Alyeska Escorts Eleven-Thousandth Tanker Safely Through Prince William Sound

In Alaska’s Prince William Sound, winter storms can drive ferocious winds and pounding waves into the Port of Valdez. Despite these conditions, heavily-laden crude oil tankers are escorted through this often brutal weather on a steady schedule. On Jan. 28, 2009, Alyeska Pipeline Service Company achieved an operational milestone when marine tanker Polar Resolution departed from the Valdez Marine Terminal under escort by tugs Alert and Aware. The people of Valdez are used to seeing the mighty tugs accompany the giant tankers, but this event was special as it marked the eleven-thousandth time a tanker has benefited from an escort as it journeys through the Sound, courtesy of Alyeska’s Ship Escort/Response Vessel System, commonly referred to as SERVS.

This important achievement was reached thanks in part to sophisticated tugs and other state-of-the-art equipment, but primarily through the hard work and dedication of the people who work at SERVS. “This is a great example of the work we do to protect the environment and transport oil safely day in and day out,” said Kevin Hostler, Alyeska President and CEO.

Alyeska’s owner companies and marine shippers established SERVS in 1989 to provide world-class escort services to Trans-Alaska Pipeline System (TAPS) tankers that transit the waters of Prince William Sound, and to provide comprehensive protection and oil spill recovery strategies to protect the waters of the Sound.

SERVS fulfills its prevention mission by providing two tugs, with a combined 20,000 HP, to escort each laden tanker from the (continued on page 2)
What year did Flint Hills come to Alaska?
2004.

Where does Flint Hills operate in Alaska?
The refinery and supply racks are located in North Pole, Alaska; a products terminal at the Fairbanks International Airport; and a products terminal and supply racks at the Port of Anchorage.

Where else does Flint Hills do business?
Flint Hills Resources has refineries in Pine Bend, Minnesota, and Corpus Christi, Texas. There are petrochemical production facilities in Illinois, Michigan and Texas. The company also produces and markets asphalt in the Midwest and owns an interest in a base lube oil facility in Louisiana.

How many employees does Flint Hills have in Alaska?
175 employees in Alaska.

What types of products are refined at Flint Hills?
Jet fuel, gasoline, high sulfur diesel, turbine fuels and asphalt.

What type of expansion plans does Flint Hills have for Alaska?
Expansion plans for Flint Hills Resources in Alaska are contingent on improved World economics that will result in increased demand for the products and on the economic climate for refining in Alaska.

Above: A Flint Hills employee loads jet fuel at a rail rack for shipment to Anchorage. Right: The Flint Hills crude unit #2 located at the North Pole refinery glows brightly in a cold December night.
(Photos courtesy of Flint Hills)
Special Events

AOGCC Celebrates 50 Year Anniversary

The Alaska Oil and Gas Conservation Commission (AOGCC) was created in 1958 to regulate the safe production of Alaska’s oil and gas resource. AOGCC serves a vital role and shares a common mission with the Alaska Oil and Gas Association: Provide for the long-term viability of Alaska’s oil and gas.

The AOGCC is similar to other agencies in oil and gas producing states which regulate the oil and gas industry. The primary responsibilities of this independent, quasi-judicial agency are to prevent waste during oil and gas production, provide oversight of well drilling, maximize the potential of all oil and gas reserves in Alaska and mitigate risks for underground water.

The Commission is comprised of three individuals appointed by the governor. State law requires that a petroleum engineer, a geologist and a public member fill the three seats on the Commission. Currently, the Commission is chaired by Dan Seamount (geologist), with Cathy Foerster (petroleum engineer) and John Norman (public member) serving as the other two appointed commissioners.

If an oil company wants to drill an exploration or production well, or make modifications to existing exploration or development plans, they work directly with the AOGCC. The AOGCC also actively monitors and inspects current oil and gas work, both on the North Slope and in Cook Inlet to ensure the safety of the operations.

The agency was created before production began in Alaska, as it was recognized that there would need to be an agency to provide this type of oversight. For the past 50 years, AOGCC has dutifully fulfilled its obligation to the state and continues to serve an important role in the production of Alaska oil and gas resources. Visit AOGCC’s Web site at www.aogcc.alaska.gov for information.

On the Job

Andy Mumford, Operations Financial Analyst, Petro Star Inc.

His name is Andy Mumford and he’s called Alaska home for nearly 27 years, having moved to Barrow from Wyoming when he was less than a year old. He now lives in Fairbanks and works for Petro Star Inc. at the North Pole Beaverbrook office as an operations financial analyst and price book coordinator.

A subsidiary of Arctic Slope Regional Corp. (ASRC), Petro Star Inc. was established by a group of veteran petroleum industry professionals in 1984. It is the only Alaskan-owned refining and fuel marketing operation in the state. Its six divisions include aviation, heating fuel, lubricants, marine, refining, and retail food and convenience stores. Andy works primarily on the heating fuel and retail side.

“I analyze everything in our operations which include volume at the pumps, total inside sales by category, to profit and loss statements and then submit scorecards identifying financial performance by location to management.” Andy said. “The best part of my job is being able to interact with each store. It’s always

(continued on page 4)
Technology Spotlight

Offshore Spill Response Technology

The history of offshore exploration and production operations around the world confirms that large spills are extremely rare events. In 2003 the National Academy of Sciences reported that only 1 percent of the oil discharges in North American waters are related to the extraction of petroleum, and only a fraction of those are from drilling operations. There has never been an oil spill caused by a blowout from offshore exploration and production drilling in state and federal waters off Alaska or in the Canadian Arctic. According to the U.S. Coast Guard classification, there have been no major spills from U.S. exploration or production platforms since 1973.

In the unlikely event of a spill, several response techniques are typically employed. They include mechanical recovery, dispersants (chemical agents used to reduce the effect of oil spills by changing the chemical and physical properties of the oil), and controlled in-situ burning (ignition and burning of an oil spill on the surface of the water). Detection and monitoring of oil spills are important components of spill response.

Tracking an oil spill can be accomplished through airplane and helicopter surveys, Forward Looking Infrared Radar (FLIR) systems, Global Positioning Systems (GPS), digital cameras, etc. In addition, tracking buoys and various types of radar reflectors can be launched from vessels on location at the beginning of a spill and at appropriate intervals thereafter to help track the oil. Specialized ice-strengthened beacons have been used successfully for many years to track ice movements over an entire winter season throughout the polar basin.

Techniques for detecting and tracking oil under ice include drilling holes and trenches in ice, using Autonomous Underwater Vehicles (AUVs), or surface-operated, portable Ground Penetrating Radar (GPR). Off-the-shelf GPR systems are capable of airborne (helicopter) mapping of oil on the ice surface buried under snow. Alaska Clean Seas (ACS) recently acquired a GPR system to deal with the potential for pipeline spills under the snow in Prudhoe Bay fields. Industry continues to fund projects that improve the ability to detect oil under ice. The most recent project aims at evaluating a feasibility of Nuclear Magnetic Resonance (NMR) for oil detection under ice. NMR has been used to characterize ground-water aquifers for well logging and reservoir rock core analysis in the oil industry. For applications in oil spill detection, a very important aspect of NMR is that the presence of snow or ice does not interfere with detection, and gives a promise of successful detection of oil under ice.

(On the Job continued from page 3)

different – I’m never really sure what I’m going to do every day, and that keeps it interesting.”

An ASRC shareholder, Mr. Mumford started out as a seasonal laborer at Sourdough Fuel, another ASRC subsidiary, the summer after his senior year of high school. The goal was to raise money for college. He enrolled in the University of Alaska Fairbanks in the autumn of 2000, and then continued working for Sourdough Fuel over Christmas break and a second summer before being approached by Operations Manager Doug Richmond, who offered him one of the company’s coveted internships.

The internship was with Sourdough Fuel’s marketing department, and it proved a good fit. A self-described “numbers guy,” Andy said he gained valuable experience working on the administrative side of things. “I ended up receiving a degree in business finance, so numbers
come easily to me,” he said. “I’d rather be dealing with numbers and the retail store employees than sitting behind a desk doing paperwork.”

Andy has seen the Fairbanks area grow and change a lot over the years, but his love for hockey has remained a constant. He played hockey in high school and moved on to play junior hockey for the Fairbanks Ice Dogs, and he now coaches a youth hockey team. “Playing hockey, coaching hockey – that’s what keeps me in Fairbanks,” he said.

Although Andy’s brother and sister moved to Anchorage, his mom and dad still live and work in Fairbanks, Mr. Mumford says the family ties are strong: His mom also works for Petro Star Inc., and his sister works for ASRC. Thanks to hard work, on-the-job training, and a strong commitment to ASRC, at only 27 years old, Andy Mumford has become a valued member of the Petro Star Inc. team.
“WHAT A DIFFERENCE A YEAR MAKES”

AOGA members will provide insight into how Alaska’s oil and gas industry is responding to the dramatic changes over the past year.

Alaska Oil and Gas Association Annual Luncheon
Sheraton Hotel, Anchorage, AK  $30 per person/$240 tables of 8
Doors open at 11:30. Luncheon begins at Noon.
Don’t miss it! RSVP today by visiting www.aoga.org or by calling 272-1481.

Save the Date
Wednesday, May 13, 2009