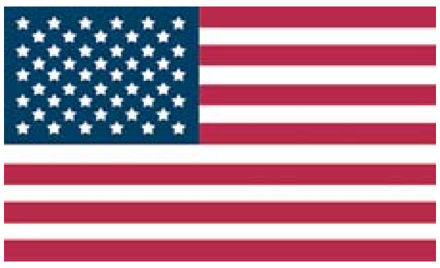
PETROLEUM NEWS ALASKA



"Seven national crimes: 1. I don't think; 2. I don't know; 3. I don't care; 4. I am too busy; 5. I leave well enough alone; 6. I have no time to read and find out; 7. I am not interested."

—William J.H. Boetcker

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Making connections

Judy Patrick

On Aug. 1, subcontractor Pirelli-Jacobson Inc. pulls the bundle of power cable that will connect Forest Oil Corp.'s Osprey platform in Cook Inlet to the onshore facility. The cable follows the same route as the pipeline, which is already in place. The Redoubt Shoal field development is on schedule for first production by the end of 2002.

Department of Energy predicts oil prices near $30 per barrel in 2003

July oil prices remained relatively high, averaging close to expectations, with the average spot West Texas Intermediate price for July approximately $27 a barrel, the U.S. Department of Energy's Energy Information Administration said in its August short-term energy outlook.

Over the next year and a half, the agency said, "we think that likely scenarios for OPEC and non-OPEC output growth imply continued tightening of markets (lower commercial inventories) and continued support for crude oil prices near or slightly above current levels through mid-2003."

The EIA said it expects the average spot price for West Texas Intermediate "to edge upward toward $30 per barrel by early to

see OIL PRICES page 19

Cash-rich Canadian companies fuel stronger drilling forecast

Canada's oil and gas exploration is moving increasingly to deeper prospects in northern regions as forecasts for the 2002 well count are raised on the strength of improved commodity prices.

The Petroleum Services Association of Canada now predicts 14,700 well completions for the year — up 700 from its most recent projection and the highest of its four attempts in the last nine months.

PSAC president Roger Soucy told industry executives July 30 that companies have built up some cash flow and cash reserves and "now have to do something with them ... we expect they'll be spending it on drilling."

He said the industry became a "little bearish" towards the end of 2001 and into 2002 when commodity prices dipped.

see FORECAST page 17

INSIDE

■ EXPLORATION & PRODUCTION

Operators for hire

Fairweather E&P, Natchiq Technical Services offer exploration, production services for oil companies with leases in Alaska; can provide partial services or turnkey job

By Kay Cashman
PNA Publisher

A new type of oilfield service firm has evolved in Alaska: the operator for hire. Pioneered by Fairweather E&P Services Inc. in the mid-1990s, the formation of full-service E&P firms in Alaska was spurred by the inevitable influx of independent oil and gas companies into the state's maturing oil province and their need for local expertise.

What's different about Alaska and other mature oil provinces is that some of the incoming oil companies, particularly the smaller ones, don't want to set up complete operations in Alaska because of its challenging geographical and regulatory environment. Most of the new companies can't justify the high cost of building the expertise, facilities and equipment it takes to operate in the state.

The full-service E&P firms are positioned to take the pain out of that process.

"We tend to provide services to the smaller companies that the bigger companies already have an in-house staff for. The little companies coming in need our help. … The big ones don't need a lot of help, they just need the small specialized stuff that we can provide," Bill Penrose, senior project manager for Fairweather E&P, told PNA.

And then there were two

Today, there are two full service E&P companies in Alaska. Natchiq Technical Services was established in the fall of 2000. (See stories about both Fairweather E&P and Natchiq Technical on page 9.)

Natchiq Technical was recently selected by Denver-based Armstrong Resources LLC to oversee planning, engineering and implementation of

see OPERATORS page 17

Judy Patrick

Pictured here is a Crowley Alaska barge delivering supplies to the SDC earlier this month.

SDC goes into quiet mode for whaling season

Fairweather E&P Services is providing rig personnel and contractor services for unit operator EnCana Corp. at the McCovey prospect in the central Beaufort Sea. The SDC — short for steel drilling caisson — will be used to drill a single exploration well, the McCovey No. 1, from a surface location in federal OCS lease block Y-1577 to a bottom hole location to the

see SDC page 17

■ WORLD OIL

Mackenzie Delta gasline open season attracts 20 producers

Canadian producers group has indicated it could enter the regulatory phase by mid-2003 — a process that could take up to four years

By Gary Park
PNA Canadian Correspondent

The Mackenzie Delta Producers Group has been swamped with responses from natural gas companies who answered an invitation to register their interest in obtaining space on a Mackenzie Valley pipeline.

A one-month open season designed to get an estimate on the number of potential shippers yielded expressions of interest from 20 companies, said a spokesman for Imperial Oil Ltd., the lead partner in the producers group. (ExxonMobil owns 69 percent of Imperial.)

Because of qualifications in the non-binding expressions of interest, he said Imperial will have to meet with all of the producers to get a more reliable fix on the total volumes nominated.

But he said the exercise will help the producers group to develop flexible plans for handling discoveries over and above the 800 million to 1 billion cubic feet per day expected to come from the Taglu, Parsons Lake and Niglintgak, where proven reserves are currently 5.8 trillion cubic feet.

Producers are ExxonMobil controlled Imperial, Shell, Conoco, ExxonMobil

The 20 companies include the partners in the Mackenzie Delta Producers Group — Imperial, Shell Canada Ltd., Conoco Canada Ltd. and ExxonMobil Canada.

Although the others were not identified, they would likely include the Mackenzie Delta Explorers Group, consisting of Petro-Canada, Devon Canada Corp., EnCana Corp., Chevron Canada Resources, Anadarko Canada Corp., Burlington Resources Canada Energy Ltd. and BP Canada Energy Co.,

see PRODUCERS page 19

Alaska Rig Report

Rig Owner/Rig Type	Rig No.	Rig Location/Activity	Operator or Status
North Slope - Onshore			
Doyon Drilling			
Dreco 1250 UE	14 (SCR/TD)	Prudhoe Bay, Drilling on S-Pad, S-215i	BP
Sky Top Brewster NE-12	15 (SCR/TD)	Stacked, Endicott Is., expected start January	BP
Dreco 1000 UE	16 (SCR)	Stacked, Deadhorse	Available
Dreco D2000 UEBD	19 (SCR/TD)	CD2-16, Production drilling at Alpine	Phillips
OIME 2000	141 (SCR/TD)	Milne Point, I-Pad drilling on MPI-15 soon, multi-lateral	BP
Nabors Alaska Drilling			
Trans-ocean rig	CDR-1 (CT)	Stacked, Prudhoe Bay	Available
Dreco 1000 UE	2-ES (SCR)	Prudhoe Bay, H-20	BP
Mid-Continent U36A	3-S	Stacked, Prudhoe Bay	BP
Oilwell 700 E	4-ES (SCR)	Working, Milne Point	BP
(*Not Available*)	7-ES	Being repaired, under contract	BP
Dreco 1000 UE	9-ES (SCR/TD)	Prudhoe Bay, V104-I	BP
Oilwell 2000 Hercules	14-E (SCR)	Stacked, Prudhoe Bay	Anadarko
Oilwell 2000 Hercules	16-E (SCR/TD)	Stacked, NPR-A, Teshekpuk Lake	Phillips
Oilwell 2000	17-E (SCR/TD)	Stacked, Point McIntyre	Available
Emsco Electro-hoist -2	18-E (SCR)	Stacked, Deadhorse	Available
OIME 1000	19-E (SCR)	Stacked, Deadhorse	Available
Emsco Electro-hoist Varco TDS3	22-E (SCR/TD)	Stacked, Milne Point	Available
Emsco Electro-hoist Canrig 1050E	27-E (SCR/TD)	Prudhoe Bay, PSI-10	BP
Emsco Electro-hoist	28-E (SCR)	Stacked, Deadhorse	Available
OIME 2000	245-E	Stacked, mid August through end of year	Phillips
Nordic Calista Services			
Superior 700 UE	1 (SCR/TD)	Kuparuk, moved to DS-12 well 14	Phillips
Superior 700 UE	2 (SCR)	Moved to Prudhoe to start conversion to Coil Tubing	Pending, BP
Ideco 900	3 (SCR/TD)	Moved to 2P-427, Meltwater warm stack	Phillips
North Slope - Offshore			
Nabors Alaska Drilling			
Oilwell 2000	33-E (SCR/TD)	Northstar Is., NS-24	BP
Fairweather			
Dreco 147	SDC	On location - EnCana McCovey #1 cold stacked unitl late October	EnCana
Cook Inlet Basin – Onshore			
Marathon Oil Co. (Inlet Drilling Alaska labor contractor)			
Taylor	Glacier 1	GD 1, working on WL #1 RD	Marathon
Inlet Drilling Alaska/Cooper Construction			
Kremco 750	CC-1	Moving from Tyonek to Kenai on July 1	Available
Nabors Alaska Drilling			
Rigmasters 850	129	Stacked, Swanson River	Available
National 110 UE	160 (SCR)	Stacked, Kenai	Available
Continental Emsco E3000	273	Stacked	Phillips
Aurora Well Service			
Franks 300 Srs. Expolrer III	AWS 1	Nicolai Creek Gas Field, Sidetrack NC1B rigging up	Aurora Gas
Cook Inlet Basin – Offshore			
XTO Energy (Inlet Drilling Alaska labor contract)			
National 1320	A	Idle/Middle Ground Shoal	XTO Energy
National 110	C (TD)	Preparing for C43-14 workover	XTO Energy
Nabors Alaska Drilling			
IDECO 2100 E	429 (SCR)	Redoubt Shoal #5	Forest Oil
Unocal (Nabors Alaska Drilling labor contractor)			
Oilwell 2000 E		Idle, Steelhead Platform	Unocal
National 1320 OUE	54	Idle, Grayling Platform	Unocal
National 1320 OUE	55	Idle, Grayling Platform	Unocal
Oilwell 860	56	Idle, Monopod	Unocal
Draw works removed	57	Idle, Granite Point Platform	Unocal
National 1320 UE	58A	Idle, King Salmon Platform	Unocal
Draw works removed	58B	Idle, Granite Point Platform	Unocal
OIME SD8M	60	Idle, Bruce Platform	Unocal
National 1320 OUE	76	Idle, Dolly Varden Platform	Unocal
National 1320 OUE	77	Idle, Dolly Varden Platform	Unocal
IDECO 2100 E (Unocal's only mobile rig)	428	Stacked, Baker platform, northern most platform in Middle Ground Shoal	Available
Mackenzie Delta-Onshore			
Akita Equtak			
Rigmaster E-1500	60 (SCR/TD)	Moving south to Alberta	Petro-Canada
Dreco 1250 UE	63 (SCR/TD)	Stacked at Tuktoyaktuk	Devon ARL Corp.

The Alaska Rig Report is sponsored by:

XTO Energy, Inc.

The Alaska Rig Report as of August 14, 2002.
Active drilling companies only listed.

TD = rigs equipped with top drive units WO = workover operations
CT = coiled tubing operation SCR = electric rig

This rig report was prepared by Wadeen Hepworth

Nabors rig at Altamura prospect in NPR-A last winter Courtesy Judy Patrick

Baker Hughes North America rotary rig counts*

	August 9	August 2	Year Ago
US	854	848	1248
Canada	191	257	320
Gulf	110	111	139

Highest/Lowest

US/Highest	4530	December 1981
US/Lowest	488	April 1999
Canada/Highest	558	January 2000
Canada/Lowest	29	April 1992

*Issued by Baker Hughes since 1944

Rig start-ups expected in next 6 months

Nordic Calista

Rig 2 (SCR) — Stacked at Kuparuk, will be converted to CT unit in JV with Schlumberger, similar to NC #1 JV. Start-up expected September, at an unknown location.

Unocal (Nabors Alaska Drilling labor contractor)

Rig 76 — Idle/Dolly Varden platform, start-up mid September.
Rig 77 — Idle/Dolly Varden platform, start-up mid September.
Pulling Unit — Late August - October Nabors will perform 7 Swanson Workovers.
K-12 — October King Salmon workover with hydraulic unit.
Steelhead — Mid-October M-28 and M-29 workover.

Fairweather

SDC — MODU on location at EnCana's McCovey prospect off Prudhoe Bay. Drilling on McCovey to begin in mid-November.

Akita Equtak

Rig 60 — On barge moving south to Alberta. Location to be decided.

XTO (Inlet Drilling Alaska labor contract)

Rig C — Waiting for equipment, then will start workover on C43-14 in August.

Aurora Well Service

Pulling Unit — Aurora Well Service LLC's and Franks 300 Series well servicing unit is scheduled to do completions, sidetracks, and shallow straight hole drilling at Nicolai Creek gas field for Aurora Gas LLC. Will start working this summer.

EXPLORATION & PRODUCTION

Phillips looking at one to four exploration wells this winter

Phillips Alaska Inc. has told regulators that it plans to drill one to four exploration wells this winter and is looking at sites ranging from the western side of Teshekpuk Lake in the National Petroleum Reserve-Alaska to state lands east of Nuiqsut.

Bruce Webb, natural resource officer with the Division of Oil and Gas, told PNA Aug. 14 that Phillips told agency representatives that it is looking at drilling sites in four areas.

One area is at Puviag west of Teshekpuk Lake in NPR-A some 67 miles southeast of Barrow where the company has Nabors Alaska Drilling rig 16-E stacked on an insulated ice pad in section 35 township 16N range 10 west, Umiat Meridian. The Bureau of Land Management told PNA in July that Phillips staked two wells in the area: the Puviag No. 1, NWNW 35-16N-10W, UM, and the Puviag No. 2, SESW 9-15N-10W, UM.

One area is at Puviag west of Teshekpuk Lake; other possible NPR-A well locations include Summit, Grand View, Power Line and Carbon.

Other possible NPR-A well locations include Summit, Grand View, Power Line and Carbon.

On state lands Phillips has prospects at Cronus, Oberon and Placer, all in the area between the Colville River unit (Alpine) and the Kuparuk River unit. Webb said the Oberon prospect is in a group of leases where Phillips has a work commitment and will start losing acreage if they don't drill.

Phillips is also looking at drill sites at Sunrise No. 3 and Titania, Webb said. Sunrise is northwest of Nuiqsut and Titania is directly east of Nuiqsut across the Colville River.

Phillips' plans will be finalized much closer to the start of tundra travel, Phillips Alaska spokeswoman Dawn Patience told PNA. She said that this was just a preview.

—Kristen Nelson, PNA editor-in-chief

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FINANCE & ECONOMY

ChevronTexaco second quarter net income at $407 million, down 81%

ChevronTexaco Corp. net income declined 81 percent to $407 million or 39 cents per share for second quarter 2002, versus $2.108 billion or $1.99 per share for the same period in 2001, the company said July 30.

A number of factors precipitated the slide, the company said, including lower natural gas and crude oil prices, lower refined product margins, a $531 million write-down of an investment in Dynegy Inc., environmental mediation and litigation expenses of $122 million, and foreign currency losses of $141 million.

Merger related expenses reduced earnings $73 million, but the company said it expects merger synergies to deliver savings of $2.2 billion annually by early 2003.

Second quarter 2002 revenues and other income were $25.3 billion, compared with $29.7 billion in the period in 2001.

Net oil-equivalent production declined 3 percent from last year's second quarter, from 1.080 million barrels per day to 1.044 million bpd.

—Steve Sutherland, PNA managing editor

■ LAND & LEASING

Oklahoma independent acquires three Kenai Peninsula leases from Northstar Energy

By Petroleum News • Alaska

Environmental Energy Services Inc. (EESV) of Oklahoma City, Okla., said Aug. 8 it had acquired three Kenai Peninsula leases from Northstar Energy Group Inc. in June. The leases, encompassing about 11,710 net acres, are approximately 20 miles north of Homer, EESV said in a statement.

"This is the single-most important event in EESV's short history. It moves us to being a viable energy company, a new industry for us." —Environmental Energy Services Chairman Leon Blaser

The statement said the company "paid $500,000 cash, agreed to pay an additional $950,000 in 60 days, will issue 13,100,000 restricted shares of common stock, and granted Northstar an overriding royalty interest in any oil and gas proceeds realized from the lease to acquire the leases, which, together with existing royalty interests, results in EESV having a 78 percent net revenue interest in the leases."

EESV said it also will issue additional shares of common stock in the future "in the event the market value of the shares issued in the transaction do not have a market value of at least $6,550,000 at that time"

As part of the agreement, EESV will drill at least one well on any of the three leases within one year of the acquisition.

The company said "initial geological and geophysical studies indicate possible recoverable reserves in excess of 31 million barrels of oil and 200 billion cubic feet of natural gas."

EESV said it "anticipates raising the capital to fund drilling costs through a limited partnership drilling program, of which a portion of the proceeds will pay off the short-term obligation to Northstar.

"Several parties have expressed interest in acquiring the gas from the leases. However, a pipeline will have to be built to transport the gas to market," according to the statement.

The company said it "has had discussions with one entity that would build the pipeline at its expense in consideration for a royalty on any gas that is transported through the pipeline."

EESV said it also is looking at the possibility of building the pipeline itself. It is currently researching the costs involved.

"I am excited about the potentials that exist within these leases.

EESV is currently discussing drilling operations on the (Ninilchik) dome with several potential investment groups that would provide the drilling capital under a limited liability partnership arrangement," EESV Chairman Leon Blaser said.

"This is the single-most important event in EESV's short history. It moves us to being a viable energy company, a new industry for us. Energy is here forever," Blaser said. "We are glad to be a part of the solution of less dependence on foreign oil." ◆

PIPELINES & DOWNSTREAM

Shell to convert 21 Anchorage Texaco stations to Shell brand

Shell Oil Products US said Aug. 13 that it will be converting up to 21 Texaco stations to the Shell brand in the Anchorage area as part of the company's national re-branding effort.

Shell and its affiliates acquired the service stations as part of an agreement to allow the Chevron merger with Texaco to proceed and plans to convert the majority of the 13,000 Texaco stations to the Shell brand.

Shell and its affiliates acquired the service stations as part of an agreement to allow the Chevron merger with Texaco to proceed and plans to convert the majority of the 13,000 Texaco stations to the Shell brand.

Shell said it expects to complete the conversion process in Anchorage by the end of the year, and nationwide by June 2004.

"We are bringing to Anchorage a new, revitalized Shell brand, with a line of products that provides powerful benefits to consumers — including fuels that provide protection and enhanced performance to vehicles, quality lubricant products and modern, updated convenience stores," said Russell Caplan, vice president of retail for Shell Oil Products US.

The company said that upon completion of the nationwide two-year conversion process, Shell Oil Products US will be the only gasoline retailer in all 50 states.

FINANCE & ECONOMY

LONDON

BP second quarter earnings off by one third

BP said July 30 its second quarter pro forma result, adjusted for special items, was $2.1 billion, compared with $3.4 billion for second quarter 2001, a reduction of 36 percent.

The company said its results reflect a less favorable environment for exploration and production, and refining and marketing.

Net cash inflow from operating activities was $5.133 billion for second quarter 2002, up from $5.076 billion for second quarter 2001. Total hydrocarbon production for the quarter was at a record level of 3,546,000 barrels of oil equivalent, up 5.5 percent compared to the same period last year, the company said. Increases flowed from the continued ramp-up of projects commissioned in 2001, start-up of the King field in the Gulf of Mexico, improved operating efficiencies, and an increased interest in Sidanco which offset the impact of OPEC related quota restrictions and divestments.

—Steve Sutherlin, PNA managing editor

COLORADO

Evergreen Resources profits down, production up

Evergreen Resources Inc. had second quarter 2002 earnings of $3.3 million or 17 cents per diluted share, compared to $11.2 million or 57 cents per diluted share in the second quarter of 2001, the company said Aug. 1.

Net gas sales increased to a record 104.4 million cubic feet per day for a total of 9.5 billion cubic feet in the second quarter, the company said, up 31 percent from the corresponding 2001 period.

The company said it will drill a total of eight wells beginning in September on its 64,000 acres of prospective coalbed methane properties in the Cook Inlet basin, with completion and production testing operations expected to begin in the fourth quarter of 2002.

—Steve Sutherlin, PNA managing editor

TEXAS

Conoco earnings sag

Conoco said July 23 its net second quarter income fell to $141 million or 22 cents per share, a 77 percent drop from $606 million or 95 cents per diluted share for the period last year. Sharply lower natural gas prices, lackluster refining margins, and currency losses were to blame, the company said.

Revenue for the quarter totaled $9.7 billion, down 8 percent from $10.6 billion last year. Total quarterly production was up 25 percent, at 836,000 barrels of oil equivalent per day, versus 670,000 boe per day in second quarter 2001.

—Steve Sutherlin, PNA managing editor

■ CANADA

Battered investors find comfort, reward in Canadian income trusts

Trusts notch total returns of 9.7 percent for first 7 months of 2002, with 5 largest conventional producers yielding up to 18 percent; market cap now at C$9 billion

By Gary Park
PNA Canadian Correspondent

In a year of evaporating fortunes and retirement hopes, Canadian investors have found at least one haven of hope — energy income trusts. Close to 20 publicly traded trust companies are producing almost 200,000 barrels per day of crude oil and natural gas liquids and 800 million cubic feet per day of natural gas, or 10 percent of Canada's total crude/NGLs production and 5 percent of its gas. Their combined market capitalization is now estimated at C$9 billion, compared with C$665 million in 1995.

Verne Johnson …(of) Enerplus Resources Corp. … views trusts as a natural progression for investors who have grown weary of a high risk business "that undeniably destroys equity from time to time."

More importantly, in these days of stock market turmoil, they have easily outperformed more traditional investments.

The Scotia Capital Oil and Gas Royalty Trust index recorded 9.7 percent in total returns, including distributions to unit holders, over the first seven months of 2002, following a 40 percent annual return in 1999 and 2000.

Stack that up against declines of 15 percent on the Standard & Poor's/Toronto Stock Exchange, 17.1 percent on the Dow Jones Industrial Average and 24.7 percent on the S&P 500.

Operate much like producers

Having been around for about 15 years, the trusts operate much like conventional producers — buying and selling properties, producing oil and gas and selling their output.

But they diverge in significant ways from the traditional oil patch path, where growth is the major objective.

Instead of setting out to create value for investors by finding new reserves, trusts exist to deplete reserves and are often managed by external teams who look to maximize cash flow by crunching costs and limiting risks.

Verne Johnson, senior vice president at Enerplus Resources Corp., part of a group which manages over

see TRUSTS page 6

■ GREAT BRITAIN

Energy watchdog: oil demand weaker than expected in second half of year

International Energy Agency cites upward pressure on oil prices due to diminishing U.S. inventories, threat of U.S.-led war against Iraq

By Bruce Stanley
Associated Press Business Writer

Demand for oil was weaker than expected during the second quarter of the year, but crude prices have stayed firm due to diminishing U.S. oil inventories and the threat of a U.S.-led war against Iraq, an industry study said Aug. 9.

Upward pressure on prices offset the dampening effects of tumbling world stock markets and a 2.2 percent increase in OPEC output in June, the International Energy Agency reported.

The IEA, headquartered in Paris, is the energy watchdog agency for the Organization for Economic Cooperation and Development, a group of wealthy, oil-importing nations.

In its monthly oil market report, the IEA made a slight reduction of 50,000 barrels a day in its forecast for demand growth this year. It noted a large decrease in demand in Asia in May, together with a smaller decrease in demand in Europe.

The IEA also announced revised, higher figures for global demand dating back to 1991. It made the changes to reflect what it said had been the under reporting of past crude consumption in Iran, India, Egypt, and several other countries.

As a result, the agency predicted that worldwide demand would rise to revised levels of 76.3 million barrels a day in the third quarter and 78.2 million barrels a day in the fourth quarter.

Crude supplies grow in July

Crude supplies, meanwhile, grew to 76.5 million barrels a day in July, up 780,000 barrels a day from June. The IEA attributed this increase to a surge in output from the Organization of Petroleum Exporting Countries.

The 10 members of OPEC, excluding Iraq, boosted their combined production last month by 360,000 barrels a day. The producers' cartel exceeded its self-imposed output quota by 1.5 mil-

see WATCHDOG page 6

CALIFORNIA

Unocal CEO, CFO certify SEC filings

Unocal Corp. said Aug. 13 that its chief executive officer and chief financial officer have signed and filed sworn statements with the U.S. Securities and Exchange Commission regarding the accuracy of the company's recent reports filed with the SEC.

Unocal CEO Charles R. Williamson and Unocal CFO Terry G. Dallas signed sworn statements attesting as to the truth and completeness of the 2001 Annual Report on Form 10-K, as well as subsequent Form 10-Q and Form 8-K reports and proxy statement.

Unocal is one of 947 large public companies whose CEO and CFO are required by the SEC under Order No. 4-460 to file sworn statements affirming the accuracy of filings with the commission.

Williamson and Dallas also signed and submitted separate certifications for Unocal's second quarter 2002 Form 10-Q as required by Section 906 of the Sarbanes-Oxley Act.

"Unocal is committed to the highest levels of ethics, corporate governance and financial transparency," Williamson said in a statement. "We have long stressed the importance of providing investors and the public with materially accurate and complete information about the performance our company."

continued from page 5

WATCHDOG

lion barrels a day, or 6.9 percent, the IEA said.

Jan Stuart, head of research in global energy futures at ABN AMRO, argued that OPEC is busting its quota by even more — 2.2 million barrels a day.

As OPEC members pumped and sold greater "olumes in July, they benefited also from higher oil prices.

The average spot price for North Sea Brent, the European benchmark crude, increased by $1.68 a barrel to an average of $25.81 in July.

OPEC not doing badly

"You make hay while the sun shines," said Peter Gignoux, head of the petroleum desk at Salomon Smith Barney. "OPEC's not doing badly."

OPEC member Iraq, whose exports are regulated by the United Nations, increased its daily output by 170,000 barrels in July. Iraq doesn't participate in OPEC production agreements.

At the same time, production from non-OPEC sources rose by a combined 220,000 barrels a day. Norway, Britain and Australia each increased its output.

Economic uncertainty and the possibility that Iraq might resume its higher, historic levels of production, made it "debatable" whether OPEC would need to increase output later in the year, said Lawrence Eagles, head of commodity research for London brokerage GNI Ltd.

But in spite of the increase in crude supplies, tensions in the Middle East have continued to shore up prices.

Analysts say expectations that the U.S. President George W. Bush might launch a military offensive against Iraq have added a so-called ``war premium'' of $3 to each barrel of oil. ◆

continued from page 5

TRUSTS

C$2 billion in assets, said that as the Western Canada Sedimentary Basin has matured to the point where major new fields are tougher to find there are assets that are better run by asset managers than those focused on growth through the drill bit.

He views trusts as a natural progression for investors who have grown weary of a high risk business "that undeniably destroys equity from time to time."

For investors, there is great appeal in knowing that the trust's cash flow comes to them as monthly or quarterly distributions.

Current sector leaders

The current sector leaders are Enerplus Resources Fund with 51,500 barrels of oil equivalent per day, Canadian Oil Sands Trust 47,700 bpd (all of it from the Syncrude Canada Ltd. oil sands operation) and ARC Energy Trust at 42,800 boepd.

The five largest conventional producing trusts currently yield between 12 percent and 18 percent, according to Calgary-based Sayer Securities Ltd., while Scotia Capital has forecast average cash yields of 14.2 percent this year, based on moderate average prices of US$21 per barrel for oil and US$2.75 per thousand cubic feet for gas.

Brian Ector, an analyst with Scotia Capital Equity Research, told a strategic options conference in June that trusts are a new "investment class," shouldering aside the intermediate E&Ps that were previously their most serious rival.

As they have gained in recognition, trusts have also grown in their ability to attract capital, as illustrated by the C$1.33 billion they raised in 2001, far outstripping the C$117 million by conventional E&Ps, and another C$520 million in the first half of 2002, a slight drop from last year's C$630 million.

U.S. counterparts not the same thing

Ector said there is a clear distinction between Canadian trusts, which are actively managed, and their U.S. counterparts, referred to as master limited partnerships, which he described as "blow-downs" of production from their oil and gas properties.

The latest addition to the income ranks occurred July 18 when Acclaim Energy Trust announced a C$384 million (US$250 million) deal to acquire the bulk of mature producing properties from Ketch Energy Ltd., leaving Ketch to spin off its exploration assets and form a small producer, starting at 1,700 boepd.

Acclaim President Jack Lee said the transaction will lift his company's producing portfolio to 16,100 boepd from 10,700 boepd, making Acclaim the seventh-largest income trust in Canada.

In the process, Acclaim's market capitalization will grow to more than C$400 million from C$155 million.

Calgary-based investment firm Peters & Co. has forecast for 2002 that the Canadian trust group will trade at 7.1 times cash flow against 3.8 times for intermediate producers and 4.1 times for juniors.

Also junior players

Typical of the new breed of junior player in the Canadian oil patch is Storm Energy Corp., which grew in four years to 13,000 bpd from 1,500 bpd, but rather that pursue growth for its own sake and risk declining production it has opted to ask shareholders this month to approve a royalty trust spinoff producing about 8,500 boepd.

Storm President and Chief Executive Officer Matthew Brister said his company can get a higher valuation for its assets in an income trust, while starting over with an E&P company with 4,000 bpd of production, allowing management to target a doubling of output.

Wilf Gobert, an analyst with brokerage Peters & Co., told a Canadian Association of Petroleum Producers investment symposium in July that Storm is "avoiding what has become a burial ground for companies — trying to grow through the production threshold" of 15,000 to 20,000 barrels of oil equivalent per day.

The path to the ranks of income trusts starts with small and junior producers — a breeding ground analysts say is quickly re-emerging from the disposal of non-core assets by companies involved in the tidal wave of mergers and acquisitions that has swamped the Canadian oil patch.

Rob Jennings, president and chief executive officer of Jennings Capital, said that with 72 percent of the Canadian industry's total market cap now consisting of companies smaller than C$100 million "there is competition for investor attention. The retail investor is basically looking at the royalty trust for income."

Enticed by the prospects of enhancing shareholder value, other industry-related sectors are also joining the trend.

Parkland Industries Ltd., with annual operating revenues of about C$500 million from retailing and wholesaling transportation fuel and running a small Alberta refinery, transformed itself last month into an income fund.

In May, Canadian Crude Separators Inc. became the first Canadian service and supply company to reorganize as a trust. It was quickly followed by Wellco Inc. and Trinidad Drilling Ltd. , despite some concern among analysts that the sector does not have the predictable cash flow or stability associated with trusts. ◆

OIL COMPANY EARNINGS

Second Quarter 2002

2Q 2002 profits in millions, % change from 2Q 2001
2Q revenues in millions, % change from 2Q 2001
2Q daily production, % change from 2Q 2001

		profits	%	revenues	%	production	%
Agrium	AGU	—	—	—	—	—	—
Anadarko	APC	$239	40	$1,373	-54	546,000BOE	-4
BP	BP	$2,181	-36	—	—	3,546,000BOE /day	+5.5
ChevronTexaco	CVX	$407	-81	$25,300	-15	1,044,000BOE/day	-3
Conoco	COC	$141	-77	$9,700	-08	836,000BOE	+25
EnCana	ECA	—	—	—	—	—	—
Evergreen	EVG	$3.3	-71	—	—	9.5 MMCF	+31
ExxonMobil	EOM	$2,670	-39	$50,909	-09	—	—
Forest	FST	—	—	—	—	—	—
Marathon	MRO	—	—	—	—	—	—
Murphy	MUR	—	—	—	—	—	—
Petro Canada	PCZ	—	—	—	—	—	—
Phillips	P	$369	39	$11,600	+115	—	—
Semco	SEN	—	—	—	—	—	—
Tesoro	TSO	-$17.9	-161	—	—	—	—
Unocal	UCL	$134	-44	$1,356	-20	486,000BOE	-6
Williams	WMB	-$339.1	-203	—	—	—	—
XTO	XTO	$34.6	-62	$189	-10	502MMCF	+25

Dollar figures in millions

BOE: *barrels of oil equivalent*
BBL: *barrels of crude oil and condensate*
MMCF: *billions of cubic feet of natural gas*

LOUISIANA

Koch submits winning bid to supply additional oil to strategic reserve

The U.S. Department of Energy said Aug. 8 that Koch Supply & Trading LP will become the newest supplier of crude oil to the Strategic Petroleum Reserve under President Bush's plan, announced last November, to fill the nation's emergency oil stockpile to its full capacity by 2005.

Secretary of Energy Spencer Abraham said Aug. 8 that the Wichita, Kansas-based company — one of the world's largest crude oil trading companies — had submitted the winning bid to provide approximately 8 million barrels of crude oil to the petroleum reserve beginning Oct. 1 and continuing through April 30, 2003.

"With each contract like this, Americans gain another measure of energy security," Abraham said. "The SPR provides the nation with an energy resource that can be used as directed by the President to protect Americans against future supply disruptions."

DOE said the contract to Koch is part of the administration's "royalty-in-kind" exchange program in which crude oil from federal leases in the Gulf of Mexico is exchanged for oil to be stored in the SPR for emergency protection against future supply disruptions.

Deliveries nearly 100,000 bpd

The agency said this contract will boost the average delivery rate of oil to the petroleum reserve under this program to nearly 100,000 barrels per day. Using the "royalty-in-kind" program, the Bush Administration has announced its intent to fill the petroleum reserve to its 700-million-barrel capacity by 2005.

The program is carried out cooperatively with the U.S. Department of Interior's Minerals Management Service. MMS recently awarded contracts for a similar amount of royalty oil to be delivered from designated Gulf of Mexico production platforms to "market centers." Koch will receive the crude oil at the market centers and deliver "in-kind" crude to the SPR. Actual volumes arriving at the SPR are adjusted to account for transportation and quality differentials. Koch's offer was selected on the basis that its exchange ratio provided the best value to the government.

The SPR currently holds 580 million barrels of crude oil deep in salt caverns created along the Texas and Louisiana coastlines.

TEXAS

Dunham swears Conoco results

Conoco's Chairman and Chief Executive Officer Archie Dunham, and Chief Financial Officer Bob Goldman, signed and filed sworn statements Aug. 9 with the U.S. Securities and Exchange Commission, affirming SEC filings made by the company in 2002.

Conoco said the documents for which Dunham and Goldman signed include Conoco's 10-K for 2001, its 10-Qs for first and second quarters of 2002, its 8-Ks for the first and second quarters of 2002 and its 2002 proxy statement.

"Certifying our SEC filings merely validates our longstanding commitment to provide transparent financial information about Conoco," Dunham said in a statement. "This is a fairly easy extension of the practice that Conoco has followed since our IPO in 1998 of including a signed Statement of Responsibility for Financial Statements in our annual report."

Conoco said it has endorsed and will comply with the requirements of the New York Stock Exchange, the Sarbanes-Oxley Act, and new SEC rules related to corporate governance and accounting.

ExxonMobil earnings fall on 'significantly weaker' refining margins, price weakness

Exxon Mobil Corp. said Aug. 1 its second quarter 2002 earnings were $2.7 billion or 39 cents per share excluding merger effects and special items, versus $4.4 billion or 64 cents per share in the record second quarter of 2001.

Revenue for the second quarter of 2002 totaled $50.9 billion compared with $56.1 billion in 2001.

ExxonMobil

"The reduction in earnings reflected weakened conditions in most business segments, including lower price levels of crude oil and natural gas, significantly weaker refining margins and adverse foreign exchange effects," said Lee R. Raymond, ExxonMobil chairman. In second quarter 2002 the company spent $3.4 billion on capital and exploration projects, compared with $2.8 billion for the period last year, it said.

The company also bought back 27 million shares during the second quarter at a gross cost of $1.1 billion, it said, to offset the dilution associated with benefit plans and to reduce common stock outstanding.

—Steve Sutherlin, PNA managing editor

JUNEAU

Governor signs bill reauthorizing RCA

Gov. Tony Knowles signed House Bill 3001 Aug. 9, extending the Regulatory Commission of Alaska.

Reauthorization was approved by the Legislature in special session, and for only a single year. Without reauthorization, the RCA would have had one year to wrap up its business and disband.

Gov. Tony Knowles

HB 3001 makes a number of changes in how the RCA operates.

The governor formerly appointed the chair of the commission for a four-year term; the chair could not be appointed to successive terms. HB 3001 provides that the chair will be elected by members of the commission for a one-year term, may be elected to three successive terms and may be reelected after one year of not serving as chair.

HB 3001 also makes a number of other changes in statutes governing the RCA: it adds a section on impartial decision making; specifies that the commission shall issue final orders within six months of the filing of complete applications; allows for issuance of orders without hearings if settlements are supported by all parties of record; and establishes a task force to inquire into the operation of the RCA and present a written report to the Legislature no later than Jan. 30, 2003.

The task force will have seven members, three appointed by the president of the Senate, three by the speaker of the House and one by the governor.

The RCA regulates public utilities by certifying qualified providers of public utility and pipeline services and ensuring that they provide safe and adequate services and facilities at just and reasonable rates, terms and conditions. The commission also determines the eligibility and the per kilowatt-hour support for electric utilities under the Power Cost Equalization program.

—Petroleum News Alaska

ANCHORAGE

New shallow gas regulations increase state's application fee

The Department of Natural Resources is amending regulations for the state's shallow natural gas leasing program based on Senate Bill 319 passed in the last session which authorized an increase in the application fee for shallow gas leases from $500 to $5,000.

The Legislature also authorized the conversion of current shallow gas leases to the new program; the conversion verification fee is $4,000.

SB 319 also changed the shallow gas statute to allow production of gas from a field part of which is within 3,000 feet of the surface — the requirement had been that all of the field be within 3,000 feet of the surface — and increased the amount of shallow gas acreage that one lessee could hold from 46,080 acres to 138,240 acres.

SB 319 also changed the shallow gas statute to allow production of gas from a field part of which is within 3,000 feet of the surface — the requirement had been that all of the field be within 3,000 feet of the surface — and increased the amount of shallow gas acreage that one lessee could hold from 46,080 acres to 138,240 acres. No changes were made in rent, royalties or term of lease: The annual rental payments remain $1 an acre for the life of the lease; the royalty is 6.25 percent unless the gas is produced "in direct competition" with conventional gas, in which case the royalty is 12.5 percent; and leases are for three years and can be extended as long as there is production.

Comments on the proposed regulations are due Sept. 13.

Details of the regulation changes are available on the Division of Oil and Gas web page at http://www.dog.dnr.state.ak.us/oil/.

■ N P R - A

Feds, state bicker over cleanup of leaking wells on North Slope

Wells were drilled between 1944 and 1981 for Navy, USGS

By The Associated Press

Exploration wells drilled in northern Alaska decades ago by the federal government are leaking crude oil and gas in the National Petroleum Reserve-Alaska, and government agencies are quarreling over how bad the problem is and who should pay to fix it.

The wells were drilled for the U.S. Navy and the U.S. Geological Survey between 1944 and 1981, said Ed Bovy, a spokesman for the federal Bureau of Land Management.

"We figure there are 110 wells scattered around the 23 million acres, which is the size of the state of Indiana." —Ed Bovy, Bureau of Land Management

Exposure to extreme temperatures coupled with snow and rain have caused the wellheads to deteriorate over the years, state officials say. They say the wells should be capped to meet state and federal standards.

At least two wells have released crude oil and gas into the environment and state officials fear more leaks will occur if the wells are not repaired. The BLM has begun inspecting and counting the wells, but has disclaimed responsibility.

"We figure there are 110 wells scattered around the 23 million acres, which is the size of the state of Indiana," Bovy said. The inventory will take another two years to complete, he said.

Leak at Cape Simpson

Last year an official with the Native Village of Barrow reported that one of the wells was leaking crude onto the tundra at Cape Simpson. An estimated 30 to 50 gallons had spilled from a worn wellhead, said Tom DeRuyter, an environmental specialist with the Alaska Department of Environmental Conservation. The well is located in an area where crude oil seeps naturally at the surface.

"There wasn't a lot of environmental damage, but clearly the well had not been maintained," DeRuyter said. "It is unknown how many other wells are in this same condition."

State billed BLM

The state billed BLM $4,863 for responding to the Cape Simpson spill. BLM rejected the bill, invoking sovereign immunity and saying the federal agency was not responsible for the state's costs.

The state Department of Environmental Conservation and the federal Environmental Protection Agency have asked BLM to join them in developing a program to properly close the wells. Their letter said the cost may be several million dollars, but proposed the three agencies work together to find the money. The BLM responded again that it had no legal obligation to act on the wells, and disputed that any harm had occurred.

Bovy said it would take years to get a complete picture of what needs to be done. Most of the cost to repair the wells will be in getting materials and workers to the remote site, he said.

Some of the wells are located on tracts the BLM has leased or plans to lease to oil companies for oil and gas exploration, but Bovy couldn't say how many. The oil companies would not be liable for the wells, he said. ◆

ANCHORAGE

Alaska receives $4.5 million from U.S. Department of Interior

Alaska received more than $4.5 million as its share of federal minerals revenue despite a four-month court-ordered computer network shutdown. The Interior Department's Minerals Management Service said Aug. 1 that it distributed more than $318 million to 32 states during the first six months of 2002.

MMS said the money represents the states' cumulative share of revenues collected for mineral production on federal lands within state borders and from federal offshore oil and gas tracts adjacent to their shores.

MMS said the money represents the states' cumulative share of revenues collected for mineral production on federal lands within state borders and from federal offshore oil and gas tracts adjacent to their shores.

"MMS continued to make estimated payments to the states in spite of the computer shutdown…" at the Department of Interior in response to a federal court order which began Dec. 7 and was not lifted at MMS until late March, Interior Secretary Gale Norton said in a statement. MMS "is now working to reconcile these estimates with a several-month backlog of payment and production records," she said.

Norton said this year's half-way numbers are less than the record $656 million halfway figure, but close to the $362 for the first half of 2000.

"The numbers largely reflect a recent decline in prices of crude oil and natural gas," she said.

Alaska gets 90%; other states get 50%

MMS collects, accounts for, audits and disburses revenues from mineral leases on federal and Indian lands and makes payments to states monthly as revenues are collected.

States receive a share of mineral revenues from federal lands within the state's boundaries, typically 50 percent to the state, 40 percent to the Reclamation Fund for water projects and 10 percent to the U.S. Treasury.

Alaska, however, gets a 90 percent share according to terms of the Alaska Statehood Act. States with federal offshore tracts adjacent to seaward boundaries receive 27 percent of those mineral royalties as well.

EXPLORATION & PRODUCTION

STATEWIDE

North Slope production down 9.5 percent in July

Alaska North Slope crude oil production averaged 934,479 barrels per day in July, down 9.46 percent from a June average of 1,032,085 bpd.

Alpine production held about level, with an increase averaging 134 bpd; all other North Slope fields had production declines from June to July.

The Department of Revenue said compressor problems at Alyeska Pipeline Service Co. in mid-July contributed to production decreases. Alyeska had the pipeline down for planned maintenance July 27-28 and the company said that flow into pump station 1 was approximately 30 percent of typical flow rate throughout the shutdown.

Prudhoe had steepest decline, Endicott next

Prudhoe Bay (which includes production from Aurora, Borealis, Lisburne, Midnight Sun, Niakuk, Orion, Point McIntyre, Polaris and West Beach) saw the steepest decline in production, down 13.1 percent to an average of 444,938 bpd in July, a drop of more than 67,000 bpd from the field's June average of 511,991 bpd.

Endicott (includes production from Sag Delta, Eider and Badami) had the second steepest decline, with July average production of 27,167 bpd down 12.4 percent from a June average of 30,999 bpd, a drop of an average 2,976 bpd.

Lisburne (including Point McIntyre, Niakuk, West Beach and North Prudhoe Bay State) averaged 64,855 bpd in July, down 9 percent from a June average of 71,288 bpd, a drop of some 6,433 bpd.

Production from Kuparuk River (including West Sak, Tabasco, Tarn and Meltwater) averaged 197,328 bpd in July, down 6.5 percent from June average production of 211,015 bpd, a drop of 13,687 bpd.

Northstar production averaged 57,221 bpd in July, down 6.2 percent from a June average of 60,980 bpd, a drop of 3,759 bpd.

Milne Point production (including Kuparuk River, Schrader Bluff and Sag River) averaged 47,874 bpd, down 5.9 percent from a June average of 50,850 bpd, a drop of 2,976 bpd.

Alpine production (which includes Nanuk) averaged 95,096 bpd in July, up 0.1 percent (134 bpd) from a June average of 94,962 bpd.

Cook Inlet up 1%

Cook Inlet averaged 32,161 bpd in July, up 1 percent from a June average of 31,850 bpd. Oil production in Cook Inlet comes from Beaver Creek, Granite Point, McArthur River, Middle Ground Shoal, Swanson River, Trading Bay and West McArthur River.

Prudhoe Bay natural gas liquids production averaged 31,342 bpd in July, down 22.6 percent from an average of 40,506 bpd in June, a drop of 9,164 bpd.

—Kristen Nelson, PNA editor-in-chief

■ ANCHORAGE

Fairweather E&P becomes Alaska's first oilfield operations contractor for hire

Anchorage-based company offers broad palette of oilfield services; E&P customers include EnCana, Phillips, BP, Unocal, XTO, Aurora Gas

By Steve Sutherlin
PNA Managing Editor

Judy Patrick

Bill Penrose, senior project manager for Fairweather E&P; Sherron Perry, president of Fairweather Inc.; Bob Gardner, president of Fairweather E&P

Fairweather E&P Services Inc. pioneered an entirely new category of oilfield service firms in Alaska, the contract operator for hire. Smaller oil companies can avoid the expense and lead time required to operate in Alaska's oil fields by hiring an experienced and established firm to provide complete exploration and production services.

Fairweather E&P offers management and contracting services, including drilling engineering and supervision, offshore shallow hazard and geotechnical surveys, permitting and regulatory coordination, production operations, remote location logistics, facilities decommissioning, and well abandonment, the company said. Turnkey operations include exploration drilling, well aban-

see FAIRWEATHER page 11

■ ANCHORAGE

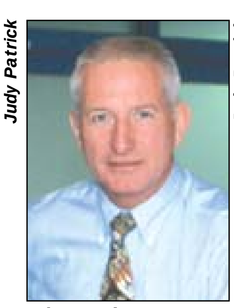
Natchiq Technical Services builds E&P operational capability

Company is staffed to explore and produce on the North Slope for leaseholders who do not want to handle their own operations in the Arctic

By Kay Cashman
PNA Publisher

Judy Patrick

David Johnston, president



Judy Patrick

John Lewis, vice president

Judy Patrick

Jim Abel, vice president

Natchiq Technical Services is positioning itself for an influx of independent oil and gas companies into Alaska, its president, David Johnston told PNA at a recent interview.

By building a team of individuals with North Slope experience and availing itself of sister company expertise, the Anchorage-based company is able to offer exploration and production services to oil and gas companies who want to drill on the North Slope but do not want to operate there.

"Natchiq Technical provides the support infrastructure and other services for independents wanting to operate exploration programs in Alaska," Stu Gustafson, vice president of operations for Armstrong Resources LLC, told PNA Aug. 14.

Armstrong Resources, a Denver-based independent which bought its first Alaska oil and gas leas-

see NATCHIQ TECHNICAL page 10

continued from page 9

NATCHIQ TECHNICAL

es in October, filed permit applications July 19 to drill three wells between Kuparuk and Thetis Island. Natchiq Technical will be Armstrong's operator on the North Slope. (See story on the front page of the July 28 edition of PNA.) It will oversee planning, engineering and implementation of Armstrong's 2002-2003 exploration plan, including well testing and selection of a company to build 10 miles of ice road.

"Natchiq Technical has experienced people who are cognizant of how a program needs to be conducted, what needs to be done, when it needs to be done and where to obtain all of the services needed for safe, efficient operations. They can greatly enhance a company's local engineering, purchasing and logistics capabilities in Alaska," Gustafson said.

E&P expertise

"We have expertise in all areas of E&P," Natchiq Technical Vice President John Lewis told PNA in a recent interview. Lewis has more than 28 years of international oil industry experience, including management, marketing and product development. Most recently he worked at Fairweather E&P Services in Anchorage; prior to that he was with BBL Brit Bit Ltd. in Aberdeen, Scotland.

"Natchiq Technical provides technical consulting and management in drilling, completion and stimulation, well testing, facility engineering and design, production, and geology and geophysics. … We can handle parts of a project or we can do everything," Lewis says.

Some of the services will come directly from Natchiq Technical and some from its sister companies in Natchiq Inc., such as Houston Contracting which does pipeline maintenance and construction, building trade construction and equipment maintenance. Houston got its start in Alaska in the early days of Prudhoe Bay.

Another Natchiq subsidiary which Natchiq Technical works with on projects is APC Natchiq. It designs, fabricates, assembles and delivers oilfield modules and has built sealift-sized modules for both BP's Northstar oil field and Phillips Alaska Inc.'s Alpine oil field development, as well as done turnkey truckable modules for ARCO Alaska Inc., Conoco, Alyeska Pipeline Service Co. and the Petro Star Valdez Refinery.

Roots in well fracturing

Natchiq Technical got its start in Alaska with well fracturing, one of the services that is most challenging for oil companies who do not have Arctic E&P experience.

"The challenge with fracturing up on the North Slope is it's high-perm fracturing. Typical fracturing, in the Lower 48, involves low permeability rock," Johnston says.

Jim Abel, a former ARCO Alaska Inc. employee who heads up the well stimulation and fracturing group with Natchiq Technical, says, "That's what fracturing was made for — low perm rock. We (ARCO Alaska) really had no historical analog when we came up here with respect to high perm fracturing. From an industry standpoint, this proved to be pioneering work. When I was with ARCO I was involved in the fracturing operations of all the major fields on the North Slope e.g. Prudhoe, Kuparuk, Point Mac, Tarn,

see NATCHIQ TECHNICAL page 11

Courtesy of Natchiq Technical

One unit, the Millennium Test Separator, is built into one 80-ton, 70-foot trailer that can be pulled by a truck. The MTS is designed for in-field well testing and is currently being transported to Prudhoe Bay where it will work for BP.

continued from page 9

FAIRWEATHER

donment and facilities decommissioning.

Here come the independents

Oilfield operations is perhaps the logical outgrowth of the decades of experience the Fairweather group of companies have built in Alaska, coupled with the evolution of the region as an oil province.

"We're a very mature oil field up here; the big fields are depleting and there doesn't seem to be as much interest in the big companies to go out and do exploring now that the elephants are gone," said Bill Penrose, senior project manager for Fairweather E&P.

Penrose was Fairweather's project manager for turnkey drilling of the offshore ARCO Alaska Inc. Warthog No. 1 in Camden Bay, and is a former ARCO Alaska senior drilling engineer.

"We tend to provide services to the smaller companies that the bigger companies already have an in-house staff for," he said. "The little companies coming in need our help. … The big ones don't need a lot of help; they just need the small specialized stuff that we can provide."

26 years of Alaska oil field experience

Fairweather E&P is part of a group of interrelated companies that share resources and expertise to provide a wide assortment of services to clients. Specialized sister companies include Fairweather Pacific LLC, Fairweather Marine Inc., Fairweather Geophysical LLC and Fairweather International Inc.

The Fairweather group of companies began in 1976 with Fairweather Inc., operating remote airstrips and providing expediting and logistics services. As client needs dictated, the firm added services such as remote site emergency medical personnel and facilities, weather observation, weather forecasts and ice information.

"We started a marine company in 1990, a small marine service company that provides charter services for the oil industry and construction industry in Southcentral Alaska," said Sherron Perry, president of Fairweather Inc.

"We started E&P in 1993 — it has grown to be rather large, providing services for the oil and mining industries. In 1998 we started Fairweather Geophysical (which) has a joint venture with Kuukpik Corp., the Native corporation in Kaktovik, with a multi-year contract with Phillips doing 3D seismic on the North Slope."

Fairweather Inc. has had employees in Canada, Japan, Dubai, Point Lay and Yuzhno-Sakhalinsk, Perry said.

"E&P has offices in Anchorage and Houston and we operate in California as well," said Robert Gardner, president of

see FAIRWEATHER page 12

continued from page 10

NATCHIQ TECHNICAL

Lisburne, West Sak, Milne Point, Schrader Bluff, and many exploration wells. We still consult on the exploration wells."

"It took a coordinated effort between the pumping companies, operations, production, drilling, and facilities personnel to have a successful fracturing campaign. Many of the excellent engineers and operations personnel I worked with are still with BP or Phillips," Abel says.

"Our role is to preserve the lessons learned and carry the baton to new engineers, new fields and new companies moving to the North Slope. We currently provide consulting for BP's North Slope fracturing program," he says.

High perm fracturing is pretty commonplace now in the Gulf of Mexico, Johnston says, but the vast majority of the work worldwide has been done in Alaska and" Jim's been involved in the majority of that."

Cutting down the time for well testing

Another service that Natchiq Technical offers its customers is well testing. The company is particularly proud of two new mobile flow-test units designed specially for the Arctic by its well group business manager Dan Wuthrich and built by APC Natchiq.

The advantages of the new well testing units?

Johnston says they cut costs, reduce rig-up and rig-down time, shrink the environmental footprint and are safer than the modified Lower 48 flow-test units traditionally used on the North Slope for exploration testing.

One unit, the Millennium Test Separator, is built into one 80-ton, 70-foot trailer that can be pulled by a truck. The MTS is designed for in-field well testing and is currently being transported to Prudhoe Bay where it will work for BP.

The other, equipped with tanks to hold produced fluids and a flare stack for gas production, is designed for exploration wells. It involves three compact modules that can be flown into a drill site, driven in via ice roads or hauled by a rolligon.

A key feature of the MTS units is a heat exchange unit, which is attached to a 100 kilowatt generator that supplies power to the unit. The exchange unit warms and circulates fresh air, eliminating the need for external diesel heating units, thereby reducing rig-up and rig-down time and cutting air emissions by approximately one-third. (A boiler unit is used for additional heat in very cold weather.)

Johnston says the exploration flow-test unit is designed to reduce rig-up and rig-down time by more than 50 percent, representing a significant cost savings and the possibility for operators to test more wells during the North Slope's short drilling season.

Why did Armstrong choose Natchiq Technical?

"David Johnston, John Lewis, Jim Abel and their staff at Natchiq Technical have a firm grasp of operational and environmental hurdles for exploration and production operations in the Arctic," Gustafson told PNA. "As part of a large family of companies under Arctic Slope Regional Corp., a resident stakeholder company, its parent company Natchiq also has an excellent Native hire record, which is important to us." ◆

■ ANCHORAGE

BLM head: issues of safety, health paramount in pipeline renewal

At an Aug.5 hearing in Anchorage, Clarke said the agency was sticking with its decision not to extend the public comment period

By Kristen Nelson
PNA Editor-in-Chief

Issues of safety and health are paramount in the evaluation of renewal of the trans-Alaska pipeline system, Kathleen Clarke, national director of the U.S. Department of the Interior's Bureau of Land Management said in Anchorage Aug. 5 before a public hearing on the draft environmental impact statement for the renewal.

Kathleen Clarke

Clarke reiterated BLM's earlier decision not to extend the public comment period of the federal grant and right of way for the trans-Alaska pipeline.

"Our preferred alternative would be to renew it for 30 years." —Jerry Brossia, BLM's authorized officer at the JPO in Anchorage

"I believe that we have done an extensive outreach on the plan here," Clarke said, "and we had scoping meetings that really turned over a lot of concerns and issues that have been dealt with extensively as we have gone through the process of developing these alternatives and coming up with our draft" EIS.

This is a renewal of "a pipeline that has been in place, so it is not new construction, there are not new corridors," she said.

Clarke said she anticipates a renewal.

"I think what we're doing right now is going through a very open public process to determine the terms and conditions of that renewal."

Sound science

In addition to safety and health issues, Clark said BLM is also making sure that there is "sound science in place."

The DEIS, released in early July, had a 30-year renewal as the proposed action. Jerry Brossia, BLM's authorized officer at the Joint Pipeline Office in Anchorage, said the three alternatives included the 30-year renewal, renewal for a shorter period of time and no renewal. "Our preferred alternative would be to renew it for 30 years," Brossia said. Conditions for renewal are that the lessee is in commercial operation, is in full compliance with the law and in full compliance with the terms of the lease.

The Alaska Forum for Environmental Responsibility is asking for establishment of a citizens' oversight organization for the trans-Alaska pipeline system.

Brossia said such oversight is not in the current terms and conditions for the right of way and said there are citizen boards already, including the regional citizens advisory council and a BLM regional advisory council.

Clarke said existing citizen boards already provide public input and public advice. ◆

continued from page 11

FAIRWEATHER

Fairweather E&P. "Collectively the offices have 140 employees."

Gardner said three offices offer staffing flexibility and a broad base of in house expertise.

Fairweather E&P began with one-week desk operations, Penrose said, and grew gradually until one project vaulted the company to a new level.

"The watershed was in '97 when we ended up working with ARCO, drilling a Beaufort Sea well for them — it moved us up a notch into much bigger projects. It was a turnkey project. We got all the permits, mobilized the vessel, drilled the well and demobilized the rig," he said.

The Warthog well was drilled with the Glomar Beaufort Sea I CIDS (concrete island drilling system). ExxonMobil has since purchased the CIDS, changed its name to Orlan, which means eagle in Russian, and moved it to Sakhalin.

"We're working projects several orders of magnitude larger than we used to, with some of the larger outfits: EnCana, Phillips, BP, Unocal, XTO out in Cook Inlet, Aurora Gas, pretty much the industry as a whole here in the state of Alaska," Penrose said.

Back in Sakhalin

Fairweather has recently returned to the oilfields of Sakhalin Island, providing medical services to Sakhalin Energy Investment Co., a joint venture of Royal Dutch Shell. Fairweather provided medical services to Marathon Oil Co. in Sakhalin from 1994 to 1998, and, Perry said, the company has learned how to operate profitably in that challenging province.

"We're gonna make another run at it," he said. "There's an awful lot of development over there and it's pretty much under way now, but in the big picture it's just beginning.

"With Exxon starting a big project as well, there's a lot of activity that's going to happen over there in the next 20 years."

Sherron said he has an interest in each of the Fairweather companies, which share clerical and support staff located in Fairweather Inc.'s Anchorage office.

"I have partners in each of the companies that have the specialized skills, education and training for the scope of work that we specialize in," he said.

"We have synergy," Gardner said. "We can all draw from the strengths of the other Fairweather companies and their disciplines, and put together a pretty convincing team."

He said "the Fairweather companies combined have 241 employees. In the winter when Fairweather Geophysical is most active the ranks swell by another 120 employees."

"I think our greatest overall achievement is getting very good competent employees to work with us and stay with us," Perry said. "Without great employees you can't sustain any kind of operation, particularly in a small market like Alaska."

Perry said the company has a simple recipe for success.

"We treat all of our employees like we like to be treated ourselves," he said.

"We're a pretty result-oriented operation. We look at the objective, probably more than some of our competitors do, as opposed to the task of the day."

Gardner said the company has a number of exciting projects on the horizon, but he declined to talk about them because of client confidentiality considerations.

"Our clients trust us to keep a lot of things confidential," he said. "That's one of the things we sell — hire us and your secrets are safe with us. We refer anything in the way of information on what we're doing to the clients to release." ◆

■ CANADA

Devon hits some potholes as it blazes new trails in Canada

U.S. giant sells off and writes down some northern assets, but notches gas and heavy oil drilling successes, gears up for Arctic push; concerned about gaining access to proposed Mackenzie gasline, despite moves by producers to hold open season

By Gary Park
PNA Canadian Correspondent

It helps to be big as Devon Energy Corp. has discovered from its northward push into Canada. The Oklahoma City-based company created Devon Canada Corp. out of two major shopping trips north of the 49th parallel, buying Northstar Energy Corp. for C$1.2 billion in 1998 and Anderson Exploration Ltd. for C$7.1 billion in equity and debt last year, with combined gas reserves alone of more than 4 trillion cubic feet, plus 8 million net undeveloped acres, including the largest single land-holding in northern Canada of 2 million acres.

So far, so good.

But the last four months have seen the parent company unload US$935 million worth of North American assets, about one-third or 45 million barrels of reserves estimated to have occurred in Canada, to reduce debt piled up from its purchases of Anderson and Mitchell Energy & Development Corp.

While making those adjustments, Devon was sideswiped by a collapse of Canadian natural gas prices late in the second quarter, which forced it to take a US$371 million after-tax writedown of its Maple Leaf assets.

Full plate of drilling plans

Regardless of those blips, Devon Canada has a full plate of drilling plans, with the Arctic moving higher on the list, and is now joining the ranks of oil sands operators.

Devon Chief Executive Officer Larry Nichols said Aug. 1 that despite record production and revenues for the three months, including an average volume of 2.2 billion cubic feet per day of gas and 128,500 barrels per day of oil, Canadian gas prices were a "disappointment."

Vince White, Devon's vice president of communications and investor relations, said the price weakness included maintenance and breakdowns on the TransCanada PipeLines Ltd. pipeline, low demand in the western United States, mild weather and unusually high levels of hydroelectric power availability.

With "all of these stars aligning," the AECO hub price actually dropped below US$1 per thousand cubic feet, although Devon's average realized price for all gas sales in the quarter was US$2.83 per thousand cubic feet.

Quarterly Canadian production was 784.3 million cubic feet per day of gas, 44,100 barrels per day of oil and 14,500 barrels per day of natural gas liquids.

Second quarter: 130 wells drilled

White said Devon drilled 130 wells in Canada during the second quarter for an 80 percent success rate and has completed another 92 in July , with the success rate reaching about 95 percent.

Progress has been made in the Grizzly Valley area in the Foothills along the Alberta-British Columbia border, where an agreement with Duke Energy Corp. will help get gas to market, starting at a net 15 million cubic feet per day around mid-December.

In partnership with BP Canada Energy Co. Devon has been targeting a Deep Permian prospect in the same area where Talisman Energy Inc. made its recent significant Monkman discovery.

White said Devon has made previous discoveries in the same area and the same formation, adding: "We believe that our acreage in this area has gross unrisked reserve potential of (one) trillion cubic feet or more," matching the Talisman projection.

Speaking to a North American natural gas conference in the spring, Devon Canada frontiers Vice President Michel Scott said the high Arctic is beyond the reach of infrastructure that would allow significant activity for several more years, regardless of the gas discovery on the Delta earlier this year with Petro-Canada.

Since the Anderson deal, Devon Canada president and chief executive officer John Richels has described as "high-potential" Anderson's 500,000 net undeveloped areas in the Foothills region, rating gas prospects at 50 bcf to 200 bcf in estimated reserves.

Northern lands highly rated

The highly rated northern Canadian exploration lands — with 2 million acres in the Mackenzie Delta, Beaufort Sea, Norman Wells and other parts of the Northwest Territories — have also moved into the spotlight, with Devon Canada outlining exploration plans for its four leases in a July 26 filing with the National Energy Board.

The company said it plans to finalize drilling locations after a two-year, three-dimensional marine seismic program is completed this summer, with hopes of spudding the first well during the 2004-05 winter.

When it acquired the four licenses in August 2000, Devon Canada committed to drill one well in each license within five years — a timetable it now says may be too short.

It says discussions have been started with Indian and Northern Affairs Canada, which issued the licenses, to review those commitments.

If the first well proceeds in 2004-05, Devon Canada says future wells will be drilled during consecutive winter seasons, with the primary objective of finding natural gas, which comprises 70 percent of the company's Canadian production.

Five of the drilling targets are in a western exploration block and five in an eastern block, with all but one located in shallow offshore waters. The most remote is 80 miles from Tuktoyaktuk, Northwest Territories.

Western targets range from 8,200 feet to 18,040 feet in 27 feet to 40 feet of water, while the eastern targets range from 11,480 feet to 13,120 feet in 22 feet to 36 feet of water.

The company said it plans to confine drilling activities to the landfast ice regime during the winter to avoid potential well control problems and oil spills during the open water season.

Provided Devon Canada is able to proceed with its project it will signal one of the major exploration advances in a region where 89 offshore wells were completed in the 1970s and 1980s before activities were suspended.

But the company has underlined the long-term nature of the Delta. Speaking to a North American natural gas conference in the spring, Devon Canada frontiers Vice President Michel Scott said the high Arctic is beyond the reach of infrastructure that would allow significant activity for several more years, regardless of the gas discovery on the Delta earlier this year with Petro-Canada.

Pipeline access a concern

Although the Delta is the high-profile region in the Canadian Arctic, he said producers are worried about gaining access to the proposed Mackenzie Valley pipeline, despite moves by the Mackenzie Delta Producers Group of Imperial Oil Ltd., Shell Canada Ltd., ExxonMobil Canada and Conoco Canada Ltd. to hold a non-binding open season for producers outside the consortium. (See related story on page 1.)

However, Scott said a pipeline from the Delta would not only stir interest in that region — the gas reserves are currently estimated at 9 trillion cubic feet, with a potential 53 trillion cubic feet remaining to be discovered — but could extend interest to the Arctic Archipelago, where 160 wells have discovered about 14 trillion cubic feet before drilling was suspended in 1987.

To diversify its Canadian holdings, Devon Canada has turned to Alberta's oil sands, disclosing preliminary plans on August 6 for a C$400 million heavy oil scheme, which it hopes to bring on stream at 35,000 barrels per day in 2007.

The company said in a public notice that it is now evaluating the feasibility of a commercial-scale development after two years of delineation wells and seismic.

It plans to use steam-assisted gravity to extract bitumen from its Jackfish lease, 70 miles south of Fort McMurray, having already acquired SAGD experience as majority owner and operator of the Dover oil sands SAGD test plant north of Fort McMurray.

Richels said that as production of conventional crude declines in the Western Canada Sedimentary Basin companies have no choice but to switch to heavier crudes to sustain output levels.

He said more tests will be conducted this year to establish the reserves at the Jackfish site, where Devon Canada has a 100 percent working interest, adding "we wouldn't be taking this next step if we weren't optimistic about what we have found."

Other companies with SAGD projects under way or proposed include Petro-Canada, Conoco Canada, OPTI Canada Inc./Nexen Inc. and Japan-Canada Oil Sands Ltd. ◆

Editor's note: Devon Energy Corp. is a 5 percent partner in the Cosmopolitan unit near Nikiski in Alaska's Lower Cook Inlet with operator Phillips Alaska Inc. (70 percent) and Forest Oil Corp. (25 percent)

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VECO

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Electrical Engineer Prudhoe Bay, Alaska Roles & Responsibilities: The post holder will report to the GPB Facility Engineering Manager and be a key member of the GPB technical services' engineering team. Role includes: Provide technical support to the O&M personnel in troubleshooting, inspection/repair, design changes and modifications to the electrical systems. Provide technical expertise to electrical designers for the Design and review of O&M minor capital engineering projects. Provide electrical system analysis studies to project organizations to support proposed expansions. Provide advice on the Alaska Administrative Code and Alaska Statutes that govern the electrical work on the oil and gas industry. Review contract engineering projects to ensure compliance With BP Electrical design criteria and standards. Develop specific expertise in: The National Electrical Code (NEC), with emphasis in Hazardous (electrically classified) Locations, and the American Petroleum Institute Recommended Practices for classifying electrical installations in hazardous locations for both the Division and Zone systems National Fire Alarm Code National Fire Protection Life Safety Code Maintain technical knowledge of: Industrial electrical systems including: 69kV and 13.8kV Outdoor Overhead Distribution Medium Voltage Power and Distribution Transformers Outdoor MV Pad Mounted Switchgear and Switches Indoor Medium and Low Voltage Switchgear Protective Relay Application and Functions Low Voltage Power and Molded Case Circuit Breakers Low and Medium Voltage Motor Control Centers Low and Medium Voltage Variable Frequency Drives and Soft Starters Low and Medium Voltage Soft Starters Low and Medium Voltage Motors Large DC Battery and DC Distribution Systems Uninterruptible Power Systems Electrical Heat Trace Systems Natural gas turbines for electric generators and compressors Backup generators, their associated control and synchronization systems Electrical construction practices for the Alaskan Oil Industry Required Skills/Experience State of Alaska Registered Professional Engineer State of Alaska Licensed Electrical Administrator State of Alaska Fire Alarm Systems Permit Level I C and III C Strong HSE focus and commitment 5 plus years of experience in electrical system design and maintenance in oil/gas production facilities Good communication skills, strong influencing skills Required Education Degree in Electrical Engineering How to Apply All resumes must be received by 5:00 pm on August 22, 2002. To apply send resume and salary history to the address below. Refer To Job Code #607 in the subject. Contact: BP Exploration (Alaska) Inc. P.O. Box 1000, Unit #11 Nutting Lake, MA 01865-1000 Fax: Fax: (877) 395-4912. E-mail: bpjobs@exult.net BP Exploration (Alaska) Inc., is an equal opportunity employer and Encourages all interested and qualified persons to apply for consideration of this position. BPXA new hires whose work location is Alaska must become Alaska residents and must Maintain Alaska residency as a condition of employment. The successful applicant must submit and pass a drug screening test prior to employment and may be required to participate in a random drug screening program.

Doyon

Doyon Drilling, Inc. is currently accepting resumes for Electricians, Pitwatcher (Solids Operator), and Mechanics. Doyon Drilling, Inc. accepts resumes from individuals with direct on or off shore drill rig experience at the floorhand level and above. You may fax, mail or e-mail your complete resume to our Human Resources Department. Our mailing address is: Doyon Drilling, Inc., 101 W. Benson Blvd., Suite 503, Anchorage, AK 99503 Phone: 907-563-5530, Fax: 907-561-8986, Email: jobs@doyondrilling.com Attachments should be in one of the following standard formats: Microsoft Word (Windows) or RTF. Resumes should contain a listing of employment experience on oil and gas drilling rigs and should have a minimum of three verified references. Other application paperwork will be provided at the time of hire.

Electricians: Summary: Installs, maintains and repairs drill rig electrical systems, apparatus and electrical and electronic components of drill rig machinery and equipment. Essential Duties: Maintains and repairs the electrical and electronic equipment associated with drill rig top drives, draw works, iron roughnecks, SCR's AC motor controllers, DC motors, AC generators, air conditioners PLC's and oilfield mud and gas monitoring systems. Installs power supply wiring and conduit for newly installed machines and equipment such as mud pumps, motors and conveyors.

Pitwatcher (Solids Operator): Summary: Performs drilling fluid mixing operations, drilling fluid property sampling, monitoring of well bore returns, maintenance of mud pumps and drilling fluid circulation system. Essential Duties: Maintain drilling fluid solids control and circulation equipment, Carry out routine drilling fluid property sampling, Mixing of drilling fluid chemicals and maintenance of drilling fluid properties, Cleaning and maintenance of rig drilling fluid pits, Follow DDI and customer operating and reporting procedures, Maintain clear communications with relief, mud engineer, Derrickman and Driller.

Mechanics: Summary: Responsible for the operability, maintenance and repair of all drill-rig related machinery and support equipment such as engines, motors, pumps, winches, pneumatic tools and conveyor systems as directed by the rig toolpusher. Essential Duties: Works on the following: Drill rig top drive systems, Drill rig draw work systems, Drill rig mud pumps, SCR systems, Caterpillar and Detroit Diesel engines, Allison transmissions, air conditioners, glycol, hydraulic and pneumatic systems, Drill rig heating and heat distribution systems including boilers and fans.

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STATE OF ALASKA Announces Two Oil and Gas Lease Sales
The Alaska Division of Oil and Gas (DO&G), will conduct NORTH SLOPE AREAWIDE and BEAUFORT SEA AREAWIDE competitive lease sales on OCTOBER 23, 2002 in Anchorage, Alaska.
North Slope Areawide 2002 Bidding Method: Cash bonus – $10/acre minimum bid on all tracts. Fixed Royalty Rate: 12.5% on tracts below T7N, 16-2/3 % on most tracts above T6N, Sliding scale royalty on 5 tracts along the Colville R. Term of lease: 7 years on all leases.
Beaufort Sea Areawide 2002 Bidding Method: Cash bonus – $100/acre minimum bid on tract 79; $10/acre on all other tracts. Fixed Royalty Rate: Set at 12.5% and 16-2/3%, depending on location. Term of lease: 10 yrs. and 7 yrs., depending on location. Visit www.dog.dnr.state.ak.us/oil/ for sale announcements, instructions to bidders, bid forms, and regional tract maps. If unable to access this information, contact Suzanne Gaguzis, (907) 269-8803, email at msg@dnr.state.ak.us

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Meetings/Events

Alaska Miners Association Annual Convention and Trade Show Sheraton Hotel, Anchorage, Alaska, November 4 - 8, 2002 Short Courses Nov 4 - 5, 2002 Technical Sessions and Trade Show Nov 6 - 8, 2002 Convention: Suppliers to the mining industry are represented at the Trade Show. The Technical Sessions cover a spectrum of topics, including highlights in 2002 exploration activity in Alaska, issues affecting Alaskan miners and more. Gem & Mineral Show: Nov 8, Friday, 4:00 - 8:00 pm and Nov 9, Saturday, 10:00 - 6:00 pm. FOR MORE INFORMATION : We Site: www.alaskaminers.org ama@alaskaminers.org Alaska Miners Association 3305 Arctic Blvd., Suite 202 Anchorage, AK 99503 TEL (907) 563-9229 FAX (907) 563-9225

THE ALLIANCE

Alaska Support Industry Alliance Events
Tuesday, August 20: Lt. Governor's Forum (co-sponsored by the Alliance and the Resource Development Council). Luncheon format. Anchorage Marriott Hotel. $25.00/person. The forum will feature Lt Governor candidates: Mayor Sarah Palin, Gail Phillips, Ernie Hall, Sen. Loren Leman and Sen. Robin Taylor.
Thursday, September 12: Alliance Breakfast Forum featuring Rejane "Johnnie" Burton, MMS. Petroleum Club, 7:30 a.m. Cost: 13.00/member.
Thursday, September 26: Alliance Breakfast Forum. (Speaker TBD). Petroleum Club. 7:30 a.m. Cost: $3.00/member.
Friday, September 27: Alliance Annual Meeting at Sheraton Anchorage Hotel
Friday January 24, 2003: Meet Alaska 2003 at Sheraton Anchorage Hotel. For information/registration, please call (907) 563-2226

IADC annual meeting Mark the date for the annual meeting of the International Association of Drilling Contractors, Sept. 25-27, in the Hyatt Regency Hotel, 123 Losoya St. on the Riverwalk, San Antonio. This event is the premiere gathering of drillers and drilling service contractors throughout the world. Conference fee is $500. Contact Leesa Teel 281-578-7171 ext. 21 (leesa.teel@iadc.org) for more information or to make an advanced reservation.

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VECO

The following vacancies are VECO Alaska job opportunities open to all who meet the minimum qualifications. **HRIS/Benefits Coordinator - Anchorage, Alaska** Recruiting Authorization No. 821. Reviews data entry into the company's HRIS system and regularly audits data for accuracy and completeness. Generates and validates data used for various company reporting requirements such as EEO-1, VETS-100, Service Award programs, benefits eligibility, open enrollment, etc. Evaluates additional or new system requirements, makes recommendations to management for enhancements and coordinates changes across multiple companies and locations. Creates reports with Microsoft Access or Crystal Reports. Understanding of OLAP cubes a plus. Provides user support on HRIS system and produces documentation for HRIS processes. Must posses excellent analytical and communication skills and be able to take a leadership role with respect to the HRIS system. Requires the ability to prioritize multiple tasks and successfully execute projects. Bachelor's degree, preferably in a related field and 3-5 years of progressively responsible experience in HR, Benefits, Accounting or IT. This is a full-time, regular position located in Anchorage. Please submit your resume to: Recruiting Department, 949 E. 36th Avenue Suite 500 Anchorage, AK. 99508, Email Resume to: Careers@VECO.com or fax (907) 762-1040 VECO Alaska Job Website: www.veco.com VECO Alaska is an Equal Opportunity Employer that Supports a Diverse Workforce. Positions Require U.S. Work Authorization. **Receptionist - Anchorage, Alaska** Recruiting Authorization No. 823 One part-time opening (approximately 5 hours/day, five days/week) for an individual with strong verbal and interpersonal skills and previous experience in operating a multi-line switchboard. Must promptly and professionally greet and direct all incoming Calls and visitors for the VECO Alaska Building, including answering routine questions. Maintains updated phone lists conference room scheduling, employee mailboxes, issues visitor badges and handles light clerical duties. Manages distribution of incoming and outgoing mail and deliveries, including coordination of express mail and courier Requests. High school diploma or GED and previous Microsoft Office experience is highly desirable. Punctuality, excellent attendance and professional demeanor required. Anchorage based. Regular part-time. Position open until filled. **Cook Inlet Manager -Field-Based - Alaska,** Alaska Cook Inlet Manager Summary First year (commensurate with experience, market conditions, performance) will be transition with existing manager becoming familiar with the area, clients, and working procedures. Provide management and leadership for the Cook Inlet Business Unit. Responsible for all Petrochemical and Oil and Gas Industry support services provided by VECO Alaska Inc. in the Cook Inlet Business Unit. Must be self-motivated and capable of managing 100-150 contract employees supporting several clients on multiple work locations, including onshore processing facilities, offshore platforms and remote locations. Should have broad range of oil and gas industry experience and capable of managing multiple small construction projects and maintenance contract work simultaneously. Essential Functions A. interpret the results of operation to all levels of management; participate in VECO Alaska Inc. key management meetings. B. Assist business development in opening new business areas; market existing services and seek new market opportunities within Cook Inlet to primary and new clients. C. Support the business plan with sound organizational and operational procedures. D. Monitor the financial operation of the area; prepare annual financial forecasts and review monthly financial reports. Efficiently manage over $10mm of company assets including equipment fleet, real properties and remote construction camps. E. Analyze bid specifications to determine scheduling of construction phases, personnel needed, time required to complete the project, plant and equipment to be procured, and scheduling of deliveries equipment and materials F. Determine job organization and job policies and procedures; select supervisory personnel; determine allotment of personnel and equipment for various phases of construction G. Review, approve cost reports; handle regular correspondence of the office; provide administrative oversight for office staff of 5-7 employees. H. Maintain amicable relationship with individuals or groups outside the company. I. Administer contracts with clients i.e.: oil companies, chemical plants, etc. J. Ensure that each contract is handled with the most economical and feasible methods possible K. Appoint key project personnel; provide project management support to 5-10 Project Superintendents for multiple clients on various locations. L. Review and approve project plans, cost estimates, budgets, forecasts and schedules M. Thorough understanding of project controls N. Monitor financial and work performance on all area projects; take corrective action as necessary to maintain project safety and quality standards. O. Implement all client, VECO Alaska Inc., and Cook Inlet Business Unit Safety Programs. P. Implement all VECO Alaska Inc. and Corporate policies and procedures in compliance with Federal And State Laws and regulations. Skills, Knowledge, Experience, and Education A. Bachelor's Degree in Engineering, Business or Construction Management preferred. B. Proficient and experienced in: Project Administration Construction and Engineering Management Accounting Good oral and written communication Computer skills Estimating Marketing C. Demonstrated skill in using independent judgment to achieve assigned responsibility. D. Minimum of ten (10) years of construction management experience required. This is a Regular/Full-Time position is based in Kenai, Alaska and requires residence in that area.VECO Alaska, Inc. offers a competitive wage and full Benefit package (including medical, dental, and vision, life insurance, 401K, Long-term disability, and Short-term disability). Relocation package is negotiable. Email Resume to: Careers@VECO.com or fax (907) 762-1040 VECO Alaska Job Website: www.veco.com VECO Alaska is an Equal Opportunity Employer that Supports a Diverse Workforce. Positions Require U.S. Work Authorization HOW TO APPLY: Email your resume to:Alaska.Careers@VECO.com. Email attachments should be in Microsoft Word or Rich Text format. VECO Corporation Alaska Region Attn: Ken Sigurdson 6411 A Street, Anchorage, Alaska 99518 USA Phone: (907) 277-5309Fax: (907) 550-8890 Please quote the Job Title and Recruiting Authorization No. (inapplicable) in all correspondence

PNA CLASSIFIEDS

Recreation/Lodging

Chilkat Eagle Inn - Historic Inn within a National Historic Landmark, Haines, Alaska - Gateway to World Heritage International Parks and the Alcan Highway. Many amenities including guest kitchen, TV/Internet/email lounge, courtesy shuttle bus. Great for business travelers and vacationers. Check out our website at http://www.kcd.com/eaglebb

Susitna Valley RIVER GUIDES

Join us for the fly fishing trip of a lifetime! We specialize in guided flyfishing and multi-day river camping trips with gourmet river cuisine. Float trips are in the pursuit of rainbow trout in the upper Susitna Valley, on rivers like the **Talkeetna, Willow Creek, and more.** We also enjoy salmon fishing for reds and silvers on the Russian River, on the Kenai Peninsula. **We offer custom-designed trips for all of our guests.** Whether it's a day trip, or a 5-day fly-in fishing trip, we can arrange the trip that's right for you. The best time for fishing is from May til October, with peak trout opportunities during each salmon run. "**Float trips** are touted as the greatest way to experience Alaska's wilderness. There is something special about floating a river and spending some time getting to know it but still not having any idea of what the water around the next bend will bring," according to Anthony Route, author of Flyfishing Alaska. It's never too early to start planning that fishing trip to Alaska. Call us today! Exploring Alaska, one river at a time (907) 333-2699 **info@susitnavalley.com**

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Legal Notice

NOTICE OF PROPOSED CHANGES IN THE REGULATIONS OF DEPARTMENT OF NATURAL RESOURCES The Department of Natural Resources (DNR) proposes to amend and adopt regulation changes in Title 11 of the Alaska Administrative Code dealing with application and conversion verification fees for shallow natural gas leases. Currently, the application fee for a shallow natural gas lease is set by state regulation at $500. 11 AAC 05.010(a)(10)(N). During the 2002 legislative session, the Alaska Legislature amended AS 38.05.177(b) to authorize an application fee increase. The legislation also authorized DNR to convert a shallow natural gas lease in existence on July 1, 2002, to a lease consistent with the provisions of the new legislation. The proposed regulations would increase the application fee to $5,000 and create a conversion verification fee of $4,000. You may comment on the proposed regulation change including the potential costs to private persons of complying with the proposed changes, by submitting written comments to Division of Oil and Gas, 550 W. 7th Ave, Suite 800, Anchorage, Alaska 99501, Attn: Marie Crosley. Comments may also be faxed to 907-269-8938 or sent via email to marie_crosley@dnr.state.ak.us. Comments must be received no later than 5:00 p.m. on September 13, 2002. If you are a person with a disability who needs a special accommodation in order to participate in this process, please contact Marie Crosley at 907-269-8802 or via email at marie_crosley@dnr.state.ak.us no later than August 23, 2002 to ensure that any necessary accommodations can be provided. For a copy of the proposed regulation change, contact Marie Crosley at Division of Oil and Gas, 550 W. 7th Ave, Suite 800, Anchorage, Alaska 99501, 907-269-8802, by fax at 907-269- 8938, or go to www.dog.dnr.state.ak.us/oil/index.htm. After the public comment period ends, the Department of Natural Resources will either adopt these or other provisions dealing with the same subject, without further notice, or decide to take no action on them. The language of the final regulations may be different from that of the proposed regulation. YOU SHOULD COMMENT DURING THE TIME ALLOWED IF YOUR INTERESTS COULD BE AFFECTED. Written comments received are public records and are subject to public inspection. Statutory Authority: AS 38.05.020; AS 38.05.177. Statutes Being Implemented, Interpreted, or Made Specific: AS 38.05.177. PUB. DATE: August 9, 2002 Mark D. Myers Director Division of Oil and Gas

Legal Notice

Public Notice: 024-CP-2081 Oil Discharge Prevention and Contingency Plan - Cook Inlet Pipe Line Company
An application for renewal of an Oil Discharge Prevention and Contingency plan under Alaska Statutes 46.04.030, has been received by the Department of Environmental Conservation. The details are as follows: Applicant: Cook Inlet Pipe Line Company, 909 W. 9th Avenue, Anchorage, AK 99501. Proposed Activity: Cook Inlet Pipe Line Company, is proposing to renew their oil discharge prevention and contingency plan for their Cook Inlet Drift River Terminal, Christy Lee Platform and Oil Pipeline. An oil discharge prevention and contingency plan is required that will commit adequate resources to plan to contain, control and cleanup an oil discharge from an oil exploration and production operation equal to the response planning standard for the operation. Potential Results: A potential risk of oil spills entering the land and waters of the state exists from this operation. Location of Activity: The Cook Inlet Drift River Facilities are located on the West side of lower Cook Inlet at 60°36'00" North Latitude, 152°10'00" West Longitude. Activity Identified as: Contingency Plan Number 024-CP-2081 To provide comments regarding this application, write to ADEC, Industrial Preparedness and Pipeline Program, Exploration, Production & Refineries Section, 555 Cordova Street, Anchorage, AK 99501, (907) 269-3094, within 30 days of publication of this notice. Copies of the renewal plan are available for public review at the ADEC office in Anchorage and at the Kenai Peninsula Borough Office in Soldotna, Alaska. ADEC will hold a public hearing on the plan application if it determines that good cause exists. Residents in the affected area or the governing body of an affected municipality may request a public hearing by writing to ADEC, at the above address, within 30 days of publication of this notice. If you are a person with a disability who may need a special accommodation in order to participate in this public process, please contact the Exploration, Production, and Refineries Section at (907) 269-3094 within 30 days of publication of this notice to ensure that any necessary accommodations can be provided. Publish date: 7/24/02.

Legal Notice

NOTICE OF PUBLIC MEETINGS ALASKA OIL & GAS CONSERVATION COMMISSION
Under the Open Meetings Act (AS 44.62.310), notice is given that the Alaska Oil and Gas Conservation Commission will meet in public meetings on dates September 4, 11, 18, 25, 2002, October 2, 9, 16, 23, 30, 2002 and November 6, 13, 20, 27, 2002 at 9:00 AM in the Commission's Conference Room in Anchorage, Alaska at the address below. he Agenda may include: general commission business including personnel; regulation matters; policy and budget matters; oil and gas conservation issues; legislative issues; and agenda items deferred from prior meetings. The public is invited to attend the meetings, however, commission business meetings do not provide for public testimony. A finalized agenda will be prepared and posted at the Commission's office by noon of the workday before each of the scheduled meetings. Circumstances may cause items to be either added or deleted from an agenda. If you have any questions about the agenda, please contact Jody Colombie at the Alaska Oil and Gas Conservation Commission, 333 W. 7th Avenue, Suite 100, Anchorage, Alaska 99501, (907) 793-1221. If you are a person with a disability who may need special accommodation in order to attend the public meeting, please contact Jody Colombie at the address or phone number indicated above as soon as possible but at least 72 hours before the accommodation is needed, to ensure that any necessary accommodations can be provided. Cammy Oechsli Taylor Chair. Published August 9, 2002.

Legal Notice

Public Notice: Remediate Petroleum Contaminated Soil-Anchor River Tesoro Facility
The Alaska Department of Environmental Conservation (ADEC) is giving notice, in accordance with the public participation requirements of 18 AAC 78.280, that a corrective action plan has been received for the treatment of petroleum contaminated soil. Facility owner, Mr. Gene Rich has hired a contractor to treat the soil at the Anchor River Tesoro facility at mile 156.3 on the Sterling Highway, in Anchor Point, Alaska. The majority of the soils were contaminated with gasoline and diesel (a lesser amount impacted by heating fuel) from the Anchor River Tesoro facility in Anchor Point, Alaska. These soils have been stockpiled at the Anchor River Tesoro site since late 1998. The workplan for this project is now available for public review and comment. Copies of the corrective action plan can be obtained by contacting Monica English at (907) 262-5210 ext. 229, at the ADEC office in Soldotna. The purpose of this notice is to solicit public input or concerns regarding the proposed soil treatment operations. After all comments have been considered, the plan will be finalized. The final plan may be changed from the current workplan to accommodate public comment. The activities proposed in the plan include mechanically screening approximately 500 cubic yards of petroleum contaminated soils. Once the soils have been run through the vibratory screen, it will then be segregated into three separate piles, based on levels of contamination. Soils meeting the site-specific cleanup level will be used for fill and topsoil on-site. Moderately contaminated soils will be landspread over the top of the SAS mound, fertilized, tilled and seeded for enhanced bioremediation. Strongly contaminated soils will be placed in a lined treatment cell for vapor extraction. If field screening for petroleum hydrocarbons indicates that any of the soil has DRO concentrations exceeding 10,000 mg/kg, this soil will be stored on a 20-mil liner, covered and treated under a separate plan to be approved by ADEC. Questions or comments can be directed to: Monica English, Alaska Department of Environmental Conservation, Kenai District Office, 43335 Kalifornsky Beach Road, Suite 11, Soldotna, AK 99669 or emailed to Monica English at Monica_English@envircon.state.ak.us. Comments need to be received by ADEC no later than August 8, 2002, to be considered. Publish date: 7/22/02.

Legal Notice

STATE OF ALASKA Announces Two Oil and Gas Lease Sales
The Alaska Division of Oil and Gas (DO&G), will conduct NORTH SLOPE AREAWIDE and BEAUFORT SEA AREAWIDE competitive lease sales on OCTOBER 23, 2002 in Anchorage, Alaska.
North Slope Areawide 2002 Bidding Method: Cash bonus – $10/acre minimum bid on all tracts. Fixed Royalty Rate: 12.5% on tracts below T7N, 16-2/3 % on most tracts above T6N, Sliding scale royalty on 5 tracts along the Colville R. Term of lease: 7 years on all leases.
Beaufort Sea Areawide 2002 Bidding Method: Cash bonus – $100/acre minimum bid on tract 79; $10/acre on all other tracts. Fixed Royalty Rate: Set at 12.5% and 16-2/3%, depending on location. Term of lease: 10 yrs. and 7 yrs., depending on location. Visit www.dog.dnr.state.ak.us/oil/ for sale announcements, instructions to bidders, bid forms, and regional tract maps. If unable to access this information, contact Suzanne Gaguzis, (907) 269-8803, email at msg@dnr.state.ak.us. Publish date: 7/30/02.

Legal Notice

Notice of Public Hearing, STATE OF ALASKA Alaska Oil and Gas Conservation Commission Re: Nicolai Creek Unit Wells No. 1B, No. 2, and No. 8 Section 29, T11N, R12W, Seward Meridian State of Alaska Affected Leases; ADL 17585, ADL 17598, ADL 63279 Bureau of Land Management Affected Lease AA-8426 Aurora Gas, LLC by letter dated and received by the Commission on July 12, 2002 has applied for an order allowing spacing exceptions in accordance with 20 AAC 25.055 (a) (2) and (a) (4) for the completion and production of three wells within 3,000 feet of each other, within 1500 feet of a property boundary and within the same governmental section. Nicolai Creek Unit Well No. 1B Surface Location: 2018 feet FSL and 195 feet FWL, Section 29, T11N, R12W, SM Anticipated Productive Interval: 1637 feet FSL and 97 feet FWL, Section 29, T11N, R12W, Bottom Hole Location: 1637 feet FSL and 97 feet FWL, Section 29, T11N, R12W, SM Nicolai Creek Unit Well No. 2 Surface Location: 2018 feet FSL and 205 feet FWL, Section 29, T11N, R12W, SM Anticipated Productive Interval: 1176 feet FSL and 696 feet FWL, Section 29, T11N, R12W SM Bottom Hole Location: 877 feet FSL and 870 feet FWL, Section 29, T11N, R12W SM Nicolai Creek Unit Well No. 8 Surface Location: 2030 feet FSL and 245 feet FWL, Section 29, T11N, R12W SM Anticipated Productive Interval: 2030 feet FSL and 245 feet FWL, Section 29, T11N, R12W SM Bottom Hole Location: 2030 feet FSL and 245 feet FWL, Section 29, T11N, R12W SM The Commission has tentatively set a public hearing on this application for August 20, 2002 at 9:00 am at the Alaska Oil and Gas Conservation Commission at 333 West 7th Avenue, Suite 100, Anchorage, Alaska 99501. A person may request that the tentatively scheduled hearing be held by filing a written request with the Commission no later than 4:30 pm on August 6, 2002. If a request for a hearing is not timely filed, the Commission will consider the issuance of an order without a hearing. To learn if the Commission will hold the public hearing, please call 793-1221. In addition, a person may submit written comments regarding this application to the Alaska Oil and Gas Conservation Commission at 333 West 7th Avenue, Suite 100, Anchorage, Alaska 99501. Written comments must be received no later than 4:30 pm on August 19, 2002 except that if the Commission decides to hold a public hearing, written comments must be received no later than 9:00 am on August 20, 2002. If you are a person with a disability who may need a special modification in order to comment or to attend the public hearing, please contact Jody Colombie at 793-1221 before August 15, 2002. Cammy Oechsli Taylor Chair, Alaska Oil & Gas Conservation Commission. Publish date: 7/16/02.

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OPERATORS

Armstrong's 2002-2003 North Slope exploration program, which involves drilling three wells between Kuparuk and Thetis Island.

"David Johnston, John Lewis, Jim Abel and their staff at Natchiq Technical have a firm grasp of operational and environmental hurdles for exploration and production operations in the Arctic. … Natchiq Technical has experienced people who are cognizant of how a program needs to be conducted, what needs to be done, when it needs to be done and where to obtain all of the services needed for safe, efficient operations," Stu Gustafson, vice president of operations for Armstrong Resources, told PNA Aug. 14.

Gustafson, a geologist, has 18 years of experience in Alaska, including North Slope exploration. He believes Natchiq Technical can "greatly enhance a company's local engineering, purchasing and logistics capabilities in Alaska."

Both Fairweather E&P and Natchiq Technical are part of a larger group of companies with long-term experience in Alaska's oil patch — The Fairweather Companies and Natchiq Inc., respectively. These affiliations, they say, allow the firms to share resources and expertise with their sister companies and to provide a wider assortment of services to clients.

Business likely to grow

Business isn't likely to slow down for Fairweather E&P and Natchiq Technical.

Five years ago there were seven or eight independents in Alaska. Today there are 24. And more are expected to move in as the majors such as BP wind down exploration activities in the state and look for bigger finds in the Gulf of Mexico and abroad.

Independents such as Winstar and Alaska Venture Capital Group are looking to develop smaller pools of oil on the North Slope. Together, geologists say these smaller fields could hold the equivalent of another Prudhoe Bay.

Some of the independents initially came to Alaska to partner in prospects with two of the state's largest oil companies and major infrastructure owners on the North Slope — BP Exploration (Alaska) Inc. and Phillips Alaska Inc. But more and more companies are branching out to get their own leases. An example is independent Anadarko Petroleum Corp., which has been a long-time North Slope partner with the majors, but struck out on its own last year to operate its first exploration well, the Altamura No. 1 in the National Petroleum Reserve-Alaska. Another example is Unocal.

Another source of possible business are the larger independents, such as Petro-Canada and Burlington Resources, who have picked up gas-prone leases in Alaska in expectation that a natural gas pipeline will be built from the North Slope to move gas to Lower 48 markets.

Others, such as TotalFinaElf, are looking at the oil potential of the Natural Petroleum Reserve-Alaska, which is unlikely to produce another Prudhoe Bay (13 billion barrels-plus) but might produce Alpine-sized fields (429 million barrels). ◆

Editor's note: In this story it says there are 24 independents active in Alaska today. There are actually 25 if you count Devon Energy which has a small piece of the Cosmopolitan unit in Lower Cook Inlet, but appears to have no plans to expand in Alaska.

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FORECAST

"It looked like they were going to be there for a while," he said. "In fact, they rebounded fairly quickly."

The revised count includes 9,030 gas wells, 4,131 oil wells, 1,361 dry holes and 178 service wells, with Alberta accounting for 11,180 wells, Saskatchewan 2,650, British Columbia 660 and the balance spread across other regions.

The forecast is based on average oil prices of US$24.75 per barrel, $1.75 higher than the April estimate, and average gas prices of C$3.75 per thousand cubic feet.

PSAC president Roger Soucy told industry executives July 30 that companies have built up some cash flow and cash reserves and "now have to do something with them … we expect they'll be spending it on drilling."

Shift to north, deeper wells

The biggest shift is to northern Alberta and British Columbia from the shallow, high-depletion fields in southern region, as E&P companies step up their efforts to replace supplies from the over-worked Western Canada Sedimentary Basin.

PSAC manager of corporate development Zane Reiter said the average well depth has increased between 10 percent and 15 percent in northwest Alberta and northeastern British Columbia and by 30 percent in the Alberta foothills of the Canadian Rockies.

In a presentation to PSAC members, Peter Tertzakian, chief energy economist with investment firm ARC Financial Corp., warned service companies to be ready for extremes in 2003. "There is high volatility potential, with a wide range of possible outcomes," he said.

Russians have taken up slack

Although optimistic about the supply/demand outlook towards 2005, he said oil prices could swing from US$17 a barrel next year if a price war breaks out to US$28 a barrel should the global economy recover. He said OPEC has cut production to levels not seen through the 1990s and is unlikely to survive much deeper cuts.

"OPEC's strategy is to restrain output until such time as the global economy recovers," Tertzakian said. "What's at risk here is that the global economy stays lukewarm and OPEC can't hold these levels."

He said that although OPEC has lowered production by 5 million barrels per day, global demand has not fallen by that level, opening the door for "opportunists such as the Russians, who have taken their production up" by about 8.5 percent to 9 percent over the last two years.

In the meantime, Saudi Arabia has seen its market share drop by about 17 percent over the past five years, roughly equivalent to Russia's gains.

His base case prediction for conventional oil and gas wells in Canada this year is 13,069 and 17,409 wells in Canada.

Among he concerns, he noted that the surge of new royalty trusts has seen up to C$3 billion distributed back to unit holders rather than directed into exploration, while oil sands spending is expected to peak at C$8.3 billion this year.

—Gary Park, PNA Canadian correspondent

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SDC

northwest in OCS lease block Y-1578.

Soren Christiansen, EnCana's drilling manager, told PNA that cold stacking ("go quiet" mode) of the drill ship was completed on Aug. 14.

"All people are off the vessel and it's totally shut down, as promised," he said, referring to EnCana's conflict avoidance agreement with the Alaska Eskimo Whaling Commission. Under that agreement, the drill ship will not generate noise during the Native subsistence whaling season, which traditionally occurs from early September through early October.

"We'll go back (to the SDS) in late October and drill in mid-November," Christiansen said.

When asked about Fairweather E&P's performance to date on the McCovey project, an EnCana spokesman said, "We're happy with the services and things have gone well." The spokesman noted that every phase of the operation to date has been completed on schedule or ahead of schedule.

In the exploration plan it filed with the U.S. Minerals Management Service, EnCana said additional exploration or delineation drilling may be considered during the 2002-2003 drilling season, depending on the outcome of the No. 1 well.

"If this initial well shows potential for hydrocarbon development, the original hole may be plugged back and sidetracked to a different bottomhole location," EnCana said. The sidetrack, McCovey 1A, would be on OCS lease block Y-1577, just southwest of the surface location.

If drilling results are successful, EnCana told MMS, it may keep the SDC on location for further exploration and delineation drilling in subsequent seasons.

The McCovey unit includes three federal and four state leases in the central Beaufort Sea about five miles northeast of Reindeer Island and 12 miles east of the Northstar field. Phillips Alaska Inc. and Chevron are also partners in the unit.

The SDC is owned by Seatankers Management Co. of Oslo, Norway, and managed by Anchorage-based Fairweather E&P, which recently finished refurbishing and towing the drill ship 600 miles from Port Clarence to McCovey.

Stacked for 10 years, the SDC was built for the Arctic by Canadian Marine Ltd. in 1982 using a former tanker as a shell. It was last used on ARCO Alaska Inc.'s Cabot project in the Beaufort in 1991.

—Kay Cashman, PNA Publisher

Want to know more?

If you'd like to read more about the SDC, go to Petroleum News • Alaska's web site and search for these recently published articles.

Web site:
www.PetroleumNewsAlaska.com

2002
- **Aug. 4** The SDC makes 600 mile journey to McCorey prospect in 12 days
- **June 23** Oil Patch Insider (search for EnCana and SDC separately in this column)
- **March 10** MMS OKs McCovey exploration plan

2001
- **Dec. 6** State approves AEC Oil and Gas (USA) as McCovey operator, update of plan
- **Dec. 2** SDC drill ship returns to Beaufort Sea
- **Nov. 25** A new light in the sea: Alberta Energy moves forward with McCovey exploration
- **May** Fairweather to manage SDC unit

Companies involved in Alaska's oil and gas industry

All of the companies listed above advertise on a regular basis with Petroleum News • Alaska.

PETROLEUM NEWS ALASKA

Business Spotlight

Forrest Crane

Lucinda Mahoney, director assurance based advisory services

KPMG

KPMG is one of the world's four largest accounting and advisory firms with 1,100 offices in 160 countries and 100,000 employees worldwide. KPMG was the first national accounting firm in Alaska, opening for business in 1961 and currently staffing over 90 professional employees. KPMG provides audit services and a wide variety of advisory services to its Alaska clients.

Lucinda Mahoney is the director, assurance based advisory services, and has 20 years experience in the areas of management consulting, accounting, analysis, budgeting, reporting, system development and other financial services. She has lived in Alaska 22 years and enjoys spending quality time with her husband Steve and their six children.

The family enjoys traveling together to places outside Alaska including Mexico and Europe.

Judy Patrick

Ken Thompson, owner

Pacific Rim Leadership Development LLC

Pacific Rim Leadership Development was begun in the summer of 2000 by Ken Thompson. PRLD's training and advisory services include leadership development, high performance teamwork, management of change and business consulting. The company's Web site, www.pacrimldr.com, provides additional information.

Ken Thompson, well known in the oil and gas industry, brings 26 years of dedication and leadership experience from ARCO to this small business enterprise. He has a degree in Petroleum Engineering from the University of Missouri, Rolla, has lived in many states and worked in many countries, but enjoys calling Alaska home. He treasures spending time with his family, but keeps his collegiate drumming skills honed by playing the solo "Wipeout" behind his back!

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PRODUCERS

who have pledged to spend C$900 million over five years to explore the Delta. (See related story on page 13.)

The Mackenzie Valley Aboriginal Pipeline Corp. has a memorandum of understanding with the producers group that could see the Native group obtain a one-third equity stake in the pipeline by negotiating incremental initial supplies of 400 million to 500 million cubic feet per day.

The producers group has indicated that it could move from the current project definition phase by mid-2003 and enter the regulatory and approval phase — a process that could take up to four years. ◆

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OIL PRICES

mid 2003" if its base case assumptions hold.

Gasoline price increase small

An increase in average U.S. gasoline pump prices — up some 1.5 cents per gallon — was the first monthly increase since April, the agency said, but the average price ($1.38-$1.40 a gallon for regular gasoline) has remained stable since April.

An increase in average U.S. gasoline pump prices — up some 1.5 cents per gallon — was the first monthly increase since April, the agency said, but the average price ($1.38-$1.40 a gallon for regular gasoline) has remained stable since April.

"Since we expect some gradual increases in crude oil prices in the near term, some additional growth in pump prices may materialize in August and September as suppliers gear up toward Labor Day and the end of the peak driving season," the EIA said.

But the agency expects only modest increases, "perhaps a few cents per gallon, at most," unless there are "significant refinery problems."

In April, the EIA said, it projected an average summer (April to September) regular gasoline price of $1.46 a gallon. "Our best guess at this point is that the summer average will end up at about $1.40 per gallon, lower than originally expected thanks to good supply availability (including strong net imports) but higher than most years due to above-average crude oil costs."

Natural gas around $3 per mcf

The spot wellhead price for U.S. natural has "been weaving above and below" $3 per thousand cubic feet since mid-March, the EIA said. A sharp price volatility in the spring and early summer months, "has recently become calmer now that the summer is more than half over and a clearer picture of the likely winter storage situation emerges."

The agency said that while working gas in underground storage has been above the previous five-year average since the beginning of the year, by the end of July the storage level was some 15 percent higher than last year and about 17 percent above the previous five-year average for July.