financial disadvantage or harm or reveal a trade secret, and (2) the need for privilege or confidential treatment outweighs the public interest in disclosure," RCA said.

"Bald assertions" that some harm might occur did not satisfy the good cause standard, the commission noted.

In their June 9 filings OSU and POSL said the oil transported on the Pikka Sales Oil Pipeline "is expected to be entirely comprised of interstate shipments subject to concurrent regulation by the Federal Energy Regulatory Commission," or FERC.

Financial statements are not required to be filed with FERC.

The companies OSU and POSL said that they derived economic value from the unavailability of their financial information "because disclosure of such information would allow contractors and vendors, and potentially competitors, to use the information to develop pricing and bidding strategies that would damage business, give competitors undue advantage, and unfairly benefit potential contractors."

OSU and POSL said that financial information of private companies was routinely kept confidential in the oil and gas industry. And while the companies conceded that the public had an interest in access to records filed with public agencies, they also said the public benefitted in attracting financial investment from outside companies willing to do business in Alaska.

In reviewing the companies' petition for confidential treatment, RCA found that

RCA ruled that OSU and POSL's application was complete as filed on April 21 and said it would issue a ruling in the proceeding by Oct. 21.

such treatment was "not currently warranted under AS 42.06.445(c) because the Pikka Sales Oil Pipeline did not yet exist. Additionally, the pipeline would be subject to the jurisdiction of FERC but OSU and POSL had "not provided any indication that it is presently" subject to the jurisdiction of FERC.

Based on these facts, the commission found that OSU and POSL have not satisfied the three-part test for confidential treatment under AS 42.06.445(c).

However, RCA found that OSU and POSL "sustained the burden for confidential treatment" under the agency's good cause standard; that OSU and POSL's interest in confidentiality outweighs the public's interest in disclosure and therefore granted their petition for confidential treatment.

Decision timeline, panel

There was no timeline required by statute for this proceeding, which was something OSU and POSL wanted RCA to correct.

Therefore, under 3 AAC 48.661(a) the commission said it would "rule on an application for a new certificate within six months after the filing of a complete application."

"If a motion for waiver or petition for confidential treatment is filed, we cannot determine whether an application is complete until after we reach a decision to grant or deny the motion for waiver or petition for confidential treatment," RCA said.

In the commission's June 16 order, it granted the petition for confidential treatment and motion for waiver, noting all other filing requirements had been met. Therefore, RCA ruled that OSU and POSL's application was complete as filed on April 21 and said it would issue a ruling in the proceeding by Oct. 21.

In the June 16 order, the chairman also addressed another OSU and POSL request, designating Commissioners Keith Kurber II, Daniel A. Sullivan and Janis W. Wilson as the commission panel.

The chairman said Commissioner Wilson would remain the commission docket manager. ●

Contact Kay Cashman at publisher@petroleumnews.com

ConocoPhillips KTC filing

As previously reported in the June 12 issue of Petroleum News, Kuparuk Transportation Co. applied to the Regulatory Commission of Alaska on May 24 for approval of a connection permit allowing Oil Search (USA) to connect the east end of its proposed Pikka Sales Oil Pipeline to KTC's Kuparuk Pipeline and for approval of a connection agreement between KTC and OSU.

In its application, ConocoPhillips Alaska-owned KTC said the proposed Pikka Sales Oil Pipeline would be a 16-inch diameter line some 22.2 miles long, from the Nanushuk Processing Facility tie-in to the proposed Kuparuk Oil Pipeline tie-in on the southeast end of the Pikka line with a 1,000-foot 12-inch transmission pipeline from the tie-in pad to the Kuparuk Oil Pipeline.

KTC said the connection agreement between KTC and OSU would become effective upon RCA granting a connection permit and approving the connection agreement.

According to KTC, the commission's longstanding precedent holds that a connection permit would be granted without formal proceedings when the connecting party and the pipeline carrier agreed on terms and conditions, there were no protests and the terms and conditions were reasonable.

The Pikka line "is expected to support throughput in both the Kuparuk Oil Pipeline and TAPS, slowing or offsetting throughout declines and keeping transportation rates lower on both of those pipelines than they would otherwise be without the Pikka unit production throughput."

Connection equipment cost, estimated at $1,756,000, will be paid by OSU, the connecting party, KTC said, and would not be included in KTC's intrastate crude oil transportation rates.

RCA's notice, dated June 1, said any comments on the filings were due by 5 p.m. June 22.

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