Kitchen Lights on in Alaska

THE Alaska government is considering taking a $500 million equity stake in Furie Operating Alaska's Kitchen Lights Unit in the Cook Inlet, which is aimed at providing in-state natural gas supply to the south-east region, *writes Tonya Zelinsky.*

The Alaska industrial Development & Export Authority (AIDEA) agreed last week to enter into a contract with Texas-based Furie to develop a finance plan and consider the benefits of investing in the $300 million project northeast of the Kenai Peninsula.

Furie will cover the cost of the $100,000 review.

Gas from the Kitchen Lights Unit is scheduled to start flowing sometime this month.

According to Furie, once the Kitchen Lights Unit is up and running, it will produce an average natural gas production volume of 85 million cubic feet per day for more than a decade, with the potential for more depending on future development.

To date, the company has invested $220 million in the project.

A review of the project by Furie and AIDEA could take several months and will consider total gas production, the size of reserves, evaluation of the current work, and cost estimates.

$10 billion for pipeline

A PROPOSED in-state Alaska natural gas line will cost nearly $10 billion, according to the latest findings of the Alaska Gasline Development Corporation, *writes Tonya Zelinsky.*

A review of the costs associated with the proposed Alaska Stand Alone Pipeline (ASAP) has determined that the 500 million cubic feet per day system from the North Slope would cost $9.97 billion, plus or minus 20%.

Since 2009 the state government has approved spending of $420 million on the design, engineering and permitting of the project, which is seen as a solution to feeding in-state natural gas demand for Fairbanks, south-central Alaska, and other communities.

The proposed pipeline project would also include a gas treatment facility and connecting pipelines.

ASAP was initially proposed by the AGDC as an independent system but has since been folded into the scope of a major liquefied natural gas export project that is being proposed by UK supermajor BP, US supermajor ExxonMobil, ConocoPhillips of the US, Canadian pipeline giant TransCanada and the State of Alaska.

The AGDC represents the state's equity in the $45 billion to $65 billion Alaska LNG megaproject.

US

Concern: crews work to contain an oil spill from the broken pipeline near Glendive, Montana Photo: AP/SCANPIX

Crisis in Montana after Bridger Pipeline spill

State of emergency for town of **Glendive** declared following **breach** directly below **Yellowstone River**

LUKE JOHNSON
Houston

A PIPELINE running under the Yellowstone River in the US state of Montana has spilled up to 1200 barrels of oil, fouling part of the waterway.

Operator Bridger Pipeline estimated that the breach of the Poplar Pipeline system, upstream from the town of Glendive, Montana, was located directly below the river.

The company said it is unknown how much of the oil ended up in the river, some of which is covered by a layer of ice.

Montana Governor Steve Bullock has declared a state of emergency and some residents have reported foul-tasting drinking water.

Bottled water has reportedly been trucked in to Glendive.

Bridger said it shut down the pipeline shortly after the spill was reported and there was no timeline for when it would be back online. The cause of the spill had not been determined by press time.

"Our primary concern is to minimise the environmental impact of the release and keep our responders safe as we clean up from this unfortunate incident," Bridger Pipeline vice president Tad True said.

The 42,000 barrels per day pipeline primarily carries oil produced from the Bakken and Three Forks shale plays in North Dakota and Montana.

State and federal authorities have responded to the incident.

The Yellowstone River was the site of another oil spill in 2011, when ExxonMobil's Silvertip pipeline leaked more than 1000 barrels of crude. The US supermajor faces up to $3.4 million in state and federal fines from that spill and spent around $135 million to clean it up.

Safety audit for Plains Midstream after string of infractions

PLAINS Midstream Canada will undergo a third-party audit of its safety management and environmental protection programme, as mandated by the National Energy Board (NEB) of Canada, *writes Tonya Zelinsky.*

The operator must meet six conditions imposed by the federal regulator in an order issued last week — the latest in a series of actions the NEB has carried out after finding Plains negligent in its operation and safety practices. Among the conditions is the requirement for an independent third-party audit of all of its NEB-regulated pipeline operations in Alberta, Saskatchewan, Manitoba and Ontario.

Moreover, the company — an indirect subsidiary of US-based Plains All American Pipeline — must submit for approval documentation on its immediate safety-critical tasks, operational controls used to mitigate hazards and risks and demonstrate its process for review and maintenance of controls ensuring adequacy and effectiveness.

The increased scrutiny by the NEB comes after the company was under the eye of the Alberta Energy Regulator throughout most of 2014 for receiving 19 high- and low-risk infractions and non-compliance notices between 2011 and 2013.

More immediately, the NEB order follows Plain's failure to correct non-compliant findings during the 2010 Management and Protection Audit Corrective Action Plan, along with other deficiencies in its safety and environmental protection programmes.

Other conditions imposed include submitting for approval a quality assurance programme prior to 30 April 2015, quarterly meetings with the NEB to discuss progress and a review of its corrective and preventative actions.

The first meeting with the NEB must be held before 31 March 2015.