



page 2 History: Shutdown set for Agrium plant, based on lack of natural gas

Moriarty heading to Interior to work on Trump's Alaska exec order

The May 21 issue of Suzanne Downing's Must Read Alaska reported that Kara Moriarty is leaving the Alaska Oil and Gas Association to join the U.S. Department of Interior.

"Our intel says she will be working on the Alaska-focused executive order signed by President Donald Trump on Jan. 20," Downing wrote.

Executive Order 14153, signed by Trump, and Interior Secretary Doug Burgum's Order 3422, were both titled "Unleashing Alaska's Extraordinary Resource potential."



KARA MORIARTY

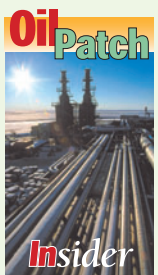
see **MORIARTY TO DC** page 11

Bitcoin mine on Franklin Bluffs pad; Bates DEC commissioner-designee

THE ALASKA DEPARTMENT of Natural Resources' Division of Oil and Gas received a land use permit application in mid-May from STaX Capital Partners LLC, a Wasilla firm, requesting authorization to use up to 30 acres of available pad space at the Franklin Bluffs pad for Phase 1 of a power generation project in support of Bitcoin mining. The state-owned Franklin Bluffs gravel pad is approximately 35 miles south of Deadhorse, along the Dalton Highway.

STaX plans to place 10-megawatt mobile gas turbine generator

see **INSIDER** page 8



Glacier's Savant gets approval for Badami unit development plan

Savant Alaska, a Glacier Oil and Gas Corp. company, received approval for the 22nd plan of development for the eastern North Slope Badami unit from the Alaska Department of Natural Resources' Division of Oil and Gas on May 15.

The POD, referred to as the 2025 plan of development, covers the period from July 16 through July 15, 2026.

The Badami unit was formed on March 13, 1995, with BP Exploration (Alaska) Inc. as the original operator. The unit is located approximately 25 miles west of the Point Thomson unit and 30 miles east of



DAVID PASCAL

see **BADAMI PLAN** page 9

Great Bear gets OK for Dubhe-1; Megrez lacks appreciable oil, gas

Great Bear Pantheon has approval from the Alaska Department of Natural Resources' Division of Oil and Gas for a unit plan of operations for the Dubhe-1 exploration well in the company's Talitha unit on the North Slope. In its May 16 approval, the division said the well will be some 27 miles south of Deadhorse.

Megrez, also a Talitha unit exploration well, did not find appreciable quantities of oil or gas, Pantheon Resources said May 21. That well was drilled last year, with testing continuing into 2025.

Work at Dubhe is scheduled to begin this month with construction of a 500-foot by 310-foot gravel pad 1,500 feet west of the Dalton Highway, and a gravel road 50-feet wide by 1,400-feet

see **DUBHE-1 WELL** page 12

GOVERNMENT

3D seismic possible

AIDEA's Ruaro, Voice of Arctic Iñupiat's Harcharek talk ANWR 1002 opening

By **KAY CASHMAN**

Petroleum News

Nagruk Harcharek, president of the Voice of Arctic Iñupiat, said May 20 that news the Gwich'in Steering Committee and other "outside" organizations are appealing the U.S. District Court for the District of Alaska's ruling that the Biden administration's cancellation of seven leases in the ANWR 1002 Area was illegal is discouraging.

"Once again, it is disheartening that outside groups with no connection to the North Slope, our



RANDY RUARO



NAGRUK HARCHAREK

communities, or our culture are attempting to restrict our rights to our Indigenous homelands. Their actions do not reflect the overwhelming support by North Slope Indigenous communities — including Kaktovik, the only community located within ANWR — for self-determination on our ancestral homelands. Their actions can, and have, impacted our ability to sustain ourselves in our homelands and our Iñupiaq culture.

"The Biden administration ignored our voices

see **ANWR 1002** page 11

FINANCE & ECONOMY

ANS stable near \$70

US inventory surge, US/Iran nuclear deal progress pressure prices

By **STEVE SUTHERLIN**

Petroleum News

Alaska North Slope crude dove \$1.38 May 21 to close at \$67.67 per barrel — narrowly retaining its position in the top quadrant of the \$60s, while West Texas Intermediate dropped 99 cents to \$61.57 and Brent fell 47 cents to close at \$64.91.

Prices were chilled by a surprise swell in U.S. crude stocks, and word of a fresh new round of U.S./ Iran nuclear negotiations to take place in Rome May 23.

U.S. commercial crude oil inventories for the week ended May 16 — excluding Strategic Petroleum Reserve levels — increased by 1.3 mil-

An agreement on Iran's atomic energy activities could return more of Iran's oil supplies to world markets, unfettered by U.S. sanctions.

lion barrels from the previous week to 443.2 million barrels — 6% below the five-year average for the time of year, the U.S. Energy Information Administration said in its weekly petroleum report.

Analysts answering a Reuters poll had called for a 1.3 million barrel crude drawdown, while analysts surveyed by The Wall Street Journal had predicted an 800,000-barrel draw.

see **OIL PRICES** page 7

EXPLORATION & PRODUCTION

New exploration planned

NMFS proposes IHA for Narwhal to drill wells in West Harrison Bay next winter

By **ALAN BAILEY**

For Petroleum News

The National Marine Fisheries Service has proposed issuing an incidental harassment authorization for Narwhal LLC's proposed exploration drilling program in West Harrison Bay, in the nearshore Beaufort Sea, offshore the National Petroleum Reserve-Alaska. The authorization would allow the minor disturbance of wildlife from exploration activities anticipated between August 2025 and July 2026. NMFS requires comments on the proposed IHA by June 16.

Narwhal anticipates drilling up to five exploration wells in the bay, with only minor distur-

The drilling of five wells would require the use of two drilling rigs, while the use of just one rig would only enable up to three wells to be drilled.

bance to ringed seals, bearded seals, spotted seals and bowhead whales as a consequence of the exploration program.

NMFS says that neither it nor Narwhal anticipates any serious injury or mortality for the animals as a result of the activities that Narwhal says that it plans to conduct.

see **NARWHAL DRILLING** page 11

THIS MONTH IN HISTORY

Agrium doubles profits in first quarter

20 years ago: Strong fertilizer market boosts profit to \$24 million for quarter; Kenai expands production, but shutdown scheduled

Editor's note: This story first appeared in the May 8, 2005, issue of Petroleum News.

By STEVE SUTHERLIN
Petroleum News

Agrium Inc. had net earnings for the first quarter 2005 of \$24 million, or 18 cents diluted earnings per share, more than double its earnings for the comparable period last year of \$11 million, or 8 cents diluted earnings per share, the company said in a May 4, 2005, statement.

"We had a great first quarter and expect an excellent second quarter," said Mike Wilson, Agrium president and CEO. "Demand and pricing for both urea and potash have continued to strengthen and were the major contributors to the increase in our earnings, in what is normally a seasonally slow quarter."

Wilson said urea and ammonia sales for the first half were expected to be above last year's levels due to strong North American markets.

Kenai facility operating at higher capacity

Agrium's nitrogen fertilizer plant on the Kenai Peninsula in Southcentral Alaska is currently operating at higher capacity than the company anticipated it would at this time. The plant is scheduled to shut down in November 2005 if new gas supplies are not found to replace its supply contract

with Unocal, which expires Oct. 31. The company had planned to operate the plant at half capacity until the shutdown.

Agrium Kenai spokeswoman Lisa Parker said Agrium was operating both of its Kenai ammonia plants and its Kenai granular urea plant at full capacity.

"It's been an excellent year for our commodity market," she said.

Agrium said the Kenai facility operated at 58% of capacity in the first quarter, but the company now expects to be able to continue to operate the Kenai facility at 85% of capacity from April 1 through Oct. 31, 2005, with the majority of the gas to be supplied by Unocal at contract rates.

"We have been able to secure some additional gas," Parker said, adding that the extra gas was not from Unocal; it was from "other Cook Inlet producers."

Shutdown looms

Agrium still has secured no gas to operate the Kenai facility past Oct. 31, Wilson told Petroleum News. The company has a request for proposals out to buy gas, and until it expires, the long-term fate of the Kenai plant is not known, he said.

Cook Inlet gas producers have until May 13 to respond to Agrium's request for additional gas to feed its Kenai nitrogen plant. Agrium extended the deadline from the initial deadline of April 15, because some of the producers asked for additional time to respond.

In the March request, the company offered \$3 per thousand cubic feet of gas to Cook Inlet producers, a significant jump over the historic \$2 per mcf average gas price paid for delivered supply to the Kenai plant. The higher offer was made possible by higher nitrogen prices.

Agrium has not made any attempt or proposal to buy state royalty gas, and it is putting its focus on the request for proposals it sent to Cook Inlet producers in March, Parker said.

Recent discussions regarding state royalty gas did not originate from Agrium, but rather from a suggestion made at a meeting of Gov. Frank Murkowski's Agrium task force, Parker said, adding that Agrium did not, and does not see state royalty gas as a viable solution to its current supply needs at the Kenai plant.

Future

While Agrium must continue to map out plans for a shutdown of its Kenai plant, its goal is to find the gas to continue to operate the facility, Wilson said.

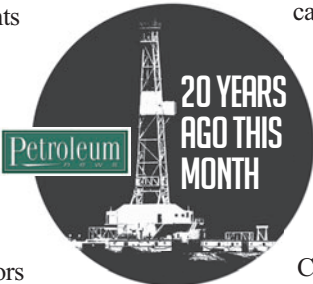
There have been positive signs for the future, Wilson said, adding that meetings with the state and Gov. Murkowski have been positive, and producers have shown interest in providing the gas.

Due to the fact that the company has a facility there, Agrium would be delighted if North Slope gas came to the

see HISTORY page 5



MIKE WILSON



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Congratulations

Congratulations Armstrong, Apache & Santos!

Kudos to Bill Armstrong and his partners APA Corp.'s Apache and Santos on their successful test of the Sockeye-2 exploration well on the eastern North Slope of Alaska.

The well performed in line with expectations during the 12-day production test, averaging 2,700 barrels of oil per day during the final flow period, without artificial lift.

The results indicate significantly higher reservoir quality compared to similar top-set discoveries to the west at Pikka and Willow.

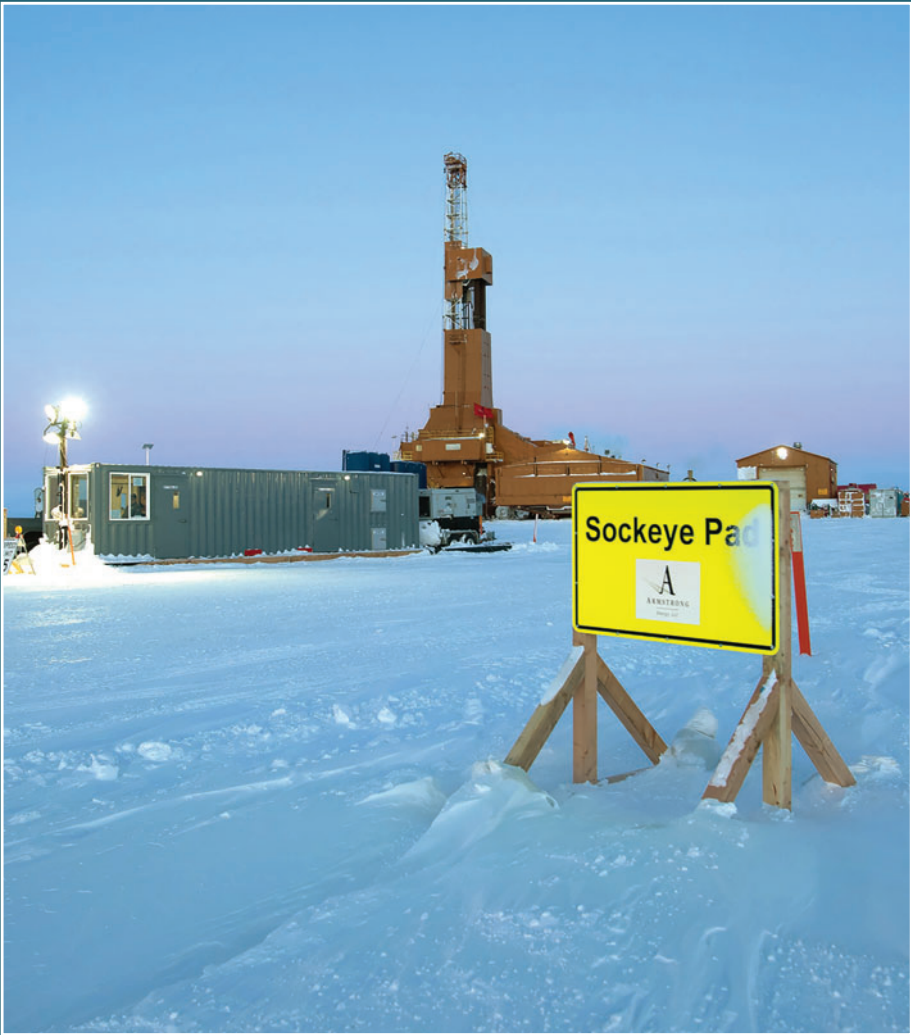





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● EXPLORATION & PRODUCTION

Division approves North Cook Inlet POD

Hilcorp plans 3 sidetracks with Spartan 151, slot expansion during 2025 plan of development at large Cook Inlet gas field

By **KRISTEN NELSON**
Petroleum News

Hilcorp Alaska plans to drill three sidetracks at its North Cook Inlet unit during the 2025 plan of development, along with doing initial work on a 5-year slot expansion program which will run through 2030.

Derek Nottingham, director of the Alaska Department of Natural Resources’ Division of Oil and Gas, signed the division’s approval of the 2025 POD May 15. The plan covers July 1 through June 30, 2026.

North Cook Inlet has been in production since 1969, the division said, producing 1.978 billion cubic feet of natural gas through March of this year. Hilcorp acquired the unit from ConocoPhillips effective Oct. 31, 2016. Hilcorp holds 100% of the working interest in all producing intervals within the unit. The North Cook Inlet field is produced from the Tyonek Platform in northern Cook Inlet.

Alaska Oil and Gas Conservation Commission data show that in October 2016 the field averaged 12.52 million cubic feet of natural gas per day with eight wells in production, including one sidetrack. In March, the most recent month for which production data is available from AOGCC, North Cook Inlet averaged 41.17 million cubic feet of natural gas per day, producing from 19 wells, including nine sidetracks, more than three times the 2016 average volume.

2024 POD

The division said Hilcorp met its commitments under the 2024 POD, including drilling up to three grassroots wells targeting the Beluga sands; and drilling up to two sidetrack wells.

Hilcorp said it mobilized its Spartan 151 jack-up drilling rig to the Tyonek Platform in June 2024, drilling three grassroots wells and one sidetrack out of the proposed program of up to three grassroots wells and two sidetracks.

The A-19, targeting upper and lower

The 2025 POD, which the division has now approved, does not include any grassroots wells, but does include three sidetracks: NCIU A-06A, NCIU A-07A and NCIU A-21A.

Beluga sands west of the Tyonek Platform, came online in September.

The A-20, targeting upper and lower Beluga sands southwest of the platform, came online in August.

The A-21, targeting upper and lower Beluga sands north of the platform, came online in October, as did the B-10B sidetrack, which targeted upper and lower Beluga sands southeast of the platform.

The division said Hilcorp also executed rig and non-rig activities, including well cleanouts and added perforations on wells NCIU A-09A, NCIU A-16, NCIU A-17 and NCIU A-21, and also completed all planned facility operations.

2025 POD

The 2025 POD, which the division has now approved, does not include any grassroots wells, but does include three sidetracks: NCIU A-06A, NCIU A-07A and NCIU A-21A.

In addition to various rig and non-rig well projects, including preparation for sidetrack candidates, coil cleanout and adding perforations, Hilcorp will do a slot expansion to allow for four additional grassroots wells.

The program to install new slots was approved by the division in April and covers work over 5 years, 2025 to 2030.

The addition of slots, which will allow for increased development of the unit, involves welding ice breakers to the outside of the platform’s legs, followed by installation of the conductors.

The work during the 2025 POD involves leg two, with the first ice breaker to be installed over the summer and the first two conductors in the fall.

In its approval of the program for the new slots the division said the 5-year project will provide Hilcorp with up to 20 additional well slots on platform. ●

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LAND & LEASING

State’s spring lease sales have begun

The Alaska Division of Oil and Gas said May 20 that its annual Cook Inlet and Alaska Peninsula areawide oil and gas lease sales have begun. Bidding is open online through the EnergyNet platform until June 5; bid results will be published June 11.

The Cook Inlet leases are offered with a fixed per-acre cash bonus and variable net profit share in lieu of a fixed state royalty. The Alaska Peninsula leases are offered with cash bonus bidding and a fixed 12.5% royalty. There are 727 leases available in Cook Inlet and 1,004 leases in the Alaska Peninsula region.

The division said with net profit share instead of royalty share producers are able to recover costs more quickly, which could make marginal projects more economically viable.

Information on the lease areas is available from state agencies. The Department of Natural Resources’ Division of Geological and Geophysical Surveys has well and seismic data available through the state’s tax credit program. Public well data can be found through the Alaska Oil and Gas Conservation Commission.

More information is available on the lease sales online at the division’s lease sales and best interest finding website: <https://dog.dnr.alaska.gov/LeaseSale>.

Those wishing to receive sale notices and results releases can sign up for email updates at: <http://list.state.ak.us/mailman/listinfo/dog.leasing>.

—PETROLEUM NEWS



Agrium’s nitrogen fertilizer plant on the Kenai Peninsula in Southcentral Alaska, pictured above, is currently operating at higher capacity than the company anticipated it would at this time.

continued from page 2

HISTORY

Kenai Peninsula, Wilson said. However, Agrium sees North Slope gas delivery on the Kenai to be at best a 5-year distant plan — if it happens at all.

“We’ve been talking about North Slope gas since 1974,” Wilson said.

Coal gasification is another long-term supply option in the works, but like North Slope gas, it is a solution that is at least five years away, Wilson said.

Stock buyback

According to Wilson, Agrium’s recently announced share buyback doesn’t signal a reduced focus on growth at the company, nor does it affect the company’s ability to grow.

Agrium is committed to growth, but the company is very disciplined, Wilson said, adding that Agrium maintains its focus on

long-term profitability growth in areas that are a good fit for the company.

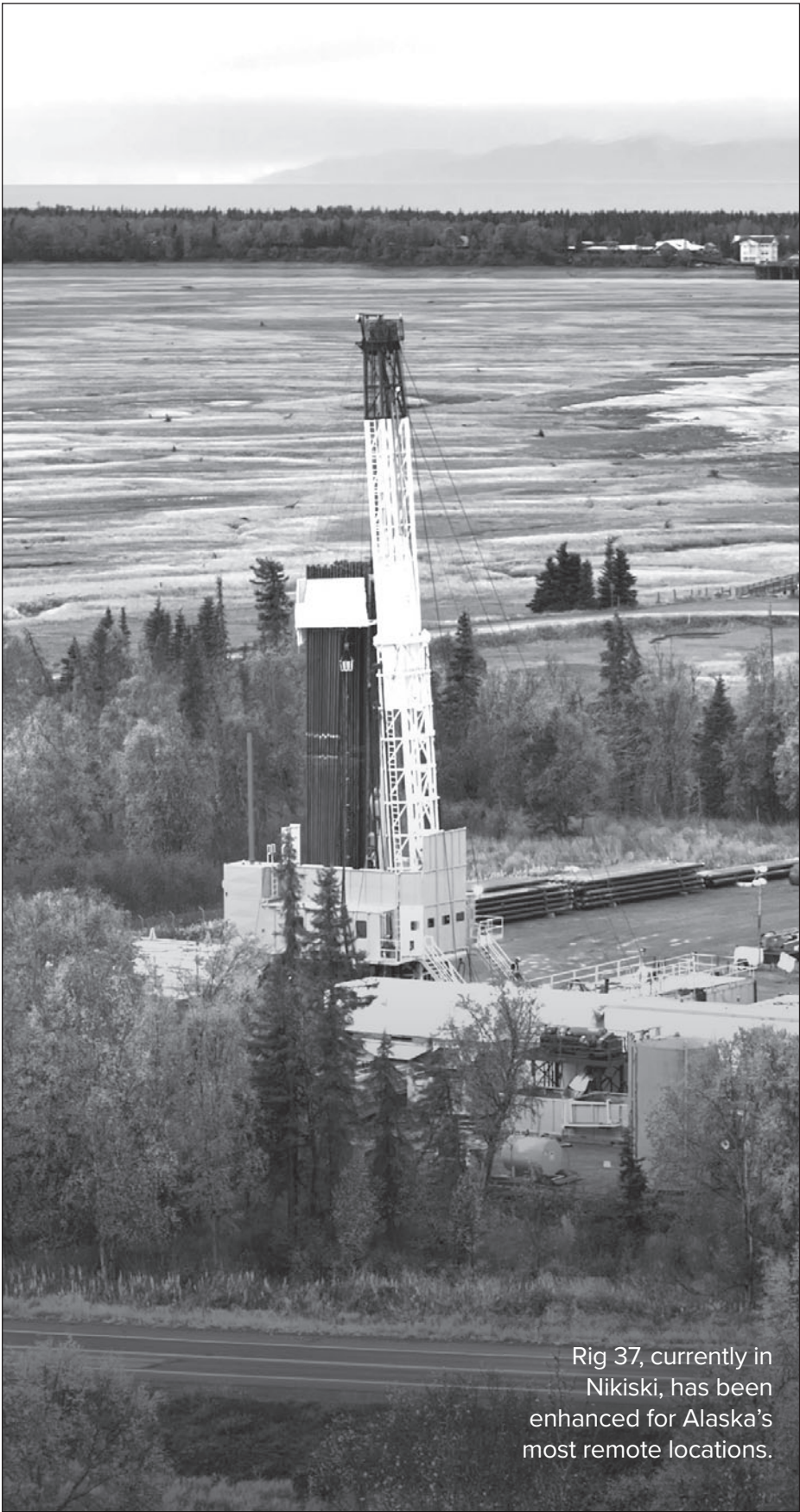
“It’s easy to double the size of a company,” Wilson said.

In the near term, the company primarily will build on its strengths in North America, improving its position in both distribution and retail, he said.

Agrium is expanding its retail presence in South America as well. Agrium recently made an acquisition of a small South America retailer, Wilson said.

Agrium will buy back up to 10% of its outstanding shares on the open market, the company said in an April 28 statement. The repurchases will be funded from existing cash. Agrium received approval from the Toronto Stock Exchange for the repurchase through a normal course issuer bid commencing May 3 and terminating May 2, 2006. ●

Contact Steve Sutherlin
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• EXPLORATION & PRODUCTION

Baker Hughes US rig count drops 2 to 576

By **KRISTEN NELSON**
Petroleum News

Baker Hughes' U.S. rotary drilling rig count was 576 on May 9, down by two from the previous week, down by 28 from 604 a year ago and down by eight from two weeks ago. Over the last eight weeks the rig count was up in two weeks and down in six with a combined loss of 21 against a gain of four. This is the lowest the rig count has been since December 2021.

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.

For 2024, the count peaked March 1

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

(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.

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

see **RIG COUNT** page 8

EXPLORATION & PRODUCTION

Tundra travel closed on North Slope

Effective May 19, off-road tundra travel on the North Slope is closed for the season.

The Alaska Department of Natural Resources' Division of Mining, Land and Water said in a May 19 release that the western coastal area is no longer suitable for off-road travel due to widespread snowpack deterioration.

The division gave notification of closing of the eastern coastal area May 16, also citing widespread snowpack deterioration.

In both cases the division said while there may be localized areas with good snow quality, cover is widely variable and warm air temperatures will continue to compromise snowpack over the next week. DNR will consider travel extensions on a case-by-case basis where snow is adequate, but exceptions must have prior approval from an authorized representative.

The division closed the Upper Foothills to off-road winter tundra travel on May 10. The Lower Foothills never opened this winter season.

The earliest date for summer off-road travel is July 15. Approval applies to holders of valid permits with specific project approval and is limited to vehicles approved by the division for summer off-road travel.

—PETROLEUM NEWS

Hilcorp approved as North Fork operator

Hilcorp Alaska is taking over at North Fork and has now been approved as operator of the unit, succeeding Vision Resources which has resigned as operator.

In a May 15 letter, Derek Nottingham, director of the Division of Oil and Gas in the Department of Natural Resources, approved Hilcorp as unit operator effective May 1. The division approved the lease assignment from Vision Resources to Hilcorp Alaska April 30, retroactive to Feb. 1. Hilcorp is the sole working-interest owner in the North Fork leases.

The sale was conditional on a change in how the pipeline serving the unit was regulated. The pipeline had a right-of-way lease from the state and was regulated as a common carrier by the Regulatory Commission of Alaska, although the line had only ever served to carry gas from the North Fork field. The state converted the right-of-way lease to a private non-exclusive easement, enabling RCA to revoke the certificate of public convenience and necessity for the pipeline. In its decision RCA said the line was constructed as a gathering line, "needed solely to perform a contract for the sale of gas" and only qualified for a CPCN because of the right-of-way lease.

Gas was discovered at North Fork, on the southern Kenai Peninsula, in 1965 by the Standard Oil Company of California and the unit was formed in that year but consistent production did not begin until 2011 after Armstrong Cook Inlet purchased the field in 2007, reentered the existing NFU No. 41-35 and drilled three new wells. The company also acquired 3D seismic over the field and built a 12-mile pipeline to the Enstar line extension at Anchor Point.

Most recently the field was owned by Gardes Holdings, which acquired it in 2020. Vision was the operating company.

In March, the most recent month for which Alaska Oil and Gas Conservation Commission production data are available, North Fork averaged 1,671 thousand cubic feet per month, 0.84% of inlet gas production in that month, down 14.11% from a March 2024 average of 1,946 mcf per month.

The application to RCA to end the CPCN said Hilcorp wanted to explore at North Fork by year end.

—KRISTEN NELSON



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OIL PRICES

Gasoline and distillate levels rose also. Total motor gasoline inventories increased by 0.8 million barrels to 225.5 million barrels — 2% below the five-year average for the season, the EIA said. Distillate fuel inventories increased by 0.6 million barrels for the week to 104.1 million barrels — 16% below the five-year average for the time of year. Sentiment was soured by the EIA data, ANZ Research analysts said in a report quoted in the Wall Street Journal. There is also a risk-off tone cast on the market by a weak U.S. Treasury auction, ANZ analysts added. “While rising U.S. inventories have raised concerns, some investors expect the summer driving season starting after Memorial Day weekend to draw down stocks, limiting further downside,” Hiroyuki Kikukawa, chief strategist of Nissan Securities Investment told Reuters. “Traders remain cautious, avoiding large positions as they assess conflicting signals over U.S.-Iran nuclear talks and a media report of potential Israeli strikes on Iranian nuclear facilities.” An agreement on Iran’s atomic energy activities could return more of Iran’s oil supplies to world markets, unfettered by U.S. sanctions. Even with sanctions in place, Iran produces 3.3 million barrels of crude per

day, International Energy Agency data shows. Iran is the third-largest producing member of the Organization of the Petroleum Exporting Countries. Sanctions and tanker blacklisting have scant impact on Iran’s crude exports, according to Anas Alhajji, managing partner at Energy Outlook Advisor. “Almost all Iranian oil is going to China,” Alhajji told MarketWatch, adding that Iran exports some 1.5 million to 1.6 million barrels per day of oil by sea, and some 100,000 to 150,000 bpd by land. A nuclear deal would allow Iran to boost oil exports by 300,000 to 400,000 barrels per day if sanctions were eased, StoneX analyst Alex Hodes told Reuters. Conversely, the specter of supply interruptions stemming from worsening of the Iran situation could cause a world supply deficit. The hopeful news of U.S./Iran talks, revealed by Oman’s foreign minister, won out — reversing gains in futures prices seen earlier in the May 21 session sparked by CNN reports citing U.S. intelligence sources, saying Israel is preparing to strike Iran’s nuclear facilities. The sources were unsure if Israel had reached a final decision on an attack. **ANS hovers near \$70** During the trading week from Wednesday-to-Wednesday, ANS stayed within striking distance of \$70 — in the course of falling \$1.40 from its May 14 close of \$69.07 to a close of \$67.67 May 21.

ANS gained 52 cents May 20 to close at \$69.05, but WTI fell 13 cents to close at \$62.56 and Brent fell 16 cents to close at \$65.38. On May 19, ANS edged 6 cents higher to close at \$68.53, WTI added 20 cents to close at \$62.29, and Brent added 13 cents to close at \$66.54. ANS lifted 69 cents May 16 to close at \$68.47, as WTI lifted 87 cents to close at \$62.49 and Brent lifted 88 cents to close at \$65.41. On May 15, crude benchmarks fell some 2% on comments that a U.S. Iran nuclear agreement might be close at hand. ANS plunged \$1.29 to close at \$67.78, WTI plunged \$1.53 to close at \$61.62 and Brent plunged \$1.56 to close at \$64.53. U.S. President Donald Trump, in remarks during his Middle East tour, said he was near a deal with Iran — and that Tehran had “sort of” agreed to the terms, Reuter’s reported. Ali Shamkhani, adviser to Iran’s Supreme Leader Ayatollah Ali Khamenei said in an NBC interview that Iran would commit to never making nuclear weapons, and that the country would dispose of its stores of highly enriched uranium. On May 21, ANS closed at a \$6.10 premium to WTI, and at a \$2.76 premium to Brent. ●

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INSIDER

sets to power 50 megawatts of modular Bitcoin mining pods at the pad.

The Phase 1 project is temporary and will serve as proof-of-concept for potential future development. The term of the project is July 2025 to July 2030.

A public notice was posted by the Division of Oil and Gas on May 16.

According to the application the president and CEO of STaX is Sparrow Mahoney.

Jim Shine of Holland & Hart LLP in Anchorage is listed as the attorney for STaX.

The application, number LAS 35555, listed the following project components: 50 MW mobile modular gas containers; transmission corridors with 13.3kV armored feeders; staging areas measuring 75 feet by 75 feet section of pad at each location; a perimeter fence with a security gate; and staff housing.

More detailed project description information was included in the application, such as the requested permit area has two sections, a southwest section closer to the Dalton Highway and a northeast section, connected by a local road. The power generation, bitcoin mining and other project equipment will be located at the southwest section of the permit area, and STaX will secure this section with perimeter fencing. A staging area and employee housing will be located on the northwest section of the permit area.

A more detailed project description also included the following: The Phase I project will use Arctic Containerized Mobile Gas Turbine Generator Sets, model JT6, or similar build. The dimensions of the containers housing the turbines will be 10 feet by 40 feet and will be sited along the northern perimeter of the southwest section of the permit area. STaX is currently explor-

ing options for supplying and transporting gas to the permit area and is negotiating with an upstream producer for gas supply. The turbines will power modular container pods used for Bitcoin mining, 40 feet by 8.5 feet sited in two rows along the east side of the southwest section of the permit area. Power will be distributed via transmission corridors with 13.8kV armored radial feeders and may include transmission banks consisting of 2.5 MVA oil-filled pad-mounted transformers. The components used in the project are all mobile, modular units that will be transported to the site on the Dalton Highway. Protection and metering will use SEL751/787 protective relays, MV switchgear with SCADA enabled monitoring, and load bank bypass and genset interlock for testing.

Grounding will be done through copper mesh ground grid bonded to turbine skids and ground rods spaced every 20 feet around the perimeter. STaX will be responsible for, or contract with, a company for snow removal services.

Finally, access to the Franklin Bluffs pad site will be along the existing local road that provides access to the pad from the Dalton Highway and STaX is currently negotiating the acquisition of the modular gas turbines. As previously noted, the turbines are expected to be 10MW each, although regardless of the precise capacity the modular units must fit within the area identified.

STaX expects to have the mobile modules ready to transport to the site by September.

In regard to spill plan and prevention methods all equipment will be containerized, with fluid capture integrated into the container design. Fluid capture includes spill prevention linings in every container. Thus, if any spill of a hazardous substance were to occur, the spill would be confined within the container housing the equipment and would not reach the Franklin Bluffs pad or surrounding environment.

Bates named DEC commissioner designee

ON MAY 15, GOV. MIKE DUNLEAVY appointed Randy Bates as commissioner-designee for the Alaska Department of Environmental Conservation. Bates took over DEC starting Monday, May 19, and replaces Christina Carpenter who has served as the acting commissioner since January.

Bates returns to DEC after a long and accomplished career in state service. He previously served as director of the Division of Water in DEC, and prior to that was director of the Division of Habitat at the Alaska Department of Fish & Game.

"Randy is uniquely suited to assume the role of commissioner-designee for DEC and continue to push my administration's agenda to develop our plentiful resources responsibly and to minimize the impacts from all of our actions on the environment," Dunleavy said.

"It is an honor to be named commissioner, and I look forward to working for Governor Dunleavy and with the other members of his cabinet," said Bates. "My primary goal as commissioner will be to continue the department's mission of balancing the need for responsible development and preserving Alaska's pristine lands and waters and wildlife."

Carpenter has accepted a new position outside of state government and will remain at the department as deputy commissioner through May 30 to assist with the transition. Dunleavy thanked Carpenter for her dedication and years of service to the people of Alaska.

—Oil Patch Insider is written by Kay Cashman



RANDY BATES

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RIG COUNT

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 May 16 count includes 473 rigs targeting oil, down by one from the previous week and down 24 from 497 a year ago, with 100 rigs targeting natural gas, down by one from the previous week and down three from 103 a year ago, and three miscellaneous rigs, unchanged from the previous week and down by one from a year ago.

Forty-one of the rigs reported May 16 were drilling directional wells, 520 were drilling horizontal wells and 15 were drilling vertical wells.

Ohio (10) and Wyoming (20) were each up by one from the previous week, while New Mexico (94) and Texas (271) were each down by two.

Rig counts in other states were unchanged from the previous week: Alaska (10), California (6), Colorado (8), Louisiana (30), North Dakota (32), Oklahoma (55), Pennsylvania (18), Utah (12) and West Virginia (8).

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

The rig count in the Permian, the most active basin in the country, was down by three from the previous week at 282 and down by 30 from 312 a year ago. ●

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TRUSTED UPSTREAM COVERAGE

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BADAMI PLAN

Deadhorse on the Beaufort Sea coast. Savant succeeded BPX as operator of the Badami unit in 2012. As of March 31, 2025, the unit had cumulatively produced 11.283 million barrels of oil. Average daily oil production from the Badami unit between April 1, 2024, and March 31, 2025, was 1,954 barrels of oil per day. This was a 127% increase from 859 bpd as compared to the prior 12-month period, mainly driven by bringing online the new B1-33A well.

2024 POD

Although Savant initially committed to drilling two Badami Sand wells from the Badami Main Pad in the 2024 POD, Savant deferred the plan and redirected capital toward the Killian Kennicott B1-33 exploration well. The Kennicott B1-33 well encountered the Badami Sand targets, prompting the need for further evaluation to assess the prospectivity of these targets. A workover on the B1-01 injection well is also considered economically viable to expand injection zones and support future grind and inject operations for a multi-well drilling campaign. However, Savant determined that converting the well for

single-well use at Kennicott would not be cost effective and thus postponed the conversion. Additionally, injection rate testing on the B1-14 and B1-21 wells was not conducted, as operations were focused on the Kennicott program. Savant successfully completed all other proposed commitments for the 2024 POD.

2025 commitments

- In the 2025 POD Savant commits to the following operations:
- Drilling two Badami sand wells from the Badami Main Pad;
 - Conducting injection rate testing on B1-14 and B1-21 wells for gas injection, storage and retrieval;
 - Conducting Pressure-Temperature surveys on B 1-33 and B 1-07 to determine fluid level, reservoir pressure, and reservoir mobility;
 - Continuing the exploration and development activities for the new Badami and Killian sand prospects;
 - Drilling at least one Killian development well, of the Steller Prospect, from the Badami Main Pad;
 - Continuing to refine, characterize, and de-risk the prospects related to the Killian sands outside of the participating area;
 - Conducting a well workover on the B1-01 Class 1 injection well to expand injection zones;
 - Conducting geochemical analysis of

- Hue Shale oil samples collected from the B1-33 Pilot Hole and from produced Killian oil;
- Continuing the evaluation of newly acquired acreage;
 - Continuing well and facility maintenance and optimization;
 - Advancing plans to construct the proposed Badami East Pad, pending success of its Steller drilling program, with anticipated construction beginning in the summer of 2026;
 - Conducting a full overhaul of the vapor recovery unit and its injection gas compressors IGA and IGB;
 - Performing an engine core upgrade and control systems enhancements for solar turbine B; and
 - Reviving the on-site gravel mine in preparation for anticipated East Pad construction, road maintenance and drilling operations support.
 - Additionally, staging ice road construction equipment on the Badami storage pad in preparation for 2025-2026 winter season ice road construction.

Findings and decision

In his findings and decision Division of Oil and Gas Director Derek Nottingham said the public has an interest in diligent exploration and development of the state’s resources: “The plans set forth in the 2025 POD protect this public interest by main-

taining production, drilling two Badami sand wells and at least one Killian development well from the Badami Main Pad, conducting gas injection testing on select wells, performing pressure-temperature surveys, conducting a workover on the B1-01 injection well to expand injection zones, continuing exploration and development efforts for both Badami and Killian sand prospects, continuing well and facility maintenance, conducting facility upgrades such as a full overhaul of the Vapor Recovery Unit and turbine enhancements and advancing plans to construct the Badami East Pad in summer 2026.” Therefore, the 2025 POD “is necessary and advisable to protect the public interest,” Nottingham wrote. Based upon the division’s prior POD approvals and analysis of the 11 AAC 83.303(b) criteria, the division “finds the 2025 POD protects the public interest, promotes conservation, prevents waste, and protects the parties’ interests.” The 2025 POD was approved for the period of July 16, 2025, through July 15, 2026. The 2026 POD is due April 16, 2026, 90 days before the 2025 POD expires.

—KAY CASHMAN

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Oil Patch Bits



Coffman Engineers Cacy, Wright earn certification

Coffman Engineers Inc. said May 9 that it is proud to announce that Cynthia Cacy, PE, corrosion control engineering principal, and Zack Wright, PE, senior engineer, have successfully earned their cathodic protection specialist certification. The CP specialist is the highest level of certification in the field of cathodic protection issued by the Association for Materials Protection and Performance. This accomplishment reflects their dedication, experience, and knowledge in the industry. Cacy brings over 15 years of experience in corrosion control engineering within Alaska’s oil and gas sector, including extensive work in the North Slope, Cook Inlet and along the Trans-Alaska Pipeline. As the principal of Coffman’s corrosion control department, she oversees a team that delivers reliable corrosion control services. Cacy specializes in cathodic protection system design, monitoring and installation support, as well as corrosion risk evaluation and management. Her vast experience leading field studies, surveys and multidiscipline engineering projects has made her a trusted leader in the field. Cacy holds a Master of Science in environ-



CYNTHIA CACY

mental studies from the University of Colorado, Boulder, and a Bachelor of Science in chemical engineering from Rensselaer Polytechnic Institute. Wright, senior engineer at Coffman, combines hands-on field experience with robust technical knowledge. With over a decade of experience, he has worked on cathodic protection monitoring and maintenance activities, inspection and integrity programs, and tank and piping evaluations. Wright’s experience includes adherence to industry standards, regulatory compliance, non-destructive testing oversight and developing repair plans. Beyond fieldwork, Wright leads design efforts for cathodic protection systems, storage tanks and various integrity-related projects. Wright holds both a Master of Science and a Bachelor of Science in mechanical engineering from the University of Alaska Fairbanks. “Cynthia and Zack obtaining their CP4 certification is a significant accomplishment. There are only approximately 450 people with an active CP4 certification in the United States. Coffman will now have seven people with CP4 certifications. Congratulations are due to Cynthia and Zack for reaching this difficult milestone,” said Dan Stears, vice president of corrosion control engineering.



ZACK WRIGHT

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ANWR 1002

when it decided to unilaterally cancel seven leases in ANWR. To appeal Judge Gleason’s ruling is to yet again prioritize an outside agenda over the people who live on the North Slope and who will be most impacted by these flawed policies,” Harcharek said.

VOICE is a nonprofit organization established in 2015 by the region’s collective elected Iñupiat leadership and is dedicated to preserving and advancing North Slope Iñupiat cultural and economic self-determination. Its members include local governments, Alaska Native corporations, federally recognized tribes, and tribal nonprofits across the North Slope of Alaska.

The seven ANWR leases were awarded as the result of a 2020 federal lease sale at the end of the first Trump administration to the Alaska Industrial Development and Export Authority, or AIDEA, a state-owned investment bank whose mission is to promote, develop, and advance the general prosperity and economic welfare of Alaskans.

Bids for the sale had to be submitted by Dec. 31, 2020, and winners were announced in 2021. Then the leases were suspended and later cancelled in 2021 by the Biden administration.

Interview with Ruaro

In a recent interview with AIDEA Executive Director Randy Ruaro, Petroleum News asked whether 3D seismic and other pre-drilling work might be done as early as the winter of 2025-2026.

“It is possible, but not certain,” Ruaro replied. “Trump will comply with the court decision.”

Ruaro said it is “very clear in the regulations that you can’t take someone’s oil and gas leases without a court order — they didn’t have one — they just did it.”

Ruaro said the Trump administration has indicated that the U.S. Department of Interior intends to reinstate the leases sold in the 2020 lease sale. If that happens by this fall it could enable pre-drilling work in the winter of 2025-2026.

Of the nine leases sold during the sale, the two held by companies were refunded at the request of the lessees, and the remaining seven, held by AIDEA, were canceled by Biden’s Secretary of the Interior.

It is not known whether the two companies — Knik Arm Services and 88 Energy’s Alaska operating subsidiary Regenerate Energy — will be able to get their leases reinstated.

Old data

When Congress created the 19 million acre Arctic

National Wildlife Refuge in 1980, it set aside 1.57 million acres for resource development, known as the 1002 Area, because of its oil and gas potential.

The assessment of the 1002 Area’s resource potential of 7.3 billion barrels of economically recoverable oil is based on 1,450 line miles of 2D seismic data undertaken by the U.S. Geological Survey for a 1987 report.

While this data has been repeatedly reinterpreted by geologists using the best available methods, the data itself is three decades old. Although valuable for understanding the area’s general geologic characteristics, the data can be improved by detailed mapping of structural and stratigraphic prospects. More reliable oil and gas resource estimates can be obtained through a low-impact campaign of carefully planned 3D seismic surveys, an Oct. 23, 2024, AIDEA resolution said.

More oil the better

Development of the northwest corner of ANWR ties into Point Thomson infrastructure and ties in with Bill Armstrong’s discovery and Jade’s Sourdough leases.

Ruaro said, “The more oil we find in that area, the better for everyone.” ●

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NARWHAL DRILLING

Narwhal has a joint venture with EE Partners for the exploration of West Harrison Bay. The area is on trend with the onshore Nanushuk formation that has proven a very successful oil exploration target, resulting in the development of the Pikka and Willow oil fields.

Narwhal’s application for the IHA includes a description of the planned West Harrison Bay exploration.

Summer activities

The company says that in the summer of this year it plans to conduct marine shallow hazard surveys, freshwater source lake surveys, an archaeological survey and the gathering of technical data in support of project planning and engineering. The shallow hazards surveys will be conducted at up to six potential offshore drilling locations. The company plans to use a variety of technologies for the surveying including a towed airgun, together with geophones embedded in the seafloor, to conduct high resolution 3D seismic surveys.

Two additional potential drilling sites in very shallow water will be evaluated using alternative techniques approved by the Alaska Oil and Gas Conservation Commission, Narwhal says.

In August and September the company may also stage some equipment required for winter drilling operations. And summer operations may continue into October if open water conditions persist.

The company sees two options for the staging of equipment and fuel prior to the winter drilling program. One option involves the use of an existing gravel airstrip near the coast of the bay. The other option involves anchoring up to eight barges in a protected location within West Harrison Bay — the barges would be towed from Canada. Equipment and materials would be shipped to the chosen staging location by barge from the Prudhoe Bay West Dock or from Oliktok Point.

Winter access trails

In support of its planned winter drilling program, the company anticipates constructing a coastal sea ice trail, with the use of a spur to the community winter access trail in the region as an alternative, should that prove necessary. The coastal trail would be primarily constructed on grounded sea ice. A base camp and sea ice airstrip will be established on the coast of the bay. During winter operations equipment and supplies would be transported using the coastal sea ice trail or the community winter access trail.

Narwhal anticipates conducting offshore exploratory drilling from ice pads between Jan. 20 and April 15, 2026. The drilling of five wells would require the use

of two drilling rigs, while the use of just one rig would only enable up to three wells to be drilled.

Narwhal plans to construct up to five temporary sea ice landing strips at the base camp and at drilling sites in the bay. Narwhal may also need to construct temporary sea ice trails to enable travel between offshore sites.

Drilling operations

The company plans the construction of up to five ice pads for conducting drilling operations. Ice pads will be grounded using ice thickening techniques. The company anticipates using highly transportable Arctic rated drilling rigs for conducting the drilling operations — the company says that several of these rigs are operated by drilling companies on the North Slope. Narwhal expects it to take 21 to 30 days to drill each well, including the time required to move the rig between drilling sites via a sea ice trail or road.

Demobilization of the equipment required for the drilling program is expected to occur between April 16 and May 5, 2026. All drilled wells will be plugged and abandoned during the drilling season. In July 2026 Narwhal will use a helicopter to conduct cleanup of the coastal sea ice or community access routes, searching for any project debris that may have been left behind, the company says. ●

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MORIARTY TO DC

They outlined the “initial suite of actions” to implement the orders. It appears Moriarty will be directing the next suite of actions, although Petroleum News has not yet confirmed her appointment with Moriarty.

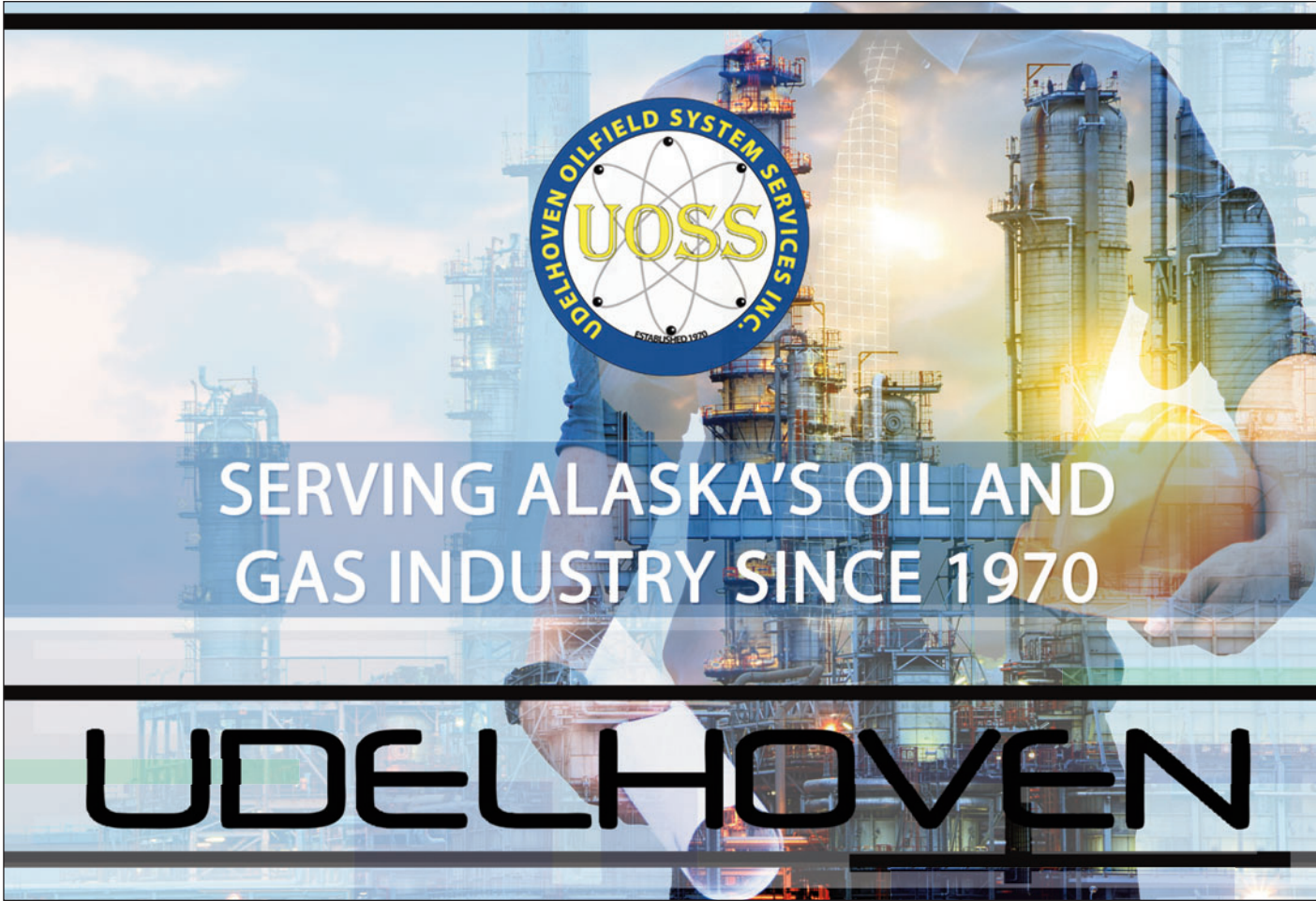
Moriarty has been president and CEO of AOGA for more than 13 years and was deputy director of the organization for more than four years before that.

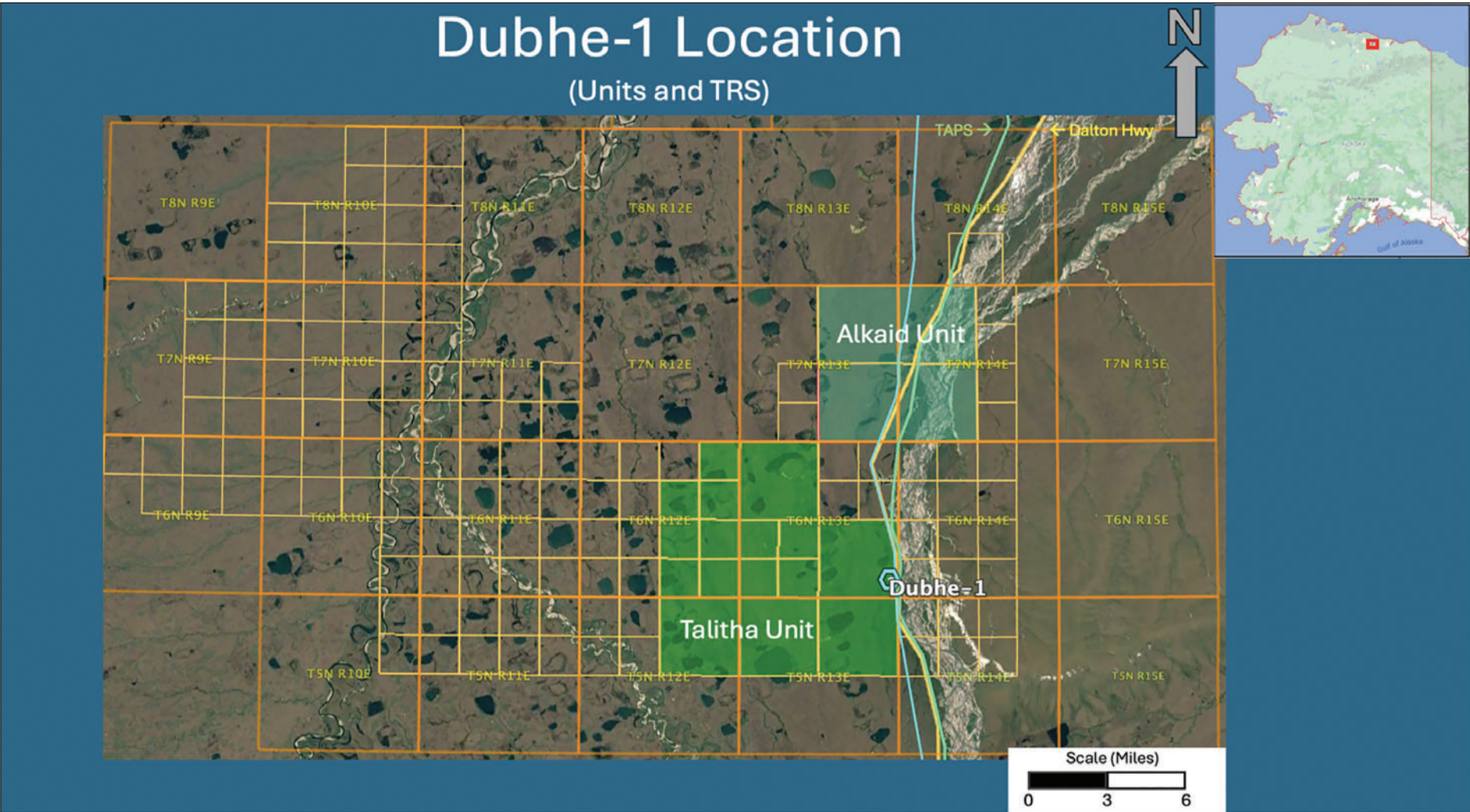
It is “safe to say,” Moriarty said in an interview with Petroleum News at AOGA’s 50th anniversary in June 2016, that since its inception in 1966, the non-profit has monitored and weighed in on every major federal and state policy issue impacting Alaska’s oil and gas industry, working closely with other stakeholders and government officials.

“Our mission has remained the same,” Moriarty said: “To foster the long-term viability of the oil and gas industry in Alaska.”

Moriarty started her career in 1996 as a teacher in the small Inupiat village of Atkasuk on the North Slope.

—KAY CASHMAN





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DUBHE-1 WELL

long connecting it to the highway.

The pad will accommodate a drilling rig, drilling support facilities, satellite office camp, storage areas and maintenance building.

The division said gravel work is expected to begin in May with drilling operations as early as July. Gravel for the road and pad will be from an existing material site at milepost 390 of the Dalton Highway.

Gravel mining and conditioning at Dubhe is proposed to start in mid-May, with construction of the gravel driveway and pad from mid-May to the end of June. Moving the rig to the Dubhe Pad, followed by rig up and spud, are scheduled for July 1-15, with drilling running through the end of August, followed by completion in September and flow testing from October through December. Should additional well testing be required, that will occur from January through March.

The division said pad construction will

be after break-up in the spring, but prior to bird nesting.

The Dubhe-1 has three possible subsurface designs. The final design will be based on Megrez-1 test results.

Great Bear will use the Nabors 105AC drilling rig or something similar.

Megrez

The Megrez well, also in the Talitha unit, spud last November.

In a May 21 statement, Pantheon Resources, parent company of Great Bear, said two intervals were perforated in the Lower Sagavanirktok 3 formation at measured depths of 4,830-4,850 feet and 4,930-4,950 feet. Using nitrogen lift, production from Megrez was in excess of 2,000 barrels of liquid per day, “with no appreciable quantities of oil or gas recovered.” Megrez was shut in May 20 and the company said it would be “suspended indefinitely pending further evaluation of the results to date.”

Pantheon said Megrez results have no bearing on already discovered volumes of marketable liquids in the Ahpun and Kodiak projects.

The current well, Dubhe 1, is a “commercial demonstration well, located in the Ahpun field western topsets, to support the development case for Alaska LNG Phase 1 (pipeline),” Pantheon said.

Last June 4 Pantheon Resources said its wholly owned subsidiary, Great Bear Pantheon, signed a gas sales precedent agreement with Alaska Gasline Development Corp. subsidiary 8 Star Alaska.

Max Easley, Pantheon chief executive officer, commenting on Megrez in the May 21 statement, said: “It is disappointing that no mobile oil was discovered in the tested intervals despite observed reservoir properties prior to testing.” He said focus now will be “on the development of the established Ahpun and Kodiak discovered resources, where we already have independently certified contingent resources of 1.57 billion barrels of marketable liquids (ANS Crude) 6.6 Trillion Cubic Feet of natural gas, and to achieve positive cash flow generation.”

Dubhe

Included in the Dubhe support facili-

ties will be a satellite office camp with four-bed capacity for some personnel, with remaining personnel to be housed in Deadhorse and shuttled to the site as needed.

There will be 24-hour phone service and internet at the site with small temporary communications towers to be placed on the site.

The division said the plan addresses exploration activities for the Dubhe-1 well, but based on results, it anticipates that Great Bear may submit plans for additional wells at the Dubhe site or plans for development and production.

Dubhe is in the Talitha unit, which was formed in November 2020; it is south of Alkaid, Great Bear Pantheon’s other unit.

The Talitha A well was drilled in 2021 offsetting ARCO Alaska’s 1988 Pipeline State No. 1, which penetrated three formations, all confirmed oil bearing. The Theta West stepout was drilled in 2022.

—KRISTEN NELSON

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