Petroleum news
A weekly newspaper based in Anchorage, Alaska


# Cross inlet approval

## RCA approves Harvest-owned lines requests; pipeline will end need for Drift River

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***Petroleum News***

The Regulatory Commission of Alaska has approved applications by Cook Inlet Pipe Line Co. and Kenai Beluga Pipeline LLC for pipeline changes in Cook Inlet which will allow for movement of crude oil from the west side to the east side by pipeline, eliminating the need for tanker transport from the Drift River Terminal to the Andeavor (formerly Tesoro) refinery at Nikiski.

The pipelines are owned by Harvest Alaska, a wholly owned subsidiary of Hilcorp Alaska, Cook Inlet's largest oil and gas producer. Applications for the changes were filed with the commission last September.

The commission has approved conversion of a portion of the Kenai Beluga Pipeline gas system, CIGGS-A, into an oil pipeline and connection of that line with existing Cook Inlet oil pipelines on the east and west sides of Cook Inlet.

Cook Inlet Pipe Line has been authorized to construct an extension of its existing oil pipeline on the west side of Cook Inlet that will connect to KBPL's newly converted CIGGS-A and to construct and operate a new segment of the Cook Inlet Pipeline on the east side of the inlet that will connect to existing east side oil pipeline infrastructure.

In a related approval, RCA has granted the joint application of CIPL and Swanson River Oil Pipeline LLC, also owned by Harvest, to connect the new east side segment of the Cook Inlet Pipeline to the Swanson River Oil Pipeline, allowing delivery to the Kenai Pipe Line Co. for further delivery to the Nikiski refinery. These lines are also owned by Harvest.

**From private to public**

Cook Inlet Pipe Line, currently an oil pipeline carrier, applied for gas pipeline certification. The line will convert from private to public use.

The application of CIPL to connect both ends of the newly extended and certificated Tyonek Pipeline to the Kenai Beluga Pipeline is granted, the commission said. The Tyonek Pipeline is approved for extension from the offshore Tyonek Production Platform, operated by Hilcorp Alaska, to Ladd Landing on the west side of Cook Inlet.

The commission issued temporary construction permits to CIPL in December.

RCA received comments when the applications went out for public notice, and Harvest responded to the comments, but when the commission held public hearings in May and only KBPL and CIPL testified.

**Related applications**

The commission said CIPL, KBPL and Swanson River jointly with CIPL, filed four related applications “intended to effectuate a reconfiguration of the common carrier oil and gas pipeline infrastructure in the Cook Inlet area,” by reconfiguring oil and natural gas pipeline infrastructure to meet current needs of shippers.

All of Cook Inlet Pipeline’s current facilities are on the west side and crude oil is delivered to the pipeline for transport from Hilcorp’s Granite Point and Trading Bay units and from Glacier Oil’s Redoubt and West McArthur River units. The Cook Inlet Pipeline also receives oil from the Trading Bay Production Facility and from Cook Inlet Energy’s Kustatan Production Facility.

Combined crude oil flows south to the Drift River Oil Terminal, where it is temporarily stored for load out to tankers from the Christy Lee Tanker Terminal.

KBPL has facilities on both the east and west sides of Cook Inlet and also crosses the inlet, RCA said, with its natural gas transportation system extending north along the east side from near Ninilchik north to the KPL Junction and then farther north to East Forelands near Nikiski, and across Cook Inlet from East Forelands to Kaloa Junction via two 10-inch subsea pipelines, CIGGS-A and CIGGS-B.

KBPL’s natural gas pipeline system extends from Trading Bay north to Kaloa Junction on the west side where it intersects CIGGS-A and CIGGS-B and continues north to Beluga where it connects to the Alaska Pipeline Co. transmission line, a natural gas utility pipeline, not a common carrier line.

Gas is received and delivered at numerous locations on the KBPL system; most segments of that system are bidirectional and have seasonal swings in flow rate, the commission said.

Harvest Alaska also owns the Tyonek Pipeline, which is not currently a common carrier; it transports gas from the offshore Tyonek Platform to Moose Point and then along the shore to the Kenai LNG Plant at Nikiski. The commission said natural gas can be delivered to the LNG plant or KBPL.

**Changes**

RCA said the major change proposed is conversion of CIGGS-A from natural gas to oil transportation. KBPL owns CIGGS-A and will continue to own and maintain it, but CIGGS-A will be made available to CIPL for operational use in oil transportation under the capacity exchange agreement.

CIPL will extend and modify its system, including installation of a new 3.3-mile onshore segment designated CIPL W-10 on the west side.

CIPL will extend a currently unused 10-inch line, LP CIGGS owned by Hilcorp, using a portion to connect KPL’s Middle Ground Shoals Facility to CIGGS-A.

Natural gas pipeline changes include extension and modification of the Tyonek Pipeline with replacement of an existing 8-mile segment; modification of KPL Junction piping; necessary modifications and repairs to remaining portions of the Tyonek line between Halbouty Hill and Moose Point; and construction of a new 7.5-mile extension of the Tyonek line to Ladd Landing, allowing gas from the Tyonek Platform and the KPL Junction to enter the Beluga Pipeline segment of KBPL’s pipeline system in a parallel path with the existing CIGGS-B pipeline.

The capacity exchange agreement between CIPL and KBPL states that CIPL will bear the investment cost of reconfiguring the lines and KBPL’s natural gas shippers will not experience a rate increase as a result of reconfiguration.

**Benefits of reconfiguration**

RCA said CIPL and KBPL provided a description of benefits for reconfiguration in their filings, asserting that the plan "will reduce environmental hazards by eliminating marine tanker transportation of crude oil and by reducing the amount of crude oil stored in an area that is volcanically active," will more efficiently use rights of way, put existing infrastructure to its highest and best use, "improve the quality and efficiency and reduce the costs of transporting hydrocarbons in the Cook Inlet area" and benefit the local economy.

On costs, the companies said there would be "an overall reduction of transportation costs for oil produced on the west side of Cook Inlet that will extend the economic viability of Cook Inlet production and the Tesoro refinery (now Andeavor owned) and will encourage future exploration and development."

By separating CIGGS-A and CIGGS-B lines and making the Tyonek Pipeline available for gas transportation, an alternative gas line will be physically separated from the two CIGGS lines, reducing the risk of "a system-wide disabling event caused by a common incident."

**Capacity exchange, construction**

RCA said the under the capacity exchange agreement CIPL and KBPL "have agreed to exchange all of the oil carrying capacity of CIGGS-A owned by KBP for all of the gas carrying capacity of the Tyonek Pipeline owned by KBPL," with neither party required to compensate the other.

RCA said it issued temporary construction permits requiring CIPL to begin construction and said this order grants permission for continued construction and completion of the work.