

Bradners'
Alaska Economic Report
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High hopes for Alaska LNG

Schedule is ambitious, developer Glenfarne admits

There is new hope for progress on the long-planned Alaska LNG Project after a heavily-attended Alaska energy conference in Anchorage last week that included big delegations from potential liquefied natural gas customers in Asia. The conference, held annually and sponsored by Gov. Mike Dunleavy's office, dealt also with new energy technologies, its usual fare (this year with a heavy emphasis on nuclear) but the LNG project took up most of the oxygen. The meetings involving visitors from Japan, South Korea, Taiwan and the Phillipines were closed, however, as were meetings between Alaska industry groups and members of President Donald Trump's cabinet. The meetings with potential Asian buyers were mainly to acquaint them with more details on the project and for them to meet experienced Alaska contractors to convey a message that the 807-mile pipeline can be built without the cost overruns that plagued

construction of the trans-Alaska oil pipeline in the 1970s. Potential Asian LNG buyers were cautious, and the Japan delegation actually left early. Taiwan was the most positive, with its Secretary to the President, a high-level official, the only potential customer actually speaking at the conference during its last day.

Meanwhile, the CEO of Glenfarne, now lead developer of Alaska LNG, is sticking to his goal of having cost estimates and a Final Investment Decision on the pipeline part of the project by the end of this year, though he admitted this is ambitious.

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State: \$383 million in surface transportation contracted

The state Department of Transportation and Public Facilities, or DOTPF, has signed \$383 million in contracts so far in Federal Fiscal Year 2025 and plans to advertise another \$32.5 million to \$66 million. There is \$581 million in federal funding available to support the state's surface transportation program. Contractors complained to legis-

lators earlier this year over a slow pace in getting work on the street but the agency's contracting has picked up. *Also, Alaska is now expected to receive a record \$126 million in the annual "August redistribution" of unspent federal funds from other states. DOTPF is working to get "street ready" projects lined up to take advantage of this.*

Energy:

State: Cosmopolitan field in default

The state Division of Oil and Gas has put the Cosmopolitan Unit in Cook Inlet into default after BlueCrest Energy, the owner, failed to meet objectives in developing substantial known natural gas reserves, *Petroleum News* has reported. Cosmopolitan contains an oil reservoir, which BlueCrest is producing, as well as an undeveloped gas reservoir overlying the oil.

The problem for BlueCrest in securing investment is, ironically, lack of a market for the substantial volumes of gas that would be produced. Hilcorp Energy's gas supply contracts to regional utilities will end between 2028 and 2033 but utility contract "openings" will be not enough to support several hundred million dollars needed to develop offshore platforms for new gas. An option is to store the gas produced in excess of the utility contracts in depleted underground reservoirs. However, there is not yet enough underground storage available. Companies are working on developing additional capacity but this will take time.

Slope LNG delivery to Fairbanks

Harvest Midstream, a Hilcorp affiliate, is nearing completion of its new North Slope liquefied natural gas plant with commissioning and testing planned for June through August and the start of LNG deliveries by trucks in September to the Interior Gas Utility in Fairbanks.

A program to help install heat pumps in coastal communities is proceeding with a \$38.6 million grant to Southeast Conference which has been reviewed and approved by the Trump administration.

Technology:

UAF petroleum technology program

It now appears that the University of Alaska Fairbanks may be one of the few, or perhaps only remaining universities doing oil and gas technology research, through UAF's Institute of Northern Engineering. Most, if not all, U.S. universities have shifted to a focus on renewable energy and carbon capture, though UAF has programs underway in these areas too through its Alaska Center for Power and Energy.

An example of recent applied research UAF has done in petroleum is with Hilcorp Energy in the use of solvents to help produce from the large Ugnu heavy oil deposit on the North Slope. If President Donald Trump wants to accelerate fossil fuels he needs to help universities rebuild petroleum technology research capacity, which has withered in recent years.

Workforce:

Palmer Job Corp remains open, for now

Palmer's Job Center will remain open under a New York federal court order that temporarily halted a Trump administration plan to close all federal Job Centers nationwide. The Palmer facility was to shut down at the end of this month with its staff laid off and students sent home. About 160 trainees are now enrolled in the Palmer center, most of them from rural Alaska. Students receive technical training and, if needed, high school diplomas. The U.S. Department of Labor ordered the closures arguing high costs of \$80,000 per student and low graduation rates. The Palmer center, however, had a training completion rate of 70% last year and average costs of \$37,000 per student.

Alaska LNG: The next steps

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In the wake of last week’s heavily-attended energy conference in Anchorage (1,100 were registered), here are things to watch for:

- Will Glenfarne meet its end-of-year goal for cost estimates and investors secured for the 800-mile, 42-inch natural gas pipeline that is phase one of Alaska LNG?
- What happens next on all-important long-term purchasing commitments for LNG? Japan and South Korea are still noncommittal. Taiwan seems the most interested because of its precarious energy security position against threats from China.
- President Trump has promoted the project, but will the government need to do more? There’s talk of a direct U.S. loan for the project (a loan guarantee now exists, but that it different). *See more on page 8.*

Meanwhile, Glenfarne has selected Worley to manage the \$150 million in final engineering and updated cost estimates for Alaska LNG with the initial work focused on a first phase, the 42-inch, 800-mile pipeline that would deliver natural gas from the North Slope to Southcentral Alaska. This is considered the riskiest part of the project. The pipeline is currently estimated to cost \$10.6 billion based on AGDC’s Wood MacKenzie report but Glenfarne is assuming a cost based on an estimate of \$350,000 per inch-mile, which for 800 miles totals \$11.76 billion. Glenfarne CEO Brendan Duval said the Lower 48 rule-of-thumb for pipeline is \$150,000 per inch-mile but he has factored in an Alaska adjustment to \$350,000, which includes hefty contingencies. This cost may rise in the Worley estimates later this year.

Key question is where the steel pipe will come from

Japan and South Korea would like to supply the pipe and other materials as a part of any investment or LNG purchase decision they make, which cuts against President Trump’s “Buy America” policies. The uncertainties of the president’s on-again, off-again tariffs will also be a factor but a federal official at the Anchorage conference said last week that tariffs will be a part of any negotiations on an Alaska LNG deal, which means tariffs may be waived. However, this will rankle Congress and could create political problems if some form of U.S. federal support for Alaska LNG is needed, such as the federal loan guarantee allowed in current law.

Cost estimates, investor commitments before pipe sources, costs are known?

Duval said Glenfarne will be working to source the pipe from mills in 2026, which would normally include bids from manufacturers. What is confusing about this is that the pipeline cost estimates, and an expected Final Investment Decision, are due in late 2025 before there are hard bids from pipe suppliers. Presumably Glenfarne and Worley will include contingencies in the cost estimates, which means a Final Investment Decision, in the end, will still depend on these uncertainties.

– See more on Alaska LNG, page 8

Infrastructure, education

Anchorage tax-exemption in hand; construction on \$200 million new air cargo facility to begin

Construction is to be underway this year on the new Northlink air cargo hub at Ted Stevens International Airport in Anchorage. Anchorage's assembly approved a 10-year property tax break on buildings for the \$200 million project at its May 6 meeting. The facility is expected to be complete by 2027 and will create 300 new full-time, year-around jobs, Anchorage Mayor Suzanne LaFrance said. The tax reduction is allowed under Anchorage's Economic Development Tax Incentive program. Northlink will also offer subsidized child care for all workers at the new terminal, not just Northlink employees, the mayor said. A serious shortage of child care in Anchorage has become an impediment in recruiting and retaining workers. Northlink will also install systems to recycle deicing chemicals for aircraft, the first of its kind in Alaska. The facility will have 15 hardstands for airfreighters including four for larger cargo aircraft.

Anchorage's airport, with its strategic position between continents, has long been one of the world's busiest for cargo traffic. As of 2023, Anchorage ranked fourth in the world in the amount of cargo shipped, according to Airports Council International World, an aviation organization. Cargo volume slipped between 2022 and 2023 but has since increased, according to state officials. Cargo passing through the Anchorage airport increased 4.9% from fiscal 2023 to fiscal 2024, which ended last June.

Meanwhile, the business continues to grow. Five additional cargo carriers started operating last year. The new operators, all international, boost the number of cargo carriers to 39, according to the Department of Transportation and Public Facilities. Thirty-one, including the new arrivals, are international carriers, while eight are regional carriers. The companies newly operating in Anchorage are Awesome Cargo, based in Mexico; Central Airlines of China; ASL Air Cargo, a Belgian carrier; Aerologic Air Cargo, a German company; and CMA CGM Air Cargo, which is based in France.

Alaska Railroad to again apply for federal funds to finish Port MacKenzie rail extension

The state-owned Alaska Railroad Corp. will apply again for a federal grant to complete the half-built Port MacKenzie rail extension, a 32-mile link that would connect the Mat-Su Borough's port on upper Cook Inlet to the railroad's main track near Houston, west of Wasilla. A federal Notice of Funding Opportunity is expected soon. Once an application is submitted it typically takes four to six months for a decision. This puts the possible award in late 2025 or early 2026. The state invested \$184 million in the project to build rail embankments, bridges and culverts, but work stopped in 2016 when oil prices and state revenues collapsed. Estimates to complete the work are \$290 million from the Alaska Railroad but others believe the work can be done for \$100 million to \$150 million. The railroad may also apply for funds to complete its Northern Rail Extension, also partly built, which would extend the rail link from its northern terminus at North Pole, east of Fairbanks, further east to Delta and Fort Greely, site of U.S. missile defense facilities.

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Fifty million dollars in University of Alaska federally-funded research canceled or frozen

About \$50 million in federal grants to the University of Alaska have been canceled or frozen by President Trump, UA's Board of Regents were told in its recent meeting. Of this, \$5.6 million in grants canceled include a multi-year, five-year grant to ANSEP, formerly known as the Alaska Native Science and Engineering Program, which supported summer intensive mathematics and science classes for students from rural school districts. In addition, a \$46 million grant for the university's Arctic Domain Awareness Center is frozen. The Arctic Domain Awareness Center is connected to military and defense preparedness. However, \$21 million in previously frozen grants to the university have now been unfrozen, the regents were told. UA's regents previously moved to protect its federal grants by removing all references to "equity" and "climate change" from the titles of research programs, knowing that federal officials are doing internet search for those words and then freezing grants. Despite that action some of UA's research has been targeted. UA receives about \$270 million in federal grants annually with about \$220 million of that to support research and academic work.

State DOTPF to develop long-planned Cascade Point ferry terminal north of Juneau

The state Department of Transportation and Public Facilities, or DOTPF, is soliciting proposals for a design-build project to develop a ferry terminal at Cascade Point on the Glacier Highway, 42 miles north of the capital city. Proposals are due Friday, June 14. The estimated cost is \$75.1 million but this may change due to refinements in the project, DOTPF said. Once a design/builder is selected construction will begin likely in summer, 2026 and extending through 2027 for an initial stage. The state is meanwhile working on a land purchase agreement with Goldbelt.

A Cascade Point terminal would support state marine highway service to Haines and Skagway in northern Lynn Canal and allow expanded service for summer tourism. In 2023 the state signed a Memorandum of Understanding with Goldbelt, Inc., the Juneau-based Alaska Native urban corporation, that owns land at the site. Funds previously appropriated for the Juneau Access Project, a plan for a highway from Juneau to Skagway now on hold, are being tapped to fund the Cascade Point work. The new terminal would shorten ferry transit time to Haines and Skagway by more than two hours round trip. DOTPF said Cascade Point would complement, not replace, the existing ferry terminal at Auke Bay, also north of the city.

Construction of new \$137 million cruise ship terminal underway in Seward

Construction at the new \$137 million cruise ship terminal at Seward is underway by the Seward Company, the developer, and Turnagain Marine, the contractor. Completion of the 750-foot floating dock will be in time for the 2026 cruise ship season, according to the Alaska Railroad, which will acquire the facility on its completion. The new dock will have two berths with sufficient capacity to accommodate two large cruise ships. A long-term use agreement has been negotiated by the railroad with Royal Caribbean Group, a major cruise operator, to underpin finances of the project, although other cruise lines will use the facility. The new dock is needed to accommodate the very large cruise ships that are increasingly being used in Alaska waters.

Petroleum:

Sockeye find: 800 million barrels?

North Slope explorer Bill Armstrong said the new Sockeye oil discovery east of Prudhoe Bay could have 500 million to 800 million barrels of recoverable reserves. Armstrong spoke at Gov. Mike Dunleavy's big Sustainable Energy Conference held in Anchorage last week. Sockeye, drilled last year, flowed at an average 2,700 barrels per day for 12 days in the final stages of tests this spring. The reservoir rocks penetrated in the drilling show excellent porosity, which will enable oil fluids to flow easily. Significantly, Sockeye is close to infrastructure and is 10 miles from the existing Badami pipeline, which has available capacity. Armstrong Oil and Gas, which is leading the project, is teamed with Apache Corp. The companies hold a large amount of state lands under lease.

Energy:

100 megawatt power storage facility

A \$50 million grant to Golden Valley Electric Association of Fairbanks is still intact for its Long Duration Energy Storage facility planned for North Pole. GVEA now has \$10 million in final engineering underway on the project, which is expected to be complete in December or January. The project would store up to 100 megawatts of power that would be an emergency backup for Interior Alaska and would also be used to stabilize the Alaska Intertie, which connects Interior and Southcentral Alaska utilities. This is the first full commercial application for a new Westinghouse energy storage technology, which uses ceramic materials to store heat which can then be converted to power. At full buildout the project is estimated to cost \$330 million.

Minerals:

Barrick share of Donlin Gold is sold

Barrick Mining Corporation completed the divestiture June 3 of its 50% interest in the Donlin Gold Project to affiliates of Paulson Advisers LLC and NOVAGOLD Resources Inc. for \$1 billion in cash. Terms of the deal were previously announced on April 22. Paulson Advisers will acquire a 40% ownership interest in Donlin Gold, and NOVAGOLD will increase its ownership interest in Donlin Gold from 50% to 60%. Donlin Gold is to be managed jointly by Paulson and NOVAGOLD to advance the project. The new partnership will shift focus immediately to updating the mine feasibility study, the companies said. In 2025, exploration will focus on reserves and resources conversion and expansion. *Barrick had planned a \$43 million 2025 budget but Paulson and NOVAGOLD will now review this.*

New attention on Alaska antimony

With China's ban exports of antimony to the U.S., there's a surge of interest in deposits of the metal and new prospects in Alaska. U.S. Antimony Corp. of Dallas has acquired 35,000 acres of mining claims with antimony prospects. The company is looking at areas near Fairbanks, Tok and near the Maclaren River along the Denali Highway. The company operates an antimony smelter in Montana that it hopes to expand, and believes antimony ore could be trucked from mines in Alaska to the smelter. The company hopes to test the concept by extracting antimony from exploration trenches the company plans to develop this summer on its prospects. Meanwhile, Australia-based Felix Gold hopes to restart a small antimony mine near Fairbanks and to sell ore to U.S. Antimony.

Minerals:

Key customer for Graphite One

Graphite One, developer of a graphite deposit 30 miles north of Nome on the Seward Peninsula, achieved another key milestone last week. The company announced an agreement with Lucid Group, an electric vehicle manufacturer, to supply natural graphite anode materials for use in batteries for the vehicles. The agreement is expected to begin in 2028, according to the companies. Graphite is used in lithium-ion batteries and the U.S. now imports all of the natural graphite used. Lucid's EV plant is in Casa Grande, Arizona. Graphite One plans to mine graphite at a surface mine, truck ore to Nome for processing into a concentrate at a new facility planned there, and then shipping concentrates to a plant in Ohio for manufacture of anode materials for batteries.

Freeze on critical minerals study

Despite concerns for China's cutoff of rare earth supplies to the U.S., federal support for a planned University of Alaska Fairbanks and state Division of Geological and Geophysical Surveys is still frozen by the Trump administration, according to sources familiar with the project. Phase one of the project, with joint Alaska and U.S. Department of Energy funding, was completed late last year. An application for U.S. Department of Energy support for phase two is still on hold.

Another larger university-led research program on critical minerals also faces an uncertain future because of funding cuts to the National Science Foundation, which would support the work. UAF has applied for a large NSF grant to support the work.

Seafood:

Outlook brightens for Bristol Bay

Things are looking fairly good for the upcoming Bristol Bay sockeye salmon season, in one of Alaska's most significant fisheries. This is welcome news for the seafood industry, which has been battered by adverse international market trends. Sockeye is one of the most valued salmon products and the Bristol Bay harvest is forecast at 249 million pounds, up from 197 million pounds in 2024. Prices for sockeye are expected to increase in 2025 based on prices posted to date by processors. The average price paid last year for all Alaska sockeye was \$1.05 per pound, up from 87 cents per pound in 2023. However, the total (ex-vessel) value for all Alaska sockeye was \$207 million, down from \$248 million in 2023 because of the smaller harvest in 2024.

Strong pink salmon catch this year

Pink salmon harvests will be strong in 2025 due to the two-year cycle with odd-numbered years, like this year, the highest. The statewide pink salmon catch is estimated at 429 million pounds, up from 124 million pounds in 2024. Prince William Sound and Kodiak area expected to be in line with recent odd-year highs but other pink salmon harvests are expected to be below average. The average price paid for pink salmon was 23 cents per pound last year, down from 38 cents per pound in 2023 and 56 cents per pound in 2022.

Copper River sockeye fishery underway

Copper River sockeye salmon fishing is under way but initial catches are running lower than expected. A harvest of 1.9 million sockeyes is predicted. About 150 to 180 vessels are participating.

More on Alaska LNG: Who is Glenfarne?

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What is Glenfarne?

Glenfarne CEO Brendan Duval formed the company in 2011 to initially finance renewable power projects in Latin America. Glenfarne expanded into fossil-fuel power generation as a part of grid stabilization work, also in Latin America, and into liquefied natural gas, or LNG, with a liquefied gas import facility in Colombia. More recently, the company acquired and restarted work on two LNG export projects under development on the U.S. gulf coast that had stalled. Texas LNG, in Texas, is expected to be in construction next spring at 4.4 million tons per year. Magnolia LNG, in Louisiana, is not as far along but is larger, with a planned capacity of 8.8 million tons per year. Frank Richards, CEO of the state's Alaska Gasline Development Corp., told legislators this spring that Glenfarne was selected to lead Alaska LNG because of its demonstrated ability to arrange financing for energy projects. However, there remain concerns whether Glenfarne has the capability to manage construction of such a large project.

Additional government assistance being discussed?

There are reports that the federal government is considering a *direct* loan to the Alaska LNG Project in addition to the loan *guarantee* already allowed. The difference is that with a loan guarantee the developer takes the project to a consortium on banks who vet the deal and confirm its viability before seeking the federal loan guarantee. Thus there is a layer of independent scrutiny by the banks who do the actual financing. Look at this like a mega-version of the Small Business Administration's loan guarantee programs. With a direct loan the developer takes the project to the government directly for a loan. It is unclear whether there is authority for the federal government to do a direct loan of this type and size but it's possible something could be cobbled together by the Trump administration, which wants the project to go. Glenfarne says it won't need government help, even a loan guarantee. If the project economics are strong private sector financing should be sufficient, the company has said.

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