

PETROLEUM NEWS

A L A S K A



"It is grotesque to suggest that a four-year-old girl, making her first and only flight in an aeroplane, should somehow bear responsibility for the actions of a government for whom she was never allowed the chance to grow up and vote either for or against."

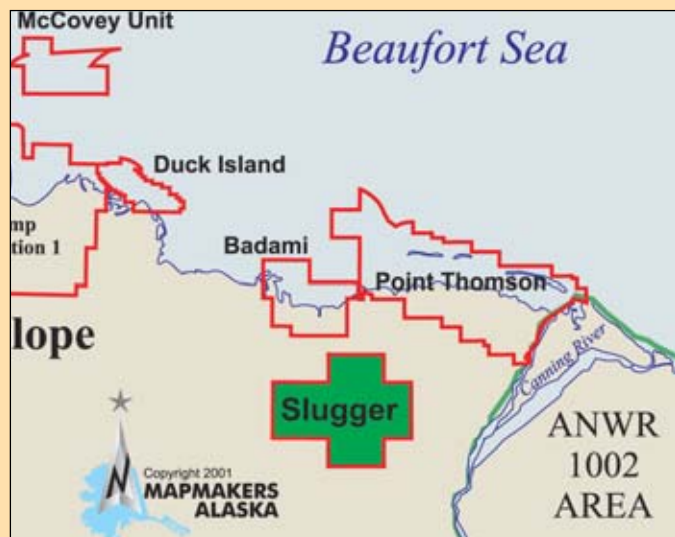
—MENZIES CAMPBELL, BRITISH LIBERAL DEMOCRAT FOREIGN AFFAIRS SPOKESMAN

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Week of September 15, 2002

Time running out for Slugger



Time is running out for the eastern North Slope's Slugger unit. The exploration plan for the 79,508 acre unit says that operator BP must drill a well at Slugger this winter or pay a \$430,000 penalty and lose the unit and leases. See map and story on page 9.

BP looking to cut deals on exploration acreage, Marshall tells Anchorage chamber

BP Exploration (Alaska) Inc. doesn't plan to do frontier exploration in Alaska, the company's president, Steve Marshall, told the Anchorage Chamber of Commerce Sept. 9.

But, he said: "Discontinuing our frontier exploration program on the North Slope does not mean we're giving up building a strong and sustainable future in Alaska. It does mean we're going to build a future on our successes, not our weaknesses and failures."

And what about the exploration acreage the company holds?

BP does not plan to sit on its acreage and block others from exploring.



Steve Marshall, president BP Exploration (Alaska)

see ACREAGE page 13

BP begins bringing 137 Prudhoe Bay wells back on line

BP Exploration (Alaska) Inc. is beginning to bring 137 Prudhoe Bay wells shut in for testing back on line, the company's president, Steve Marshall, said Sept. 9.

The wells were shut in in August after an Aug. 16 explosion injured one worker.

Marshall said BP has been testing all the wells it shut in, "satisfying ourselves that we've got good integrity on those wells, revising procedures to make sure that the conditions we experienced on the well that had the problem will never be repeated."

see WELLS page 13

LAND & LEASING

ANWR lives!

Roger Herrera says ANWR support strong, congressional action soon looks favorable but prognosis uncertain if action is delayed past election

By Steve Sutherlin
PNA Managing Editor

ANWR is not dead, Arctic Power's Washington, D.C., coordinator Roger Herrera told a Sept. 6 Anchorage luncheon sponsored by Arctic Power, the Resource Development Council and the Alaska Support Industry Alliance.

A perception among foes of drilling in the Arctic National Wildlife Refuge that the issue is dead actually might benefit passage of a pro-drilling bill by allowing Congress to consider the issue objectively without the distraction of political protest, he said.

A Senate-House version of the energy bill containing a provision to explore ANWR will likely pass Congress if lawmakers act on the measure before the November elections, Herrera said, but if consideration of the bill is delayed, its prognosis is much less clear.

Congress and its staffers are capable of completing the program they have set for themselves between now and early October, Herrera said, but it is difficult to predict what they will actually accom-



Roger Herrera, Arctic Power

Study revitalizes pro-ANWR position

If the oil and gas fields within the coastal plain of the Arctic National Wildlife Refuge are developed, the state of Alaska's annual share could be as much as \$800 million during peak production years, the McDowell Group Inc. said in its September report on the economic impacts on ANWR development.

The Juneau-based consulting firm, which was hired to do the study by a group called Supporting Alaska Free Enterprise, based its numbers on \$22 per barrel oil.

ANWR development, McDowell concluded, could also generate \$1.7 billion for 25,000 jobs in Alaska during field development.

Roger Herrera, Arctic Power's Washington,

see STUDY page 8

plish. He said the energy bill is a second tier priority in Congress. There are many more important things to be done first.

"One certainty will occur, that is that they will break to get themselves reelected in November," Herrera said. "If, in reality, sometime in September the leadership says 'we can't get our work finished and there will be a late session,' I think we have to

see ANWR page 8

GOVERNMENT

NPR-A, pipeline renewal top BLM list in Alaska, says Henri Bisson

New BLM Alaska state director expects development proposal soon for NPR-A; next step environmental impact statement

By Kristen Nelson
PNA Editor-in-Chief

The National Petroleum Reserve-Alaska and renewal of the trans-Alaska pipeline right of way top the Bureau of Land Management's Alaska list of oil and gas related projects, BLM's new Alaska state director, Henri Bisson, told PNA Aug. 23.

Bisson, who was named to the position in May and had his first official day on the job

"The potential for somebody coming in with a development proposal (in NPR-A) is pretty serious. I think it's going to happen soon. I don't know when or exactly who's going to come in and who the partners are going to be — but I think it's going to happen soon."

—Henri Bisson, Alaska state director, Bureau of Land Management

Bisson, who has a bachelor of science degree in forestry from the University of New Hampshire and a master of science degree in watershed management from the University of Arizona, joined BLM in 1974 as a forester in Redding, Calif.

In an assignment in Grand Junction, Colo., Bisson was one of BLM's first interagency planners and in Montrose, Colo., he was assistant team leader on a regional coal environmental impact statement and later district planning coordinator and district planning chief, where he worked on an EIS for a Shell-Mobil carbon dioxide pipeline.

Bisson went through a departmental management training program in Washington, D.C., and "free floated in government for about 10 months. And it was during that time period that I worked on the hill on Don Young's staff for a couple of months," he said, but as an Interior Department intern, not an intern for Congressman Young.

Bisson was then named BLM assistant direc-

see BLM page 8



Henri Bisson, BLM

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Alaska Rig Report

Rig Owner/Rig Type Rig No. Rig Location/Activity Operator or Status

North Slope - Onshore

Doyon Drilling

Draco 1250 UE	14 (SCR/TD)	Prudhoe Bay, Drilling on S-Pad, S-114	BP
Sky Top Brewster NE-12	15 (SCR/TD)	Preping for January Drilling at Endicott	BP
Draco 1000 UE	16 (SCR)	Stacked, Deadhorse	Available
Draco D2000 UEBD	19 (SCR/TD)	CD2-44, Production drilling at Alpine	ConocoPhillips
OIME 2000	141 (SCR/TD)	Milne Point, I-Pad drilling on MPH-13a, multi-lateral	BP

Nabors Alaska Drilling

Trans-ocean rig	CDR-1 (CT)	Stacked, Prudhoe Bay	Available
Draco 1000 UE	2-ES (SCR)	Prudhoe Bay, H-02A	BP
Mid-Continent U36A	3-S	Stacked, Prudhoe Bay	BP
Oilwell 700 E	4-ES (SCR)	Warm Stacked, Milne Point	BP
(Not Available)	7-ES	Being repaired, under contract	BP
Draco 1000 UE	9-ES (SCR/TD)	Prudhoe Bay, Borealis Field V-105	BP
Oilwell 2000 Hercules	14-E (SCR)	Stacked, Prudhoe Bay	Anadarko
Oilwell 2000 Hercules	16-E (SCR/TD)	Stacked, NPR-A, Teshekpuk Lake	ConocoPhillips
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-08	BP
Emsco Electro-hoist	28-E (SCR)	Stacked, Deadhorse	Available
OIME 2000	245-E	Stacked, mid August through end of year	ConocoPhillips

Nordic Calista Services

Superior 700 UE	1 (SCR/TD)	Kuparuk, Pad E, Well 9, Leg B	ConocoPhillips
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	ConocoPhillips

North Slope - Offshore

Nabors Alaska Drilling

Oilwell 2000	33-E (SCR/TD)	Northstar Is., NS-17	BP
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Fairweather

Draco 147	SDC	On location - EnCana McCovey #1 cold stacked until late October	EnCana
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Cook Inlet Basin - Onshore

Marathon Oil Co.

(Inlet Drilling Alaska labor contractor)

Taylor	Glacier 1	GD 1, working on WL #2 RD	Marathon
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Inlet Drilling Alaska/Cooper Construction

Kremco 750	CC-1	Moving from Tyonek to Kenai on July 1	Available
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Nabors Alaska Drilling

Rigmasters 850	129	Stacked, Swanson River	Available
National 110 UE	160 (SCR)	Stacked, Kenai	Available
Continental Emsco E3000	273	Stacked	ConocoPhillips
(Not Available)	26S	Pulling Unit, Workovers Swanson River SRU 33-33	Unocal

Aurora Well Service

Franks 300 Srs. Expolrer III	AWS 1	Nicolai Creek Gas Field, Sidetrack NC1B drilling new hole	Aurora Gas
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Cook Inlet Basin - Offshore

XTO Energy (Inlet Drilling Alaska labor contract)

National 1320	A	Idle/Middle Ground Shoal	XTO Energy
National 110	C (TD)	Idle	XTO Energy

Nabors Alaska Drilling

IDECO 2100 E	429E (SCR)	Osprey, Redoubt Shoal RU5	Forest Oil
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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 Equitak

Draco 1250 UE	63 (SCR/TD)	Stacked at Swimming Point	Petro-Canada
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The Alaska Rig Report is sponsored by:

XTO Energy, Inc. 

The Alaska Rig Report as of September 11, 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*

	September 6	August 30	Year Ago
US	851	847	1216
Canada	258	265	328
Gulf	109	107	138

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)

Monopod 56 Drilling one well in January 2003
Rig 26S 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.

XTO (Inlet Drilling Alaska labor contract)

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

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.

FINANCE & ECONOMY

BP's Alaska budget will be held at current level for several years, says BP President Steve Marshall

BP Exploration (Alaska) Inc. president Steve Marshall told the Anchorage Chamber of Commerce Sept. 9 that just because BP is refocusing its capital spending in Alaska away from exploration it “does not mean we’ve quit investing in Alaska, or that we’re in a ‘harvest’ mode.”

BP’s 2002 capital budget for Alaska is about \$700 million, he said, with about \$500 million of that “going into sustaining production on the North Slope and the rest into building new double-hull tankers for the Alaska trade.”

BP’s \$700 million capital budget is about 20 percent higher than the company’s average capital spend in Alaska during the 1990s, he said, “and we plan to sustain it at that level for at least the next several years.”

The challenge in Alaska looks “very much different from a decade ago,” he said. As base production declines, BP needs “to keep unit production costs flat and leverage infrastructure and economies of scale” to keep North Slope projects competitive on a worldwide basis.

But these challenges “aren’t unique to Alaska and they aren’t insurmountable. Our company, our industry, have faced them in other mature oil and gas regions,” he said.

—Kristen Nelson, PNA editor-in-chief

BP's \$700 million capital budget (for 2002) is about 20 percent higher than the company's average capital spend in Alaska during the 1990s.

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MEETINGS

Secretary of Energy to speak at annual Alliance meeting Sept. 23

U.S. Secretary of Energy Spencer Abraham will be the keynote speaker at The Alaska Support Industry Alliance's 23rd annual meeting on Monday, Sept. 23, at the Sheraton Anchorage Hotel.

The event starts at 6 p.m. with a reception and president's awards in the Atrium and Kuskokwin Room. At 7 p.m. dinner will be served in the Howard Rock Ballroom. Both the keynote speech and board elections will take place from 7-9:30 p.m.

Reservations for the event can be made by calling The Alliance at 907 563-2226 or visiting its website at www.akalliance.org



Spencer Abraham

PIPELINE & DOWNSTREAM

DGC issues final ruling on TAPS right of way renewal

The Alaska Division of Governmental Coordination has found that renewal of the trans-Alaska pipeline right of way is consistent with the Alaska Coastal Management Program.

A final consistency determination, issued Sept. 5 by project review coordinator Kaye Laughlin, covers 135 miles of the trans-Alaska pipeline corridor in two coastal districts: 110 miles in the North Slope Borough coastal district starting at Pump Station No. 1 and 25 miles at the southern end outside the perimeter of the Valdez Marine Terminal in the Valdez Coastal Resource District. The pipeline transportation corridor was designed prior to the establishment of the ACMP and the NSB and Valdez coastal resource districts.

Laughlin said the review was of the existing rights-of-way grant and lease and does not encompass changes to the existing rights of way, new developments or future activities.

DGC's "final consistency determination is a final administrative decision for purposes of Alaska Appellate Rules... Any appeal from this decision to the superior court must be made within 30 days of the date of this determination," she said.

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■ ARCTIC GAS

Exxon-controlled Imperial Oil pulls out stops to accelerate Mackenzie gas development

By Gary Park
PNA Canadian Correspondent

Imperial Oil Ltd. wants fast-track regulatory approval to allow natural gas to start flowing from the Mackenzie Delta in 2007 — one year sooner than originally anticipated. Imperial is Canada's largest oil company and 69 percent owned by ExxonMobil.

Tim Hearn, newly appointed chief executive officer of Imperial, told an investment conference in Toronto Sept. 11 that "every effort is being made to advance this project as quickly as possible."

He said those efforts include trying to shorten the regulatory process and establish an accelerated construction schedule for a pipeline along the Mackenzie Valley.

At the same time Hearn said there is no reason why gas from the North Slope shouldn't come to market.

"But I think if you look at our project, which builds on a lot of existing infrastructure and is of the size and nature that would be amenable to the marketplace, it just seems that the project should go ahead now," he said.

"That is why we are trying to push ahead and we think the window is appropriate."

Hearn said plans to develop the Mackenzie Delta reserves would proceed regardless of whether the United States approves a subsidized floor price for North Slope gas.

"I believe ultimately market forces will prevail in this whole process and our view is that we have a very viable project and we are going to continue to develop it on a non-subsidized basis," he said.

Formal application to be filed

Hearn said Imperial — the lead partner in the Mackenzie Delta Producers Group along with Shell Canada Ltd., Conoco Canada Ltd. and ExxonMobil Corp — will file a formal application in the next few weeks with Canada's National Energy Board.

The announcement came one day after Canada's Natural Resources Minister, after meeting with key U.S. legislators in Washington, D.C., said the lawmakers told him they were worried about the economic distortion resulting from subsidies for an Alaska Highway pipeline.

Dhaliwal said those representing states that produce natural gas also said they feared gas producers in the Lower 48

"Support for Alaskan gas development is not dead, far from it." —Roland George, Purvin & Gertz

would ask for matching subsidies.

However, Roland George, a principal with oil and gas consultant Purvin & Gertz, said that even if the U.S. Congress rejects subsidies that would not close the door to less direct support, such as loan guarantees. "Support for Alaskan gas development is not dead, far from it," he told The Globe and Mail, a Canadian national newspaper.

Wilf Gobert director of research at Peters & Co., said Imperial's stepped-up schedule endorses what has become increasingly evident, that the Mackenzie Delta gas owners believe they already have the reserves to launch a commercial project. ♦

EXPLORATION & PRODUCTION

BP drops plans for Slugger well; Myers says extension still possible

BP Exploration (Alaska) Inc. has decided not to drill a Slugger unit exploration well this coming winter, company spokesman Paul Laird told PNA Sept. 11. (See story on page 9.)

It's "just too close — the loop on this one. There is not sufficient time for us to do all that we would need to do to drill a well in 2003," he said.

Unit operator BP's state-approved exploration plan calls for a well drilled, completed, suspended or abandoned by May 15 or BP and its partners Chevron USA Inc. and Phillips Alaska Inc. face the dissolution of the eastern North Slope unit, termination of 11 of its 14 leases and a \$430,000 fine.

The partners have been looking for another partner, or partners, to help fund the well as per page 9 story.

State Division of Oil and Gas Director Mark Myers told PNA Sept. 12 "it isn't over until it's over." The Slugger unit deadlines could be extended if "it's in the best interest of the state to do so."

"We would need reasonable assurances from BP that they were going to get the capital to explore and be compensated for lost time," he said.

"We formed the unit because we thought it was in the state's best interest, so there is always the possibility of extending the agreement. On the other hand, we can't give a free ride and don't want to see the acreage warehoused," Myers said.

—Kay Cashman, PNA publisher



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WASHINGTON D.C.

Prices could stay close to \$30 a barrel this winter

The U.S. Department of Energy's Energy Information Administration's latest short-term forecast, issued Sept. 6, says the agency expects to see crude prices stay on the high side. The EIA said "a modest measure of restraint with respect to oil output by OPEC would probably keep oil prices closer to \$30 per barrel than to \$20 through 2003, even if the political and military status quo were maintained."

The EIA said the West Texas Intermediate crude oil spot price averaged \$28.40 per barrel in August, with the price bouncing between \$26 and \$30 a barrel most of the month.

An easing of tensions over a possible U.S. military action against Iraq would temporarily send the price lower, the agency said, but winter demand "is likely to tighten world oil markets and reduce commercial oil inventories."

The EIA said there is a wide range of uncertainty in oil prices due to weather, OPEC actions and general economic conditions.

Weather a factor

If winter weather conditions are normal, the EIA said, "fuel supply conditions are expected to be sufficient to avoid any serious heating fuel price spikes this winter."

The summer was hotter than normal, with cooling degree days about 11 percent about normal, but natural gas storage is still on track to very high, perhaps record, pre-winter season storage levels, the agency said. The high storage level "provides a direct cushion against price spikes for natural gas end users and indirect insurance for fuel oil users" because incentives for fuel switching will probably be minimal.

But heating fuel prices are high and strong demand increases are expected to generate higher winter heating bills for most residential customers this winter compared to last.

Gas demand increases expected

A high probability of a comparatively cold winter and expected strong U.S. economy recovery by year-end are expected to produce sharp increases in natural gas demand this winter, the EIA said. The agency forecasts an increase of 12 percent in natural gas demand this winter compared to last winter, and says that demand will probably use of much of the accumulated cushion in natural gas storage.

Severe price spikes are unlikely, but the EIA said it did expect to see the demand for natural gas in the industrial and power sections "lend above-average support to spot natural gas prices" and expects to see natural gas wellhead prices averaging \$3.20 per thousand cubic feet, about 80 cents per mcf above last winter's price.

The agency is forecasting a natural gas wellhead price of about \$3.28 per mcf over all of 2003, compared to a \$2.80 per mcf average for 2001.

■ BRAZIL

OPEC, International Energy Agency pledge to keep oil market stable amid tensions

"Oil is not a weapon," OPEC secretary-general, IEA executive director tell 17th World Petroleum Congress; IEA will meet with OPEC in Osaka, Japan, in two weeks

By Harold Olmos
Associated Press Writer

OPEC and an organization of oil-consuming nations steered clear of historic antagonisms and pledged cooperation to keep oil prices stable amid worries about tensions with Iraq.

OPEC Secretary-General Alvaro Silva Calderon, a Venezuelan among the founders of the Organization of Petroleum Exporting Countries, and Robert Priddle, executive director of the International Energy Agency, agreed that "oil is not a weapon."

They vowed to work together to keep oil markets steady at a time of volatility over the Bush administration's public relations offensive against Iraqi leader Saddam Hussein.

Bush has said repeatedly that Saddam is a menace to world security and must be removed. Iraq was a major oil exporter before its 1990 invasion of Kuwait; it now exports under a U.N. controlled program.

"Fair and equitable prices will guarantee a prosperous future for all concerned — producers, companies, investors and consumers alike," Silva told the closing session of the 17th World Petroleum Congress in Rio de Janeiro, Brazil. "But for the desired conditions to be put in place, we have to ... expand our dialogue

with all the parties."

Both want stability

Joining Silva in addressing the elite oil industry executives at their biggest world gathering, Priddle also was upbeat.

"We both want market stability ... with prices not so high that they choke off demand," said Priddle.

The four-day summit, which ended Sept. 5, was attended by 3,100 delegates from 59 countries.

OPEC and the IEA were at odds in the late 1960s and early 1970s, when the Arab oil producers cut supplies to the West to punish the United States and other nations for their support of Israel.

Silva and Priddle said both institutions will meet during an OPEC assembly in

two weeks in Osaka in their first face-to-face meeting ever. Both want a role in setting oil prices.

Consumer nations need a voice

Silva said crude oil

prices are still within the band of \$22 to \$28 per barrel set by the OPEC cartel, and that the average for the year should be about \$23.

But Priddle said consumer nations need to have a voice, adding: "No market will follow guidelines by a cartel driven by the needs of oil producers."

On the question of Iraq, Silva insisted his organization would do what it could to stabilize prices in volatile times.

"Concrete cooperation and coordination of policies will hopefully result in all interested parties pulling together," he said. But he warned that "there will always be unforeseen events affecting the market." ♦

"No market will follow guidelines by a cartel driven by the needs of oil producers." —Robert Priddle, International Energy Agency

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■ C A N A D A

B.C. fishermen land huge energy source

Scientists say methane hydrate deposits could meet Canada's needs for 40 years, but agree with industry leaders that commercial development is distant prospect

By Gary Park
PNA Canadian Correspondent

Fishermen trawling the sea floor off Vancouver Island two years ago may have netted the biggest energy source in Canada.

Instead of an edible catch, they hauled up chunks of ice ace that fizzled the moment they broke the surface.

The discovery has since turned into what scientists believe is the largest quantity of methane hydrate ever discovered on the ocean bottom in Canada.

Some methane hydrate blocks big as houses

The frozen deposits of natural gas could equal the known reserves of onshore gas across Canada and have the potential to meet Canada's energy needs for 40 years, a University of Victoria research team announced Sept. 9.

Alerted by the fishermen, the scientists returned to the discovery site with a submersible vehicle and found methane hydrate blocks, some as large as houses, at depths of 2,800 feet.

Hydrates not high on industry list

"It is likely an indication of where to look for oil and gas," said team leader Ross Chapman, who said the so-called "flammable ice" has the potential to meet Canada's energy needs for up to 40 years if it can be extracted.

But he was reluctant to delve into the commercial possibilities, saying "We're scientists, not oil prospectors."

Word of the discovery stirred some interest in the industry, but all said it could be 15 to 30 years before the technology exists to make the resource an economic proposition.

Greg Stringham, vice president of markets and fiscal policy at the Canadian Association of Petroleum Producers, put methane hydrates well down the list of potential industry developments.

He gave higher priority to the emerging coalbed methane fields in Western Canada, which are expected to make their commercial debut this fall.

Frank Sayer, president of Calgary-based research firm Sayer Securities, said methane hydrates could be a crucial part of the world's energy future based on projections that they could double the energy found in all other known sources of fossil fuels — oil, natural gas, coal and oil sands.

Chapman, a geophysicist, acknowledged what many industry leaders have said — it will take years to evaluate the formations, some of which occur in large chunks on the sea floor while others are buried in hundreds of feet of mud, and even longer to develop a method of extraction.

Testing in Arctic

Canada has also been part of an international program to test hydrate deposits in the Arctic.

STATEWIDE

DNR issues information call for inlet and foothills sales

The Alaska Department of Natural Resources, Division of Oil and Gas, is requesting new information for its proposed 2003 Cook Inlet and North Slope Foothills areawide oil and gas lease sales.

This request is for any substantial new information that has become available since the most recent findings for the sale area. Final best interest findings were issued in 1999 for Cook Inlet and in 2001 for the Foothills.

The comment period ends Nov. 25.

The best interest findings are available on the division's web site: <http://www.dog.dnr.state.ak.us>.

The sales are tentatively scheduled for May 7.

The May 2002 Foothills areawide sale brought in \$10,266,086.40 for 197 tracts, 1,119,360 acres, from Petro-Canada (Alaska) Inc. (\$8,526,681.60); Anadarko Petroleum Corp. & EnCana Oil & Gas (\$1,575,302.40); Anadarko Petroleum Corp. (\$128,332.80); and Unocal (\$35,769.60).

The May 2002 Cook Inlet sale brought in \$581,939.46 for 21 tracts, 82,560 acres, from nine individuals, companies and bidding groups.

■ H I S T O R Y

Severe heart condition didn't stop Phillips bear guard

1953 field party member Al Schlottman says guard Carl Killian could out-climb and out-hike rest of team

By Jen Ransom
Contract Writer

Readers may recall a recent Petroleum News • Alaska article featuring Al Schlottman, one of the geologists on the first Phillips Petroleum Co. field party to come up to Alaska in 1953.

Schlottman was an associate geologist under party leader Phil O'Rourke, and spent the summer assisting doing field work at Icy Bay in the Katalla-Yakataga region about 50 miles east of Cordova.

Schlottman, since his interview was first published, has graced Petroleum News • Alaska with emails of remembered stories from his earlier days in Alaska. In one such correspondence, he recalls getting in a bit of hot water after completing his first Alaska assignment, which was hiring two "bear guards" out of Cordova to protect the geologists while they were working in the field:

"I don't recall how I got the name of the first fellow I hired, a Mr. Carl Killian. Carl was a friendly, somewhat elderly fellow (at least to me, a kid in his twenties!) — your typical Alaskan sourdough. The hiring itself was simple; Carl and I got together in a local Cordova bar, I gave him a brief description of the work involved, which was followed by a simple hand-shake, and that part of my assignment was done. No

fancy formalities were involved or even seemed necessary," Schlottman wrote.

"Carl was a great guide and bear guard, and a heck of a nice fellow to have around our camp. Everything worked out just fine and our summer field season went by without incident. However, on practically the last day of our stay at Icy Bay, there arrived in the mail some "Employment Forms" from the main office in Bartlesville, which they required me to have Carl fill out.

"In all innocence, somewhere within those forms Carl mentioned the fact that many years previously he had come up to Alaska, where he wanted to spend what was to be his little remaining time on earth there. It seems that years ago, doctors had discovered that Carl had a heart condition, and they told him that he had only a year or two to live!

"You can imagine the horror back in Bartlesville when they found out that I had hired a fellow in such a poor physical condition. But the funny thing is, Carl could out-hike, out-climb, out-shoot and out-work any one of us young pups on the crew! I never did hear what finally happened to Carl after we parted company, but I hope that he had many more happy years of living in Alaska."

Schlottman spent many years working for Phillips, and made numerous trips back up to Alaska. He is now retired and resides in Washington. ♦

Editor's note: If anyone has any information on Carl Killian, please contact PNA writer Jen Ransom at edit@gci.net or (907) 522-9469.



Al Schlottman, 1953

LAND & LEASING

Potential state, federal oil, gas lease sales

Agency	Sale and Area	Proposed Date
MHT	Cook Inlet	Fall 2002
DNR	North Slope Areawide	Oct. 23, 2002
DNR	Beaufort Sea Areawide	Oct. 23, 2002
MMS	Sale 186 Beaufort Sea	2003
DNR	Cook Inlet Areawide	May 7, 2003
DNR	Foothills Areawide	May 7, 2003
DNR	North Slope Areawide	October 2003
DNR	Beaufort Sea Areawide	October 2003
MMS	Sale 191 Cook Inlet/Shelikof Strait	2004
DNR	Cook Inlet Areawide	May 2004
DNR	Foothills Areawide	May 2004
BLM	NE NPR-A	June 17, 2004
BLM	NW NPR-A	June 17, 2004
DNR	North Slope Areawide	October 2004
DNR	Beaufort Sea Areawide	October 2004
MMS	Sale 193 Chukchi Sea/Hope Basin	2005
MMS	Sale 195 Beaufort Sea	2005
DNR	Cook Inlet Areawide	May 2005
DNR	Foothills Areawide	May 2005
DNR	North Slope Areawide	October 2005
DNR	Beaufort Sea Areawide	October 2005
MMS	Sale 199 Cook Inlet/Shelikof Strait	2006
MMS	Sale 202 Beaufort Sea	2007
MMS	Sale 203 Chukchi Sea/Hope Basin	2007
MMS	Norton Basin	Interest based

Agency key: BLM, U.S. Department of the Interior's Bureau of Land Management, manages leasing in the National Petroleum Reserve-Alaska; DNR, Alaska Department of Natural Resources, Division of Oil and Gas, manages state oil and gas lease sales onshore and in state waters; MHT, Alaska Mental Health Trust Land Office, manages sales on trust lands; MMS, U.S. Department of the Interior's Minerals Management Service, Alaska region outer continental shelf office, manages sales in federal waters offshore Alaska.

This week's lease sale chart
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THE REST OF THE STORY

continued from page 1

BLM

tor for renewable resources and planning.

"Basically it's a lead staff resource analyst and virtually everything going out from a policy standpoint crossed my desk... including Alaska programs," he said. Bisson was in Washington, D.C., from 1982 to 1986.

He went to Phoenix as associate district manager and was district manager there from 1987 to 1992.

"During that time we probably had the largest land exchange program in the bureau happening," he said, and he negotiated a number of land exchanges with the state as well as with private land owners.

Bisson was California district manager and then went back to Washington, D.C. as special assistant to the director and then assistant director for renewable resources and planning.

All of the bureau's programs

"Along the way, either as a project manager or as a district manager, I've been involved in virtually all of the bureau's programs in one way or another, including our lands and minerals programs," Bisson said.

"Prior to coming here I did not have a lot of experience in oil and gas. It's the one program that I've not had a lot of experience in, but I did work on oil and gas in Colorado, I worked on some environmental assessments for some of the leasing programs that we had in Montrose. But I was very engaged in the coal program when I was there.

"I've done a lot of work in hard rock minerals in every job I've had, but I have been engaged in pipelines and I've been involved in the authorization

of a number of pipelines across California and Arizona, transmission lines, that sort of thing.

"So the oil and gas program is a big learning curve for me, but we've got terrific staff here — they're great people and I'm learning quickly," he said.

Major Alaska issues

Some of the most significant issues in the president's energy plan are in Alaska, Bisson said, including "two issues that need to be accomplished this year that are on the secretary's performance agreement with the president."

One was the second NPR-A lease sale, which took place in June.

"And the other is getting to a decision on Taps renewal."

Another top priority, he said, is the decision on the northwest planning area in NPR-A, "which is the land-use plan effort that is under way right now." A draft EIS will be out this fall.

If there is a gas line proposal, that would also rise to the top of BLM's projects in Alaska, Bisson said, because a right of way application for a gas pipeline would trigger an environmental impact statement.

NPR-A leasing

BLM has no NPR-A lease sales scheduled right now, Bisson said.

"We're working on the NPR-A northwest plan, which could set the stage when we get through the plan, for additional leasing. And I would guess in a couple of years they'll likely be another lease sale in NPR-A northeast," he said.

Bisson said that additional lease sales could occur in the northeast NPR-A planning area, where the land-use plan was completed.

If the current planning effort goes according to schedule, and there is additional interest in the northeast

NPR-A planning area where the agency has held two sales, another lease sale would probably be offered in the northeast planning area around June 2004, the same time as a first offering of the northwest NPR-A planning area.

"Once we get through the land-use planning and make those decisions, I think 2004 is when we can see some additional leasing," Bisson said.

Real potential for development

Bisson said he thinks there is potential for development in the NPR-A.

"The potential for development is real, in terms of where some of the exploration has already occurred and I would expect that if it's going to happen we'll hear something soon from one or several companies," he said.

To develop exploration discoveries, the companies would apply for full-field development.

Bisson said he thinks "the potential for somebody coming in with a development proposal is pretty serious. I think it's going to happen soon. I don't know when or exactly who's going to come in and who the partners are going to be — but I think it's going to happen soon."

A company applying for full-field development would define the field they propose to develop, he said, and BLM would then analyze the proposal, do an environmental impact statement, look at the impacts and develop appropriate authorizations.

An EIS was done for the exploration phase in the northwest NPR-A, but "development has not been analyzed," Bisson said.

Companies would also be expected to form units for development. Bisson said BLM has not yet received any unit applications.

Permitting to work on BLM land in Alaska is pretty much the same as elsewhere in the country, Bisson said.

"I think that what's probably different up here are the mitigation measures, the terms and conditions, that

were imposed as a result of the NPR-A northeast plan. There are a number of terms and conditions that are different than elsewhere because of the environment they have to work in," he said.

Companies have drilled, Bisson said, and BLM has had no major compliance issues.

"So it's working. It's working quite well," he said.

Minor reorganization possible

BLM's state office is in Anchorage. There are three field offices: Anchorage, Fairbanks and Glennallen.

Bisson said that "some of the oil and gas work is being done by the Anchorage field office folks statewide for other field offices and we're looking at... some minor reorganization proposals to consolidate that..." No decisions have been made yet, he said, but BLM is looking at consolidating the minerals program — oil and gas and hard rock — so that the oversight will come out of one office, instead of several as is the case now.

Secretary will make decision

The comment period on renewal of the rights of way for the trans-Alaska pipeline is closed, Bisson said. The agency has received some 300 comments. The bulk, he said, are repetitive, "people have just basically said the same thing."

"There's probably about 50 to 60 comments that are original and specific and provide fairly detailed into the process," he said. The agency is looking at all the comments and evaluating them, "and evaluating what changes we would need to make before we go to a final EIS, evaluating whether or not we want to adopt or should adopt any of the proposals that have come forward, including this issue of citizens' oversight."

The right of way is signed by the Secretary of the Interior, Bisson said, but the Alaska office will evaluate the comments, keep the secretary's office informed and make recommendations on how to address the comments. ♦

continued from page 1

ANWR

accept the inevitable that the energy bill will not be completed prior to the election.

"If that's the case then your guess is as good as mine what will happen to it, because I have not the slightest clue."

Positive signs

Assuming Congress acts on the energy bill before its break in October, Herrera said, a number of factors bode well for approval of ANWR exploration.

The newest is the specter of a war with Iraq.

"That war, in a certain percentage of people's minds, changes the attitude toward ANWR," Herrera said, adding that with tensions rising in the Middle East, the attractiveness of a secure domestic oil source is underscored.

President Bush in recent speeches has made impromptu references to the importance of domestic energy production, a sign that the issue is a high priority for the president, Herrera said.

"I don't think the White House is going to try to influence the committee on ANWR until the last minute, and then I think there will be pressure on the politicians involved," Herrera said.

Union support for ANWR drilling also has and will be an impetus for congressional approval, he said.

"The unions are bound and determined to make ANWR happen," Herrera said. "They have put a lot of time and effort into working this issue and they don't want it to just fade away. They are going

to be working it hard until the midnight hour, and when they get involved and are going flat out they are a force to be reckoned with."

Another positive factor, Herrera said, is the support of Rep. W.J. 'Billy' Tauzin, chairman of the conference committee in the energy bill.


"Tauzin has gone on record as recently as yesterday, saying things very beneficial to pro-drilling," Herrera said, adding that Tauzin is "hugely in favor of domestic energy production and opening ANWR because of the benefits to the nation and to his home state of Louisiana."

Tauzin is also on record as saying there will not be an ethanol provision in the bill unless ANWR is there also, Herrera said.

"While ethanol is not very important to the people of Alaska, it's important politically in 20 states," Herrera said. "There are 40 senators from agricultural state across the nation who are avidly supporting the ethanol provision in the bill." ♦

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EXPLORATION & PRODUCTION

ANCHORAGE

Nabors, BP Energy Center receive Green Star awards

Nabors Alaska Drilling Inc. and the BP Energy Center received Green Star awards at the Anchorage Chamber of Commerce Sept. 9.

Sean Skaling, Green Star executive director, presented the Nabors' award to Randy Bovy, the company's environmental manager.

Skaling said Nabors' application is a "very thorough environmental management program. Waste streams are managed and monitored very closely."

Nabors standardized materials

Nabors examined their waste streams, he said, and found that standardizing materials purchasing reduced waste significantly. The company identified the product that worked best and was the most environmentally preferable available — for example paint — and then standardized that product across all rigs and jobs.

"The end result is much less waste," Skaling said, "due to product expiration, partially used containers and changes of product over time."

Nabors also offers competitive programs to encourage employees to provide feedback about environmental and safety concerns, and a "spill champion" at each work location who promotes environmental awareness and makes daily environmental inspections.

BP Energy Center

BP Exploration (Alaska) Inc. President Steve Marshall accepted the BP Energy Center award. Skaling said BP received its original Green Star 10 years ago in August. BP's Energy Center opened its doors the first week in September, Skaling said. It was designed to reduce impact on the environment, he said, including landscaping which left surrounding trees on the property. (See page 12.) The building is very energy efficient, Skaling said, with the newest in lighting technology, motion sensors, automated heating and cooling systems.

Smart boards and Panaboards in conference rooms replace flip charts and notes can be printed from a dry erase board or downloaded directly to a computer.

The building has recycling stations and an environmental message — along with the standard safety information — is provided at the beginning of each event.

Nabors' application is a "very thorough environmental management program. Waste streams are managed and monitored very closely." —Sean Skaling, Green Star

—Kristen Nelson, PNA editor-in-chief



EASTERN NORTH SLOPE

BP offers "attractive terms" on Slugger unit, needs one more partner to drill exploration well

State exploration plan calls for a well drilled, completed, suspended or abandoned by May 15 or BP and partners face loss of unit, leases and fine

By Kay Cashman
PNA Publisher

Time is running out for the eastern North Slope's Slugger unit. The exploration plan approved by the state for the 79,508 acre unit says that operator BP Exploration (Alaska) Inc. must drill a well at Slugger this winter — specifically, "must drill through the Kemik interval and complete, suspend or abandon Slugger No. 1 well by May 15, 2003" — or pay a \$430,000 penalty. BP also faces termination of 11 of the unit's 14 leases, which will be "beyond their primary terms" on May 15, Carol Lee,

BREAKING NEWS PG. 4

petroleum land manager for the state Division of Oil and Gas, told PNA Sept. 9. (See adjacent lease chart.)

BP spokesman Ronnie Chappell says BP is short one partner to help fund a Slugger exploration well. He said his company is offering "very attractive terms" for a working interest in

BP Exploration (Alaska) President Steve Marshall has told audiences this past year that over the last 10 years BP has found and commercialized 160 million barrels from frontier exploration in Alaska: 16 million barrels a year at a cost of \$40 million a year. "In the same period, we've added almost 900 million barrels of extensions in our existing fields — five times that reserve. That's where we've had the greatest success. ... The exploration successes we have had are from satellites — in and around Prudhoe, Milne, Kuparuk. That's what we're going to continue doing."



Judy Patrick

the unit, which BP estimates holds some 280 million barrels of oil.

"BP's future exploration focus is on acreage close to existing infrastructure. While Slugger is an interesting prospect, it does not fit this strategy," Chappell said, referring to BP's decision last year to close its frontier exploration office in Alaska and to concentrate on infield explo-

see SLUGGER page 10

NORTH SLOPE

State approves Northstar unit's participating area; it's smaller than BP initially requested

Four of five state leases in participating area; BP has until October 2005 to drill an exploration well into fifth lease, or it will contract out of unit

By Kristen Nelson
PNA Editor-in-Chief

The Alaska Department of Natural Resources' Division of Oil and Gas has approved the Northstar participating area, defining the area of the unit actually under production.

The participating area findings and decision, signed by Division of Oil and Gas Director Mark Myers Sept. 4, also provides an update on the amended royalty terms for the state leases indicating that, as expected, the state has done better under the amended provisions than it would have

under the original terms of the leases.

The state jointly manages the Northstar unit with the U.S. Department of the Interior's Minerals Management Service and both agencies approved formation of the unit in 1990 when Amerada Hess was operator.

Current unit operator BP Exploration (Alaska) Inc. applied in 2001 to expand the unit boundary and form the participating area. Murphy Exploration (Alaska) Inc. is the other working interest owner in the Northstar unit. DNR and MMS approved the expansion of the Northstar unit

see NORTHSTAR page 12

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EXPLORATION & PRODUCTION

continued from page 9

SLUGGER

ration where the company has had its most success.

At the annual Meet Alaska conference on Jan. 25, BP Exploration (Alaska) President Steve Marshall said his company had had a number of exploration disappointments in Alaska, including lower than anticipated production from its only eastern North Slope producing unit, Badami, 35 miles east of Prudhoe Bay.

Badami was expected to hold 120 million barrels of recoverable oil and produce approximately 35,000 barrels per day at its peak. Instead, the unit is producing in the range of 2,000 barrels a day.

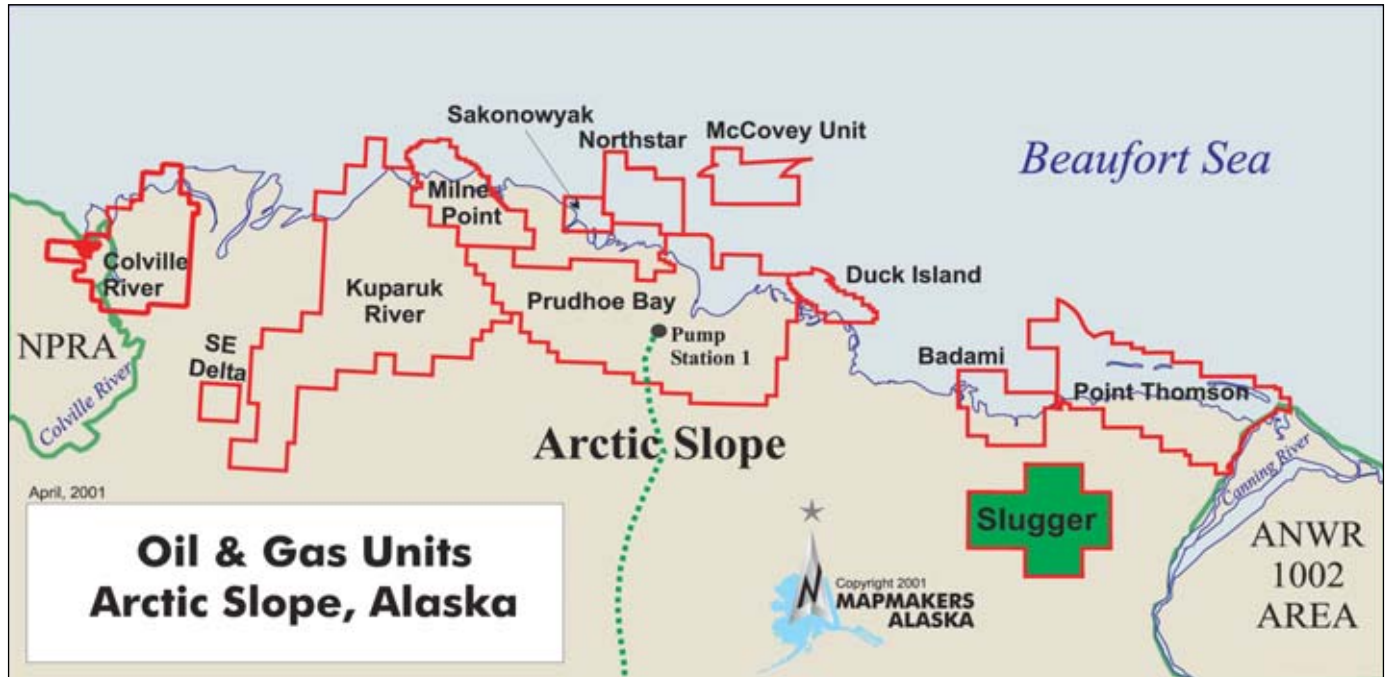
Anadarko backed out

But Chappell said that "BP wants to stimulate activity on its (Sluggers) leases" and has "worked extensively to secure third-party funding" for the well.

The northern border of the Sluggers unit is just 12 miles from Badami's processing facilities, which BP has said could be used to process and ship Sluggers crude to Endicott, 26 miles to the west, and then to the trans-Alaska oil pipeline. (See story this issue about the Badami pipeline tariff.)

The Sluggers No. 1 will be the first well drilled in the unit, although BP has conducted a complete reprocessing of the W. Thomson 3-D Seismic Survey which encompassed the Sluggers unit.

BP (42 percent) and the other two leaseholders in Sluggers, Chevron USA Inc. (33 percent) and Phillips Alaska Inc. (25 percent), have already farmed out part of their working interest in the



The Sluggers unit consists of 14 leases totaling 79,508 acres. Each lease has a slightly different ownership make-up but "on average" unit paperwork says BP owns 42 percent of the unit; Chevron 33 percent; and Phillips 25 percent. BP and the other two leaseholders in Sluggers, Chevron USA Inc. and Phillips Alaska Inc., have already farmed out part of their working interest in the unit to independents Forest Oil Corp. and Anadarko Resources LLC in exchange for a disproportionate share of the costs of Sluggers No.1. In exchange, Anadarko and Forest will each receive approximately a 20 percent working interest in the eastern North Slope unit.

unit to independents Forest Oil Corp. and Anadarko Resources LLC in exchange for a disproportionate share of the costs of Sluggers No.1. In exchange, Anadarko and Forest will each receive approximately a 20 percent working interest in the eastern North Slope unit.

But those farm-ins were "not sufficient to fund the well," Chappell said.

Anadarko Petroleum Corp. was talking to BP about farming into the Sluggers unit last spring but has decided not to do so, Anadarko spokesman Mark Hanley told PNA in late August. He elected not to comment on the reason for his company's decision.

Bob Howard, vice president of Chevron's Alaska business unit, told PNA Sept. 9 that his firm is "monitoring the situation very closely. We are concerned by the lack of interest in

Sluggers. There is a fair share of risk along with reward. ... Another partner will clearly have to be obtained. We're not ready to take on more working interest in this project than we already have."

Last year, a Chevron representative told PNA, "One of the reasons we like Sluggers is it should ring the cash register faster than our other North Slope exploration prospects since, if successful, the production will likely be processed at the existing Badami facilities."

Chevron is a partner in the ExxonMobil operated Point Thomson unit, which is four miles northeast of Sluggers and scheduled to come on line in late 2006.

On July 11, ExxonMobil filed paperwork with the state to build a 22-mile common carrier pipeline that would carry sales quality condensate from Point Thomson's central processing facility to a connection point with the existing Badami sales oil pipeline at the Badami central processing facility.

Sluggers unit leases

ADL	Effective	Expiration	Per Acre Bid
0375033	19910401	March 31, 2001	\$23.09
0375034	19910401	March 31, 2001	\$12.73
0375036	19910401	March 31, 2001	\$25.93
0375052	19910401	March 31, 2001	\$17.73
0375053	19910401	March 31, 2001	\$19.62
0375054	19910401	March 31, 2001	\$11.07
0375055	19910401	March 31, 2001	\$16.25
0375059	19910401	March 31, 2001	\$5.31
0382035	19930801	July 31, 2003	\$39.00
0382056	19930801	July 31, 2003	\$38.34
0385126	19960201	Jan. 31, 2003	\$10.17
0385129	19960201	Jan. 31, 2003	\$10.27
0385144	19960201	Jan. 31, 2003	\$51.51
0389656	20011201	Nov. 30, 2008	\$17.37

Note: If the Sluggers unit working interest owners do not drill, complete, suspend or abandon the Sluggers No. 1 well by May 15, 11 of the 14 leases listed above will revert back to the state and be offered for lease in the state's October 2003 areawide lease sale. Leases ADL 382035, ADL 382056 and 389656 will still be active. The state receives a 12.5 percent royalty share from leases in the Sluggers unit area.

ACMP review not yet initiated

In addition to finding one more partner, if BP is going to drill an exploration well in the Sluggers unit this winter, it must complete its permitting for the project.

"We initiated the permitting process on Sluggers in 2001, then suspended work with an intention of resuming it this year, contingent on funding," BP spokesman Paul Laird told PNA Sept. 9. Since Sluggers exploration has not yet been funded, BP has not yet

see SLUGGER page 11

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■ MATANUSKA-SUSITNA BOROUGH

Evergreen Resources begins permitting two groups of shallow gas wells in Matanuska-Susitna Borough, Cook Inlet basin

By Kristen Nelson
PNA Editor-in-Chief

Evergreen Resources (Alaska) Corp. has applied to the Alaska Oil and Gas Conservation Commission for drilling permits for two groups of wells in the Pioneer unit in the Matanuska-Susitna Borough.

Evergreen Resources, a Denver, Colo.-based coalbed methane producer, acquired the Pioneer unit in 2001 from Unocal and Ocean Energy Resources Inc. Evergreen told the state earlier this year that it plans an eight-well exploration project to test the ability of coals in the 72,000-acre unit to produce gas. The company said when it acquired the properties that it believes area coal seams may hold some 500 billion cubic feet of gas.

One group of four proposed wells is on fee acreage and state of Alaska oil and gas lease ADL 374121 south of Houston. Each of the wells will be vertical. They include:

the D.L. Smith No. 1 at 3,293 feet from the north line and 293 feet from the west line of section 1, township 17 north, range 3 west, Seward Meridian; the Gary & Jo Ann Stromberg No. 2 at 1,386 feet FNL and 933 feet FWL, section 1 T17N-R3W, SM; the

Once drilled the wells "will take approximately 12 months to test ... and even longer to determine how much gas is there. Unlike conventional gas, unconventional gas is easy to find but hard to produce." —Evergreen Resources

Robert L. Smith No. 3 at 3,272 feet FSL and 606 feet FEL, section 2 T17N-R3W, SM; and the Cornhusker No. 4 at 2,426 feet FNL and 141 feet FEL, section 2-T17N-R3W, SM.

The second group of proposed wells are on state oil and gas lease ADL 384685 east

of Houston. These are also vertical wells: Cook No. 1 at 991 feet FSL and 888 feet FEL of section 30-T18N-R1W, SM; the Lowell No. 2 at 967 feet FSL and 1,329 feet FEL of section 30 T18N-R1W, SM; the Bering No. 3 at 1,523 feet FSL and 471 feet FEL of section 30 T18N-R1W, SM; and the Baranoff No. 4 at 504 feet FSL and 423 feet FEL of section 30 T18N-R1W, SM.

The commission published notices of a public hearing Sept. 11 because the wells are close enough to each other that they require exceptions to the commission's regulations. Public hearings have tentatively been set for Oct. 15, although the commission said that if it does not receive requests for hearings by Sept. 27, it will consider ruling on the request without a hearing.

Evergreen Resources is currently "building locations, gravel pads and roads



Pictured here is Evergreen's coiled tubing unit used for well completions.

Courtesy Evergreen Resources (Alaska) Corp.

to the well sites," a company spokesman told PNA Sept. 11.

Once drilled the wells "will take approximately 12 months to test ... and even longer to determine how much gas is there. ... Unlike conventional gas, unconventional gas is easy to find but hard to produce," he said. ♦

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SLUGGER

resumed the permitting process, he said.

Part of that process will involve an Alaska Coastal Management Program review, which is handled by the state Division of Governmental Coordination.

Glenn Gray, lead project analyst for oil and gas reviews for DGC, told PNA Sept. 9 that there is still time for a review to be approved for this winter's drilling season.

BP has no serious contenders for Slugger at this time, Laird said.

Four-way closure at Slugger

When BP began advertising Slugger and two Badami satellites last year it published a brochure — "BP Exploration Alaska Farm-in Opportunities" — inviting companies to invest for drilling in the winters of 2003 and 2004. (Farm-ins are generally handled by a unit's operator.)

In the brochure, the prospects' well depths were listed as 11,500-13,000 true vertical depth, deeper than the Badami unit wells which range from 10,500 to 10,700 TVD.

Well depth at Red Dog, a prospect just east of the Badami unit on the western edge of the ExxonMobil operated Point Thomson unit is 12,379 feet. Point Thomson wells vary in depth from 13,200 to 14,100 TVD.

Within the Point Thomson unit discoveries have been made in both lower Tertiary turbidite sands (Exxon Alaska State A-1, 1975 and BP Sourdough No. 2, 1994) and the lower Cretaceous Point Thomson Sands (Exxon Point Thomson No. 1, 1977).

The Badami field, which was discovered by Conoco in 1990 and began producing in August 1998, produces from lower Tertiary turbidite sands.

The Union Leffingwell No. 1 well, located approximately three miles east of the Slugger unit, was completed on Aug. 8, 1984. It targeted the Lower Mississippian Kekiktuk formation which proved non-productive.

Technical presentations to the state Division of Oil and Gas suggest a four-way closure within the Slugger unit, state paperwork said.

Total project costs: \$12-13.50 per barrel

Well costs, BP said in its brochure, were estimated to be \$16 million to \$19 million per initial exploration well, with completion running \$500,000 to \$1 million.

Development wells were expected to cost \$5 million to \$11 million each.

BP's total project cost estimates, including everything from finding and development to transport to the West Coast, was listed as \$12-13.50 per barrel.

Want to know more?

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

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- 2001
- Dec. 30 BP advertises for farm-in partners on slope prospects
- Dec. 16 Badami facilities could be used for Slugger development
- Oct. 7 Anadarko will use Phillips' ice roads.... (Pingo, Slugger mentioned)
- Aug. 28 Spreading the risk: Andex, Forest buy into Slugger unit
- June 25 Chevron bullish on Alaska
- May 28 State, leaseholders reach agreement on Slugger unit
- April 28 State wants more drilling in proposed Slugger unit
- Feb. 28 BP files for new unit southwest of Point Thomson

When PNA asked Bill Van Dyke, resource manager for the state of Alaska's Division of Oil and Gas, about the quality of BP's data on Slugger and the two nearby Badami satellites, he said, "I suspect BP has real good geological and geophysical data on these prospects and that — along with their record on the North Slope — is a plus. Different companies view them and risk a little differently but as far as data goes, BP will have a n good data set." ♦




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NORTHSTAR

in July 2001 to include an additional federal lease for a total of approximately 33,768 acres in eight oil and gas leases: 23,344 acres within five state leases and 10,424 acres within three federal leases. BP holds 100 percent working interest in seven of the Northstar unit leases; in one federal lease BP holds 90 percent working interest and Murphy holds 10 percent.

The state issued an interim approval of the participating area in October. MMS issued an interim approval in October and a final decision in November.

The state said this findings and decision supplements the interim decision and approves two additional exhibits.

The Northstar reservoir includes Ivishak and Shublik "D" intervals within the Northstar field. The division said a portion of the state acreage is "reasonably known to be underlain by hydrocarbons and known or reasonably estimated through the use of geological, geophysical, or engineering data to be capable of producing or contributing to production of hydrocarbons in paying quantities" as required by state regulations for unitization. BP originally proposed that the participating area include all of the three federal leases and portions of four state leases, approximately 28,023.63 acres (12,252.37 state acres and 10,424.14 federal acres).

The state requested a reduction in the state acreage included in the participating area "to conform to 160 acre spacing around the Northstar reservoir oil/water contact contour." The state said BP also agreed to reduce federal acreage "to exclude other possible hydrocarbon accumulations not in communication with the Northstar reservoir."

The approved Northstar participating

area includes approximately 17,667 acres, approximately 52 percent of the unit, with portions of four of five state leases, all of one federal lease and portions of two other federal leases. Fifty-six percent of the participating area, 9,901 acres, is on state leases and 7,766 acres, 44 percent, on federal leases.

The state accepted in its interim approval the allocation of unitized substances among the leases in the Northstar participating area of 84.097 percent to state leases and 15.903 percent to federal leases.

Within the participating area, BP holds 98.8272 percent working interest and Murphy holds 1.1728 percent.

Fourth plan of development

BP's fourth plan of development, Oct. 1, 2001, through Sept. 30, 2004, includes plans to drill and complete up to 16 production wells and five gas injection wells. BP will inject miscible enriched gas for approximately four years and then inject leaner chase gas for the remainder of field life. BP plans to complete development drilling at Northstar within the three-year term of the fourth plan of development.

The state said that BP has estimated recovery at 159.3 million stock tank barrels of oil and 16.9 million stock tank barrels of natural gas liquids over the 15-year field life with enhanced oil recovery compared to 89 and 5.1 million stock tank barrels respectively without EOR. BP began EOR operations in January, two months after beginning production.

BP will evaluate the overlying Kuparuk and Sag River formations while drilling the participating area development wells and will also evaluate acreage that lies within the unit but outside of the approved participating area.

The state said that current available

data indicates that no portion of the Northstar reservoir underlies state lease ADL 355001, Northstar unit tract 105, and that lease is not included in the participating area. The division said it requested that the fourth plan of development include plans to explore the area under this lease and BP committed to begin drilling an exploratory well on state acreage at least one-half mile outside of the participating area boundary within four years.

BP must begin drilling the exploration well into ADL 355001 by Oct. 12, 2005, or that lease will automatically contract out of the unit.

Royalties to state

The Alaska Legislature approved amendments to the Northstar leases in 1996, replacing a net profit share percentages bid at a 1979 state lease sale by Amerada Hess and Texas Eastern Exploration Co. The amendments replaced the net profit share provision with a supplemental royalty provision that imposes a sliding scale royalty rate of up to 7.5 percent in addition to the 20 percent base royalty rate for a maximum total royalty rate of 27.5 percent. The supplemental royalty rate varies depending on the Alaska North Slope spot price on the West Coast relative to a trigger price which is inflation adjusted annually each May based on changes in the Producer Price Index.

In each month that the average ANS spot price is greater than the applicable trigger price, the supplemental royalty rate for the month equals the difference times 1.5 percent.

The Northstar participating area produced 7,519,000 barrels of oil from the beginning of production Oct. 31 through June 30, 2002, the end of the state fiscal year. Approximately 1,857,000 barrels

were attributed to the state's royalty.

The state received supplemental royalties in five of the first eight production months and the royalty rate reached the maximum of 27.5 percent in April, May and June. The division said that the state received 350,000 barrels of royalty oil in excess of the 1.5 million barrels due at the 20 percent base royalty rate, for an effective royalty rate of 24.7 percent.

Had the leases been produced under the original net profit share, the division said, the state might never have received royalties, because the cost to build the production island, pipelines and facilities to develop Northstar "greatly exceeded BP's original estimate."

"Under the original lease provisions," the division said, "the state would receive net profit share payments only after the working interest owners recouped their development costs, which would be much later in the field life, if ever. In addition, the supplemental royalty provision is a greater benefit to the state due to the time value of revenue."

The division said that the field cost issue has been a concern at other fields, but at Northstar provisions in the state leases require that royalty and supplemental royalty paid in value "shall be free and clear" of lease expenses, unit expenses and participating area expenses "including, but not limited to, expenses for separation, cleaning, dehydration, gathering, saltwater disposal" and preparing unitized substances for transportation.

"This exclusion shall also apply to royalty taken in kind," the division said. "The working interest owners are not entitled to deduct field costs from the state's royalty share of oil and gas produced from the Northstar unit." ♦

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ARCTIC GAS/REST OF THE STORY

■ CANADA

Duncan takes issue with Chretien over pipeline aid

By Gary Park
PNA Canadian Correspondent

Yukon Premier Pat Duncan hopes to give Canada's Prime Minister Jean Chretien a lesson in resource subsidies later this month, reminding him of all the federal incentives that have made frontier energy ventures possible.

She said Canada must be "extremely cautious" in criticizing the U.S. for contemplating tax credits to support construction of an Alaska Highway gas pipeline without first examining its own record of aid for energy mega-projects.

Duncan, who is hoping to meet with Chretien during an Ottawa visit this month, said she disagreed with Chretien that provisions contained in the proposed U.S. Senate energy bill, including a floor price for North Slope gas, represent subsidies.

She said Sept. 8 "it's a fact of life that



Canada's Prime Minister Jean Chretien

ciaries as Alberta's oil sands, Newfoundland's Hibernia offshore oil-field, Nova Scotia's gas pipeline from the Sable offshore field and the diamonds mines in the Northwest Territories.

Chretien has objected to "subsidies"



Yukon Premier Pat Duncan

Chretien, in a letter to Alaska Gov. Tony Knowles in early July, raised strong opposition to what he described as "subsidies" in the Senate bill.

"The Government of Canada believes the proposed subsidies have the potential to artificially depress gas prices, slowing development and production elsewhere in the U.S. and in Canada," he said.

The Senate legislation "includes provisions that could significantly distort the dynamics of our integrated North American natural gas market," Chretien warned, rejecting Knowles' argument that the Senate legislation was no different from Canada's support of its own mega-projects over the years.

In Calgary Sept. 4 for a meeting with pipeline contractors, Yukon Energy Minister Scott Kent took issue with comments by Canada's Natural Resources Minister Herb Dhaliwal that Canada might take regulatory action to block an Alaska Highway pipeline if the U.S. energy bill was adopted.

He said Canada stands to benefit from development of both the Alaska Highway and Mackenzie Valley projects and ignoring the investment and jobs that would be created by both schemes was "very silly, indeed." ♦

continued from page 1

ACREAGE

"On the contrary," Marshall said, "we're engaged in discussions with other companies that are interested in exploring it." (See Slugger story on page 9.)

Marshall said BP is "working with a number of companies, including some of the independent companies, to make sure that commercial arrangements can be secured to make sure that acreage is available to any company that wishes to explore in Alaska."

"We're not counting on any new provinces opening up... If and when ANWR opens, as with any emerging province, we'll evaluate it" —Steve Marshall, BP

BP will also do anything it can in terms of providing access to data, he said.

"You know, I think just having two or three or four voices in Alaska isn't as good as having 10 voices arguing in Juneau for different interests," so BP is "doing everything we can to make sure we're not the barrier."

BP's focus on its existing fields does not mean the company is in harvest mode in Alaska, Marshall said, but the company has shifted its investment to "in-fill drilling and mature field development" with about half of the company's 2002 development spend associated with drilling. (See page 3 news brief.)

BP has a resource of some 7 billion barrels of oil equivalent on the North Slope, Marshall said, with about a third of that, more than 2 billion barrels, proven reserves. Just producing those barrels, he said, "requires significant ongoing investment together with operational and cost-management excellence."

Marshall said it is "against all predictions" that "we have stabilized production and now look to sustain oil and gas production well into the 21st century."

But sustaining production, he said,

means that "we cannot afford to chase new barrels regardless of cost. And we will only choose projects that will continue to improve our financial performance."

Marshall cited numbers he has used before: over the past 10 years BP has explored for and developed just 160 million barrels — and that has been around existing fields.

By contrast, the company has added 900 million barrels to reserves in existing fields.

"That's where we're successful," he said, "and that's where we're going to focus our effort and spend."

ANWR not in BP's 7 billion barrels

Asked where the Arctic National Wildlife Refuge fit into BP's plans, Marshall said it doesn't. The 7 billion barrels of oil and gas BP is looking at in Alaska "do not include any exploration success — not just in ANWR but in NPR-A and anywhere else."

While BP is still exploring in and around existing fields, "we're not counting on any new provinces opening up... If and when ANWR opens, as with any emerging province, we'll evaluate it," he said.

Asked if it would be possible to solve the state's fiscal gap by boosting oil production by 5 percent a year, Marshall said that just keeping existing production flat is the equivalent of adding a new Northstar and a new Alpine field come online every year — some 150,000-200,000 barrels every day, every year — "and the investment to go with that is enormous."

"It's a huge challenge to boost production," he said.

"In the short term, I think boosting production absent some big new developments could be tough." But, he concluded, "I think it's not inconceivable."

—Kristen Nelson, PNA editor-in-chief

... Canada stands to benefit from development of both the Alaska Highway and Mackenzie Valley projects and ignoring the investment and jobs that would be created by both schemes was "very silly, indeed." —Yukon Energy Minister Scott Kent

public policy and incentives have been used for every energy project" in Canada, the United States and around the world.

In Canada's case she listed the benefi-

continued from page 1

WELLS

BP had estimated it would shut in 150 wells, some 60,000 barrels per day of production. Marshall said when they looked closely they found only 137 wells that needed to be shut in for testing, some 45,000 bpd of production.

BP believes it knows what caused the A-22 well explosion, and plans to pull the casing from the well "so we can actually do the testing to get to the why — why the well failed," Marshall said. He said the company is looking at corrosion, mechanical damage, high pressure or a combination of those.

Marshall said BP is working with the Alaska Oil and Gas Conservation Commission.

Some wells are still being evaluated and BP will "continue to work with the AOGCC to ensure that they're fully involved and satisfied with the steps we've taken both from a testing standpoint and procedurally to make sure that they're happy with restarts."

Jim Regg, a petroleum engineer with the Alaska Oil and Gas Conservation Commission, told PNA Sept. 11 that the commission is continuing with its own investigation and expects BP's final report on the A-22 incident within the week.

Regg said the commission has its inspectors following up. They are randomly selecting wells as BP brings them back online and checking on the startups, he said.

—Kristen Nelson, PNA editor-in-chief

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Avalon Development is seeking personnel interested in anticipated 2002 field positions. These are no-nonsense geology oriented field positions in remote camps. Positions are as follows: **Senior Geologists:** +5 years experience, Alaska experience preferable, expertise in PGE, Rare Metal or gold exploration required. Salary DOE. **Junior Geologists:** Bachelors degree in Geology required, Alaska experience preferable, experience in PGE, Rare metal or gold exploration helpful. Salary DOE. **Geotechnicians:** Experience in gridding, sampling, power

auger drilling drill sampling and GPS navigation preferable. Salary DOE If you are interested in learning more about Employment opportunities in Alaska with Avalon Development, submit a resume along with references. Resumes may be emailed to: avalon2@alaska.net, Faxed to 907-455-8069 or mailed to Avalon Development, attn: AV-Jobs2002, PO Box 80268, Fairbanks, Alaska 99708

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Udelhoven Current Immediate Openings: 4 NICET level 2 and 3 Certified Technicians. Work Site: North Slope send resumes to Jgilbert@udelhoven.com **Positions we are always accepting applications for include:** Administrative, clerical, As built, Material Handler, Carpenter, Electrician, Electrical Inspector, Engineer, Equipment Operator, FCO Technician, HVAC, Instrument Technician, Laborer, Millwright, NICET, Operator, Pipe fitter, Plumber, Project Control, Project

Manager, Quality Assurance, Safety, Surveyor, Welder. Please e-mail your resume to: rfrontr@udelhoven.com or fax to: (907) 522-2541 Attention: Lisa

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Car, Van, & Truck Rentals V.I.P. rates. Located at Anchorage International Airport Call 907-279-2000, 1-800-421-7456. We will treat you like family!
North Slope gas production skid for sale. Formerly used for early Endicott fuel gas supply. Truckable module, located in Deadhorse. E-mail: ray@latchem.com.



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Etc. Call for more and prices. 522-5876

Investment Opportunities

Alaska Independent needs operator to explore and develop prime North Slope/Cook Inlet prospects. Call Rick 907-456-2300 or email bluemax@gci.net.

Leases/Prospects Available

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: C a s h 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
PUB. DATE: 7/30/2002

Looking for partners for five prospects in Cook Inlet - Astosch-Tutna, Corsair, Olson Creek, Valkyrie, Viggen. See www.forestoil.com for some prospect information. Click on the Banc of America Securities Presentation, June 18 PDF file, and then go to page 16. Contact: Jim Arlington, Land Manager, at jdarlington@forestoil.com. Serious inquiries only.

North Slope Oil Opportunity Prospect just north of the Kuparuk River Unit. Analysis of 3-D seismic indicates Kuparuk A and C sand potential of 20 million or more barrels. Can be drilled as tract operation from existing KRU Drillsite with year round permanent gravel road access. Facility and infrastructure access negotiations well underway. Contact Jim Weeks at: jweeks@winstarpetroleum.com

AVCG looking for qualified partners for 104,000 acres on North Slope. Call Bo 316-263-2243.

Alaska oil and gas leases, North Slope 17,500 acres, Cook Inlet Basin, 8,000 acres. Proven reserves, permitting in progress. Call 907-452-5149, fax 907-452-5203.

Meetings/Events



Thursday, September 19th: Drue Pearce, Senior Advisor on Alaska Affairs to the Secretary of the Interior Location: Anchorage



CAREERS AT VECO Principal Design Specialist- Anchorage, Alaska Recruiting Authorization No. 825 One opening for an individual with fifteen (15) years related experience as a Mechanical/Piping or I&E designer to lead well tie-in design projects. Must be proficient in AutoCADD. Working knowledge of Rebis a plus. Oversees the implementation and completion of all phases of assigned projects. Works with Project Engineer, clients, and discipline leads to develop scope, schedule and budget. Acts as the focal point for multi-discipline technical issues. Provides conceptual input to projects during the planning stages, including P&ID development, unit locations, equipment layout, and conceptual piping studies. Provides technical guidance and reviews completed assignments for compliance with engineering principles, company standards, and client specifications. Supports field assignments and leads field walk-downs as required. Requires strong organizational, interpersonal and communication skills. Familiarity with well tie-in construction and maintenance techniques required. Working knowledge of BP standards, drawings, specifications, and MOC process a plus. Cold regions experience a plus. North Slope travel required. Position reports to the VECO BP Project Manager. Anchorage Based. Regular Full Time Exempt Position. Position open until filled. **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 possess 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: VECO Corporation Alaska Region Attn: Ken Sigurdson 6411 A Street, Anchorage, Alaska 99518 USA Phone: (907) 277-5309 Fax: (907) 550-8890 Email Resume to: Careers@VECO.com or fax (907) 762-1040 VECO Corporation Job Website: www.veco.com. Please quote the Job Title and Recruiting Authorization No. (if applicable) in all correspondence. VECO Corporation is an Equal Opportunity Employer that Supports a Diverse Workforce. Positions Require U.S. Work Authorization.



Facility Production Operator Req. # 651 LOCATION: Prudhoe Bay, Alaska **ROLES & RESPONSIBILITIES:** Motivated individual with a minimum of 3 years of hands on hydrocarbon experience. Focus on safety. Must be strong team player. Normal work shifts are 12 hours per day, seven or fourteen days straight. This position requires that the employee work the day shift as well as the night shift. Routine job tasks require hand manipulations, hand/upper body strength and body motion. The job also requires extensive walking on steel decking and grating, as well as climbing stairs and ladders. Driving a vehicle and exposure to frequent extreme weather is required dependent on which section the operator is working. Required to wear self contained breathing apparatus (SCBA), as needed. On occasions, the job requires moving drum stock. Normal duties include, but are not limited to the following. Pulling process samples, getting equipment prepared for maintenance (opening/closing hand valves, attaching drain hoses, hazardous atmospheric testing) monitoring equipment and troubleshooting. Operator is routinely required to use computer keyboard for input to maintenance job order system. Position requires mental alertness and during infrequent upset conditions can be stressful. **HOW TO APPLY:** All resumes must be received by 5:00 pm on September 20, 2002. To apply, all applicants should submit a resume to: BP Exploration (Alaska) Inc., P.O. Box 1000, Unit #11, Nutting Lake, MA 01865-1000 Fax: (877) 395-4912 or Email: bpjobs@exult.net Please refer to req. #651 when applying. 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.



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Legal Notice

Notice of Public Hearing STATE OF ALASKA Alaska Oil and Gas Conservation Commission Re: Pioneer Unit, Matanuska – Susitna Borough Sections 1 and 2, T17N, R3W, Seward Meridian Affected Leases: Fee acreage, State of Alaska ADL 374121 Evergreen Resources (Alaska) Corporation by e-mail application dated and received September 7, 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 four vertical gas wells within 3,000 feet of each other, within 1,500 feet of a property boundary and within the same governmental section. D.L. Smith No. 1 Surface Location: 3293 feet FNL and 293 feet FWL, Section 1, T17N, R3W, SM Bottom Hole Location: Same Gary & Jo Ann Stromberg No. 2 Surface Location: 1386 feet FNL and 933 feet FWL, Section 1, T17N, R3W, SM Bottom Hole Location: Same Robert L. Smith No. 3 Surface Location: 3272 feet FSL and 606 feet FEL, Section 2, T17N, R3W, SM Bottom Hole Location: Same Cornhusker No. 4 Surface Location: 2426 feet FNL and 141 feet FEL, Section 2, T17N, R3W, SM Bottom Hole Location: Same The Commission has tentatively set a public hearing on this application for October 15, 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 September 27, 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 October 11, 2002 except that if the Commission decides to hold a public hearing, written comments must be received no later than 9:00 am on October 15, 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 October 1, 2002. Cammy Oechsli Taylor Chair, Alaska Oil & Gas Conservation Commission Published Date: September 15, 2002

Legal Notice

NOTICE Alyeska Pipeline Service Company, acting as Agent for and on behalf of the Owners of the Trans Alaska Pipeline System (TAPS), intends to offer for salvage and removal four complete mainline pump stations, which include three complete topping units. These pump stations are situated in various arctic and sub-arctic locations along the 800 mile Trans-Alaska Pipeline and are accessible from the State of Alaska road system. The scope at each facility will include the removal of all pump station buildings, piping, valves, pumps, generators, control devices, tanks and living quarters. Interested parties are urged to submit their company profile, experience, previous projects and/or other relevant company information to PSRD@alyeska-pipeline.com. For additional information, contact **Kevin Cassidy at 907-787-8592** or **Steve Schudel at 907-787-8617**. Responses will be used to develop a bidder's list for a competitive solicitation.

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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 : Web 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

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.

THE ALLIANCE

Alaska Support Industry Alliance events:
R.S.V.P (907) 563-2226
Monday, September 23: Alliance Annual Meeting
Speaker: The Honorable Spencer Abraham, Secretary of Energy at Sheraton Anchorage Hotel 6:00-9:30p.m.
Thursday, September 26: Alliance Breakfast Forum. (Speaker TBD). Petroleum Club. 7:00 a.m. Cost: \$13.00/member or \$15.00/non-member.
Thursday, October 17: Luncheon 12:00-1:00 p.m. At Anchorage Hilton Hotel. Guest speaker Kevin Meyer, Conoco Phillips: A Global Perspective
Friday, January 24, 2003:

Meet Alaska 2003 at Sheraton Anchorage Hotel. Plan for a day-long conference! For information/registration, please call (907) 563-2226

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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.

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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.

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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. The 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

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Business Spotlight



Forrest Crane

Sandra Hamann, principal environmental scientist

Montgomery Watson Harza (MWH)

Montgomery Watson Harza (MWH) has roots in environmental engineering going back to 1844 in Great Britain and to 1945 in the U.S. MWH has been active in Alaska for 25 years. It has about 5,000 employees worldwide, with 60 in Alaska. Recent projects include Orphan Site Cleanup for BP and a third party environmental assessment for the BLM on Phillips' proposed exploration program in the NPR-A.

Sandra Hamann moved to Alaska from the East Coast in 1980, and worked as a consultant, instructional developer/instructor at UAA, and senior permit coordinator for ARCO before joining MWH in 1996. She enjoys skiing, kayaking and the independent Alaska lifestyle.



Forrest Crane

Jill Reeves, senior sales representative

Arctic Wire Rope and Supply

Arctic Wire Rope and Supply, founded in Alaska in 1983, employs 16 people to service its clients' needs. The firm specializes in custom orders for oil, construction, federal and state government, fisheries and other clients. Arctic Wire's product line ranges from the standard wire rope to nylon web, polyester slings, chain link, tie-down and ratchet binder straps, to tire chains.

Jill Reeves has been with the company for seven years. Born and raised in California, Jill moved to Alaska after completing military service as a wide band radio technician. She moved to Alaska after a one week vacation in the state and enjoys salmon fishing and moose hunting.

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 Alaska WalkFit Orthotics
 Alaska West Express
 Alliance, The
 American Marine
 Arctic Controls
 Arctic Pacific Enterprises
 Arctic Slope Telephone Assoc
 Arctic Wire Rope & Supply
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 ArrowHealth
 ASCG Inspection, Inc. (All)
 Avalon Development
 Badger Productions
 Baroid Drilling Fluids
 Brooks Range Supply
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 Carlile Transportation Services
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 Cleanaire Alaska
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 Continental Auto Group
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 Crowley Alaska
 Cruz Construction
 Dowland - Bach Corp.
 Doyon Drilling
 Doyon Universal Services
 Dura-Wrap Containments
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 Engineered Fire Systems
 ENSR Alaska
 Epoch Well Services
 Era Aviation

Evergreen Helicopters of Alaska
 Evergreen Resources Alaska Corp.
 Executive Suite Hotel
 F.A.T.S.
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ConocoPhillips joined the ranks of the world's largest energy companies. In ceremonies at the company's global headquarters in Houston, Archie Dunham, chairman (r), and Jim Mulva, president and chief executive officer, raised the new corporate flag shortly after the merger of Conoco Inc. and Phillips Petroleum Company was completed.



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