



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Natural Resources

OFFICE OF THE COMMISSIONER

550 West 7th Avenue, Suite 1400
Anchorage, AK 99501-3561
Main: 907.269.8431
Fax: 907.269.8918

**State of Alaska
Department of Natural Resources
Division of Oil and Gas
State Pipeline Coordinator's Section**

**Commissioner's Statement of Reasons and Proposed Written Determination
Trans-Alaska Pipeline Right-of-Way Lease and Associated Rights Renewal
ADL 63574**

11 AAC 80.075

Proposed Action

The State of Alaska, Department of Natural Resources (ADNR), proposes to renew the Trans-Alaska Pipeline System right-of-way lease, ADL 63574, and associated rights, for a term of 30 years.

Introduction

On May 3, 1974, the State of Alaska executed the Trans-Alaska Pipeline Right-of-Way Lease (Lease), ADL 63547, authorizing the construction and operation of the Trans-Alaska Pipeline System (TAPS) across state land. The Lease renewal on November 26, 2002, took effect May 2, 2004, with an expiration date of May 2, 2034. TAPS is owned by Harvest Alaska, LLC (49.1069%), ConocoPhillips Transportation Alaska, Inc (29.6102%), and ExxonMobil Pipeline Company LLC (21.2829%). Alyeska Pipeline Service Company (Alyeska) operates TAPS and is the agent for the TAPS-owner companies.

TAPS is an 800-mile, 48-inch diameter crude oil pipeline that runs north to south across Alaska from Deadhorse to Valdez. The pipeline route is largely in the vicinity of the Dalton, Elliot, and Richardson Highways, and passes through or near Wiseman, Coldfoot, Fairbanks, Delta Junction, Glennallen, Copper Center, and Valdez. The Pipeline is located on State land for 580 miles. In May 2026, the State acquired nearly 1.4 million acres of land along the Dalton Utility Corridor from the United States, Department of Interior, Bureau of Land Management. This land is transferred to the State subject to various pre-existing Federal pipeline rights-of-way

and leases. Following acceptance of management authority, the State will administer those federal leases until expiration or voluntary termination by issuance or inclusion in a state lease.¹

The pipeline is elevated above ground for 420 miles and buried for 380 miles, with a work pad and drive lane adjacent to the pipeline for the majority of the route, four operating pump stations, and 225 access roads. TAPS also includes a 149-mile buried natural gas pipeline from Pump Station 1 in Deadhorse to Pump Station 4 near Galbraith Lake. TAPS transports more than 450,000 barrels of crude oil per day from the North Slope to the Valdez Marine Terminal (VMT), where it is loaded onto tankers for shipment to US markets. Recent rates have exceeded 500,000 barrels per day and are expected to continue to climb to 600,000 barrels per day and beyond in the coming years according to Alaska Department of Natural Resources production forecasts. The VMT has storage facilities for more than six million barrels of oil with loading berths to accommodate two tankers at once.

On September 2, 2026, Alyeska submitted an application for renewal of the Lease and Associated Rights for a term of 30 years. The procedures for renewal of an AS 38.35 pipeline right-of-way lease are set out in 11 AAC 80.065–085. Public notice of the application for renewal was published on September 9, 2026. The public notice also announced a virtual public hearing scheduled for October 13, 2026; and an in-person public hearing scheduled for October 15, 2026, in Valdez, Alaska. This determination considers the materials provided in support of Alyeska’s request for lease renewal; the administrative record for the TAPS Right-of-Way Lease, ADL 63574; the Associated Rights and related case records; and agency reports provided in support of TAPS renewal.

Renewal Requirements

AS 38.35.110 states that leases of state land for pipeline right-of-way purposes shall be renewable for additional periods of up to 30 years each, provided the lessee is in commercial operation; is in full compliance with all state laws, including but not limited to state law pertaining to regulation and taxation of the pipeline facility; and is in compliance with all terms of the lease. In making this determination, the commissioner shall take into consideration the cost of the proposed pipeline, its useful life, and the probable financing requirement for the proposed pipeline.

A review of the criteria, as they apply to the Application, is set out below, followed by a discussion of the additional considerations.

¹ AS 38.35.230(10) defines “state land.” Agreement and Grant of Right-of-Way for Trans-Alaska Pipeline by the United States of America, Section 1.F.

Commercial operations

AS 38.35.110 requires the lessee to be in commercial operation as a condition of renewing a pipeline right-of-way lease. TAPS has been shipping oil for over 49 years. Over that span, TAPS has transported more than 18 billion barrels of oil from the North Slope of Alaska to the Valdez Marine Terminal. Recent oil production forecasts presented to the Alaska State Legislature have indicated additional production from new and existing North Slope developments is expected to be sustained or increase in coming years, which would necessitate the continued commercial operation of TAPS for the renewal period.

Compliance with state law and lease terms

ADNR's primary responsibility in the TAPS right-of-way renewal is to regulate the use of state land and ensure strict adherence to all governing statutes. Because the TAPS Lease fully incorporates the requirements of AS 38.35 and associated regulations, ADNR's findings necessarily address both compliance with state law and lease terms. These findings form the basis of ADNR's determination regarding the renewal of the Lease.

Alyeska has been operating TAPS for the TAPS Owners for over 49 years. There are currently no incidents of significant non-compliance on record with any regulating agencies of the State, as discussed further below. While over the course of 49 years of pipeline operations there have at times been spills and other violations, Alyeska and the TAPS Owners have complied with all requirements of the regulating entities to take corrective action.

The Joint Pipeline Office (JPO), a consortium of federal and state agencies with authorities over TAPS operations, provides a coordinated multi-agency approach for regulatory oversight of TAPS. ADNR meets with JPO agency representatives on a routine basis to discuss ongoing oversight activities. JPO liaisons from the Alaska Departments of Environmental Conservation, Fish and Game, Labor and Workforce Development, and Public Safety provided reports describing the Lessee's compliance under their respective authorities for purposes of this renewal. The following agency-specific sections include excerpts taken directly from these reports.

Alaska Department of Revenue

ADNR received information from the Alaska Department of Revenue (ADOR), Tax Division for the purposes of making a compliance finding under AS 38.35.110(a). ADOR has determined that the Lessees and Alyeska are in compliance with state tax provisions administered by the Tax Division.

Alaska Department of Natural Resources

ADNR authorities applicable to TAPS Lease renewal are derived from the Alaska Land Act (AS 38.05), the Right-of-Way Leasing Act, (AS 38.35), and associated regulations. These obligate the Lessee to ensure compliance with these statutes and regulations themselves and the contractual terms of the Lease issued under these authorities. The State Pipeline Coordinator Section's (SPCS) lease compliance and engineering subject matter experts conduct routine and project-specific field surveillances of the TAPS and facilities and produce lease compliance reports to ensure this compliance. Compliance and engineering staff often conduct site visits to observe pipeline integrity investigations, pump station operations, and maintenance activities along the entire TAPS corridor. The engineering program within the SPCS is tasked with ensuring compliance with the technical stipulations of the Lease and that all construction, operation, and maintenance practices are in accordance with safe and proven engineering standards, including American Petroleum Institute recommended practices and American Society of Mechanical Engineers national standards. SPCS engineers participate in the review and, if warranted, approval of modifications to Alyeska's integrity management program, quality assurance program, surveillance and monitoring program, design basis, welding program, and leak detection program.

Compliance and lease administration specialists coordinate and communicate with state liaison agencies on TAPS activities to ensure consistent oversight and compliance with general and environmental lease stipulations. Compliance oversight of TAPS during the past five years shows consistent performance by the operator for the pipeline system and related activities. As detailed below, SPCS reported 158 surveillance trips from 2020 to 2025. These include multi-day field inspections along the entirety of the TAPS state right-of-way, project specific observances of integrity investigations for the above and below ground pipeline, and routine inspections of material sites on state land for conformance with mining and reclamation plans, land use permits, and water use authorizations.

Year	Total Reports	Material Site Inspections	Field Reports
2020	6	0	6
2021	32	27	5
2022	40	35	5
2023	11	5	6
2024	37	33	4
2025	32	23	9

The State Pipeline Coordinator and program managers attend monthly meetings with federal and state agencies to coordinate and conduct oversight of TAPS and ensure continued

compliance with requirements of the Lease. Alyeska also provides monthly in-depth briefings for the SPCS and Bureau of Land Management (BLM) Authorized Officer covering projects, new initiatives, and other important topics relating to compliance efforts.

Right-of-way assessments performed by compliance specialists in the SPCS present a clear and consistent picture of Alyeska's compliance with the TAPS Lease. SPCS's findings show that Alyeska routinely meets corridor management expectations, maintains essential environmental protections, sustains safe operations, and appropriately responds to regulatory oversight. The repeated emphasis on improving documentation, engineering controls, and maintenance prioritization reflects normal operational challenges within a complex pipeline system rather than systemic noncompliance.

Alaska Department of Environmental Conservation

TAPS is subject to extensive and ongoing state oversight by the Alaska Department of Environmental Conservation (ADEC), including air quality permits, an Alaska Pollutant Discharge Elimination System (APDES) permit, and an Oil Discharge Prevention and Contingency Plan (ODPCP). These programs provide requirements for permitting, monitoring, reporting, inspections, spill prevention and response, and protection of Alaska's air and water quality.

ADEC has not identified significant air quality permitting or compliance issues associated with TAPS. Over the past ten (10) years, violations have not escalated to formal enforcement or required a response beyond compliance letters, generally involving administrative matters. TAPS also has a comprehensive spill prevention and response framework under its ADEC-approved ODPCP. The plan is reviewed and renewed every five years and requires ongoing prevention, preparedness, training, inspection, monitoring, and response activities. Spill frequency and volumes have generally declined substantially over the life of the system. The average number of spills greater than 55 gallons or pounds declined from approximately 7.6 per year during 1977–1994 to 1.5 per year during 1995–2025. TAPS has also incorporated lessons from its spill history into prevention measures, including design review, containment, and maintenance and operating procedures. ADEC also regulates contaminated sites that may be encountered within the TAPS right-of-way, with existing requirements providing for ADEC review and approval when contaminated soil or water must be moved or disposed of. Under APDES Permit AKG320002, ADEC regulates discharges associated with TAPS, including domestic wastewater, excavation dewatering, and hydrostatic testing. Over the past three years, 99.71 percent of the 4,416 reported effluent samples met applicable permit limits. ADEC inspections have generally identified only administrative discrepancies, which are typically corrected promptly.

Based on ADEC's review across its air quality, water quality, and spill prevention and response programs, ADEC has not identified significant environmental, permitting, or compliance issues associated with TAPS that would warrant not renewing the Lease.

Alaska Department of Fish & Game

For Alyeska to remain in full compliance with applicable state laws, they must be in compliance with the following ADF&G statutory authorities: AS 16.05.841 (Fishway Act) which requires Alyeska to notify and obtain authorization from the ADF&G's Habitat Section for activities within or across a fish stream if it is determined that such uses or activities could represent an impediment to their efficient passage; and AS 16.05.871 (Anadromous Fish Act) which requires that Alyeska notify and obtain authorization from ADF&G's Habitat Section before altering or affecting "the natural flow or bed" of a specified anadromous waterbody.

After reviewing historic records, the level of surveillance occurring in the early to mid-2000's was around 10 to 12 field days annually with site inspection totals less than 100. Indications are that oversight levels were even lower during the preceding years. Over the past 3.5 years ADF&G has completed 75 surveillance days and visited 736 crossing structures. As a result of this level of surveillance, several drainage structures were identified each year where minor routine maintenance was needed, typically due to break-up or flood related damage, or cumulative impacts of vehicle traffic. In each case the identified issues were repaired at the time of inspection by Alyeska personnel or shortly thereafter by nearby Alyeska construction crews. These inspections received a rating of Corrected on the Spot. No inspection sites received a rating of Major or Minor Unsatisfactory.

Fish passage has been the subject of numerous permits issued since TAPS construction. The TAPS right-of-way crosses more than 800 different waterbodies; 553 of these waterbody crossings are documented to support anadromous and/or resident fish populations. Of these there are 399 low water crossings, 163 culverts, 54 bridges, and many block points, spur dikes, parallel drainage structures, and notched dikes. ADF&G's evaluation of low water crossings and culverts for adherence to ADF&G permit requirements demonstrate compliance with related statutory and Lease requirements.

Alaska Department of Labor and Workforce Development

The Department of Labor and Workforce Development (ADOLWD) Safety Liaison is the JPO representative for evaluating Lease stipulations relating to health and safety, conducting annual facility and periodic worksite inspections, reviewing accident information, investigating significant incidents, reviewing project safety plans, consulting on safety requirements, and notifying the State Pipeline Coordinator of ADOLWD enforcement actions involving Alyeska, its agents, or contractors. Consistent with ADOLWD program responsibilities, Safety Liaison

inspection activity also evaluates applicable occupational safety and health conditions under 29 CFR Parts 1910 and 1926.

Based on ADOLWD's five-year review of Safety Liaison records, APSC's documented TAPS occupational health and safety record includes identified deficiencies under Lease Stipulation 1.20, recordable injuries and illnesses, and formal occupational safety and health enforcement activity. The same record demonstrates sustained State oversight, recurring facility surveillance, corrective-action processes, documented abatement of numerous identified conditions, and numerous inspections in which no hazards were identified.

ADOLWD Safety Liaison corrective action tracking as of September 4, 2026, reflects that corrective actions associated with Safety Liaison inspections have been abated except the seven Pump Station 5 findings from the June 1–5, 2026, inspection cycle. The following August 28, 2026, report directs correction of those findings within 30 days of receipt; the record reviewed does not establish that the prescribed corrective-action period had expired by the September 4 status cutoff. Those findings therefore remain subject to documented follow-up and verification and should not, solely by virtue of their open status on September 4, be characterized as untimely abatement. Certain Alaska Occupational Safety and Health (AKOSH) enforcement matters remain open or contested, and no open, contested, pending, or otherwise unverified enforcement matter is characterized as resolved. The record supports documented corrective-action performance and continuing Safety Liaison oversight, but it does not support stating that all Safety Liaison matters were closed as of the current-status cutoff. ADOLWD provided this factual and technical information for ADNRR's consideration in making the Lease renewal determination.

The ADOLWD Electrical Inspector is the JPO's technical and enforcement representative for electrical code, electrical safety code, and electrical licensing matters supporting pipeline oversight. The work includes inspection of TAPS electrical construction, modifications, projects, and systems; application of the National Electrical Code (NEC), National Electrical Safety Code (NESC), applicable Alaska statutes and regulations and adopted amendments; code interpretations; Certificate of Fitness and contractor-license checks; notice of violation (NOV) issuance; corrective-action verification; and other electrical enforcement when warranted. The latest aggregate electrical status source is the June 2026 RSA Activity Report, which reports activity through June 30, 2026. That report lists 357 inspections, 181 NOVs issued, 60 NOVs corrected, and 121 NOVs outstanding, together with five Certificate of Fitness checks and one contractor-license check. The outstanding NOVs are related to minor issues such as proper equipment labeling and do not constitute non-compliance with state laws or Lease stipulations. Alyeska has submitted abatements for some of the findings in State Fiscal Year 2026 that have not yet been updated in these numbers.

Alaska Department of Public Safety

The Alaska Department of Public Safety (ADPS), Division of Fire and Life Safety (DF&LS), maintains statutory responsibility under AS 18.70 to protect life and property from fire, explosion, and panic across the State of Alaska. DF&LS exercises this authority through investigations, inspections, hazard abatement actions, and enforcement of state fire regulations applicable to industrial facilities, including those associated with TAPS.

Fire and life safety conditions along TAPS are governed by regulations in 13 AAC 50–55, which establish minimum standards for fire detection and suppression equipment; fire and life safety requirements for commercial and industrial structures; safe handling of combustible and explosive materials; and activities likely to cause injury to persons or property. These regulations constitute the baseline criteria for ensuring TAPS facilities remain compliant and protective of personnel, property, and critical infrastructure.

Based on statutory authority under AS 18.70, regulatory oversight responsibilities under 13 AAC 50–55, and DF&LS duties under the SPCS reimbursable services agreement, ADPS supports renewal of the TAPS Lease provided that APSC continues complying with:

- AS 18.70 fire and life safety mandates
- 13 AAC 50–55 fire regulations
- Required Fire Marshal approvals, inspections, and permitting
- DF&LS enforcement actions, hazard abatement directives, and emergency readiness expectations
- Coordination requirements with ADNR, JPO, and other partner agencies

Useful life

After review of the record and as summarized by the analysis below, the useful life of the TAPS facilities likely exceeds the applied for 30-year term of renewal, and there is no reason to limit the term of the renewal at this time given the critical nature of the operations of TAPS for the foreseeable period of the renewal.

The useful life of a pipeline is a combination of design life, physical life, and economic life. The American Society of Civil Engineers described the useful life of TAPS as the period during which the pipeline provides a safe, environmentally sound, economically viable transportation link to get Alaska North Slope crude oil to market. In summary, TAPS design life is based on the incorporation of robust components coupled with system monitoring programs designed to detect and counteract aging and facility use factors. Over the years, many of the TAPS components and

operating systems have been modified, replaced, or upgraded to ensure pipeline system safety, integrity, and efficiency. If such investment and updates continue, TAPS physical life could be virtually unlimited with the execution of appropriate maintenance, repair and replacement programs. As described in the Plan of Continued Operations, programs are in place to detect and repair wear, corrosion, and other types of damage, with continuous improvements made over time under the regulating authorities of the JPO agencies. TAPS economic life is governed by the extent of recoverable North Slope crude oil reserves, which as noted in official analyses published by the Department and provided to the Alaska Legislature, are forecasted to be in production throughout the renewal period.

Cost of the proposed pipeline and probable financing

While AS 38.35.110 states the commissioner shall take into consideration the cost of the proposed pipeline and probable financing, TAPS was constructed in the 1970s and has been in continuous operation since then. As such, in its review, ADNOR reviewed the capacity of the lessees to operate and maintain TAPS to address this statutory requirement – essentially the financial capacity to incur costs and probable financing obligations expected with continued operations.

TAPS operates as a common carrier pipeline which means that a regulated tariff is set for each TAPS owner in order to recover the costs to operate and maintain TAPS. The State is a party to proceedings before the Federal Energy Regulatory Commission regarding these tariff rates and previously the rates included an allowance for a dedicated charge to account for dismantlement, removal, and restoration (DR&R). The TAPS Carriers and the State entered into a modified settlement agreement in 2017, which provides for a “Variable Tariff Methodology” or “VTM” to determine rates on the TAPS system. The Lessees will be required to perform their eventual DR&R obligations under the Lease, regardless of whether those amounts exceed the value of the amounts included in rates. Since this determination anticipates that the useful life of TAPS could exceed the thirty-year period in this request for renewal, the determination focuses on the financial capacity of the Lessees for the operation and maintenance of TAPS during the renewal period.

Harvest Alaska LLC (Harvest) is a subsidiary of Harvest Midstream I, L.P., (Harvest Midstream). ADNOR has been able to examine audited and consolidated financial statements for both companies to assess Harvest’s financial capability as a 49% owner of TAPS these documents are held confidential under AS 38.05.035(a)(8)(D), as well AS 40.25.120(a)(4) and AS 45.50.910, et seq. As such, specific details about the companies’ financials and field development potential are not reproduced here but were utilized for the evaluations summarized below.

ConocoPhillips Transportation Alaska, Inc (CPTI) is a subsidiary of ConocoPhillips, as a publicly traded company ConocoPhillips consolidated financial statements are available publicly. ADNRR used these financial statements to review the financial stability of CPTI's ultimate parent company.

ExxonMobil Pipeline Company LLC (EPC) is a subsidiary of Exxon Mobil Corporation, as a publicly traded company Exxon Mobil Corporation consolidated financial statements are available publicly. ADNRR used these financial statements to review the financial stability of EPC's ultimate parent company.

The financial capacity of each lessee was evaluated using two methods: first, by determining relevant financial ratios from the financial statements; second, by estimating the risk of default within two years using Altman's Z-Score for a non-manufacturing company. The analyses and results were obtained and considered relative to sector level benchmarks for these ratios in the oil and gas industry.

Harvest and Harvest Midstream exhibit solid short-term financial metrics, characterized by robust asset holdings and year-over-year expansion. While Harvest's leverage ratio appears marginally more favorable than that of its parent entity, Harvest Midstream, these metrics are frequently influenced by strategic transactions such as mergers and acquisitions, rendering isolated leverage figures non-concerning within proper context. Both entities demonstrate strong cash flow from operating activities alongside consistently growing operating revenues. Although Altman's Z-Score calculations yield mixed results, this outcome is characteristic of the oil and gas sector, where substantial asset bases can distort asset turnover ratios and operating efficiency measurements. Overall, financial indicators reflect favorable operational standing and stability for both Harvest and Harvest Midstream within the energy industry.

CPTI does not issue separate financial statements; however, its parent entity, ConocoPhillips, is a global multinational company supported by strong financial statements. ConocoPhillips demonstrates robust operating cash flow generation alongside an investment-grade credit profile (rated A- by S&P Global Ratings). The corporation maintains a conservative leverage profile complemented by substantial liquidity cushions. Furthermore, structural credit assessments, including Altman's Z-Score metrics, indicate no significant risk of financial distress. Collectively, these factors confirm ConocoPhillips' preeminent standing and financial resilience within the global oil and gas sector.

EPC does not issue separate financial statements; however, its parent entity, ExxonMobil Corporation, is a global multinational company possessing an exceptional financial position. Rated AA- by S&P Global Ratings, ExxonMobil occupies the upper tier of investment-grade corporations, underpinned by substantial liquidity and robust, diversified cash flow generation.

Both short- and long-term financial metrics reflect superior strength across all evaluation categories. Consequently, ExxonMobil maintains an elite standing within the global energy sector, supported by a highly resilient financial architecture and a favorable long-term outlook.

ADNR concludes that the TAPS owners maintain sufficient financial capability to execute the proposed operation and maintenance of the right-of-way in accordance with state law and the terms of the Lease. Further, ADNR will continue to monitor these financial capabilities to ensure the State's interests are thoroughly safeguarded throughout the operational lifecycle of TAPS.

Determination

Based on the findings stated above, the administrative record, information from the Lessees, and independent analyses and reviews presented, it is the determination of the Department that the requirements of AS 38.35.110 for renewal of the Lease have been met, that the useful life of the TAPS facilities exceed the 30-year term of renewal applied for, and that the Lease shall therefore be renewed for a period of 30 years.

Additionally, any Associated Rights used in conjunction with the Lease and applied for in the renewal application shall also be renewed for a like term of 30 years.

In conformance with 11 AAC 80.085 and consistent with these findings, the Department will take the following actions:

1. Provide a copy of my determination to the Lessees and their agent.
2. Make copies of the written determination and the Lease available to the public for viewing.
3. Provide copies of the written determination, upon request, to the public at cost.
4. Solicit written comments from the public for a minimum of 30 days ending on October 30, 2026, at 5:00 p.m.
5. Conduct public hearings of this determination as follows, and more specifically described in the September 9, 2026, public notice:
 - Virtual Hearing on October 13, 2026
 - In-Person Hearing in Valdez on October 15, 2026

Any comment, objection or expression of interest pertaining to the proposed actions must be received in writing by the State Pipeline Coordinator at 550 W. 7th Avenue, Ste. 1100, Anchorage, Alaska 99501, or spc.records@alaska.gov, on or before 5:00 p.m., October 30, 2026, to ensure consideration. If I revise the proposed written determination following closure of the public comment period on October 30, 2026, the revised written determination will be published consistent with AS 38.35.070. My written determination, or if revised, the revised written determination, is the final administrative decision 30 days after the end of the public comment

period unless, in writing, I extend that 30-day period for a specified period of not more than 90 additional days to allow for full consideration of the comments received. If the department requires additional time to consider public comments, notice of this action will be published on or about October 30, 2026 (11 AAC 80.085(d)).

Signed by:

John Crowther, Commissioner

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John Crowther

Commissioner

Department of Natural Resources

9/30/2026

Date