



PRESS RELEASE

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AIDEA Commits to Alyeschem Chemical and Fuels Project Using Natural Gas on the North Slope

May 16, 2024 (Anchorage, Alaska) – The Alaska Industrial Development and Export Authority (AIDEA) Board of Directors has unanimously approved [Resolution G24-04](#), an investment through financing construction and long-term operation of a pioneering chemical and fuels plant on the North Slope of Alaska.

The Alyeschem facility will establish local production of chemicals (methanol) and fuels—ultra-low sulfur diesel (ULSD)—a significant step forward in further generating value from Alaska’s raw resources within the state. Methanol is used on the North Slope to help avoid pipeline corrosion, preserve the functionality of gas compression equipment, and prevent freezing in temporarily shut-in wells and pipelines. ULSD is used in several ways as a fuel on the North Slope. The new plant will use Alaska’s natural gas as a feedstock resource, creating an important new market for North Slope stranded natural gas resources.

Local production from a new plant on the North Slope using Alaska gas could eventually eliminate the need to import methanol into Alaska using overseas shipping and trucking on the Dalton Highway. Local methanol production is expected to benefit the State of Alaska with cost savings to the TAPS tariff, creation of jobs, and generation of corporate and other tax revenues, including property taxes for the North Slope Borough. The project will also create new jobs.

Alyeschem estimates the plant’s operations will also reduce CO₂ emissions by 93%, or 45,000 tons annually, by transforming a blend of natural gas and waste CO₂ into methanol—further reducing emissions associated with current supply methods on the North Slope.

The “up to” \$70 million maximum loan financing will support construction by matching a similar investment from private equity investors. After construction, the financing structure will provide AIDEA with loan payments of principal and interest while also providing AIDEA with a permanent royalty based on a per-gallon output basis. This is expected to generate a minimum of \$2.39 million annually in income and would increase with output.

Governor Mike Dunleavy expressed his support for the project, noting its significant potential benefits for the state, “The Alyeschem project is a game-changer for the North

Slope and Alaska's energy landscape. Using Alaska's natural gas for local production of methanol and ULSD benefits Alaskans and our oil producers by reducing operational costs and dramatically cutting CO2 emissions. This plant is not just an investment in Alaska's economy but a strategic asset for security and the ability of our producers to continue working in case of supply disruptions thousands of miles away."

"The Board of Directors and I support investment in the Alyeschem project. This Alaskan project would meet AIDEA's mission by creating Alaskan jobs and providing an economic return to Alaskans for generations," said **Dana Pruhs, AIDEA Board of Directors chairman.**

"AIDEA is committed to supporting projects that strengthen Alaska's economy and enhance our energy independence. The Alyeschem project supplements AIDEA's other efforts to make use of Alaska North Slope gas, such as the Interior Gas Utility project, which is set to reduce pressure on Cook Inlet gas by switching to trucking gas from the North Slope this fall," said **Randy Ruaro, Executive Director of AIDEA.**

"Alyeschem has site control, a gas supply contract, equity investors, major permits, and front-end engineering and design completed. AIDEA's potential investment is one of the final pieces needed to make this plant a reality for Alaskans. We deeply appreciate their support and partnership," said **Alyeschem CEO, JR Wilcox.**

McKinley Alaska Private Investment, LLC and BP Energy Partners, LLC through BP Natural Gas Opportunity Partners II, L.P. have made investments in Alyeschem and actively support AIDEA's commitment which is essential for the upcoming final investment decision. "We appreciate AIDEA, the Governor, and Alaska's support for this great project. This financing is a critical piece of the puzzle and we're proud of the structure and broad support from all stakeholders involved," said **Logan Birch, Partner at McKinley Alaska Private Investment, LLC.**

AIDEA remains steadfast in supporting jobs and economic opportunities in Alaska. For information about AIDEA or any of AIDEA's projects, please visit www.aidea.org or contact AIDEA at communications@aidea.org.

About AIDEA:

The Alaska Industrial Development and Export Authority is a public corporation of the State of Alaska. AIDEA's purpose is to promote, develop, and advance the general prosperity and economic welfare of the people of Alaska.

About Alyeschem LLC:

Alyeschem LLC is an Alaskan company focused on building a chemical manufacturing facility on the North Slope of Alaska, with the goal of supplying critical chemicals to the region and contributing to local economic development.

About McKinley Alaska:

McKinley Alaska Private Investment, LLC offers private equity and venture capital investment opportunities, makes private investments in selected projects, and provides direct lending for qualified businesses. Our experienced team is part of the McKinley Management family of businesses providing integrated investment, lending, and research services. For more information and regulatory disclosure, visit mckinley-alaska.com.

About BP Energy Partners:

BP Energy Partners is a Dallas, Texas based middle market private equity firm investing in energy and the energy transition. BPEP is focused on investments in energy and energy intensive industries that enable energy security, energy reliability, and "Practical Decarbonization". Originally sponsored by T. Boone Pickens, BPEP was founded in 2013 and manages more than \$600 million in committed capital. For more information, please visit www.bpenergypartners.com.

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