

FOR IMMEDIATE RELEASE

January 21, 2021

Interior Gas Utility announces long term sale and purchase agreement with Hilcorp

On Tuesday, January 19, 2021, the Interior Gas Utility Board of Directors adopted a resolution authorizing the General Manager to execute a gas sale and purchase agreement between IGU and Hilcorp, Alaska LLC.

The agreed-upon contract is for an initial five-year term, with an option for IGU to extend it for two additional three-year terms, providing IGU with a reliable source of gas supply for the next 11 years. The decision comes following an extensive, comprehensive, multi-year search and evaluation of options. IGU's goal was to maintain a robust, secure supply of gas from an experienced Cook Inlet operator.

"Hilcorp was selected because of their demonstrated operational capabilities and their diverse, substantial assets in the Cook Inlet," said Dan Britton, IGU's general manager. "Their operational redundancy through multiple gas fields, pipelines and gas storage facilities offers us the security we need to be able to fulfill our mission."

The agreement includes provisions allowing IGU to meet its current and future demands with the opportunity to reduce minimum volume commitments to Hilcorp, should IGU find additional reliable, price competitive, secure, alternative gas supplies in the future.

"When negotiating the terms and conditions of the contract, we wanted to make sure that we allow IGU the flexibility to purchase natural gas from alternate sources, should better options become available," said IGU Board Chair Steve Haagenson. "We make every decision with the customer in mind, and we found the flexibility to be a great addition to the supply security this contract brings."

IGU converts the Hilcorp natural gas to Liquefied Natural Gas (LNG), which is then transported from Pt. Mackenzie, Alaska to Fairbanks in specialty transports at -260F. It is then stored in one of the Fairbanks or North Pole storage sites until warmed back to gas for delivery into the buried distribution systems for customer consumption.

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For more information or to schedule an interview, please contact Elena Sudduth, marketing/customer service manager: (907) 452-7111 or esudduth@interiorgas.com

The IGU is a public corporation whose mission is to provide low cost, clean burning, natural gas to the largest number of customers in the FNSB as possible, as soon as possible. IGU has more than 1,400 customers to date and has big plans to expand the customer base in the Fairbanks and North Pole areas beginning this summer.