



Oil Search/Armstrong deal might close sooner; Steve Quinn onto new venture; BP's Dudley rumored in Juneau meet with Walker

“At this stage it is planned for Oil Search to take operatorship in mid-February but that will be dependent on the closure of the transaction which is awaiting final regulatory approvals,” Oil Search’s executive general manager for exploration and new business, Keiran Wulff, told PN Jan. 9.

Oil Search, based in Papua New Guinea and with offices in Perth, Australia, bought into Armstrong Energy and GMT Exploration’s interests at Pikka and Horseshoe on Alaska’s North Slope in late October.

Oil Search said it paid \$400 million for a 25.5 percent interest in the Pikka unit and adjacent exploration acreage and 37.5 percent interest in the Horseshoe block and the Hue shale.

see **OIL PATCH INSIDER** page 16



Utility merger needs RCA approval

The Alaska Industrial Development and Export Authority and the Interior Gas Utility have asked the Regulatory Commission of Alaska for expedited approval of the purchase of Fairbanks Natural Gas by the Interior Gas Utility, to form a single, consolidated gas utility for Fairbanks and its surrounds. The request comes as part of the Interior Energy Project, a project to bring affordable, clean energy to the Fairbanks region, with AIDEA funding assistance.

AIDEA owns Pentex Natural Gas Co., the owner of FNG. The idea is that IGU will purchase Pentex, which also owns the Titan liquefied natural gas plant near Point Mackenzie on Cook Inlet, and a trucking operation for shipping LNG to Fairbanks. AIDEA and IGU have signed purchase and financing agreements for the

AIDEA and IGU have signed purchase and financing agreements for the Pentex sale, with a requirement to close the deal by May 31.

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CIRI, Doyon partner at Nenana

Cook Inlet Region Inc. has announced that it plans to partner with Doyon Ltd. for the drilling of the Totchaket No. 1 exploration well in the Nenana basin in the coming summer. Doyon has previously announced the planned drilling of the well as part of the Native regional corporation’s search for oil and gas in the Interior basin southwest of Fairbanks. Doyon has already drilled three wells in the central part of the basin — the Totchaket well will be in the deep northern part of the basin, close to what may be the basin’s kitchen for oil and gas resources.

CIRI has previously partnered with Doyon in the drilling of the third of the Nenana basin wells, the Toghoththele well, in 2016.

“CIRI values its continued partnership with Doyon,” said Sophie Minich, CIRI president and CEO, when announcing the

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EXPLORATION & PRODUCTION

Exploration underway

Armstrong defers Pikka 2 wells, other operators drilling up to 10 wells

By **KAY CASHMAN**
Petroleum News

The first exploration well has been spud and ice road construction is underway for as many as nine additional penetrations on Alaska’s North Slope. Warmer-than-usual weather has prevented access to the tundra until recently.

Two wells planned for this winter’s North Slope exploration drilling season were postponed until next winter by Armstrong Energy — the Pikka 2 and Pikka 2A sidetrack.

Last winter ConocoPhillips, which is drilling as many as seven penetrations this year, cancelled its Putu 1 drilling program after meeting with leaders

The results of the Nikaitchuq North No. 1 well will determine whether Eni proceeds with a sidetrack this winter and a second well next winter, according to company officials.

from the village of Nuiqsut. The company decided that due to delays in Alaska Department of Natural Resources permitting they “would not have adequate time to engage with the local community as part of the standard local permitting process,” a ConocoPhillips spokesperson told Petroleum

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LAND & LEASING

Lease sales proposed

Interior wants expanded OCS program including 19 sales off coast of Alaska

By **ALAN BAILEY**
Petroleum News

On Dec. 4 the Department of the Interior announced a draft new five year outer continental shelf oil and gas lease sale program that would greatly expand the availability of federal offshore lands for oil and gas activities. The proposed plan, which covers the years 2019 to 2024, includes 47 lease sales covering all OCS planning areas except the North Aleutian basin, which remains subject to a presidential withdrawal. The draft plan includes 19 lease sales off the coast of Alaska, with the first of the sales in



RYAN ZINKE

the program being in the Beaufort and Chukchi seas.

Energy dominance

“This is a start in looking at American energy dominance and looking at our offshore assets, and the beginning of a dialogue of when, how, where and how fast offshore assets should be or could be developed,” said Interior Secretary Ryan Zinke during a press conference

announcing the proposed plan.

“This is the largest number of lease sales ever

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FINANCE & ECONOMY

\$60 oil for '18, '19

EIA sees oil price flattening, US crude hitting record 10.3 million bpd this year

By **KRISTEN NELSON**
Petroleum News

U.S. crude oil production is projected to hit an all-time high this year, with crude oil prices expected to flatten to the \$60-\$61 per barrel average range this year and next, the U.S. Energy Information Administration said Jan. 9 in its January Short-Term Energy Outlook, the first to include 2019.

On prices, the agency said Brent, the benchmark for North Sea crude oil spot prices, is forecast to average \$60 per barrel this year and \$61 per barrel in 2019, after experiencing a sharp run up last year. While Brent averaged \$54 per barrel in

2017, the December average was \$64, up \$2 per barrel from November, “the highest monthly average since November 2014,” and only the fourth time in the past 36 months that Brent has averaged more than \$60.

The 2017 Brent average of \$54 was an increase of \$10 over 2016 levels, EIA said, with prices increasing fairly steadily throughout the second half of 2017 and year-end prices higher than the annual average, ending the year at a daily price near \$67 per barrel, “the highest level since December 2014.”

The agency attributed most of the recent run-up

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