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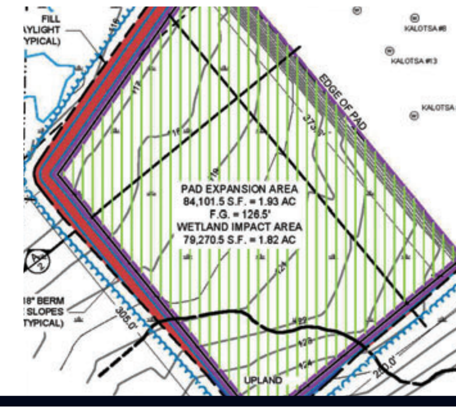

page 4 Hilcorp expanding Kalotsa Pad at Ninilchik unit on Kenai Peninsula

Trans-Foreland applies to FERC for LNG terminal modification

On Jan. 9 Trans-Foreland Pipeline Co. filed an application with the Federal Energy Regulatory Commission for approval of modifications to the company's liquefied natural gas terminal at Nikiski on the Kenai Peninsula. The modifications are required to enable the terminal to import liquefied natural gas, to augment gas supplies for gas and electricity utilities in Southcentral Alaska. The utilities are facing pending shortfalls in gas supplies from gas and oil fields in the Cook Inlet basin.

During the heyday of Cook Inlet gas production, the terminal was used to export LNG to Japan. LNG exporting ended in 2016, since when the terminal has been in warm shutdown. In 2020 FERC authorized Trans-Foreland, then a Marathon subsidiary, to convert the terminal to an LNG import facility, for the supply of gas for use as a fuel at Marathon's Nikiski oil refinery. However, the terminal conversion did not proceed.

Acquisition by Hilcorp

In November 2025 Hilcorp Alaska's pipeline subsidiary Harvest Midstream acquired Trans-Foreland from Marathon, as part of a plan to instigate LNG importing in conjunction with a strategy to use imported LNG to bolster gas supplies for Anchorage based Chugach Electric Association. Chugach Electric has said that its firm gas supply contract with Hilcorp expires on March 31, 2028. Meantime Hilcorp has been proceeding with the commercial development of the Nikiski terminal for LNG importing, Trans-Foreland told FERC.

Trans-Foreland is asking for FERC approval by July 31, 2026, to enable the enhanced facility to go into operation as soon as possible.

In its FERC application Trans-Foreland told the commission that the earlier design for converting the Nikiski terminal for

see **LNG TERMINAL** *page 8*

Crude forecast down in FY 2026, up in FY '27 with Pikka volumes

The Alaska Department of Revenue's fall forecast, released in December, is projecting an increase in North Slope production, up to more than 500,000 barrels per day in fiscal year 2027, as Pikka volumes — expected to begin showing up in FY '26 — are felt for the entire 2027 fiscal year, which begins July 1. In FY '25 North Slope production averaged 468,000 bpd, up from 461,000 bpd in FY '24. The FY '26 forecast is 457,000 bpd, increasing in FY '27 to 517,800 bpd. Decreases follow in FY '28 and FY '29, before beginning to increase again in FY '30 as Willow is projected to come online, to 517,000 bpd, increasing to 571,800 bpd in FY '31, 626,500 bpd in FY '32, 668,400 bpd in FY '33 and then gradually declining through the rest of the 10-year forecast period to average 659,900 bpd in FY '35.

The department also provides low and high cases, with the low case projecting ANS production from an average of 418,405 bpd in FY '26 to 419,514 bpd in FY '35 and the high case projecting production from an average of 495,328 bpd in FY '26 to 967,542 bpd in FY '35.

Alaska North Slope oil prices are forecast to drop from $74.15 per barrel in FY '25 to $65.48 per barrel in FY '26 and $62 per barrel in FY '27 before beginning a gradual rise and ending the forecast period at $73 per barrel in FY '35.

Increases in some areas

The Department of Revenue shows production by groupings of fields, with the exception of Prudhoe, Kuparuk and Point Thomson.

While most of the groupings show declines over the forecast period, there are also increases.

The largest increases are from the groups which include Pikka

see **CRUDE FORECAST** *page 6*

EXPLORATION & PRODUCTION

Pikka on track

Balash: Pikka Phase 1 in commissioning stage, start-up by end first quarter

By KAY CASHMAN
Petroleum News

JOE BALASH

Completion of the first phase of the Pikka oil field is on schedule with production start-up expected by the end of the first quarter, with the ramp-up to a plateau of 80,000 barrels per day anticipated in the second quarter, Santos executive Joe Balash told Petroleum News on Jan. 20.

The Alaska North Slope oil field is currently in the commissioning stage.

"Everything is on the North Slope that needs to be on the Slope for start-up. We are committed to starting up safely and that means everything, every component, has to work," Balash said.

When asked about suggestions that the field might go online earlier than forecast, he said "we did have various countdown clocks to start earlier," but accomplishing that "would have been a heroic outcome."

Balash is senior vice president of external affairs at Santos. Oil Search (Alaska) LLC, a subsidiary of Santos, is operator of the North Slope Pikka unit, or PKU.

In late August, Santos Managing Director and CEO Kevin Gallagher said the Pikka Phase 1 development was "progressing well" and that the company had brought first oil guidance forward from mid-2026 to first quarter 2026.

The Pikka unit is comprised of both State of Alaska oil and gas leases and Arctic Slope

see **PIKKA ON TRACK** *page 5*

FINANCE & ECONOMY

Kazakh halt ups ANS

Fire at Tengiz, Korolev oilfields in Kazakhstan interrupts production

By STEVE SUTHERLIN
Petroleum News

Alaska North Slope crude caught a lift Jan. 20, up 42 cents to close at $64.60 per barrel, in the first trading session after the Tengiz and Korolev oilfields in Kazakhstan were shut in Jan 18 due to power distribution issues. U.S. markets were closed Jan. 19 for a federal holiday.

Operations at the fields, operated by Tengizchevroil (TCO), were halted after a fire broke out on a pair of turbine transformers at the GTES-4 power station, according to KazMunayGas, The Astana Times reported Jan. 21.

"Most of Kazakhstan's oil exports are shipped via the Caspian Pipeline Consortium, which delivers crude to the Black Sea terminal at Yuzhnaya Ozereyevka near Novorossiisk," the paper said, adding that sustained reduction in Tengiz output directly affects CPC throughput, as the field is central to the pipeline's supply mix.

Chevron, the largest shareholder in Tengizchevroil, told Reuters that production at the fields had been shut in as a precautionary measure, declining to comment on operational timelines or financial implications.

Industry sources estimated a shutdown could last some seven to 10 days, while other estimates indicated that the shut-in might extend into early February.

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UTILITIES

New gas storage facility

Enstar plans to convert a depleted reservoir in Kenai Loop field for storage

By ALAN BAILEY
For Petroleum News

Anchorage based Enstar Natural Gas Co. plans to develop a new natural gas storage facility in the City of Kenai on the Kenai Peninsula using a depleted gas reservoir in the Kenai Loop gas field. The gas utility has filed a petition with the Regulatory Commission of Alaska, asking the commission to find the development to be prudent and consistent with Enstar's role as a regulated gas utility. Enstar does not want to risk proceeding with the development without first ensuring that the RCA agrees with the prudence of the project.

Enstar told the commission that it proposes to acquire the depleted Upper Tyonek Pool gas reservoir in the Kenai Loop Field, together with facilities associated with the reservoir, from AIX Energy LLC, the field operator. Following an extensive review of potential locations in the Cook Inlet region for a new gas storage facility, this turned out to be the only viable option, Enstar told the commission.

The utility told the commission that the depleted reservoir site has four existing gas wells, a dehydration unit, a gas compressor and a 6-inch gas pipeline connecting the site to the local gas transmission pipeline system. There are also some other minor operational facilities.

Enstar plans to repurpose three of the existing

see **GAS STORAGE** *page 7*

EXPLORATION & PRODUCTION

Hilcorp to replace piles at Prudhoe Bay

Prudhoe Bay unit operator Hilcorp Alaska has received approval from the Alaska Department of Natural Resources' Division of Oil and Gas for pipe rack pile replacements at the field.

A Dec. 29 approval is for replacement of 12 piles along the existing Drill Site 6 to Flow Station 1 pipe rack at Prudhoe to address subsidence issues. Hilcorp said the new piles will be driven in by the vibratory method and abandoned piles will be cut and capped.

Three ice pads will be constructed in the project area, which is some 3 miles north of Deadhorse.

A Jan. 6 approval is for replacing some 33 piles at Drill Site 16 to support the existing pipe rack to address subsidence issues.

The piles will be driven by vibratory method and abandoned piles will be cut and capped. The work will be done from ice pads to be permitted separately. Work is scheduled to begin Feb. 1 and be completed by May. Drill Site 16 is some 5 miles east

see **PILE REPLACEMENTS** *page 8*

LAND & LEASING

North Fork contraction delay approved

The Alaska Department of Natural Resources' Division of Oil and Gas has approved a request from Hilcorp Alaska to delay the contraction of the North Fork unit. Hilcorp took over as North Fork working interest owner and operator in May 2025.

There are five state oil and gas leases in the unit, some 2,602 acres, and one participating area, the NFU Gas Pool No. 1. Sustained production began at North Fork in April 2011.

The initial mandatory contraction date was April 6, 2021, and the division said it has approved multiple delays of contraction primarily due to changing operators at North Fork — three operator changes in the last 4 years. The most recent contraction delay was approved Nov. 21, 2024, through Dec. 31, 2025.

The division said in its Jan. 5 decision that Hilcorp requested a delay of contraction to May 1, 2026, to coincide with the requested shortened 60th plan of development.

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● EXPLORATION & PRODUCTION

Baker Hughes US rig count down 1 at 543

By KRISTEN NELSON
Petroleum News

Baker Hughes shows Alaska with nine rotary rigs active Jan. 16, unchanged from the previous week and down by one from a year ago when the state's count was 10.

Baker Hughes' U.S. rotary drilling rig count was 543 on Jan. 16, down one from the previous week and down 37 from 580 a year ago. The domestic rig count has ranged from the 530s through the 550s since the beginning of June.

For 2025, the count peaked Feb. 28 (and again March 21) at 593, hitting its low point Aug. 29 at 526. For 2024, the count peaked March 1 (and again March 15) at 629, hitting its low point June 28 at 581. In 2023 the count peaked early in the year at 775 on Jan. 13, bottoming out Nov. 10 at 616.

A drop of 17 to 731 on May 12, 2023, was the steepest weekly drop since June of 2020, during the first year of the COVID-19 pandemic, when the count also dropped by 17 to 284 on June 5, following drops as steep as 73 rigs in one week in April. The count continued down to 251 at the end of July 2020, reaching an all-time low of 244 in mid-August 2020.

When the count dropped to 244 in mid-August 2020, it was the lowest the domestic rotary rig count had been since the Houston based oilfield services company began issuing weekly U.S. numbers in 1944.

Prior to 2020, the low was 404 rigs in May 2016. The count peaked at 4,530 in 1981.

The count was in the low 790s at the beginning of 2020 prior to the COVID-19 pandemic, where it remained through mid-March of that year when it began to fall, dropping below what had been the historic low in early May with a count of 374 and continuing to drop through the third week of August 2020 when it gained back 10 rigs.

The Jan. 16 count includes 410 rigs targeting oil, up by one from the previous week and down 68 from 478 a year ago, with 122 rigs targeting natural gas, down by two from the previous week and up 24 from 98 a year ago, and 11 miscellaneous rigs, unchanged from the previous week and up by seven from a year ago.

Fifty-six of the rigs reported Jan. 16 were drilling directional wells, 475 were drilling horizontal wells and 12 were drilling vertical wells.

see **RIG COUNT** *page 3*

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ON THE COVER

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● GOVERNMENT

ANWR lease sale lawsuits reactivation?

Environmental organizations and Gwich'in Steering committee want to resume challenges to legality of anticipated lease sales

By ALAN BAILEY
For Petroleum News

Several environmental organizations and the Gwich'in Steering Committee have asked the federal District Court in Alaska to re-activate three lawsuits challenging the legality of holding oil and gas lease sales for the 1.56-million-acre Coastal Plain of the Arctic National Wildlife Refuge.

Filed in 2020

The court cases were originally filed in 2020 to challenge the legality of the ANWR lease sale that was held in January 2021 under the first Trump administration. However, following significant policy changes regarding oil and gas exploration in ANWR under the incoming Biden administration, the court cases were stayed in September 2021. Now, given moves by the Trump administration to proceed with ANWR leases sales, the plaintiffs in the cases want the cases to move ahead again.

The plaintiffs argue that both the original government decisions regarding the holding of the lease sales and the new lease sale decisions violate several federal statutes, including the Alaska National Interest Lands Conservation Act; the National Wildlife Refuge System Administration Act; the Tax Cuts and Jobs Act; the National Environmental Policy Act; the Wilderness Act; the Endangered Species Act; and the Administrative Procedures Act.

Impact on natural resources

At the heart of the lawsuit are concerns about the potential impacts of activities related to oil and gas leases on sensitive natural resources in the region, including the Porcupine caribou herd that uses the Coastal Plain in the summer for calving and as a region with high protein nutrition.

In October the Department of the Interior signed a new record of decision, aligned with the 2020 record of decision that preceded the 2021 lease sale, to guide management of the Coastal Plain Oil and Gas Leasing Program.

"The over 1.5 million acre Coastal Plain is a vibrant and ecologically rich area that has been referred to as the 'Serengeti of the Arctic' and is recognized as the biological heart of the Arctic Refuge," the plaintiffs wrote in one of the court filings. "It provides rare and important habitat for many animals, including caribou; polar and grizzly bears; birds; ice seals; musk oxen; and wolves."

For a number of years the Gwich'in have expressed strong concerns about the potential impact of oil and gas industrial activities on the Porcupine herd— caribou form a primary subsistence food source for the Gwich'in. The Gwich'in people live in the more southerly part of ANWR.

New record of decision

In October the Department of the Interior signed a new record of decision, aligned with the 2020 record of decision that preceded the 2021 lease sale, to guide management of the Coastal Plain Oil and Gas Leasing Program. When the federal government issued that record of decision in 2020 it argued that rules including no surface occupancy stipulations for some areas; operational timing limitations; and the imposition of required operating procedures would adequately protect sensitive environmental resources and subsistence uses of the Coastal Plain. ●

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RIG COUNT

Alaska rig count unchanged

New Mexico (102) was up two rigs from the previous week.

Texas (228) was down by two rigs week over week and Louisiana (39) was down by one.

Rig counts in other states were unchanged from the previous week: Alaska (9), California (8), Colorado (12), North Dakota (26), Ohio (14), Oklahoma (43), Pennsylvania (18), Utah (17), West Virginia (7) and Wyoming (15).

Baker Hughes shows Alaska with nine rotary rigs active Jan. 16, unchanged from the previous week and down by one from a year ago when the state's count was 10.

The rig count in the Permian, the most active basin in the country, was unchanged from the previous week at 244 and down by 60 from 304 a year ago. ●

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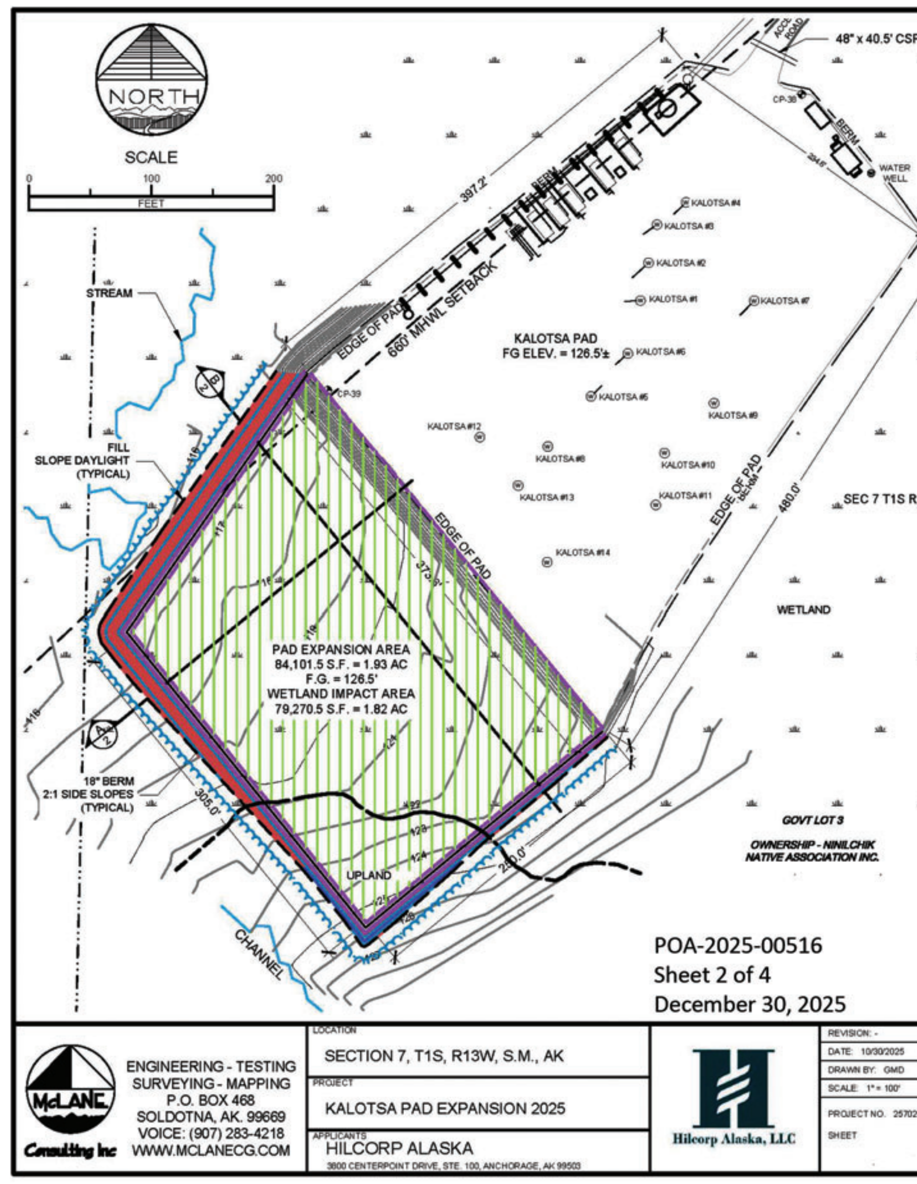

● EXPLORATION & PRODUCTION

Hilcorp plans Kenai Peninsula unit work

Company has approval for 2 new wells at Ninilchik Kalotsa Pad, applying to US Army Corp of Engineers to expand pad

By KRISTEN NELSON
Petroleum News

Hilcorp Alaska has approval from the Alaska Department of Natural Resources' Division of Oil and Gas to drill two new wells at the Kalotsa Pad at its Ninilchik unit on the Kenai Peninsula. Ninilchik is one of Cook Inlet's most prolific natural gas producers, but production has been declining. In addition to the planned wells, Hilcorp has applied to the U.S. Army Corps of Engineers to expand the pad.

The division's Dec. 18 approval for the Kalotsa 13 and Kalotsa 14 wells includes installation of associated tie-in infrastructure including gas flowlines, electrical instrumentation, line heaters, separators, compressors, and well cellars and conductors as necessary. The two wells are on the eastern edge of the pad.

All of the state-approved work is within the existing Kalotsa Pad footprint. The division said the pad is on the southern Kenai Peninsula some 6 miles north of Ninilchik on the east side of Cook Inlet, near Milepost 129 of the Sterling Highway.

In November, the most recent month for which Alaska Oil and Gas Conservation Commission production data is available, the Kalotsa Pad accounted for 41% of Ninilchik unit production.

AOGCC drilling records show three new wells drilled at the Kalotsa Pad in 2025.

The U.S. Army Corp of Engineers public noticed Hilcorp's pad expansion request Jan. 14, with public comments due by Feb. 16.

The corps said Hilcorp's stated purpose is to expand the existing gravel pad to increase natural gas operations and support current and future exploration and development activities.

AOGCC drilling records show three new wells drilled at the Kalotsa Pad in 2025.

The expansion would add 1.93 acres to the existing pad.

The corps said the entire area contains jurisdictional waters of the U.S., so complete avoidance is not practicable, but Hilcorp is proposing avoidance measures: delineation of project limits with silt fencing or similar material to avoid impacts outside the proposed pad area and doing work from the existing pad surface to avoid temporary impacts to waters of the U.S.

Minimization measures include design of pad slope to minimize fill area and impacts to wetlands; regular watering of pad surface during operations to minimize fugitive dust deposition in the area; and use of existing gravel sources.

The corps said Hilcorp has requested waiving of compensatory mitigation requirements "due to the project's small size, the common wetland type that would be filled, and the apparent overall health of the Corea Creek watershed in the project area."

The pad expansion is on the eastern edge and appears to increase the pad size by about a third. ●

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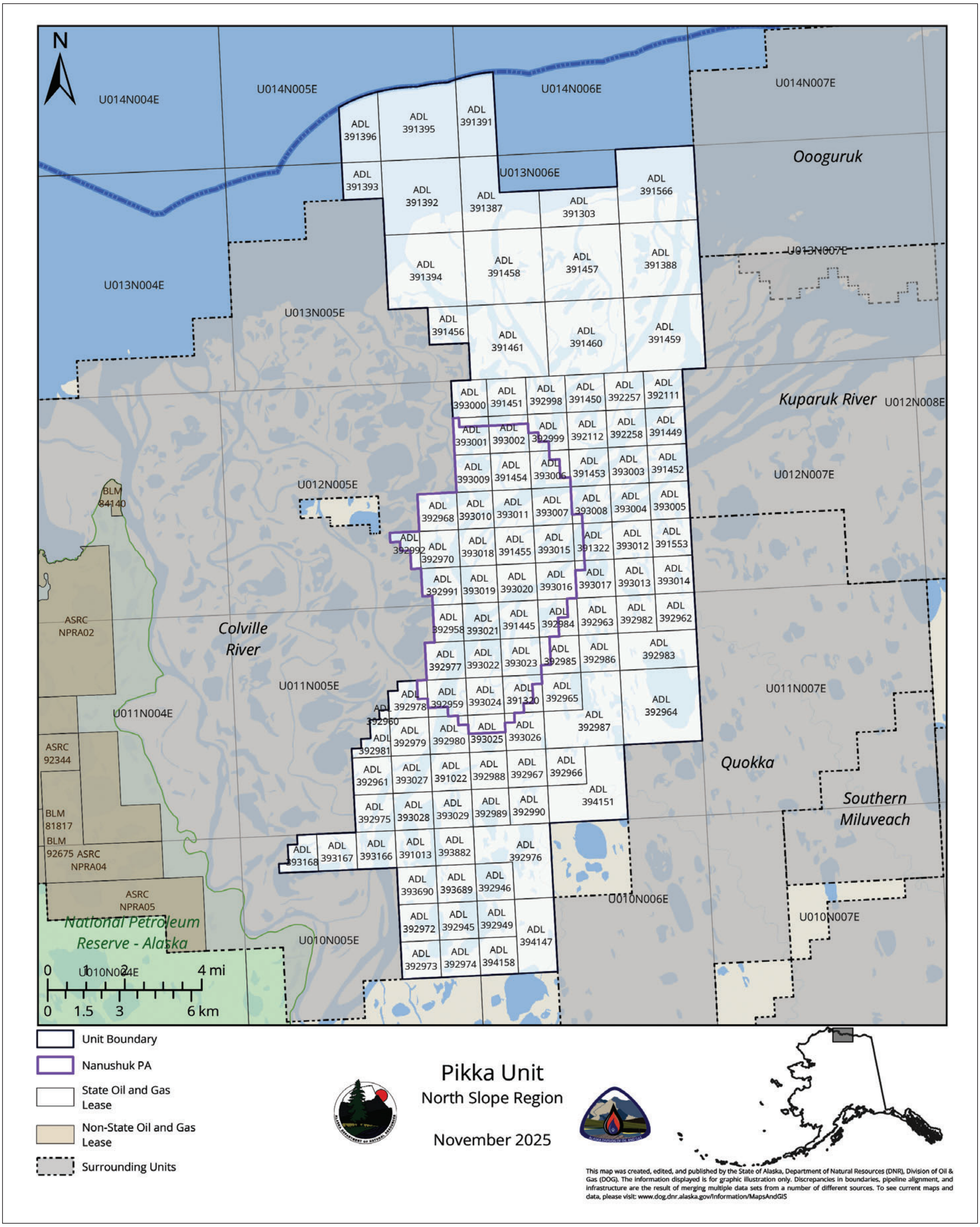

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PIKKA ON TRACK

Regional Corp. oil and gas leases.

The unit was formed June 18, 2015, when Armstrong was still involved, and was expanded for the first time in March 2018 and again on Sept. 10, 2024. The unit consists of a total of 97,385.47 acres.

On Dec. 31, 2024, the term of the Pikka unit was extended until June 1, 2030. While the unit does not yet have sustained production, the Nanushuk Participating Area, or PA, was approved by the Alaska Division of Oil and Gas on Oct. 23, 2025.

In the 2025 POD period, Oil Search committed to continuing the Phase 1 scope of Pikka unit development.

This included drilling wells and the following facilities and infrastructure work: installation of the NPF module, installation of remaining pipelines along all pipeline routes, continued work on the grind and inject and seawater treatment plant facilities, import and export pipeline work to enable oil sales, seawater import for pressure maintenance, and fuel gas import, and completion of work on the Nanushuk Operation Pad.

At an Aug. 27, 2025, presentation to the Alaska Oil and Gas Association in Anchorage, Pete Laliberte, Santos vice president of business development, said "This is our core development area, so when we sanctioned Pikka Phase I, we sanctioned it in this core development area with our partner Repsol."

Laliberte said his colleague Mark Ireland likes to say, "in this core area we have three Pikkas."

"I think that we've got the one Pikka development that we're doing right now, but we also have a unit called Horseshoe and a unit called Quokka," Laliberte said.

"In Quokka we're drilling another appraisal well this winter and in the Quokka and Horseshoe units we see the potential for two more Pikkas."

In other words, Santos has much more to come on the North Slope.

Pikka Phase 1 is going to be developed on some 17,000 acres of land, 1% of the total Santos leasehold on the Slope, Laliberte said, adding, "So we have a huge amount of running room and this is exactly what our subsurface team is looking at."

"We've also got a major discovery in Lagniappe in the eastern North Slope and that's with our partners, APA Corp. and Armstrong," he said. "And then finally we've got a big NPR (National Petroleum Reserve-Alaska) position — probably a little bit longer term." ●

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OIL PRICES

The effects of the shut-in were more pronounced for the Atlantic-centric crude futures. West Texas Intermediate jumped 90 cents Jan. 20 to close at $60.34 and Brent lifted 79 cents to close at $64.92 — vaulting to a 32-cent premium over ANS.

Oil futures continued higher on Jan. 21 taking WTI to a close of $60.62 and lifting Brent to $65.24.

Oil futures had slumped in early trading Jan. 21 as markets fretted over an appearance slated for later in the day in Davos by President Donald Trump. Traders worried that if Trump followed through with tariffs threatened for Feb. 1 on countries that resisted a U.S. takeover of Greenland, it would negatively impact trade and hammer oil demand.

Following a meeting with NATO Secretary General Mark Rutte, however, Trump said that they had "formed the framework of a future deal with respect to Greenland and, in fact, the entire Arctic Region."

Trump said that due to that progress he did not plan to impose the tariffs.

Growing inventories effect muted

The specter of growing U.S. crude stocks was not enough to quell the rally in crude futures Jan 21.

In a Jan. 20 preliminary pool by Reuters, six analysts on average estimated that U.S. commercial crude inventories rose by some 1.7 million barrels in the week ending Jan. 16, while distillate inventories likely fell.

Inventory data in the weekly petroleum report by the U.S. Energy Information Administration was delayed until 12 p.m. EST Jan. 22, one day later than usual due to the federal holiday Jan. 19.

Strong economic data from China was supportive of crude prices.

Chana's economy grew 5.0% in 2025, following its government's plan to seize a record share of global demand for goods to offset weak domestic consumption, Reuters reported Jan. 19.

ANS rose 27 cents Jan. 16 to close at $64.18, as WTI rose 25 cents to close at $59.44 and Brent rose 37 cents to close at $63.76.

Crude prices cratered Jan. 15 after President Trump said government violence against protesters in Iran was abating, removing considerable geopolitical risk of potential military action in Iran and elsewhere in the region — which was feared to threaten significant disruption of oil production and transportation. ANS plunged $2.07 to close at $63.90, WTI plummeted $2.83 to close at $59.19 and Brent plummeted $2.76 to close at $63.76.

On Jan. 14, ANS rose 41 cents to close at $65.97, WTI jumped 87 cents to close at $62.02 and Brent leapt $1.05 to close at $66.52.

ANS lost 96 cents over the week from its close of $65.56 Jan. 13 to its close of $64.60 Jan. 20. On Jan 20 ANS closed at a $4.06 premium over WTI. ●

Contact Steve Sutherlin at ssutherlin@petroleumnews.com

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CRUDE FORECAST

and Willow: NPR-A (Greater Mooses Tooth, Willow) and Other (Alkaid, Pikka, Quokka, Talitha, Theta West).

The forecast for NPR-A starts at 8,500 bpd in FY '26, peaks at 152,100 bpd in FY '33 and ends the forecast cycle at 138,900 bpd in FY '35.

In the Other grouping, FY '26 is forecast at 7,000 bpd, with production rising steadily to 130,100 bpd in FY '35.

There are also increases in the Kuparuk Satellites grouping (Coyote, Nuna-Torok, Tabasco, Tarn, West Sak); Alpine (Alpine, CRU-Minke, Fiord West, Mustang, Nanuq, Narwhal, Qannik); and Point Thomson.

Kuparuk Satellites production is forecast at 38,400 bpd in FY '26, peaks at 45,600 bpd in FY '34 and declines somewhat to 43,900 bpd in FY '35.

Alpine FY '26 production is forecast at 28,900 bpd, rises to 39,100 bpd in FY '34 and declines to 38,400 bpd in FY '35.

Point Thomson production is forecast at 3,800 bpd in FY '26, peaks at 8,300 bpd in FY '28 and gradually declines to 6,700 bpd in FY '35.

Declines in most areas

Over the forecast period most groupings show declines: Prudhoe Bay; PBU Satellites (Aurora, Borealis, Midnight Sun, Milne Point, Orion, Polaris, Sag River); GPMA (Lisburne, Niakuk, Point McIntyre, Raven); Kuparuk; Endicott (Badami, DIU-Minke, Eider, Endicott, Sag Delta); and Offshore (Hooligan, Nikaitchuq, Northstar, Oooguruk).

Prudhoe Bay is forecast to average 183,800 bpd in FY '26 (exclusive of its satellites, which the Alaska Oil and Gas Conservation Commission includes in its monthly tallies), declining over the 10-year period of the forecast to 164,600 bpd on FY '35.

The PBU Satellites grouping also declines, from an average of 81,300 bpd forecast for FY '26 to 68,500 bpd in FY '35.

The GPMA grouping is forecast to decline from an average of 24,800 bpd in FY '26 to 15,500 bpd in FY '35.

Kuparuk (exclusive of the satellites which AOGCC includes) is forecast to decline from 47,500 bpd in FY '26 to 31,800 bpd in FY '35.

The Endicott grouping declines from an average of 6,900 bpd in FY '26 to 4,800 bpd in FY '35.

The Offshore grouping declines from an average of 26,100 bpd in FY '26 to 16,700 bpd in FY '35.

Petroleum revenues

Unrestricted petroleum revenue constituted 30% of the state's FY '25 unrestricted revenue and 4% of the restricted revenue. For FY '25 total unrestricted general fund revenues were $6.3 billion. For FY '26 total UGF revenues are forecast to decrease by $181 million, primarily due to a lower oil price forecast and higher expected lease expenditures.

The state has four sources of revenue from petroleum: property tax, corporate income tax; oil and gas production tax; and royalties.

In FY '25, unrestricted petroleum revenue was $1.910 billion. (Restricted petroleum revenue for FY '25 was 563.3 million, bringing total petroleum revenue to $2.474 billion.)

In all forecast years the total for unrestricted petroleum revenue is lower than in FY '25, starting with a 25.4% reduction for FY '26 to $1.425 billion, and gradually rising to $1.853 billion in FY '35.

North Slope allowable lease expenditures, operating and capital, were $8.659 billion in FY '25, and are forecast to drop to $8.238 billion in FY '26 and then to be somewhat lower through the forecast period, ending at $7.682 billion in FY '35.

—KRISTEN NELSON

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GAS STORAGE

wells for use for gas injection and withdrawals, with the fourth well being repurposed as a waste disposal well. And the company plans to install any necessary equipment upgrades, to ensure the reliable operation of the gas storage facility, including upgrades to the wells that will be used for gas injection and withdrawal.

The estimated cost of the development project is $240 million — recovery of this cost would likely increase the price of gas for customers by less than $1 per thousand cubic feet, Enstar told the commission.

Initially the facility will have a storage capacity of 25 billion cubic feet of natural gas. Of this gas, 8 bcf will be required to sustain the necessary gas pressure in the reservoir. The remaining 17 bcf of capacity will be available for the injection and withdrawal of stored gas.

Enstar cited its experience in developing the nearby Cook Inlet Natural Gas Storage Alaska facility in 2011 as reason for confidence in the utility's ability to develop this new facility.

Additional gas storage needed

Although Enstar currently uses CINGSA for gas storage, the utility urgently needs additional storage capacity, the utility told the commission. While Hilcorp Alaska currently supplies approximately 85% of the gas that Enstar uses, Enstar's contract with Hilcorp expires on March 31, 2033. In response to declining gas production from the Cook Inlet basin, Enstar is anticipating the delivery of imported liquefied natural gas through a Cook Inlet import terminal. A further possibility is obtaining gas via a gas pipeline from the North Slope that will potentially be constructed. None of these gas sources will work adequately without additional gas storage, Enstar told the commission.

Enstar told the commission that BlueCrest Operating Alaska Inc, operator of the Cosmopolitan unit in the southern Kenai Peninsula, has committed to supply gas to Enstar by the fourth quarter of 2026, if the utility has the capacity to either store or immediately use the gas. Also, Enstar indicated that it will require new storage capacity in 2027 to receive new gas supplies from Furie Operating Alaska, operator of the Kitchen Lights gas field, offshore in the Cook Inlet.

The utility wrote that a comprehensive analysis of its future gas storage requirements had indicated that the utility would need an additional 15 bcf of storage capacity as early as 2027. If future gas supplies come from imported LNG, storage capacity of 24 bcf would be needed, the utility wrote. The utility anticipates transitioning completely to LNG importing between 2033 and 2038, with the possibility of obtaining gas via the North Slope gas pipeline, beginning in 2039.

Storage needs for LNG importing

LNG importing will entail the injection of large volumes of gas into storage over short time periods, with large volumes of gas subsequently being withdrawn from storage, as needed, to meet peak winter demand and to counterbalance declining gas production in the Cook Inlet basin, Enstar told the commission.

Also, Enstar anticipates being able to use the new storage facility to replenish its gas inventory in CINGSA, to ensure adequate gas delivery rates during the winter heating season, Enstar wrote. Natural gas is the primary fuel used for the heating of buildings in Southcentral Alaska during the winter.

Hilcorp has recently opened some gas storage capacity in its Kenai gas field for

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LNG TERMINAL

LNG importing, approved by FERC, would not enable sufficient import capacity to meet the anticipated gas demand. Consequently, Trans-Foreland has filed this new application, specifying what modifications will be needed to the terminal and asking for FERC approval of the expanded project.

The project expansion involves the installation of higher efficiency facilities for LNG vaporization, additional compressors for dealing with boil-off gas from the LNG and the installation of LNG recirculation pumps.

Trans-Foreland seeks FERC approval for the installation of certain specific items of equipment in the terminal: six high-pressure cryogenic vertical pumps and two submerged combustion vaporizers. The company also wants to substitute some specific LNG boil off gas equipment for the equivalent equipment specified in the earlier terminal conversion plan.

The FERC application says that the converted terminal will use the existing LNG transfer system at the terminal's marine berth, to enable LNG to flow directly from an LNG carrier to onshore LNG storage tanks. A new LNG circulation pump would be installed in a pump pit near the storage tanks.

Some other ancillary facility upgrades will be needed, the application says. And all construction will take place within the existing terminal site.

The terminal expansion project will enable the terminal to receive up to 0.4 million metric tons of LNG per year, with a send out capacity of up to 20 billion cubic feet of gas per year, the application says. And the increased output capacity of the terminal will be able to support Southcentral utilities through existing pipelines that connect the terminal to the regional gas pipeline network. The terminal, as it exists, has marine dock facilities, LNG storage tanks and related support architecture, the application says.

The application also comments that the average gas demand from the utilities is estimated at 70 billion cubic feet per year. The first gas supply deficit from the Cook Inlet gas fields is anticipated as soon as 2027, with the deficit forecast to reach 40 billion cubic feet per year by the early 2030s. the report says.

> *In its FERC application Trans-Foreland told the commission that the earlier design for converting the Nikiski terminal for LNG importing, approved by FERC, would not enable sufficient import capacity to meet the anticipated gas demand.*

In addition to the plans for converting the existing LNG terminal, Enstar Natural Gas is working with Glenfarne Alaska LNG on a plan to build a completely new LNG import terminal, also at Nikiski. Enstar has indicated that the converted existing LNG terminal will not have sufficient capacity to meet other utilities' needs, including Enstar's needs, in addition to the needs of Chugach Electric. On the other hand, Chugach Electric will require imported LNG before the Glenfarne facility may become operational.

Glenfarne is planning to build a gas pipeline from the North Slope to Southcentral Alaska. The concept is that the pipeline would ultimately connect to Glenfarne's Nikiski LNG terminal, which would be converted into an LNG export terminal.

—ALAN BAILEY

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GAS STORAGE

third party use. However, most of that storage capacity has already been subscribed to gas storage customers, including Hilcorp itself — the remaining available capacity does not come close to meeting Enstar's storage needs, the utility told the commission. In addition, it is not feasible to further expand the CINGSA facility, Enstar wrote.

If the RCA can make a prudence determination by March 1, Enstar would be able to obtain the necessary piping for the project by August, thus enabling the storage facility to go into operation by the fourth quarter of the year, Enstar told the commission. Also, it will take nine to 10 months to acquire the compressor and compressor skid that will be needed to render the storage facility fully functional, Enstar wrote. ●

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NORTH FORK

The division said it approved the 60th POD but did not approve the shortened POD period.

Hilcorp has completed a technical study of the unit, identified four potential drilling opportunities and committed to drilling one sidetrack and one grassroots well during the 60th POD. The company told the division Dec. 16 in a technical meeting that pending results of those wells it may drill outside the existing unit area in 2027.

The division said that based on Hilcorp's recent acquisition of North Fork and its commitment to development, it approves a delay of contraction to Oct. 1, 2027, allowing Hilcorp time to drill wells and evaluate results.

—KRISTEN NELSON

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PILE REPLACEMENTS

of Deadhorse.

Two Jan. 20 approvals are for work at Drill Site 6 and Drill Site 12.

The Drill Site 6 authorization is for replacement of some 21 piles to support the existing pipe rack and remedy subsidence issues. A crane on the pad will lift a vibratory hammer and piles into the appropriate location to eliminate any off-pad surface impact, with work scheduled to begin Feb. 15 and be completed by March.

The Drill Site 12 approval is for replacement of some six piles to support the existing pipe rack and remedy subsidence issues. As with Drill Site 6, work will involve use of a crane on the pad to lift the vibratory hammer and piles into location to eliminate any off-pad surface impact, with work scheduled to begin Feb. 1 and be completed by May.

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