



page 20 years ago: Conoco signs MOU  
4 with BLM for EIS for NPR-A pads

## AOGCC approves produced water injection into Prudhoe Bay gas cap

The Prudhoe Bay unit owners continue to work on maintaining production from the giant oil field, with a current project, just approved by the Alaska Oil and Gas Conservation Commission, focused on pressure maintenance.

Hilcorp North Slope, the Prudhoe Bay unit operator, requested approval from AOGCC to inject produced water into the Prudhoe oil pool gas cap. The injection is part of the pressure and vaporization enhancement, PAVE, project.

The commission said in a Feb. 1 decision that PAVE “would divert water that is currently going to disposal wells and waterflood patterns where water injection is no longer providing a significant benefit.” PAVE would build on the success of the gas cap water injection, GCWI, project which injects seawater into the Prudhoe gas cap to increase reservoir pressure and the seawater optimization project, SWOP, which diverted seawater from waterflood patterns to GCWI.

“Both of these projects have been shown to increase ultimate recovery from the field,” AOGCC said. GCWI increased ultimate recovery by slowing the rate of pressure decline in the Prudhoe oil pool and stabilizing average reservoir pressure. SWOP increased recovery by making additional seawater

see **WATER INJECTION** page 10

## State OKs expansion at KRU DS 3T for former Nuna development

The Alaska Division of Oil and Gas has approved ConocoPhillips Alaska’s development unit plan of operations for Kuparuk River unit drill site 3T, including pad and road expansions.

The Feb. 6 decision said the asset, previously known as Nuna, was acquired by ConocoPhillips Alaska from Caelus Energy in June 2019, including the existing pad and road and pipeline easements. ConocoPhillips subsequently applied to the division for inclusion of Nuna within the adjacent Kuparuk River unit, an application the division approved.

Pioneer Natural Resources Alaska discovered Nuna in 2012 and drilled two exploration wells before selling the prospect to Caelus in 2014. Caelus installed the pad. ConocoPhillips acquired Nuna in 2019, and late last year applied to the division and the U.S. Army Corps of Engineers for permits to expand the existing infrastructure to develop the prospect, now called DS 3T, which is projected to have first oil in 2025.

see **3T EXPANSION** page 11

## 25 states sue feds on ESG; some funds boycotting O&G investment

A recent article by Bethany Blankley in The Center Square reports that Alaska Attorney General Treg Taylor has joined 24 other state attorneys general and other plaintiffs in suing the Biden administration, asking the court to halt a federal Environmental, Social and Governance, or ESG, policy that could negatively impact the retirement savings of 152 million Americans.

The lawsuit was filed in U.S. District Court Northern District Amarillo Division, naming Secretary of Labor Martin Walsh and the U.S. Department of Labor as defendants.

It alleges the U.S. Department of Labor created a rule prioritizing ESG investing that jeopardizes the retirement savings of 152 million workers, or two-thirds of the U.S. population.

Last November, the U.S. Department of Labor finalized a rule allowing companies to prioritize ESG policies when choosing retirement plans. It was the last phase of a nearly

see **ESG LAWSUIT** page 10

### FINANCE & ECONOMY

# ConocoPhillips hot

Big independent sees tight global O&G supply supporting major investment

By **KAY CASHMAN**  
Petroleum News

ConocoPhillips expects stronger oil and natural gas prices through 2023, justifying multibillion dollar investments in major LNG projects and big oil developments such as its Willow project on Alaska’s North Slope.

In the company’s fourth-quarter earnings call on Feb. 2, ConocoPhillips Chairman and CEO Ryan Lance said the Houston independent will



**RYAN LANCE**



**EREC ISAACSON**

remain focused on capital returns in 2023.

The company sees an average price for West Texas Intermediate crude oil of \$85 a barrel and \$3.25 Henry Hub natural gas, aiming to return in the neighborhood of \$11 billion to shareholders this year.

“While commodity prices aren’t currently as high as they averaged in 2022, we see duration to this upcycle,” Lance said, predicting

see **CONOCO EARNINGS** page 9

### EXPLORATION & PRODUCTION

# New wells at Ninilchik

Hilcorp increasing natural gas production at inlet’s most productive field

By **KRISTEN NELSON**  
Petroleum News

Hilcorp Alaska continues to develop its Kenai Peninsula Ninilchik gas field, currently the inlet’s largest producer, on Feb. 1 applying to the Alaska Division of Oil and Gas and to the Alaska Oil and Gas Conservation Commission to drill three new wells at the field.

Hilcorp’s work at Ninilchik shows up in gas production numbers. The most recent AOGCC production data available, for December, shows that from November to December this year, gas production at Ninilchik was up 29.4%, and from December 2021 to December 2022, production was up 56.2%.

The company told the division its proposed

*Pearl is the newest producing pad at Ninilchik. AOGCC data show three wells at Pearl came online in December — Pearl 2A, Pearl 8 and Pearl 9 — accounting for 26.4% of Ninilchik natural gas production in that month.*

amendment to the Ninilchik plan of development and operation “is in response to results from a recent gas discovery in the Pearl Structure within the Ninilchik Unit,” with sufficient gas reserves identified in Beluga and/or Tyonek formations to support three

see **NINILCHIK WELLS** page 8

### UTILITIES

# LNG imports are likely

Railbelt electric utilities need gas fired generation as production drops

By **ALAN BAILEY**  
For Petroleum News

Given the continuing need for predictable gas-fired power generation to ensure reliable electricity supplies in the Alaska Railbelt there will likely be a future need to import liquefied natural gas, as production from Cook Inlet gas fields continues to fall in the coming years, the CEOs of the Railbelt electric utilities told the Alaska Senate Resources Committee on Feb. 1. In addition, major upgrades to the Railbelt transmission system will be essential both for future supply reliability and for the ability to incorporate new sources of clean power such as renewable energy.

“A critical issue facing the Railbelt utilities is

*A constraint on bringing in new low carbon power generation, including renewable energy systems, is the limitations of the current Railbelt electricity transmission system.*

the continuing decline of Cook Inlet gas reserves,” Arthur Miller, chief executive officer of Chugach Electric Association, told the committee. In addition to an alert last year by Hilcorp Alaska that existing contractual gas supply arrangements could not continue after the end of the current contracts, projections of Cook Inlet gas supplies indicate that

see **GAS RESERVES** page 8

## ● EXPLORATION &amp; PRODUCTION

# US rotary rig count plunges by 12 to 759

Baker Hughes lists 599 rigs targeting oil Feb. 3, down by 10 from the prior week, and 168 rigs targeting natural gas, down by two

By **KRISTEN NELSON**

Petroleum News

The Baker Hughes' U.S. rotary drilling rig count dropped by 12 from the previous week to 759 on Feb. 3, the largest single-week drop the count has seen since June 5, 2020, when it dropped 17 toward the end of the dramatic decline caused by the COVID-19 pandemic and resulting oil price crash, and the first double-digit week-over-week drop since Sept. 3, 2021, when the count was down by 11. The count is up 146 from 613 a year ago.

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, 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 Feb. 3 count includes 599 rigs targeting oil, down 10 from the previous week and up 102 from 497 a year ago, with 168 rigs targeting natural gas, down two from

the previous week and up 42 from 115 a year ago, and two miscellaneous rigs, unchanged from the previous week and up by two from a year ago.

Thirty-eight of the rigs reported Feb. 3 were drilling directional wells, 700 were drilling horizontal wells and 21 were drilling vertical wells.

## Alaska rig count down by one

No states had week-over-week rig count increases.

The Texas (377) and Wyoming (17) rig counts were each down by three from the previous week.

California (3) was down by two rigs.

Alaska (7), Colorado (19), Louisiana (60) and Utah (11) were each down by a single rig.

Rig counts in other states were unchanged from the previous week: New Mexico (105), North Dakota (41), Ohio (14), Oklahoma (64), Pennsylvania (22) and West Virginia (16).

Baker Hughes shows Alaska with seven rotary rigs active Feb. 3, down by one from the previous week and down by one from a year ago, when the state's rig count stood at eight. All seven of the Alaska rigs were onshore, down by one from the previous week. There were no offshore rigs active in the state.

The rig count in the Permian, the most active basin in the country, was down by three from the previous week at

354 and up by 60 from 294 a year ago.

## International rig count up one to 901

Baker Hughes' international rig count for January, issued Feb. 3, is up by one rig from December at 901 rigs, with land rigs down by nine to 675 and offshore rigs up by 10 at 226. Compared to the January 2022 count, 841, this January's international count is up by 60 rigs, with land rigs up by 29 and offshore rigs up by 31.

Baker Hughes began providing a monthly international rig count in 1975. The international count excludes North America which is included in the company's worldwide figures.

The Middle East accounts for the most rigs in the international totals, 318 in January, followed by Asia Pacific with 204, Latin America with 170, Europe with 117 and Africa with 92.

The U.S. rig count averaged 772 in January, down by seven from December, and up by 171 from January 2022, while the Canadian count for January averaged 226, up 71 from a December count of 155 and up by 36 from January 2022. Worldwide the rig count was 1,899 in January, up 65 from 1,834 in December and up by 267 from 1,632 last January. ●

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● FINANCE & ECONOMY

# EIA lowers natural gas price on temps

Forecasts Brent at \$84 per barrel, down from \$101 in 2022, dropping to \$78 in 2024; US crude output up at 12.5 million bpd

By KRISTEN NELSON  
Petroleum News

The U.S. Energy Information Administration said Feb. 7 in its February Short-Term Energy Outlook that it has lowered its 2023 U.S. natural gas price forecast to \$3.40 per million British thermal units, down 47% from the 2022 price, and down 30.5% from its January forecast of \$4.90 per million Btu, as natural gas consumption dropped on warmer-than-normal temperatures.

“U.S. natural gas inventories fell by less than our expectations in January because of the warmer-than-average weather,” said EIA Administrator Joe DeCarolis. “With more natural gas in inventory, we reduced our forecast for natural gas prices over the coming year.”



JOE DECAROLIS

“There is still a lot of uncertainty,” he said, “including the possibility of extreme weather over the winter that could increase demand and temporarily slow down production, but those possibilities decrease as we approach spring.”

The agency said January temperatures in the U.S. were the mildest since 2006, reducing natural gas consumption for space heating.

In January, the Henry Hub price averaged \$3.27 per million Btu, down more than \$2 from December, as the U.S. had 16% fewer heating degree days in January, compared to a 10-year average and 9% fewer than the agency forecast in January.

EIA said natural gas prices remain volatile.

“Extreme weather events and production freeze-offs could still potentially cause price spikes at both the Henry Hub and in regional markets,” but inventories have moved back above the 5-year average.

## LNG

U.S. liquefied natural gas exports, which averaged 10.6 billion cubic feet per day in 2022, are forecast to average 11.8 bcf this year and 12.6 bcf in 2024.

The Freeport LNG export facility, offline since June due to a fire, is expected to be back online in the first quarter of the year, EIA said, likely adding more than 2 bcf per day of natural gas demand in the U.S. once it is fully operational.

EIA said it expects utilization of U.S. LNG export facilities “to be slightly lower in the next few months compared with our previous forecast because of high natural gas stock levels in Europe,” with U.S. forecast LNG exports projected to rise once Freeport is back online, increasing 11% on an annual basis in 2023 compared to 2022.

U.S. dry natural gas production set a new record in January at 100.2 bcf per day, EIA said, and the agency said it is forecasting production to continue at around 100 bcf per day this year, averaging between 100 bcf and 101 bcf per day

**U.S. liquefied natural gas exports, which averaged 10.6 billion cubic feet per day in 2022, are forecast to average 11.8 bcf this year and 12.6 bcf in 2024.**

in 2023.

## Crude oil prices

EIA said the Brent crude oil spot price averaged \$101 per barrel last year and is forecast at \$84 in 2023 and \$78 in 2024.

The agency said oil prices rose in January “in part because of the expectation of increasing oil demand as a result of relaxing COVID-19 restrictions and increasing mobility in China.”

Demand in China and production in Russia were two of the highlighted uncertainties in the January STEO, EIA said, and the outlook for both has been revised in the current forecast.

“The revisions result from China relaxing COVID restrictions, which have increased our forecast of oil demand growth,” with production in Russia higher than anticipated in January, with the forecast for Russian production through the end of the year now raised. Meanwhile, the forecast for OPEC production has been lowered “because of rising oil inventories,” with the changes largely offsetting each other.

The Brent spot price is forecast to average \$85 per barrel in the first half of the year, but global oil production is expected to continue to outpace demand, “leading to persistent global oil inventory builds through 2024 and falling oil prices.”

Global oil inventories increased at an average of 0.6 million bpd in 2022, and are expected to build by that same average of 2023, moderating to 0.4 million bpd in 2024, with the forecast for spot oil price falling to an average of \$82 per barrel in the second half of this year and to \$78 per barrel in 2024.

U.S. crude oil production averaged 11.9 million bpd in 2022 and is forecast to average 12.49 million bpd in 2023 and 12.65 million bpd in 2024.

## Russian production

EIA said Russian production is expected to average 9.9 million bpd in 2023, down 1.1 million bpd from last year, with the 2023 forecast up 0.4 million bpd from the January STEO “because crude oil liftings data suggest that Russia’s exports have remained higher than we expected following the EU’s ban on seaborne imports of crude oil from Russia that began December 5.” “However,” the agency said, “we still forecast Russia’s oil production to fall in the coming months, as we expect the EU’s ban on seaborne petroleum products from Russia that began February 5 will cause refineries in Russia to reduce crude oil inputs, which will disrupt crude oil production.” ●

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## ASSOCIATIONS

### Alaska student wins radon poster contest

Luciana L. from O’Malley Elementary in Anchorage took first place in the National Radon Student Poster and Vide Contest.

The winners were announced on Feb. 7 by the American Lung Association and the Conference of Radiation Control Program Directors.

The contest is held each year across the nation to raise awareness of radon gas, the second-leading cause of lung cancer.

The first place poster prize claimed by Luciana L. was \$1,000.

The 2022 top video prize of \$1,000 was awarded to Aiden B. of North Oldham High School, Kentucky.

Children ages 9-14 were eligible to participate in the poster contest and high school students were eligible to participate in the video contest to promote radon awareness.



“Radon causes 21,000 lung cancer deaths each year. These deaths are preventable, and there is an urgent need to raise awareness of the simple steps that can be taken to reduce radon exposure,” said Harold Wimmer, national president and CEO of the Lung Association.

“For over a decade, the poster and video contest has served as a way to bring information and raise awareness of radon and its adverse health effects to teachers, students, families, and communities,” said Joshua Kerber, M.S., chair of the Conference of Radiation Control Program Directors’ committee on radon.

The United States Environmental Protection Agency recommends that all homes with radon levels at or equal to 4 picocuries per liter take action and install a radon mitigation system.

The Lung Association and the Conference of Radiation Control Program Directors reviewed and coordinated the selection of the national winners from the states who submitted their top winners from the state poster and video contests this year.

Radon is a naturally occurring, colorless, odorless, tasteless, radioactive gas formed by the breakdown of uranium in the soil. Radon gas is found in all 50 states and may enter a home through cracks and other openings in the home and can build up to dangerous levels. Radon is only detectable by performing a home test.

For more information on the poster and video contest please contact your state radon program. For questions about radon or to test your home, visit [Lung.org/radon](http://Lung.org/radon) or contact the Lung Association at 1-800-325-1245.

—KAY CASHMAN

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## THIS MONTH IN HISTORY

# NPR-A planning moves ahead

20 years ago this month: Conoco signs MOU with BLM for environmental impact statement for Alpine satellite pads, including NPR-A

Editor's note: This story ran in the Feb. 2, 2003, issue of Petroleum News Alaska.

By KRISTEN NELSON

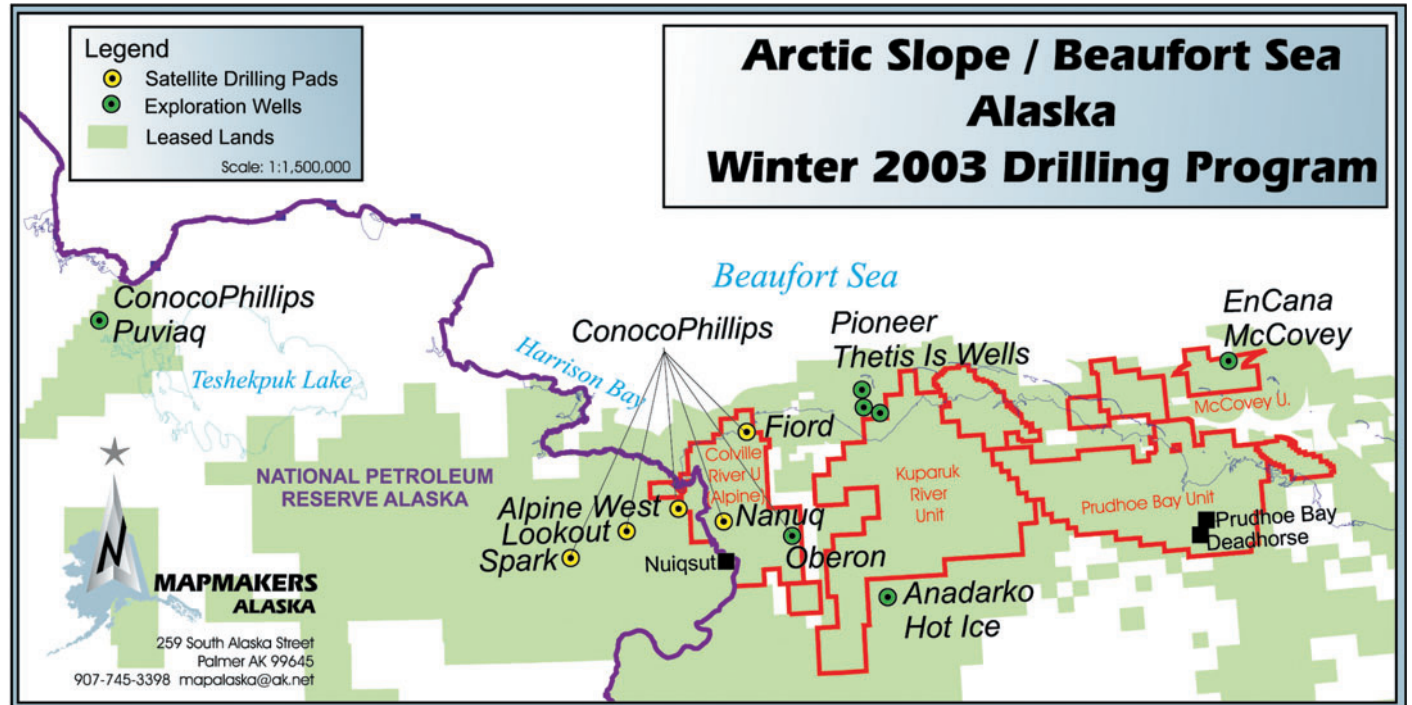
Petroleum News

Development plans are underway for two discoveries in the National Petroleum Reserve-Alaska. ConocoPhillips Alaska Inc. President Kevin Meyers reviewed the company's 2003 plans at the Anchorage Chamber of Commerce Jan. 27, including exploration, development and pre-development planning work.

The biggest development project Meyers announced has been eagerly awaited since Phillips Alaska Inc. and partner Anadarko Petroleum Corp. announced discoveries in NPR-A in May of 2001: Meyers said ConocoPhillips has signed a memorandum of understanding with the Bureau of Land Management for an environmental impact statement for



KEVIN MEYERS



western satellite development.

Two of those satellite drilling pads, Fiord and Nanuq, are at discoveries north and south of Alpine where the company has already done planning work for satellite drilling pads. But two of the satellite drilling pads, Spark and Lookout, were

among the NPR-A discoveries (five wells and a sidetrack) announced in 2001: Spark 1 and Spark 1A, Moose's Tooth C, Lookout 1, Rendezvous A and Rendezvous 2.

## MOU for western satellites

Meyers said the memorandum of understanding — not yet available as Petroleum News Alaska went to press with this issue — was signed the week of Jan. 20 and covers five satellites: Fiord, Nanuq, West Alpine, Spark and Lookout (see map). The MOU, he said, is “for an environmental impact statement to evaluate ... the regulatory terms and conditions under which we may permit these satellites and bring them forward to development.”

The company hopes to see a decision on the EIS in 2004, Meyers said, and “then we can make a decision whether or not the economics and the permit stipulations are such that we can actually go forward and sanction development there.”

## Alpine expansion

The satellites would be developed through the Alpine facilities, Meyers said. “And the reason we’re looking at them as satellites to the Alpine field is fundamentally that the Alpine facilities are within about 20 miles, the logical thing is to go to those facilities and debottleneck them and use those facilities as opposed to putting in a standalone development.”

The company has looked at Alpine expansion before, Meyers said. In fact, “at one time we thought we’d go mega expansion at Alpine that would get us up

toward 140,000-150,000 barrels a day.” But when the cost of that expansion was evaluated, it wasn't economic, “could not be justified on a standalone basis, just on Alpine alone.”

With some of the new satellites the company might be able to reach those production levels, “but right now it just didn't make sense,” Meyers said.

Instead the company is using a phased approach to Alpine expansion and the first phase, about \$60 million gross, “will expand both our water and gas handling capacity” and “increase our oil production by about 5,000 barrels a day.” That expansion, ACX-1, should start up in the 2004 timeframe, “so we'll be doing a lot of work on that this coming year and maybe the following year.”

Further expansions are possible, he said. “Our plan is to expand the facilities as it makes good economic sense as we bring on these other western North Slope satellites.”

## \$640 million new capital

ConocoPhillips will be putting \$640 million of new capital into Alaska projects this year, and that includes — in addition to the EIS for western satellite development — development drilling, planning for a West Sak-dedicated drilling pad at Kuparuk and exploration drilling.

Planned 2003 development drilling includes: 60-70 penetrations at Prudhoe Bay (five rigs); 15-20 wells at Alpine (one rig); 10-15 wells at Kuparuk (two

see HISTORY page 7

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EXPLORATION & PRODUCTION

# 88E drilling this winter, testing next year

88 Energy secures AOGCC well permit to drill North Slope Hickory 1 exploration well, confirms oversubscribed fund raise

By **KAY CASHMAN**  
Petroleum News

In one of two separate Feb. 6 statements, Australia-based 88 Energy, which trades as 88E on ASX and AIM, said it been granted a permit to drill its Hickory 1 North Slope exploration well by the Alaska Oil and Gas Conservation Commission.

In its other statement the company said its equity fund raise was oversubscribed, raising “A\$17.5mln, up from the A\$15mln targeted, from domestic and international institutional and sophisticated investors, as it successfully completed a bookbuild process. New shares are being issued at 0.95 Australian cents per share (0.55p).”

Furthermore, 88 Energy said, “cash proceeds are earmarked” for the drilling of Hickory which is (formerly known as Icewine East) in the Project Phoenix area “located in the acreage adjacent to the discoveries made by AIM-peer” Pantheon Resources.

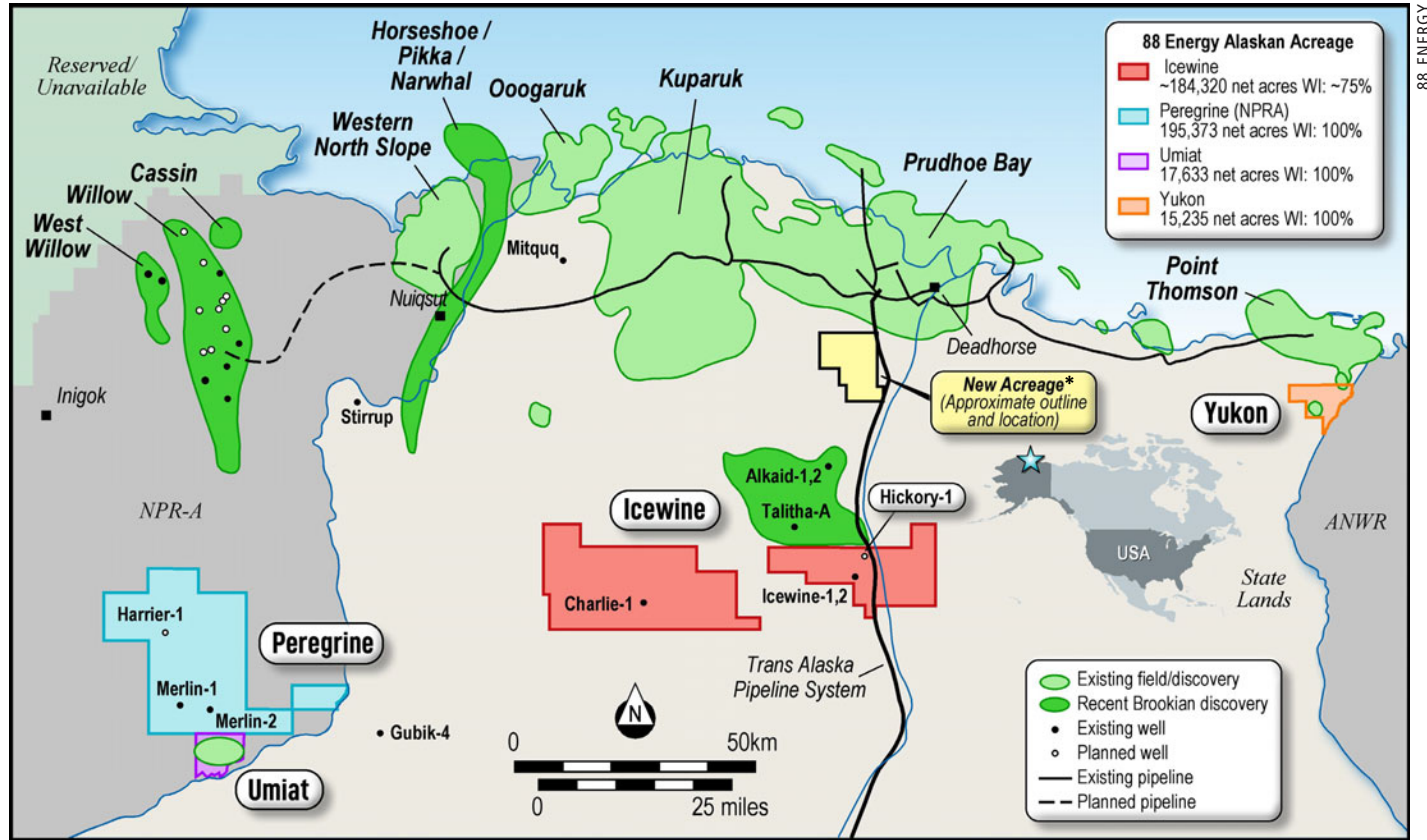
“Completion of this placement ensures 88 Energy is fully funded” for the drilling cost of the Hickory1 exploration well and, upon success, a flow test will be carried out during the 2023/24 winter operational season in Alaska,” said 88 Energy’s managing director Ashley Gilbert in the statement.

Construction of the Hickory 1 ice pad will “commence imminently with mobilization of the Nordic Calista Rig-2 scheduled to also begin around mid-February — the rig is currently contracted next door, working on Pantheon’s Alkaid-2 well,” 88 Energy said.

With planning and permitting “largely complete” the company expects an early March spud date for Hickory 1.

The well is estimated to costs US\$13.5 million gross (US\$10mln net to 88 Energy) which is described by the company as modest — due to its proximity to key infrastructure and the Dalton Highway.

The well will be drilled to a depth of 12,500 feet. If it is “sufficiently successful,” flow testing will likely take place in the 2023/24 winter season, 88 Energy



Project Leonis is identified as “new acreage” in this map.

*The company said it will also use some of its new funds for Project Leonis, 10 leases 88 Energy subsidiary Captivate Energy won in November ... 25,600 contiguous acres immediately south of the Prudhoe Bay unit.*

said, noting that it will have time to optimize the test design based on initial findings.

### Project Leonis

The company said it will also use some of its new funds for Project Leonis, 10 leases 88 Energy subsidiary Captivate Energy won in November. (Map in PDF of this story identifies Project Leonis as “new acreage.”)

Leonis covers approximately 25,600 contiguous acres immediately south of the Prudhoe Bay unit. The acreage is already

covered by existing Storms 3D seismic data and contains the historical exploration well Hemi Springs Unit No. 3, drilled by ARCO in 1985.

Project Leonis is directly adjacent to the Trans-Alaska Pipeline System and the Dalton Highway.

88 Energy said in November that a review of the old Hemi Springs Unit No. 3 well indicated more than 200 feet of logged net pay in the Upper Schrader Bluff, or USB, reservoir, with good porosity and oil shows evident over the interval.

An initial internal interpolation of the Storm 3D data indicated a prospect at the USB reservoir bound by faults on three sides, 88 Energy said after the lease sale.

“Award of the new acreage demon-

strates 88E’s commitment to continued exploration on the North Slope and presents as an attractive exploration proposition. ... There is much work to do to understand the regional setting and faulting that defines the potential exploration target before deciding on any future work program,” Gilbert said in a November statement.

“We continue to pursue additional new ventures, targeting opportunities across the asset life cycle that are complementary to our existing portfolio and provide shareholders with exposure to further value creation potential,” Gilbert said Feb. 6. ●

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## EXPLORATION &amp; PRODUCTION

# Glacier files PODs for 2 Inlet units

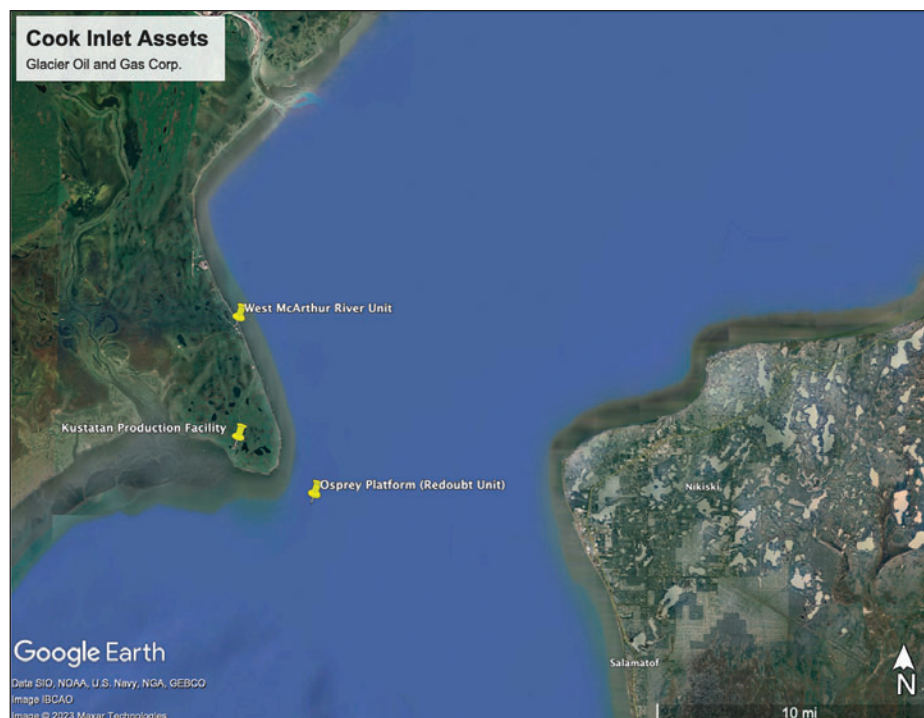
By KAY CASHMAN  
Petroleum News

On Feb. 4 Cook Inlet Energy LLC, a Glacier Oil & Gas company, filed its 22nd plan of development, or POD, for the Redoubt unit in Cook Inlet with Alaska's Division of Oil and Gas. The period of this latest POD runs from May 1, 2023, through April 30, 2024.

It should be noted that on Jan. 9, Glacier, an independent oil and gas company focused on the exploration and production of Alaska resources from the North Slope to Cook Inlet, announced that Pontem Energy and Sweat Equity Partners, or SEP, acquired 100% ownership in Glacier, which maintained its same leadership and employees. In Cook Inlet the company has both the West McArthur River unit and the Osprey Platform at the Redoubt unit.

The development plans contained in the previous Redoubt POD consisted of the following:

- GLA will continue to explore ways to enhance production, manage production decline, and increase total ultimate recovery from existing wells within the unit.
- GLA plans to implement cost-effective solutions to handle increasing water cuts from existing wells through proper water disposal. This will include decreasing the amount of produced water from the West McArthur River unit that is currently being injected in the Redoubt unit.
- GLA plans to keep its options open for the Northern and Southern fault block development.
- GLA will conduct wireline operations on injection wells to collect additional information to aid in furthering reservoir studies.
- GLA will optimize pressures and rates for waterflooding and disposal of produced water in the Redoubt unit for maximum recovery within the unit.
- Depending upon obtaining approvals, GLA plans to conduct a flow test and collect reservoir information on RU-9 that was drilled in the Southern fault block that has a failed electronic submersible pump, or ESP.



- GLA will conduct inline inspections, or ILIs, on subsea pipelines connecting the Osprey platform and the Kustatan production facility.

- GLA will conduct an upgrade of its fire and gas systems on the Osprey platform.

- GLA will analyze the multibeam surveys on the subsea pipelines that was completed in late 2021 prior to the restart and will engage in appropriate remediation work if necessary

## Requirements met

The extent to which the requirements of the previously approved POD were achieved include the following.

After the unit restart on Sept. 28, 2021, GLA focused its efforts on restoring production, arresting declines, managing produced water injection and investigating additional avenues to enhance oil recovery. This included a pilot acid simulation on the RU-2A well.

Acid simulation pilots conducted on West McArthur River unit WMRU-5 and WMRU-6 wells in June 2022 were found to be beneficial on ESP pump performance by eliminating scale buildup caused from high water cuts and aided in enhanc-

ing production from the Hemlock reservoir.

Due to ESP failure from unrelated issues on the RU-2A post acid job, the results on the Redoubt unit are yet to be fully vetted.

GLA performed pilot injection testing in December 2022 at West McArthur River to identify suitable candidates for work over to convert shut-in wells into injection wells for produced water disposal.

Currently, produced water from the Redoubt and West McArthur River units is being injected at Redoubt after processing at Kustatan Production Facility. This will ultimately decrease the amount of produced water from the West McArthur River unit being injected into the Redoubt unit.

GLA also captured data from producing and injection wells that included data from wireline operations. This data is currently being used to update the Redoubt unit's geological and reservoir model.

GLA was also able to optimize pressures and injection rates after gathering data from wireline operations. The company is currently able to process all produced water from the two units through

the Redoubt unit Class I and Class II injection wells due to these efforts.

Furthermore, GLA completed inline inspections of the three subsea lines connecting the Osprey Platform and the Kustatan Production Facility during fourth quarter of 2022.

GLA also completed upgrades of its fire and gas systems on the Osprey in first and second quarters of 2022.

## Deviations

Actual operations that deviated from or did not comply with the previously approved POD and an explanation of the deviation or noncompliance are as follows:

- GLA was not able to advance development on the Northern and Southern fault blocks due to capital constraints coupled with geologic and drilling risk associated with some of these prospects GLA also underwent an ownership change process at the corporate level that paused this effort.

- GLA was able to obtain pressure data through wireline on the RU-9 well but was not able to perform any flow testing. ILI inspections, fire and gas upgrades and acid simulation projects has delayed this effort to 2023.

- GLA was not able to complete analysis of the multibeam surveys because ILI inspections were delayed to fourth quarter 2022 due to supply chain issues with vendors.

## Promises made in new plan

Under its latest Redoubt POD, GLA says it will continue to explore ways to enhance production, manage production decline, and increase total ultimate recovery from existing wells within the unit.

GLA said it will review data collected during the SOP and restart efforts and will update its reservoir model which will include an evaluation for converting producing wells to injectors.

In addition to the above, GLA will revisit the Redoubt unit's G&G model and will update the unit's structure maps

see **GLACIER UNITS** page 7

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## GLACIER UNITS

and cross sections. This will include a review of all old and new log data to explore for shallow gas potential on non-productive wells.

GLA plans to implement cost-effective solutions to mitigate increasing water cuts from existing wells within the unit through proper water disposal. This will include decreasing the amount of produced water from the West McArthur River unit that is currently being injected into the Redoubt unit via a free water knockout project.

GLA plans to keep its options open for the high-risk prospects in the Northern and Southern fault block development. It will work with new ownership on access to capital and avenues to reduce the risk factors associated with exploration and development of those prospects.

GLA will replace the failed ESP in the RU-2A well and evaluate the effectiveness of the acid simulation job conducted in 2022. GLA will evaluate the future of the RU-5B well as an injector or producer through reservoir modelling. The workover on the well will be performed in conjunction with the RU-2A well on the Osprey Platform

GLA will conduct wireline operations on injection wells as needed to aid in furthering reservoir studies.

Depending upon obtaining approvals, GLA plans to conduct a flow test, collect reservoir information and further its efforts on the RU-9 well that was drilled in the Southern fault block which has a failed ESP.

GLA will evaluate use of Rig 35 that has been dormant on the Osprey since 2019 along with opportunities for bringing in other suitable rigs for the workover campaign at Redoubt.

Long-range proposed development activities for the Redoubt unit include plans to delineate all underlying oil or gas reservoirs, bring the reservoirs into production, and maintain and enhance production once established.

### WMRU new POD filed

On the same day as the Redoubt POD was filed, Feb. 4, Glacier's Cook Inlet Energy filed a new POD for the West McArthur River unit that corresponds with all of the activities in the new Redoubt unit POD. It is the 31st POD for West McArthur River, which also runs from May 1, 2023, through April 30, 2024.

Everything GLA plans corresponds with its proposed activities in the Redoubt unit.

One particularly interesting comment about what GLA was unable to accomplish in the previous WMRU plan was development on the Sabre exploration prospect due to capital constraints coupled with drilling risk.

But in its 31st POD the company is going to keep its options open for Sabre. GLA will work with new ownership on access to capital for the prospect.

Sabre is in a far corner of the unit. Former operator Forcenergy shot 3D seismic over Sabre, describing it as a 50 million to 100 million barrel prospect. Development has been delayed by the difficulty of drilling an extended reach well from onshore, but with the arrival of a jack-up rig in Cook Inlet, the cost of exploration has reportedly come down.

David Pascal, chief operating officer of Glacier, signed both POD applications. ●

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## HISTORY

rigs) and four wells at West Sak (two rigs).

In addition, Meyers said, the company will recomplete three Tyonek Deep wells as gas producers from the Tyonek platform in Cook Inlet, bringing in Kuukpik Rig No. 6 for that work.

At West Sak, which lies beneath existing Kuparuk facilities, ConocoPhillips has been developing the viscous oil from two Kuparuk drill sties, 1C and 1D. With new technology, multilateral horizontal producers and horizontal undulating injectors, the company has started to approach economic returns, Meyers said, with one of the new wells producing at 1,500 barrels a day — compared to original vertical wells producing a couple of hundred barrels a day, and 50 wells producing 8,000 barrels a day total.

“Half of that production comes from six multilateral producers,” Meyers said.

And with those kinds of results the company hopes this year to sanction its “first standalone West Sak drill site, the 1J drill site, in the sweet spot of the field” and “in the interim we'll be drilling several additional horizontal wells, both injectors and producers, to keep proving up the technology.”

### Exploration plans

ConocoPhillips is planning four to six Alaska exploration wells this winter, Meyers said. That includes McCovey in the Beaufort Sea just north of Prudhoe Bay with partners EnCana

*ConocoPhillips is planning four to six Alaska exploration wells this winter, Meyers said. That includes McCovey in the Beaufort Sea just north of Prudhoe Bay with partners EnCana and ChevronTexaco.*

and ChevronTexaco. The company will also sidetrack the Hansen well it drilled last year at the Cosmopolitan prospect on the Kenai Peninsula north of Anchor Point. Meyers said that drilling will be done in the first or second quarter of the year. ConocoPhillips spokeswoman Dawn Patience told PNA that there was no spud date yet, but that the well would be drilled with Nabors Alaska Drilling rig 273.

Onshore on the North Slope, Meyers said the company would drill the Oberon prospect between Kuparuk and Alpine and the Puviaq prospect in western NPR-A.

The company has averaged nine to 10 exploration wells a year in recent years, Meyers said, but this year's work involves some remote locations.

“And as you get into remote locations, that tends to translate into more cost. So when you look at what we're doing in terms of the dollar basis, this is a pretty average program for us in the last few years.”

These are “moderately expensive wells,” he said.

“And of course I think I'm not giving away the farm when I say the more expensive the well, the bigger potential must be out there in order to justify drilling it.” ●



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## NINILCHIK WELLS

additional wells in the 2022 POD period.

Hilcorp identified the wells as the Paxton 12, Pearl 10 and Pearl 11 and said they would be drilled during the second quarter of 2022, with drilling from the Paxton and Pearl pads.

### AOGCC application

Hilcorp applied to AOGCC for drilling permits for the wells, which require spacing exceptions because of the wells' locations. The company said it planned to spud the first well on or around March 1.

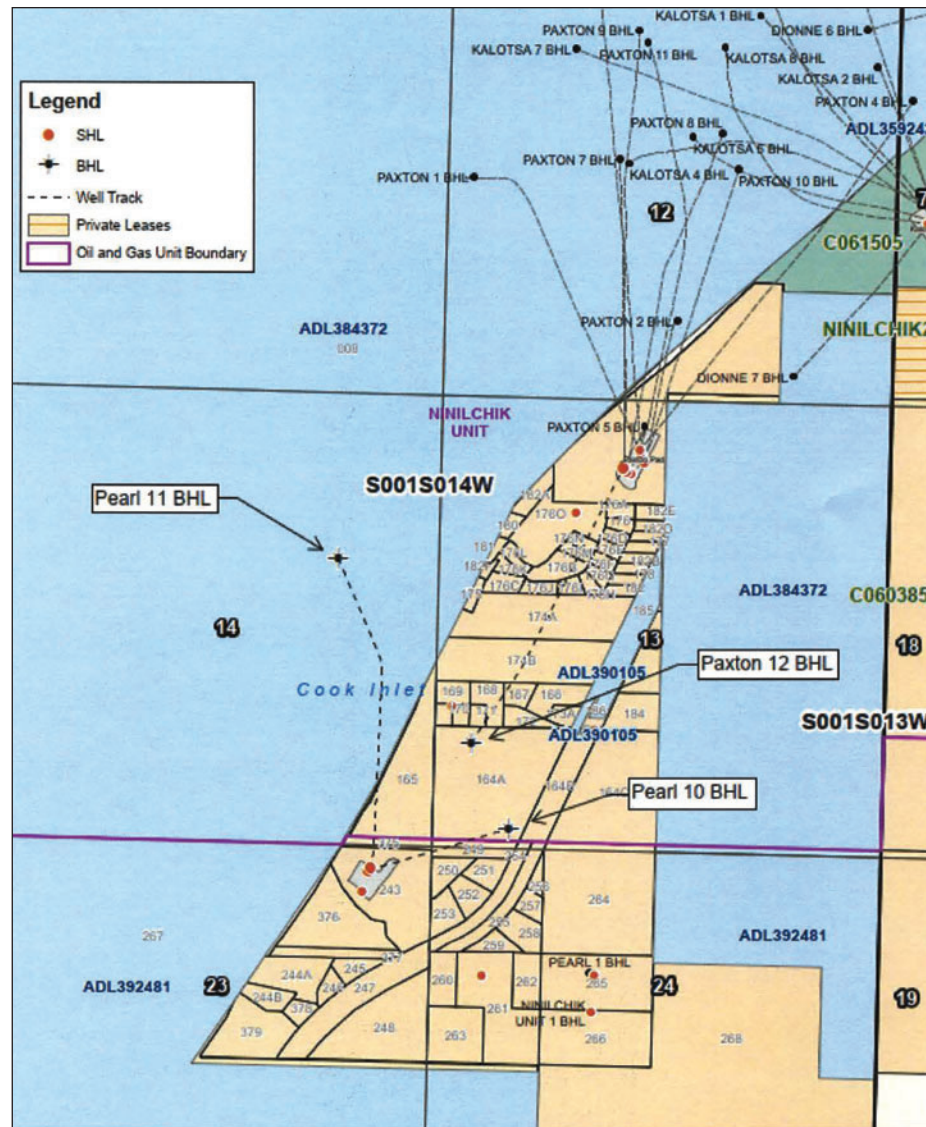
The Paxton 12, Pearl 10 and Pearl 11 "are delineation wells targeting unproven reserves in the Beluga and Tyonek Formations within the Undefined Gas Pool and within the Beluga/Tyonek Pool" defined in conservation order 701C, the company told the commission.

Hilcorp said the wells are some 2.5 miles north of Ninilchik in the Pearl structure located partially in the Ninilchik unit/field.

Paxton 12 will be drilled from the Paxton pad within the Pearl structure and inside the Ninilchik unit/field, the company said. Pearl 10 and Pearl 11 will be drilled from the Pearl pad, also within the Pearl structure, but outside the current Ninilchik unit/field, although the bottomhole of each well will be within the Ninilchik unit/field.

Pearl is the newest producing pad at Ninilchik.

AOGCC data show three wells at Pearl came online in December — Pearl 2A,



Pearl 8 and Pearl 9 — accounting for 26.4% of Ninilchik natural gas production in that month. Ninilchik was the most productive Cook Inlet gas field in December,

with 21.4% of inlet production.

Hilcorp told the commission it anticipates that productive sands in the Paxton 12, Pearl 10 and Pearl 11 "will be discontin-

uous channel sands in the Beluga and Tyonek Formations within both the Undefined Gas Pool and the Beluga/Tyonek Pool" and said spacing exceptions are required because production would not be possible from wells conforming to applicable spacing exceptions.

Production, the company said, would be from "a series of thin, discontinuous, stacked channel sands with a low net-to-gross ratio. The channel belt widths are too narrow to yield efficient drainage based on the current spacing for gas wells."

Hilcorp owns 100% working interest in the affected oil and gas leases and is the Ninilchik unit operator. The state owns 100% of the mineral interest in ADL 384372, the offshore lease in which the bottomhole of Pearl 11 is located. The other two wells have 100% privately owned onshore subsurface, Hilcorp said in its application to the commission. Pearl 10 has a bottomhole northeast of the Pearl pad and Paxton 12 has a bottomhole south, southwest of the Paxton pad. Other Paxton wells have bottomholes offshore north of the pad.

Hilcorp said that with successful completion of the three wells, production will be allocated to the Pearl participating area, once that PA is approved.

Hilcorp told the commission it proposes to allocate royalties to all lease owners/landowners based on tract allocation percentage, mineral ownership and lease royalty, and said it would establish and maintain an interest-bearing escrow account for non-participating owners/landowners. ●

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## GAS RESERVES

total supplies will fall below total demand in 2027.

Brad Janorschke, CEO of Homer Electric Association, commented that about 41% of the Cook inlet gas is used to produce electricity. The rest of the gas is supplied to the Nikiski oil refinery on the Kenai Peninsula, and to Enstar Natural Gas Co., primarily for distribution for heating buildings.

### Investigating supply options

Tony Izzo, chief executive officer of Matanuska Electric Association, told the committee that, along with the Railbelt gas utilities, the utilities are currently narrowing down gas supply options.

And different utilities reach the ends of their current gas supply contracts at different times. Matanuska Electric Association, for example, has gas under contract to meet all its needs until March 31, 2028, but no gas currently under contract beyond that date, Izzo told the committee. Chugach Electric's two-thirds ownership of the Beluga River gas field accounts for about 50% of its gas supplies, but the utility also anticipates a shortfall in gas supplies in 2028, Miller said. He said that the utility is currently evaluating a proposed large scale solar power project and a large scale wind project, but that these project would together only put a small dent in the potential energy supply shortfall.

Janorschke said that Homer Electric only has firm gas supplies to meet all its needs through to the end of March 2024. And while accepting that future LNG imports will probably be necessary, he suggested that this option will not be popular with Alaskans, given the state's hydrocarbon resources. Janorschke also commented that the closure of the Kenai LNG export facility in 2018 had undermined the gas market for Cook Inlet gas explorers and developers.

Golden Valley Electric Association is in a different situation from the other utilities, in that it currently obtains 38% of its power from diesel generation and 44% from coal fired generation, said John Burns, GVEA president and CEO. GVEA can reduce its electricity rates by importing cheaper power from the south across the transmission system — the utility obtains some of its electricity from hydropower and from gas-fired power obtained from other utilities. And GVEA's system, being part of the interconnected Railbelt electrical network, is impacted by what happens elsewhere in the system.

"We are all in this situation together," Burns said.

### A North Slope gas line?

One unknown in the gas supply equation is the possibility of a major gas line being built to the Cook Inlet for the export of natural gas from the North Slope — gas from such a line could provide a cheaper source of gas for Southcentral than the current Cook Inlet supplies. Miller commented that, if a North Slope gas line were to be built, it could come into operation as early as 2027 or 2028. Although there is a risk of investing in arrangements for LNG imports and then finding that a North Slope pipeline is in the offing, "I cannot assume that is going to happen," Izzo said, adding that his utility needs gas.

Izzo said that MEA is working on power supply diversification and that all the utilities are seeking opportunities for maximizing carbon emission reductions. However, a utility is held accountable for power supply reliability at an acceptable cost. He said that MEA is currently at a level of about 16% renewables. Given that the utility needs variable gas-fired power generation to regulate the variable power from renewable energy sources such as wind farms, if the utility were to move to 40% renewables, the utility would still require two-thirds of its current gas supplies, to maintain electricity supply reliability.

"We don't want to do what's called rate shock, and none of us signed up for rolling blackouts," Izzo said.

Izzo presented data indicating that current electricity prices in the Railbelt are within the range of prices elsewhere in the United States, but about 25% above the national average. We all want to see electricity rates as low as possible, to facilitate economic development, he said.

"Utility decision making is really driven by reliability, to ensure that we are able to serve our customers in reliable way. By the same token, rate levels are critical," Miller said. The utilities are investigating several options to fill the looming gap between gas supply and demand. In addition, bearing in mind past crises in the Cook Inlet gas supply situation, the utilities are now viewing the issue from the perspective of "We don't want to be here five years from now. We don't want to be here 10 years from now. We've been here before," Miller said.

While the utilities are interested in the use of renewable technologies, the utilities also need to figure out how to integrate those technologies into the electrical system, Miller said.

### Transmission system constraints

A constraint on bringing in new low carbon power gen-

eration, including renewable energy systems, is the limitations of the current Railbelt electricity transmission system. In addition to having relatively low throughput capacity along some of its length, the system is fraught with single points of failure, where some form of accident could cause major power supply disruption.

"We have one of the most fragile systems in the United States," Izzo said.

The Railbelt utilities have a vision for major upgrades to the system, to make the system more reliable and to make more possible a new, more diverse system of power generation.

"The Railbelt's vision regarding transmission is very pointed," Burns said. "It is to lower the cost of electricity along the entire Railbelt, to ensure that the lowest cost electron can be dispatched from wherever it is generated, from whatever source, be that renewable, hydro, nuclear, or carbon based, to wherever it is needed, reliably, efficiently, and at the lowest cost possible."

### A four-stage upgrade

The utilities see four stages over a 10- to 12-year timeframe in achieving this vision. The first stage involves the upgrading of the existing system. The second stage involves building additional transmission lines for both the southern and the northern section of the system. The third stage involves building a new transmission line along the highway system from Anchorage through Palmer and Glennallen up to Delta Junction. The fourth stage involves adding energy storage facilities strategically along the Railbelt, Burns said.

Izzo commented that, having a more resilient transmission system with greater transmission capacity could open the door to the implementation of larger, and hence more economically viable, renewable energy systems. For example, the currently constrained transmission interties may limit a wind farm to a 40 megawatt capacity, with an unacceptable power rate of perhaps 11 cents per kilowatt hour. A 100 megawatt wind farm, if the transmission system can support that, might reduce that rate to an acceptable 6 cents per kilowatt hour, Izzo said.

At the same time, all the utilities agree on the importance of seeking opportunities to maximize carbon emissions reductions.

"It's clear that there is a transition in the industry," Izzo said. "Technology is advancing quickly and we want to plan for that in the most prudent way possible." ●

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## CONOCO EARNINGS

continuation of a “tight” global demand and supply balance.

ConocoPhillips reported fourth quarter 2022 earnings of \$3.2 billion, or \$2.61 per share, compared with fourth-quarter 2021 earnings of \$2.6 billion, or \$1.98 per share. Excluding special items, fourth-quarter 2022 adjusted earnings were \$3.4 billion, or \$2.71 per share, compared with fourth-quarter 2021 adjusted earnings of \$3.0 billion, or \$2.27 per share. Special items for the current quarter were primarily driven by impairment of certain aged, suspended wells and corporate expenses.

Full-year 2022 earnings were \$18.7 billion, or \$14.57 per share, compared with full-year 2021 earnings of \$8.1 billion, or \$6.07 per share. Excluding special items, full-year 2022 adjusted earnings were \$17.3 billion, or \$13.52 per share, compared with full-year 2021 earnings of \$8.0 billion, or \$6.01 per share.

### 2022 Alaska earnings

In connection with ConocoPhillips’ fourth-quarter 2022 earnings, ConocoPhillips Alaska reported net income of \$2.4 billion in the full year of 2022.

ConocoPhillips Alaska incurred an estimated \$3 billion in taxes and royalties in 2022, which includes \$2.3 billion to the state of Alaska and \$711 million to the federal government.

Additionally, for the full year of 2022,

ConocoPhillips Alaska invested \$1.1 billion in capital in the state.

“ConocoPhillips remains committed to investing in projects on the North Slope that will deliver new barrels and contribute significantly to the state’s economy through job growth and revenue generation,” said Erec Isaacson, president, ConocoPhillips Alaska.

“Alaska’s existing fiscal regime is key to promoting a stable environment for ongoing investment,” Isaacson added.

Over the last three years of oil price volatility, ConocoPhillips Alaska has incurred \$4.8 billion in taxes and royalties, while still investing \$3.1 billion in capital in the state since Jan. 1, 2020.

“Our net income was \$3 billion during that same time,” Isaacson said.

Since 2007, ConocoPhillips Alaska has incurred more than \$42 billion in taxes and royalties to the state of Alaska and the federal government. Of that amount, about \$33 billion went directly to the state. In that same period, ConocoPhillips Alaska’s earnings have been approximately \$25 billion.

### 10-year anniversary

“In 2022, ConocoPhillips marked 10 years as an independent E&P company with strong financial and operational results across our business, thanks to the hard work and dedication of our talented workforce,” Lance said.

“We returned \$15 billion of capital to shareholders and achieved record production in our Lower 48 assets,

while adding new high-quality strategic projects to enhance our global portfolio for decades to come,” he said.

“Building on 60 years of global LNG expertise, we expanded our LNG business in Australia, Germany, Qatar and along the U.S. Gulf Coast. We also set a new methane emissions intensity target in support of our continuing focus on low GHG production,” Lance said.

### Record L48 production

In 2022 ConocoPhillips saw record Lower 48 production during fourth quarter 2022, averaging 997,000 barrels of oil equivalent per day from 818,000 boe a day in fourth quarter 2021.

The Permian Basin led production, averaging 671,000 boe a day, followed by the Eagle Ford at 214,000 boe a day, and the Bakken at 96,000 boe per day.

In reply to a question about whether the future of well productivity in the Permian might be an issue, Lance said the company was betting on continued high performance for production growth, expecting a “low-to-mid single digit” increase in volumes this year mostly driven by gains in efficiency.

“We’re not worried about our long-term development plans in the Lower 48,” Lance said. “There has been some noise about production and durability in the Permian, but we don’t have any concerns about the proficiency of our program.” ●

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## Oil Patch Bits



### Alchemy Tribal Services to host QuickBooks training

Alchemy Tribal Services recently said that it will be hosting a two-day QuickBooks training for Alaska tribes April 17-18 in Anchorage.

Training days are divided into introduction and intermediate levels to focus on hands on training for new and seasoned tribal accountants. This training will focus on the most fre-

quently asked QuickBooks and payroll questions, and a deep dive into the budgeting process.

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## WATER INJECTION

“available for the GCWI and by allowing waterflood patterns to transition to gravity drainage with lean gas vaporization recovery methods which result in a lower residual oil saturation.”

The commission said full field models of PAVE indicate it would increase ultimate recovery from the Prudhoe oil pool by some 85 million barrels of oil and natural gas liquids.

### Earlier AOGCC approvals

In late 2021 the commission removed the 20-year limitation on the Prudhoe gas cap water injection project and removed the limitation of the amount of water that could be injected. Hilcorp told the commission at that time that GCWI had performed as anticipated.

AOGCC approved the GCWI in 2001.

It was one of the measures taken at Prudhoe as the field matured to increase production and maintain reservoir pressure.

The initial application was for 20 years and a total

injection volume of 4 billion barrels. The original total daily injection was estimated at up to 650,000 barrels of water per day. In 2021 Hilcorp told the commission the operational limit was currently estimated at 815,000 to 840,000 bpd of water as seawater availability for GCWI increased as demand for seawater in other areas decreased.

Hilcorp noted that in 2020 implementation of the seawater optimization plan shut in some 45,000 bpd of seawater injection and enabled an increase in GCWI injection.

The 2021 extension of the life of the GCWI and the removal of the limit of the water that could be injected was estimated to increase hydrocarbon recovery by 27.3 million barrels by 2055 — this from an increase in water injection from 650,000 bpd to 800,000 bpd.

### Original project

In an October 2001 hearing, representatives of the Prudhoe Bay working interest owners — then BP Exploration (Alaska), ExxonMobil Production and Phillips Alaska — told the commission that water injection projects were ongoing at the Prudhoe Bay oil rim but said those projects had limited pressure-support

potential compared to the gas cap water injection project.

The Prudhoe Bay working interest owners formed a multi-company pressure studies initiative team in 1991, the companies told the commission, and that team looked at several options, most of which were rejected because of high capital costs and/or limited recovery benefits.

But the team found there would be significant recovery benefits and reasonable capital costs for a gas cap water injection project, and that process was recommended for more detailed study.

In June 2001, the owners approved the Prudhoe gas cap water injection project.

The companies told the commission in 2001 that average reservoir pressure at Prudhoe had been declining at a rate of 25-35 psi per year, reducing efficiency of every recovery mechanism at the field. The proposed gas cap water injection project was projected to maintain level reservoir pressure until the end of the proposed project in 2022, with the increased pressure expected to increase liquid recovery by 150-200 million barrels.

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## ESG LAWSUIT

two-year effort to reverse a Trump-era rule banning the practice.

The department said it was implementing the rule to “remove barriers to plan fiduciaries’ ability to consider climate change and other environmental, social and governance factors when they select investments and exercise shareholder rights.”

In response, Texas Comptroller Glenn Hegar said President Joe Biden was “using unelected bureaucrats ... to push his radical ESG agenda, undermine the Texas economy and jeopardize our national security and energy independence.”

“Even as free market forces begin to erode the ESG fairy tale and expose the intellectual dishonesty and utter lack of transparency in this investment scam,

President Biden is using the DOL rule-making process to double down on policies that put his social agenda above the retirement needs of hard-working Americans.”

Less than two months later, Texas Attorney General Ken Paxton sued, along with 24 other attorneys general, including Alaska AG Treg Taylor

“For generations, federal law has required that fiduciaries place their clients’ financial interests at the forefront,” said Alaska’s Taylor. “This new federal rule allows a fiduciary to use ESG factors as a screen to refrain from investments that would otherwise be in the financial best interest of retirement funds, putting Americans’ retirement funds second to ESG.”

“Beyond being detrimental to the retirement accounts of hardworking Americans, the rule is fundamentally unlawful, as well as arbitrary and capri-

cious,” Paxton said, noting that it violates the Employee Retirement Income Security Act of 1974 (ERISA), created to protect retirement assets, and the Administrative Procedure Act.

“This rule is an affront to every American concerned about their retirement account,” Paxton said. “The fact that the Biden Administration is now opting to risk the financial security of working-class Americans to advance a woke political agenda is insulting and illegal.”

The rule, “Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights,” follows an executive order Biden issued last May. His order directed the federal government to implement policies “to help safeguard the financial security of America’s families, businesses and workers from climate-related financial risk that may threaten the life savings and pensions of U.S. workers and families.”

The rule change “will bolster the resilience of workers’ retirement savings and pensions by removing the artificial impediments — and chilling effect on environmental, social and governance investments — caused by the prior administration’s rules,” Acting Assistant Secretary for the Employee Benefits Security Administration Ali Khawar said in a statement last fall. “A principal idea underlying the proposal is that climate change and other ESG factors can be financially material and when they are, considering them will inevitably lead to better long-term risk-adjusted returns, protecting the retirement savings of America’s workers.”

November’s notice followed a March 2021 and October 2021 announcement and included comments received from the public.

Last August, Hegar directed state agencies to divest from 350 individual investment funds and 10 financial companies that were prioritizing ESG, and particularly boycotting oil and natural gas companies, as part of their portfolio. Not long after, Texas Gov. Greg Abbott told The Center Square that the directive was working. He said some of the companies on Texas’ list were making an effort to get off of it.

Co-leading the lawsuit is Utah Attorney General Sean Reyes; joining them are the attorneys general representing the states of Louisiana, Alabama, Alaska, Arkansas, Florida, Georgia, Indiana, Idaho, Iowa, Kansas, Mississippi, Missouri, Montana, Nebraska, New Hampshire, North Dakota, Ohio, South Carolina, Tennessee, West Virginia, Wyoming and the commonwealths of Virginia and Kentucky.

Plaintiffs also include Delaware-based Liberty Energy Inc. and its subsidiary, Texas-based Liberty Oilfield Services LLC, Western Energy Alliance, and James Copeland, a participant in a retirement plan subject to ERI.

Note: The Center Square’s website can be found at <https://www.thecentersquare.com>.

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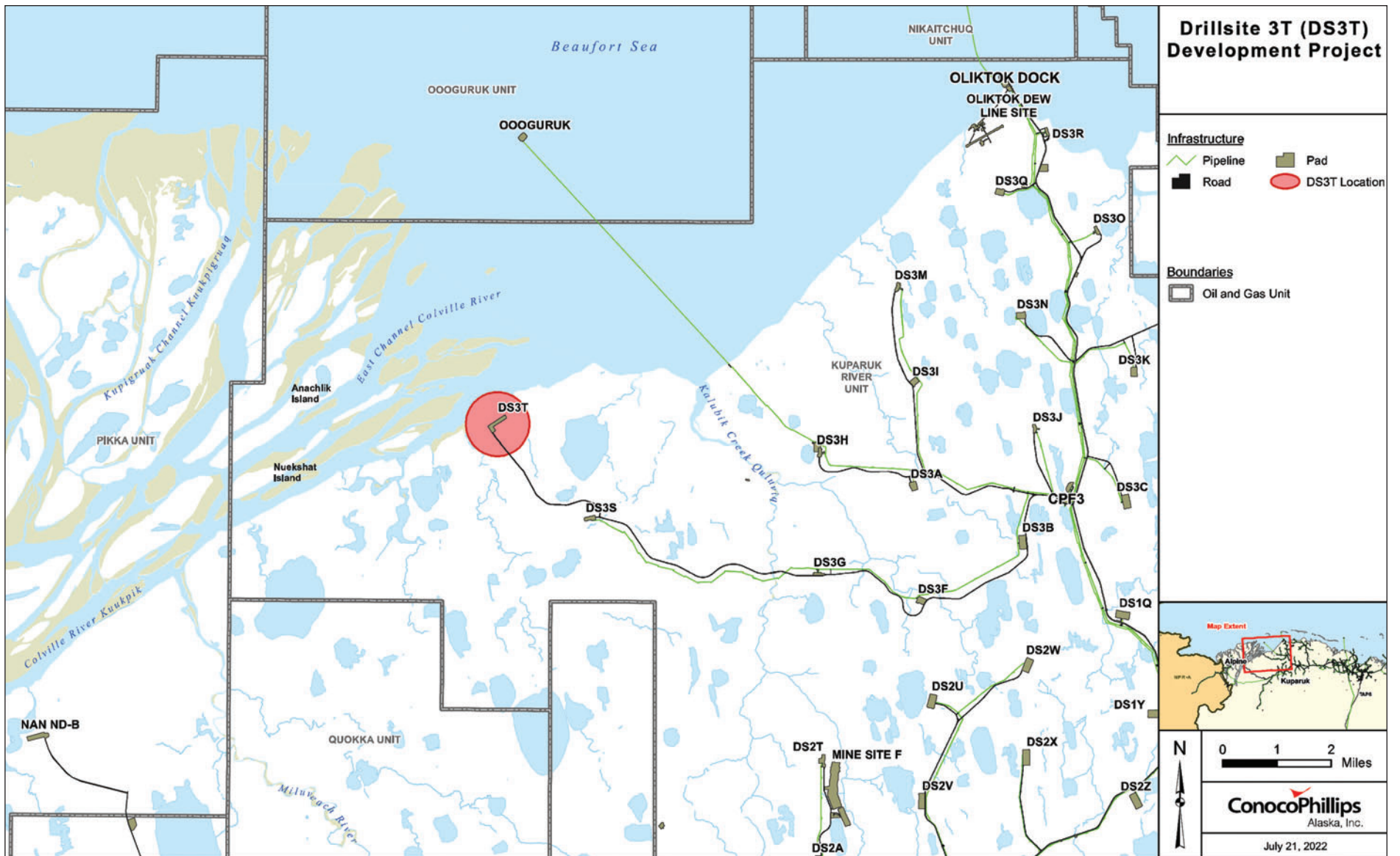
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**3T EXPANSION**

**Pad expansion**

Proposed work at KRU DS 3T includes expansion of the southeast side of the existing gravel pad, expansion of the existing 2.9 mile access road to the pad and expansion of the access road intersection near DS 3S.

The division said the expansion is to allow transport and installation of the single production module and the larger drilling rig required for directional extended reach drilling of the 29 new wells proposed for the project.

There will also be some 3 miles of new pipelines from DS 3T to DS 3S, with power to be supplied by a messenger cable connected to the new pipeline.

The single production module, SPM, “is an advanced self-contained unit that consolidated numerous other modules that would traditionally be found on a pad and controls the functionality of the drill site,” the division said, with multiple modules in one unit which can be assembled and tested off site.

The access road needs to be widened for transportation of the 140-foot by 40-foot SPM, as well as the larger drilling rig required for horizontal/directional drilling.

**Schedule**

The existing suspended wells were to be plugged and abandoned in December.

Beginning in August, and continuing through May 2024, project work includes gravel mining, gravel pad expansion, access road widening, culvert extensions and intersection expansion.

Pipeline construction and ice pad/road construction is proposed to begin in October and continue through the end of May 2024.

Pipeline crossing (casing installation) is scheduled for October through the end of June 2024.

Construction of drill site facilities will be from January 2024 through the end of March 2025.

Single production module sealift and transport to DS 3T is scheduled July

through the end of September 2024.

Pipeline tie-ins are from July 2024 through the end of September 2024.

Pipeline hydrostatic testing is from July 2024 through the end of September 2024.

Drilling and completion activities are from October 2024 through the end of December 2027.

**Facilities**

A 140-bed construction camp may be used on DS 3T near the pad entrance to house construction and drilling staff and the SPM will be installed perpendicular to the new well row, partly supported by the pad expansion.

Well houses will be installed on the existing pad with associated piping supported by vertical and horizontal support members. There will be a production header skid with burner house on the south of the new well row, east of the SPM, with a chemical tank platform south of the well row and west of the SPM.

A fuel conditioning skid platform will be installed on the existing pad west of the

production heater skid, with a switchgear platform a pad edge valve platform installed on the pad expansion south of the SPM. There may be temporary placement of an office trailer and break shack on the pad during construction and drilling.

**Previous exploration**

Pioneer Natural Resources Alaska drilled two exploration wells from ice pads, Nuna 1 in 2012 and Nuna 2 in 2013, both targeting the Oooguruk unit.

Caelus Natural Resources Alaska acquired Pioneer’s assets in October 2013 and conducted a 3D seismic program in 2015. Caelus constructed Nuna drill site 1, a gravel pad and road, in 2015.

ConocoPhillips Alaska acquired Caelus’ Nuna assets in 2019.

The division said because ConocoPhillips “proposed wells will be targeting a different reservoir from the original Pioneer authorization and exploration wells” the division requested a new plan of operations for the DS 3T development.

The division said the current POD,

approved in July 2022, approves ConocoPhillips to carry out operations in the proposed plan.

**Torok pool**

In early 2021, the Alaska Oil and Gas Conservation Commission approved a request from ConocoPhillips to add to the areal extent of the Kuparuk River Torok Oil Pool. The commission also contracted the acreage from the Oooguruk Torok Oil Pool, where acreage was no longer held by the Oooguruk unit operator.

ConocoPhillips told the commission that the expansion would make the western, northern and southern boundaries of the KRU Torok oil pool equivalent to the current KRU boundary, allowing for development of the Torok over the area, and allowing for development of the Torok from KRU 3S pad and the newly named KRU 3T pad, formerly known as the Nuna pad.

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