

# straight talk

DEC 2015/JAN 2016

*Alaska Oil and Gas Association*

## Hilcorp seeks public comments on proposed Liberty project

In an exciting development for Alaska's oil patch, Hilcorp Alaska, LLC, is pursuing the necessary permits and authorizations to develop the Liberty reservoir several miles offshore the central North Slope. The first major step in this process is the approval of the Development and Production Plan (DPP). Hilcorp recently filed its plan with the Bureau of Ocean Energy Management (BOEM) and it is now open for public comment.

The Liberty oilfield contains one of the largest potential sources of new light oil production on the North Slope, with an estimated 80-130 million barrels of recoverable oil. Development of Liberty will help offset

***To learn more and to comment, visit [regulations.gov](http://regulations.gov) and either enter "Liberty Alaska" into the search, or use ID number BOEM-2015-0068-0001 to get to the Liberty comments site.***

declining light oil production on the North Slope and contribute to increasing the life span and efficiency of the Trans-Alaska Pipeline System (TAPS). An additional 60,000-70,000 barrels of oil per day from Liberty would be a welcome addition to keeping the pipeline operational for years to come.

The Liberty field would produce oil from an existing lease in the Beaufort Sea using a man-made gravel island. Artificial islands in the Beaufort Sea date back to the mid-1970s; in fact, during the last 40 years, 18 such islands have been responsibly constructed for exploration and development of oil and gas.

Liberty is well past the exploration phase, and the DPP outlines how the oil from the reservoir will be developed and produced. The oil will be shipped by pipeline into existing infrastructure on the North Slope and into TAPS.

It is important for regulators to hear Alaskans' opinions about this project. To learn more and to comment, visit [regulations.gov](http://regulations.gov), and either enter "Liberty Alaska" into the search, or use ID number BOEM-2015-0068-0001 to get to the Liberty comments site. Comment deadline is January 26, 2016. ♦

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## Alyeska achieves major milestone with forward flow at Pump Station 1

Alyeska Pipeline Service Company recently started up new mainline pumps at Pump Station 1. This marks the forward flow of crude oil through the station's new Electrification and Automation pumps, a significant achievement in the ongoing push to update the pumping systems on the Trans Alaska Pipeline System.

Forward flow commenced Thursday, October 15. Modern pumps, controlled by the high-tech Operations Control Center in Anchorage, are moving oil. Pump Station 1 is the fourth and final station to undergo the upgrade.

Progress continues on the project as teams conduct additional testing and analysis and work to bring a new 5 MW generator online.

Electrification and Automation helps position TAPS for more efficient operation while maintaining or enhancing safety, operational integrity and environmental performance. The new system is modular and scalable and provides flexibility for future increases or decreases in throughput.

"I want to thank the many people who have played a role and who have brought us this far and will continue their involvement until Pump Station 1 meets the criteria for full operational acceptance," said Tom Barrett, Alyeska President. "It's a terrific example of professionalism, innovation and teamwork on TAPS." ♦



*Pump Station One, Deadhorse, Alaska. Oil takes about two weeks to go from the North Slope to the terminus of the trans-Alaska oil pipeline, in Valdez.*

## AOGA welcomes Cory Quarles to the Board **ExxonMobil**



*Cory Quarles*

AOGA is pleased to welcome Cory Quarles to its Board of Directors. Quarles joins the board in his new role as ExxonMobil's Alaska Production Manager.

Quarles joined ExxonMobil in 1998 and has since held various technical and supervisory positions. In 2010, he was named asset manager for the Beryl offshore platforms in the U.K. In 2012, he was assigned operations technical engineering manager for ExxonMobil's subsidiary in eastern Canada to oversee a multi-disciplined technical organization.

Quarles was appointed global facilities engineering manager of ExxonMobil Production Company in 2014, with responsibility for providing specialized engineering support to producing oil and gas facilities worldwide.

Quarles is a native of Houston, Texas, and holds a chemical engineering degree from Texas A&M University. ♦

## Big industry projects go online to inform, update Alaskans

Alaska oil and gas producers are using the Internet and social media to enhance public outreach efforts as several large projects get underway across the state.

Hilcorp Energy, LLC, is currently working with the Bureau of Ocean Energy Management as it navigates the first of several permit applications for its proposed Liberty project. The Liberty development will be a self-contained, offshore drilling and production facility located on an artificial gravel island with a pipeline to shore. The island will be built about 5 miles offshore in Foggy Island Bay of the Beaufort Sea OCS in approximately 19 feet of water, about 2 miles west of the Tern Island shoal. It is slated to begin construction in 2017/2018. During its approval and permitting process, Hilcorp has increased its outreach efforts by creating a Liberty development plan website: [www.libertyprojectak.com](http://www.libertyprojectak.com)

“Hilcorp is working hard to help people understand the project and the process. We’re utilizing the Web and grass roots efforts to ensure an open and transparent dialogue with Alaskans and

regulators,” said Hilcorp Alaska Manager of External Affairs Lori Nelson.

But Hilcorp isn’t alone in using digital media to get its messages out.

Other large Alaska projects, including the proposed Alaska LNG project ([ak-lng.com](http://ak-lng.com)) and ExxonMobil’s soon-to-be producing Point Thomson field (<http://corporate.exxonmobil.com/en/company/worldwide-operations/locations/united-states/alaska/point-thomson>) have also turned to the World Wide Web for messaging and information dissemination.

While any Alaska LNG project is years away, Point Thomson is expected to begin production in 2016, after decades of planning, permitting and exploration.

Regardless of size of project or stage of operation/completion, Alaska producers realize that by utilizing social and digital media they can bolster traditional outreach efforts. ♦

## AOGA board members participate in the Covenant House Sleep Out

Recently, several members of AOGA’s board of directors and staff participated in the 2015 Covenant House Sleep Out, an event to raise awareness for homeless youth. Participants slept outside in tents or boxes while raising funds for Covenant House Alaska, a charity that serves thousands of local young people every year. This year, more than \$300,000 was raised by Sleep Out participants and their donors. Here, AOGA board members and staff share why they decided to sleep outside in the snow for Covenant House Alaska. More information can be found at: <https://ak.covenanthouse.org/>. Photo credit: Andre Horton Photography, used with permission. ♦



Janet Weiss, BP Alaska



Dave Wilkins, Hilcorp Alaska



Kara Moriarty, AOGA



Cory Quarles, ExxonMobil



Michelle Egan and Tom Barrett, Alyeska Pipeline

## AOGA PRESIDENT/CEO MESSAGE:

# Changes in state oil industry mean Alaska must look for new solutions



It is a tough time for the oil and gas industry in Alaska and, by extension, for the entire state. Low prices have forced the industry to take a long, hard look at every business decision it makes and justify each investment dollar spent. This low-price environment is predicted to continue for the near future, forcing the paradigm to shift on the industry and the state of Alaska.

Alaska is uniquely challenged by low oil prices in one key way: No other state is so dependent on one industry to provide the lion's share of state government revenue, or to fuel a full one-third of its economy. In short, no other state faces a crisis quite like ours.

Lawmakers and community leaders have already begun discussions about where and how to generate more revenue. Unfortunately, some of the same voices have already begun calling for taking more from the industry, which is not

surprising, but still disappointing. At a time of low prices, we desperately need more from our leaders than the tired and counterproductive strategy of, "Just raise taxes on the oil and gas industry."

The oil and gas industry, which over the last decade has historically provided about 90 percent of the state's spending money, has carried the load for years. With production waning and prices staying stubbornly low, there is simply not enough left to give more. As Governor Walker's budget director said during the last legislative session, "...oil is not the answer" to the state's budget shortfalls.

It is not my place to make recommendations about how the state should restructure its finances. I applaud the governor and legislators for at least beginning to talk about how serious the problem is and what potential solutions might look like. Whatever proposals emerge, they must be realistic about how the state and the industry have changed and what steps citizens will accept to close the gap. ♦



## Pink Petro launches Anchorage hub, aims to connect women working in oil and gas

Pink Petro, a social media community, recently designated Anchorage as one of its worldwide hubs. The organization's goal is to connect and professionally develop women with careers in the energy industry.



Since its launch, Pink Petro has already amassed hundreds of members in 21 countries and garnered international media attention. A primary reason that CEO Katie Mehnert launched Pink Petro was to help address the gender imbalance in the energy industry. A March 2014 study commissioned by the

American Petroleum Institute notes that women make up 19 percent of the workers in the oil and gas and petrochemical sectors. Yet, overall in the U.S. economy, women account for nearly half the country's workforce.

"No other social media site has been developed with the mission to help women - whether they are in the classroom, the field, the office or the boardroom - succeed in the energy industry. Another way we are differentiated is that men can join, because we recognize that men's perspectives and voices are needed to help correct the gender imbalance in our industry," Mehnert said. "This is why people are describing Pink Petro as a 'disruptive force' in the energy industry."

More information can be found at [www.pinkpetro.com](http://www.pinkpetro.com). ♦

# brain-i-AK website provides industry information to Alaskans



Earlier this year, AOGA launched brain-i-AK (www.brainiAK.com), a website and quiz designed as a fun, informal way to test the oil and gas IQ of Alaskans. While the oil and gas industry has been crucial to the state of Alaska's growth over the past 40 years, including support

for one in three Alaska jobs and providing the majority of state government spending, surveys show Alaskans don't feel confident in their knowledge of how the industry works or benefits the state.

To date, more than 5,300 Alaskans have taken the 10-question industry quiz, and more than 63,000 people have visited the site.

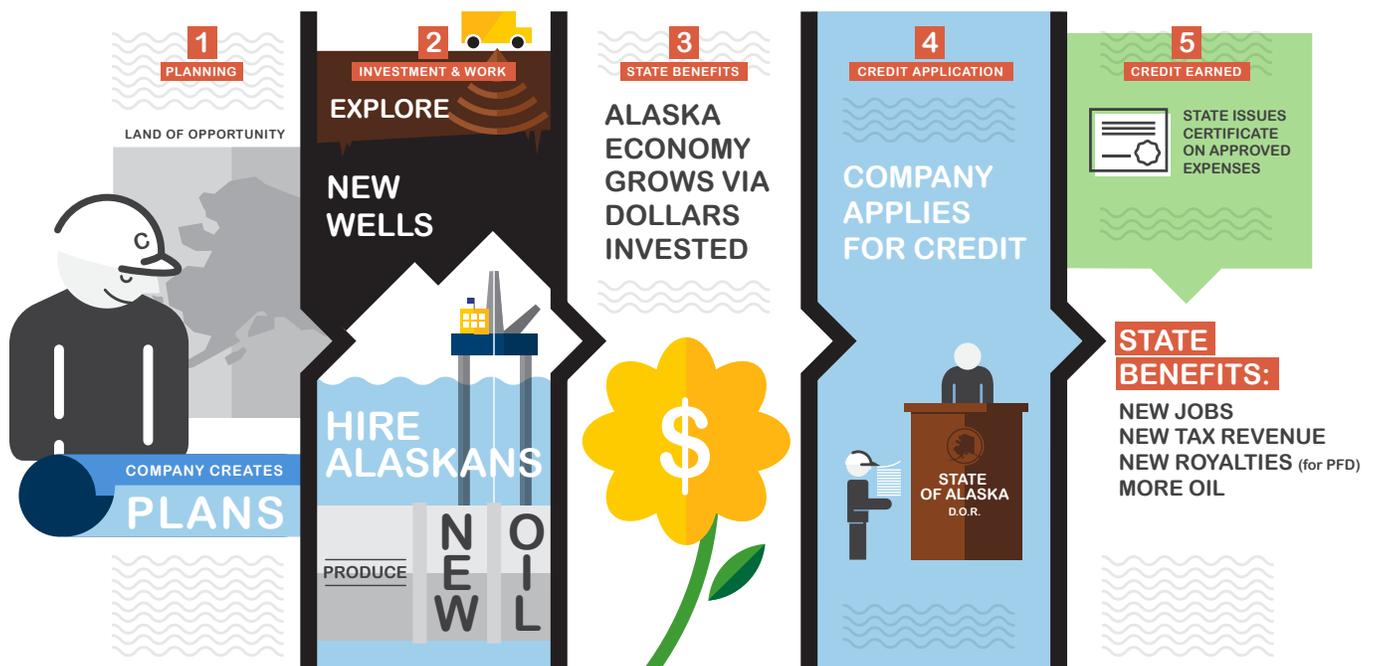
"Using a highly visual, interactive approach like brain-i-AK to share industry information is a new approach to making information available to the public," said Alaska Oil and Gas President and CEO Kara Moriarty. "Seeing the results from the quiz during recent months is instructive because we know Alaskans have questions about the industry, and thousands of citizens now have more information on a subject that is critically important." ♦

# Tax credits help fuel exploration and development of Alaska's resources

Have you ever wondered how Alaska's oil tax credits work? When the state invests in the local oil and gas industry by incentivizing new projects, it is really investing in its own economy and people, both today and tomorrow. This is because just one oil company job creates many more throughout the statewide economy; in fact, McDowell Group's most recent study showed that for every industry job, another 20 are created in Alaska. The current tax-credit system fosters economic activity across Alaska, as seen

through increased industry investment statewide the past few years. These policies have generated a direct benefit to the economy as a whole and should not be viewed as just an expense by the state, especially when tax credits have led to increased oil and gas production in Alaska and the creation of more jobs. Overall, tax credits are an investment in the future of the industry in the state and play a vital role in bringing new companies to Alaska. ♦

## TAX CREDITS HOW DO OIL & GAS COMPANIES EARN THEM?





121 W. Fireweed Lane, Suite 207  
Anchorage, AK 99503-2035  
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## AOGA Staff

Kara Moriarty,  
President/CEO

Sarah Erkmann, APR  
External Affairs Manager

Joshua Kindred,  
Environmental Counsel

Kate Blair,  
Committee & Projects Coordinator

Tamara Sheffield,  
Support Services

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## Alaska Oil and Gas Association

The Alaska Oil and Gas Association (AOGA) is a professional trade association whose mission is to foster the long-term viability of the oil and gas industry for the benefit of all Alaskans.

Our 10 member companies represent the majority of oil and gas exploration, production, transportation, refining and marketing activities in Alaska.

Learn more about the issues facing the largest economic driver in the Alaska economy at [www.aoga.org](http://www.aoga.org). Sign up for our newsletters and follow us on Facebook and Twitter for the latest information on the oil and gas industry in Alaska.

Contact information: 907-272-1481 or [info@aoga.org](mailto:info@aoga.org)

Facebook: [AlaskaOilAndGas](https://www.facebook.com/AlaskaOilAndGas) Twitter: @AOGA



AOGA staff from left to right: Tamara Sheffield, Kate Blair, Joshua Kindred, Sarah Erkmann and Kara Moriarty

