



## Walsh resigns as oil, gas director; Oil Search moving to BP building

CHANTAL WALSH HAS RESIGNED as director of the state of Alaska's Division of Oil and Gas, effective March 1. She is leaving for personal reasons, as she is needed at Petrotechnical Resources of Alaska, or PRA, a consulting firm she and her husband Tom Walsh co-founded in 1997.

James "Jim" Beckham, deputy director of the division, will be staying, Walsh told Petroleum News Feb. 13.

A life-long Alaskan, Walsh joined the division as director on Nov. 28, 2016.

"It has been my honor to serve the state of Alaska. It has

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## Governor moves to dismiss French; dispute over authority of AOGCC?

Much is still unknown about the hearing on Gov. Mike Dunleavy's move to oust Hollis French, the current chair of the Alaska Oil and Gas Conservation Commission.

It was a three-day "public" hearing which began Feb. 6, but only the third day appears to have been reported, after Alaska Public Media obtained a Jan. 17 letter from Dunleavy to French listing "potential grounds for your removal from office for cause." "For cause" is the only way an AOGCC



HOLLIS FRENCH

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## Oil Search reports Pikka B sidetrack started; Pikka C progressing

Oil Search has published a status report for its winter appraisal drilling program in the Pikka unit on Alaska's North Slope. The company is drilling wells to evaluate a major oil pool that it plans to develop in the Nanushuk formation. The wells involved are the Pikka B and sidetrack at the southern end of the unit, and the Pikka C in the central part of the unit. Oil Search has planned to drill sidetracks from both the B and the C wells. The idea is to further appraise the subsurface reservoir, prior to the start of front-end engineering and design for the development project.

### Pikka B well

Oil Search's report says that the specific objective of the Pikka

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## IGU board approves another cost increase for Fairbanks LNG tank

There has been a further increase in the cost of building a large liquefied natural gas tank in Fairbanks, as part of a project to bring an expanded natural gas supply to the city. The Interior Gas Utility is constructing the tank as part of the Interior Energy Project, sponsored by the Alaska Industrial Development and Export Authority.

Construction of the 5.25 million-gallon tank began in December 2017, with the intent of completing the tank by the end of this year, to qualify for a state tax credit. The estimated cost was \$48.7 million. However, while the construction of the tank itself moved forward, work on support facilities such as pumping systems, vaporizing systems and facilities for unloading tankers

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### EXPLORATION & PRODUCTION

# Facts you need...

From Interior about ANWR 1002 oil potential before bidding on leases

By KAY CASHMAN  
Petroleum News

Although recent news reports suggest a partial 3-D seismic survey might still be shot this winter in the ANWR 1002 area, the odds of that happening are slim. That said, there is other valuable geologic information coming from Interior's U.S. Geological Survey that will help bidders in the upcoming ANWR 1002 lease sale to better understand the oil potential of the region.

The effort is spearheaded by David Houseknecht, a long-time USGS expert on north-



DAVID HOUSEKNECHT

ern Alaska petroleum geology.

The agency has completed a ground-up reprocessing of 1,451 line miles of vintage 2-D seismic data collected from the ANWR 1002 area in 1984 and 1985. The purpose was to tease out more detail than was apparent in the initial data.

The 2-D survey was shot by WesternGeco and funded by a consortium of companies led by Exxon. Some of those companies have since disappeared in mergers; the 11 that are left include Anadarko, BP, Chevron, ConocoPhillips,

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### EXPLORATION & PRODUCTION

# Well integrity examined

BP provides testimony to AOGCC on the condition of wells in Prudhoe Bay field

By ALAN BAILEY  
Petroleum News

Following incidents involving oil and gas leaks at the wellheads of two wells in the Prudhoe Bay field, the Alaska Oil and Gas Conservation Commission is conducting an inquiry into the overall integrity of wells in the field. BP has filed testimony with the commission regarding the well integrity issue. And on Feb. 13 the commission held a public hearing on the issue.

The leaks that triggered the inquiry involved two wells on Drill Site 2 in the field. One of those leaks was from the wellhead of well 02-03 in April 2017. The other was from the wellhead of well 02-02 in December 2018. The commission is concerned that these two incidents may reflect a more

While a well that may be susceptible to sustained casing pressures is monitored daily, experienced well integrity engineers use a number of parameters to assess whether the well can safely continue to operate.

general issue relating to the mechanical integrity of wells in the field.

Anchala Klein, BP Alaska vice president for wells, told the commission during the hearing that the actions that BP has taken following the first incident had been insufficient to prevent the second incident.

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### GOVERNMENT

# Notley alienates producers

Imperial, Suncor criticize strategy curtailing output in hopes of price increase

By GARY PARK  
For Petroleum News

Alberta Premier Rachel Notley is coming under intense fire from two of her province's leading oil producers as she wrestles with a problem of her own making.

Now in the second month of her strategy to curtail production in hopes of drawing down storage levels to protect the value of Canada's resources, Notley has revised the targeted cutback to 250,000 barrels per day from the 325,000 bpd she imposed in January.

"We're not out of the woods yet, but this temporary measure is working," she said in a state-



RACHEL NOTLEY

ment. "We will adjust these production levels as necessary going forward."

Bolstering her case was a significant drop in the price differential between Alberta's heavy crude and benchmark U.S. prices over the past two months to US\$10 a barrel from US\$50.

### Imperial, Suncor in opposition

Industry association spokesmen found some comfort in this softening approach, but the chief executive officers of Imperial Oil and Suncor Energy were less swayed.

Imperial's Rich Kruger reiterated his compa-

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