

AGDC says it needs until June to answer more of FERC's engineering questions

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The Alaska Gasline Development Corp. (AGDC) has told federal regulators it will be late June before the state-led project team can provide all the detailed engineering data requested in December for the proposed Alaska LNG project's gas treatment plant at Prudhoe Bay and gas liquefaction plant in Nikiski.

AGDC on Jan. 15 responded to 76 technical engineering data requests submitted Dec. 26 by the Federal Energy Regulatory Commission (FERC), which is preparing the project's environmental impact statement. The state corporation answered five of the requests. It said it would provide responses to forty-three of the questions by March 1, twenty-two by May 3, and the last six by June 28.

However, that is not the end of the data requests.

The same day as the state filed its response with FERC, the commission's Office of Energy Projects issued an additional 20 pages of detailed engineering questions for AGDC covering the gas treatment plant, the liquefaction plant, LNG storage tanks, and hazard mitigation designs. The state has 20 days to answer the questions or provide a schedule for when it will.

In addition to the December and January questions — which focused mostly on plant design, safety and emergency systems — AGDC still owes federal regulators more information about the project's 27-mile underwater pipeline crossing of Cook Inlet. AGDC on Dec. 7, 2018, told FERC it would need until September 2019 to fully respond to more than a dozen of the questions about the Cook Inlet crossing.

The state project team proposes to bury the 42-inch-diameter pipe near shore as it enters the water on the west side of Cook Inlet near Beluga, lay the concrete-coated pipe directly on the seafloor across the inlet, then again bury it as it reaches shore on the east side for the last 14 pipeline miles to the gas liquefaction plant site.

In August 2018, FERC reported it would issue its draft environmental impact statement (EIS) for the state-led \$43 billion North Slope natural gas project in February 2019. FERC did not provide a specific date for the release, nor did it address the schedule in its latest requests of AGDC for more information.

It's not unusual for the regulatory agency to continue asking for additional information as it prepares an EIS — particularly engineering design questions about an LNG plant — and FERC can add information to its review between the draft and final EIS. The February release date and scheduled final EIS in November 2019, however, are dependent on regulators having enough information to complete the review. FERC would issue a public notice if it makes any change in the schedule.

Meanwhile, it will be tight for AGDC to cover its spending to the final EIS in November unless it receives additional state funding from the Legislature. The project team reported at the Jan. 10 AGDC board meeting that the corporation will end the fiscal year on June 30, 2019, with just about \$15 million available from past legislative appropriations — after spending an average \$3.6 million a month for the first six months of calendar 2019.

AGDC continues working toward making a global pitch to attract private investors for the project, according to a staff presentation at the board meeting. Selling off a stake in the project to private investors could be an alternative to additional state funding at this stage in the venture.

A majority of the board members has changed under the administration of Gov. Michael Dunleavy, who took office in December, and the new board dismissed AGDC President Keith Meyer on Jan. 10. He was replaced by Joe Dubler, who worked in commercial and finance roles at the corporation from 2010 to 2016.

Dubler left AGDC about the same time that North Slope oil and gas producers ExxonMobil, BP, and ConocoPhillips declined to push ahead with project development and permitting with the state taking over 100 percent of ownership and development costs. The state filed the project application with FERC in April 2017.

Among the answers and data AGDC said it would provide to FERC by March 1:

- More information about where the pipeline crosses active earthquake faults, including the hazards and estimated vertical and horizontal offsets of active faults.
- A more detailed route map of the 62-mile pipeline from the Point Thomson field to Prudhoe Bay and the 807-mile pipeline from Prudhoe Bay to Nikiski, showing all volcanic and seismic hazards within 5 miles of the pipeline; all oil and gas wells and mines within a half-mile of the route; and “areas requiring special treatment of permafrost” within a quarter-mile.
- A flare-sizing analysis in the event of a complete safety shutdown of the LNG plant and resulting gas release to relieve pressure on the piping and equipment.
- Information on the type of piles (such as steel pipe or precast concrete) that would be used for the foundations at the LNG plant and marine terminal.

- Whether AGDC plans to reroute an active 20-inch-diameter gas pipeline owned by Hilcorp, that runs parallel to the Kenai Spur Highway at the proposed LNG plant site. If the project does not plan to reroute the pipeline, FERC wants to know how AGDC plans to protect the line during construction.

On the list for answers by May 3:

- More information on how the LNG plant and its emergency response equipment would be protected against winds in excess of 110 miles per hour. Federal regulations require such high-wind contingency planning.
- How AGDC plans to protect sensitive equipment at the LNG plant from volcanic ash in the event of an eruption.
- Additional details on AGDC's plans to relocate part of the Kenai Spur Highway around the LNG plant site, specifically emergency access roads to the plant, and on speed limits and turning lanes built into the new stretch of highway.
- More information on firefighting water-coverage areas at the LNG plant and marine terminal, specifically the reach of water sprays. "FERC staff review identified several areas that were lacking adequate firewater coverage," the regulators told AGDC.

On the list for June 28:

- Additional information on the design of the piping on top of the LNG storage tanks and the impoundment area for any tank spills.
- More details on piping diagrams at the gas treatment plant at Prudhoe Bay.

Among the data requests in FERC's Jan. 15 letter to the state team:

- Provide a table of all piping and ships that would be used in the project that could produce spills of at least 500 gallons of combustible, flammable, or toxic liquids, including details on spill-impoundment areas.
- More information on the risks and safety plans for a breach or failure of high-pressure carbon dioxide pipelines.
- Identify fire protection coverage for all flammable and combustible gas and liquids that would be present at the gas treatment plant at Prudhoe Bay.
- Provide more details on how the project design would protect against a spill from the LNG loading arm at the dock in Nikiski.
- And provide an analysis of the impacts should the LNG pipe on the trestle to the loading dock fail and spill over the beach and waterway.