

Hilcorp advances plan for cross-Inlet oil pipeline

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Hilcorp Energy is moving ahead with its \$75 million plan to ship oil across Cook Inlet.

Harvest Alaska, Hilcorp's pipeline subsidiary, filed applications with the Regulatory Commission of Alaska Sept. 8 requesting approval to expand the Inlet's pipeline network and ultimately pipe oil from west Inlet facilities to the Andeavor refinery in Nikiski.

The project includes constructing new subsea and onshore pipelines as well as repurposing a cross-Inlet gas pipeline into an oil line to feed the refinery at Nikiski.

"The Cross-Inlet Expansion Project will bring a higher level of safety and reliability for shipping oil across Cook Inlet. We think it's the right thing to do," Harvest President Sean Kolassa said in a company release.

Repurposing the existing cross-Inlet gasline will mean installing a new gasline from the Tyonek platform to tie into the large Beluga gas transmission line on the west side of the Inlet.

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Also, oil flow that now goes from Granite Point south to the Trading Bay processing facility and on to the Drift River storage and tanker loading terminal will be reversed.

The Drift River tank farm, with capacity in excess of 1 million barrels of oil, feeds the offshore Christy Lee tanker loading platform via pipeline. Its location in the shadows of Mt. Redoubt, an active volcano, has long made it an environmental concern.

The Drift River facility was partially flooded by a snowmelt-ash sludge in April 2009 after Redoubt erupted. Then operated by Chevron, the tank farm was shut down as a precautionary measure.

Hilcorp restarted the then-40-year-old terminal in late 2012.

Hilcorp has been investigating the prospect of a subsea oil transmission line — a lower spill risk option than tanker traffic — for some time, Hilcorp Senior Vice President Dave Wilkins said in a prior interview with the Journal.

Its purchase of the Tyonek platform and associated pipelines last year from ConocoPhillips gave the company what it needed to make the project economic, according to Wilkins.

The company has already ordered U.S. steel in preparation for next year's construction season and hopes to have the project complete by the end of 2018, according to the release.

Hilcorp took significant heat starting in February when a natural gas leak was discovered in one of its subsea Inlet pipelines and the company was unable to fix it for roughly two months as heavy ice flows made it unsafe for dive crews to reach the pipeline.

Executive Director of the Cook Inlet Regional Citizens Advisory Council Mike Munger said in the Hilcorp release that the nonprofit tasked with oversight of Inlet oil and gas operations is pleased that the company is progressing an oil pipeline as a safer alternative to tanker shipments.

"The council has advocated for a crude oil subsea pipeline since the reopening of the terminal after the 2009 Mt. Redoubt eruption," Munger said. "We support Hilcorp's project and we look forward to working closely with them through this process to ensure it's done responsibly."

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