

**page 5** 20 years ago: Eni enters Alaska, buys Armstrong's North Slope assets

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## AIDEA praises Furie; Donlin close to development with gas line

ON AUG. 25, THE ALASKA Industrial Development and Export Authority, or AIDEA, congratulated Furie Operating Alaska on the continued success of its 2025 drilling season.

The company's natural gas production has increased as expected with recently drilled wells. Furie is actively monitoring and evaluating the positive results of these wells, which have shown "promising outcomes," AIDEA said in a press release.

In the third quarter of this year, Furie is preparing to install two 30-inch well conductors and one 20-inch well conductor at the Allegra Leigh platform (formerly Julius R.). This strategic move will enable Furie to have 13 producing wells at the platform, more than doubling the original designed well count.

Due to the success of its 2025 drilling program, AIDEA said Furie is accelerating its budgeting and planning for up to four new grassroots wells in 2026 and additional wells in 2027.

"This proactive approach demonstrates Furie's dedication

see **INSIDER** page 8

## Chugach Electric has proposed rate increases for its customers

Anchorage based Chugach Electric Association has asked the Regulatory Commission of Alaska for approval of an increase in the rates that the utility charges its customers. The electricity utility told the RCA that "to manage Chugach's operations and fulfill its mission of providing safe, reliable and electric services to its members, Chugach must ensure its revenue is sufficient to cover expenses and meet operational needs." The utility says that the increases are required as a consequence of a revised revenue requirement derived from a decline in electricity sales and an increase in the utility's costs.

Chugach Electric says that its sales declined by more than 3% through June 2025, primarily as a consequence of unusually warm winter weather.

Julie Hasquet, Chugach Electric senior manager, corporate communications, has told Petroleum News that over the past months the utility has seen an increase in the cost of its debt, the cost of bringing its new battery energy storage system into

see **CHUGACH RATES** page 8

## Cosmopolitan unit's 13th plan of development placed in abeyance

On Aug. 21, the Alaska Department of Natural Resources' Division of Oil and Gas declared that BlueCrest Alaska Operating's proposed 13th plan of development for the Cosmopolitan Unit would be held in abeyance because the company was in default for failure to comply with the terms and conditions of their 12th POD, and because the DNR commissioner's office was reviewing BlueCrest's request for reconsideration. So, BlueCrest's proposed 13th POD for the period of Aug. 22, 2025, through Aug. 21, 2026, was placed in abeyance — i.e. suspension — pending resolution of the default and their reconsideration request.

Once the necessary decision and order from the DNR commissioner's office is issued, BlueCrest may, subject to

see **UNIT ABEYANCE** page 8



### EXPLORATION & PRODUCTION

# First oil creeps up

Santos: Pikka Phase 1 development is 91% complete, on 22nd well

By **KAY CASHMAN**

Petroleum News

On Aug. 27 mid-morning Alaska-time, Santos Ltd hosted a live webcast providing an overview of its half-year 2025 results. Led by Santos Managing Director and CEO Kevin Gallagher, the webcast revealed the latest news about the company's Pikka Phase 1 development in northern Alaska.

Gallagher said the project is "progressing well" and that Santos has brought first oil guidance forward from mid-2026 to first quarter 2026, with the ramp-up to plateau expected in the second quarter.

"This is another outstanding example of Santos'



**KEVIN GALLAGHER**

self-execution project delivery model in action," Gallagher said. "The pipeline was completed a year ahead of schedule and the challenging logistics of river-lifting key processing modules from Canada and barging the seawater treatment plant from Indonesia have been executed flawlessly. Our drilling and completions team have just finished the 21st well, the first combination well with a 10,000-foot-long horizontal section that replaces two

wells with one single well."

Combination wells together with "deployment of other innovative drilling technologies and techniques are delivering real cost savings and faster

see **PIKKA UPDATE** page 6

### FINANCE & ECONOMY

# ANS rises into \$70s

Alaska benchmark tops \$70, but drops back as tariffs up demand fears

By **STEVE SUTHERLIN**

Petroleum News

Alaska North Slope crude made a foray up into the \$70s Aug. 25, gaining 96 cents to close at \$70.62 per barrel, as West Texas Intermediate surged \$1.14 to close at \$64.70 and Brent jumped \$1.07 to close at \$68.80.

Markets were buoyed as traders considered supply interruptions from stepped up Ukrainian attacks on Russian oil infrastructure. Ukraine drone attacks struck the Novokuibyshevsk, Syzran, Ryazan and Volgograd refineries in Russia, leading to fuel shortages.

The very next day, however, a Homeland Security notification confirmed the United States

would impose an additional 25% tariff on all Indian exports for continuing to buy Russian oil. The fresh duties took the total levy on Indian-origin goods to 50%, one of the highest among key U.S. trading partners, rekindling fears of tariff-induced demand destruction.

ANS returned to the high \$60s range where it had been bound for three weeks, plunging \$1.42 Aug. 26 to close at \$69.20, while WTI plunged \$1.55 to close at \$63.25 and Brent plunged \$1.58 to close at \$67.22.

On Aug. 27, a stronger than expected draw on U.S. crude inventories helped oil futures to recover some of the prior day's swoon. WTI gained 90 cents on the day to close at \$64.15 and Brent rose

see **OIL PRICES** page 7

### EXPLORATION & PRODUCTION

# More wells at Beluga

Hilcorp continues development drilling at Cook Inlet's top natural gas producer

By **KRISTEN NELSON**

Petroleum News

Hilcorp Alaska continues development drilling at the Beluga River field it operates on the west side of Cook Inlet, currently the largest natural gas producer in Southcentral, averaging 47,349 thousand cubic feet per day in July, the latest month for which Alaska Oil and Gas Conservation Commission data are available. That volume is up 8.94% from June and up 19.24% from July 2024.

Hilcorp's latest plan of development and operations, for June 1 through May 31, 2026, was filed in late April with the federal Bureau of Land Management. The Beluga River unit is primarily managed by BLM with the state managing the sub-

surface of the northern half of the leases. The field produces from onshore pads on the west side of Cook Inlet.

Hilcorp operates Beluga on behalf of itself and majority working interest owner Chugach Electric Association.

### 2024 POD

During the 2024 POD, Hilcorp said it drilled using Rig 147 with all wells targeting Sterling and Beluga gas sands:

•BRU 222-26 — drilled and completed in the Beluga sands, brought online in August 2024 with initial production of 2.1 million cubic feet per day.

see **BELUGA WELLS** page 4



**JOHN M. MARTINECK**



• EXPLORATION & PRODUCTION

# Baker Hughes US rig count down 1 at 538

By **KRISTEN NELSON**  
*Petroleum News*

**B**aker Hughes’ U.S. rotary drilling rig count was 538 on Aug. 22, down one from the previous week. Over the past 17 weeks, one week had an increase and one week had an unchanged count, down 46 over the period. The count was down by 47 from 585 a year ago and down one from two weeks ago. This is the lowest the rig count has been since October 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 (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

*Baker Hughes shows Alaska with nine rotary rigs active Aug. 22, unchanged from the previous week and down by one from a year ago when the state’s count was 10.*

since the Houston based oilfield services company began issuing weekly U.S. numbers in 1944.

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

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

The Aug. 22 count includes 411 rigs targeting oil, down by one from the previous week and down 72 from 483 a year ago, with 122 rigs targeting natural gas, unchanged from the previous week and up 25 from 97 a year ago, and five miscellaneous rigs, unchanged from the previous week and unchanged from a year ago.

Fifty-four of the rigs reported Aug. 22 were drilling directional wells, 471 were drilling horizontal wells and 13 were drilling vertical wells.

### Alaska rig count unchanged


Louisiana (38) was up two rigs from the previous week. Texas (240) was down by two rigs and North Dakota (28) was down by a single rig.

Rig counts in other states were unchanged from the previous week: Alaska (9), California (7), Colorado (12), New Mexico (95), Ohio (11), Oklahoma (43), Pennsylvania (18), Utah (10), West Virginia (7) and Wyoming (13).

Baker Hughes shows Alaska with nine rotary rigs active Aug. 22, unchanged from the previous week and down by one from a year ago when the state’s count was 10.

The rig count in the Permian, the most active basin in the country, was unchanged from the previous week at 255 and down by 51 from 306 a year ago. ●

Contact Kristen Nelson  
at [knelson@petroleumnews.com](mailto:knelson@petroleumnews.com)

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LAND & LEASING

Division issues call for new information

The Alaska Department of Natural Resources’ Division of Oil and Gas has issued a call for new information for the 2026 Cook Inlet and Alaska Peninsula areawide lease sales, which the division said are tentatively scheduled for the first half of 2026.

The division said in an Aug. 22 public notice that it is requesting “substantial new information that has become available over the past year” for the two areas.

The most recent best interest finding for the Alaska Peninsula was issued in 2023; no supplements have been issued.

The most recent BIF for Cook Inlet was issued in 2018; a supplement was issued in 2019.

Information in response to this call for information must be received by 5 p.m. Sept. 25.

The division said that based on information it receives, it will either issue a supplement to the best interest finding or a decision of no substantial new information for the lease sale.

—PETROLEUM NEWS

ALTERNATIVE ENERGY

Federal funding for solar energy cancelled

The U.S. Environmental Protection Agency has notified the Alaska Energy Authority that the federal government has cancelled funding under the Solar for All program that had been authorized by the Inflation Reduction Act passed in 2022. EPA had awarded AEA a grant of \$62.5 million under the program for the deployment of solar photovoltaic projects across the state. The grant money was to have been split between AEA and the Tanana Chiefs Conference for the funding support of various solar energy projects both in rural Alaska and in the Alaska Railbelt. No cost matching was required from grantees.

At this point no projects have been impacted because the funding program had not gone into operation, AEA has indicated.

In rural Alaska communities have been installing wind and solar power generation systems to reduce their dependency on diesel fueled power generation. Diesel generation is very expensive for these communities, especially given the high cost of shipping fuel to remote locations. In the Railbelt there is interest in the use of solar energy to offset some of the need for electricity produced from gas fueled power generation systems, given pending shortages in gas supplies from the Cook Inlet basin.

AEA had planned funding for communities in rural Alaska, for low income homeowners in urban and suburban areas and for appropriate labor and workforce development for solar energy. Tanana Chiefs Conference had planned solar energy programs for tribal communities and low income Alaska Native and American Indian households in the Railbelt and other large utility service areas, and for tribal communities in rural Alaska.

—ALAN BAILEY

UTILITIES

EV charging station funding re-instated

The federal government has re-activated funding under the National Electric Vehicle Infrastructure, or NEVI, funding program, to support the installation of high-speed charging stations for electric vehicles in Alaska. The U.S. Department of Transportation had suspended the program in early February following a policy review by the USDOT under the new federal administration.

Curtis Thayer, executive director of the Alaska Energy Authority, has told Petroleum News that AEA needs to update its plan under the funding mechanism and file it with the DOT by mid-September. AEA has been managing programs for installing high-speed charging stations in Alaska.

Thayer commented that a problem with the program has been delays in obtaining federal approval for planned sites for charging station installations and that AEA had been waiting for more than two years for these approvals. AEA had applied for the approval of nine charging station sites, Thayer said. AEA has thus far been focusing on the installation of charging stations along the highway system that follows the Alaska Railbelt. Several years ago the agency helped fund the installation of some high speed, commercial EV charging stations on the highways, using funds from a settlement with Volkswagen over the company’s fraudulent manipulation of emissions testing on its diesel vehicles, and from the U.S. Department of Energy’s State Energy Program.

The proposed nine further charging stations would be located along the highway corridor between Anchorage and Fairbanks. Given that this year’s construction season is already coming to an end, AEA hopes that the USDOT can approve the sites in a timely fashion by next spring. And once these stations have been installed it will be possible to investigate installing charging stations elsewhere on the highway system and in other regions of the state, Thayer said.

—ALAN BAILEY



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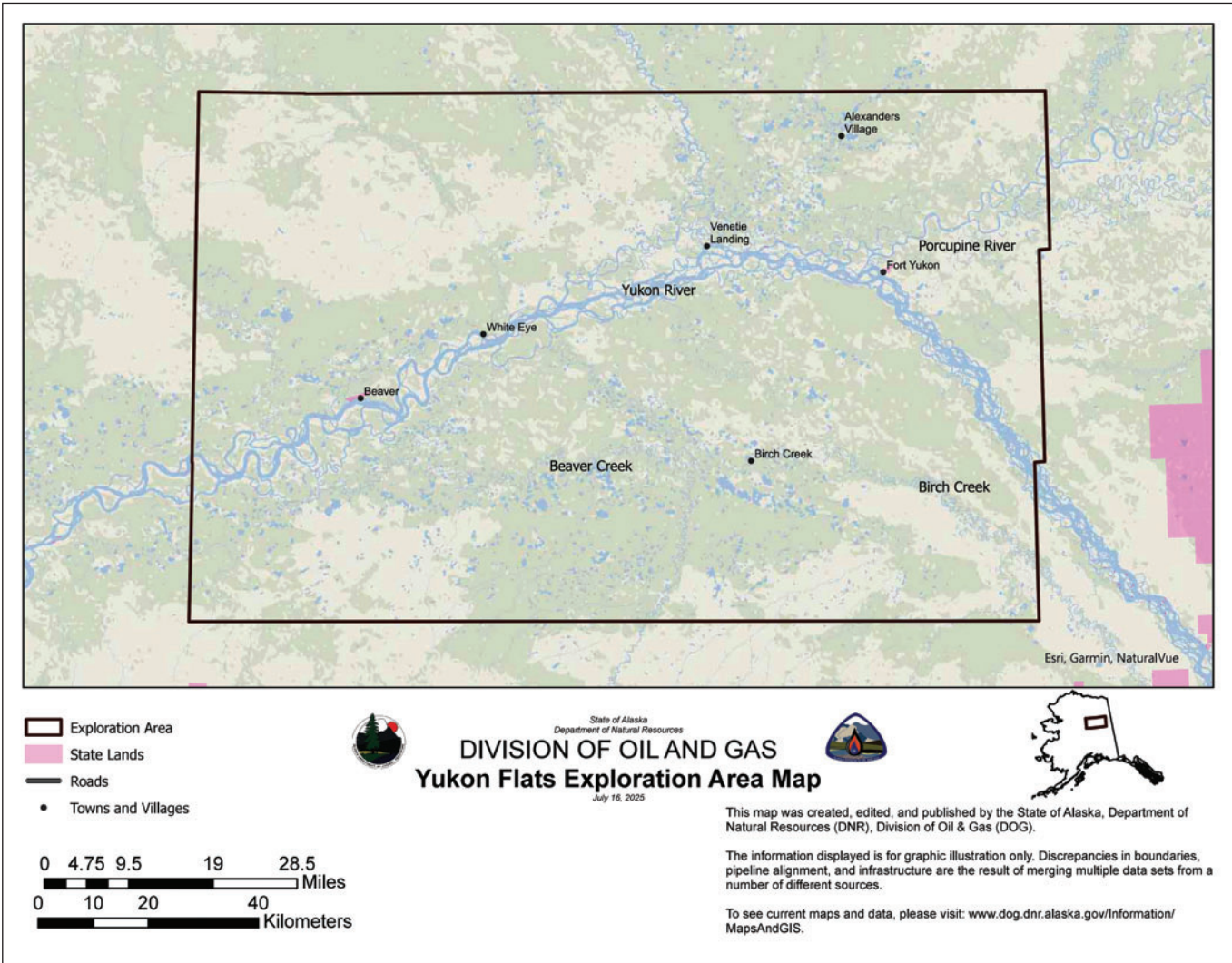
Request for Yukon Flats proposal comments

The Alaska Department of Natural Resources’ Division of Oil and Gas issued a notice of intent to evaluate an oil and gas exploration license proposal and a request for comments on Aug. 20. The division originally posted the proposal, asking for other proposals and comments, on June 18. In its Aug. 20 notice the division said no competing proposals were received in the initial public comment period and said it was now able to more clearly describe the boundaries of the proposed exploration area and identify the applicant as Hilcorp Alaska LLC.

The division is again requesting comments on exploration for oil and gas resources within the solicitation area, with comments due by 5 p.m. Sept. 22.

The new map shows no state acreage within the proposed exploration license area, but the division said the state “owns the mineral estate primarily under navigable waterways in this area, and the ongoing exploration work is occurring on privately owned land in this region.”

This is an area where Hilcorp has



been exploring under an agreement with the regional Native corporation, Doyon Ltd. Hilcorp received a drilling permit for

the Canvasback 4A in the Yukon Flats from the Alaska Oil and Gas Conservation Commission on Aug. 4. See story with background on explo-

ration in this area and Hilcorp’s recent work in the June 8 issue of Petroleum News. —PETROLEUM NEWS

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**ADDRESS**  
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**BELUGA WELLS**

- BRU 241-34S — drilled and completed in the Beluga sands; brought online in August 2024 with initial production of 3.9 million cubic feet per day.
  - BRU 241-26 — drilled and completed in the Beluga sands; brought online in August 2024 with initial production of 3.1 million cubic feet per day.
  - BRU 221-35 — drilled and completed in the Beluga sands; brought online in August 2024 with initial production of 2.3 million cubic feet per day.
  - BRU 233-23T — drilled and completed in the Beluga sands; brought online in October 2024 with initial production of 4.1 million cubic feet per day.
  - BRU 221-26 — drilled and completed in the Beluga sands; brought online in October 2024 with initial production of 3.5 million cubic feet per day.
- The company also did workovers:
- BRU 222-24 — coil cleanout, plug, perforations added; added gas.
  - BRU 214-13 — perforations added; added gas.
  - BRU 241-23 — plug and add perforations; not successful in adding gas.
  - BRU 232-04 — plug, cement squeeze, add perforations; not successful in adding gas.
  - BRU 241-34S — perforations added; added gas.
  - BRU 223-24 — perforations added; added gas.
  - BRU 212-26 — perforations added; added gas.
  - BRU 241-26 — coil cleanout, plug, perforations added; added gas.
  - BRU 222-24 — coil cleanout; successfully restored gas production.
- Facilities work, designed to maintain and increase production, included:
- Restaging H Pad compressor to increase flow rate capacity at current suction pressure.
  - Doing work on flowlines, separators and production headers at G, H and J pads

- to support 2024 drilling.
- In progress work on Phase II reboiler replacement at H Pad with planned completion by June 1, 2025.
  - Evaluation of needs for pad expansions for 2025 drilling; none found to be required.
- Although not included in the 2024 POD, Hilcorp said it “is currently progressing flowline, separator, pipeline and production header work” at K, I and H pads to support 2025 drilling, with similar work likely at C Pad.
- 2025 POD**
- As many as six grassroots/sidetracks are anticipated for the 2025 POD, period, targeting Sterling and Beluga gas sands. Five locations are identified and a sixth will be evaluated during the POD period. Those identified are: BRU 221-24; BRU 213-26T; BRU 234-27; BRU 223-34T; and BRU 231-04.
- Well work, including up hole recompletes, perforation adds and rig workovers are also anticipated and may include coil operations and adding or isolating Sterling or Beluga sand perforations.
- In addition to routine repairs and replacement, the following facilities work is planned during the 2025 POD period:
- Re-cylinder compressors at F, K and C pads to increase flow rate at current suction pressure.
  - Finalize work at I, H and C pads to support 2025 drilling, including flowline, separator and production header work.
  - Potential flowline, separator and production header work at D, K and H pads in support of 2026 drilling activity, with other pads possibly identified for this work during the POD period.
  - Evaluation and execution of pad expansions necessary for 2026 drilling.
  - Installation of additional pipeline from I Pad to H Pad to support additional I Pad gas development. ●

Contact Kristen Nelson  
at [knelson@petroleumnews.com](mailto:knelson@petroleumnews.com)



THIS MONTH IN HISTORY

# Eni Petroleum enters Alaska

20 years ago this month: Houston-based affiliate of Italian mega-major buys Armstrong Alaska’s North Slope assets

Editor’s note: This story first appeared in the Aug. 28, 2005, issue of Petroleum News.

By KAY CASHMAN  
Petroleum News

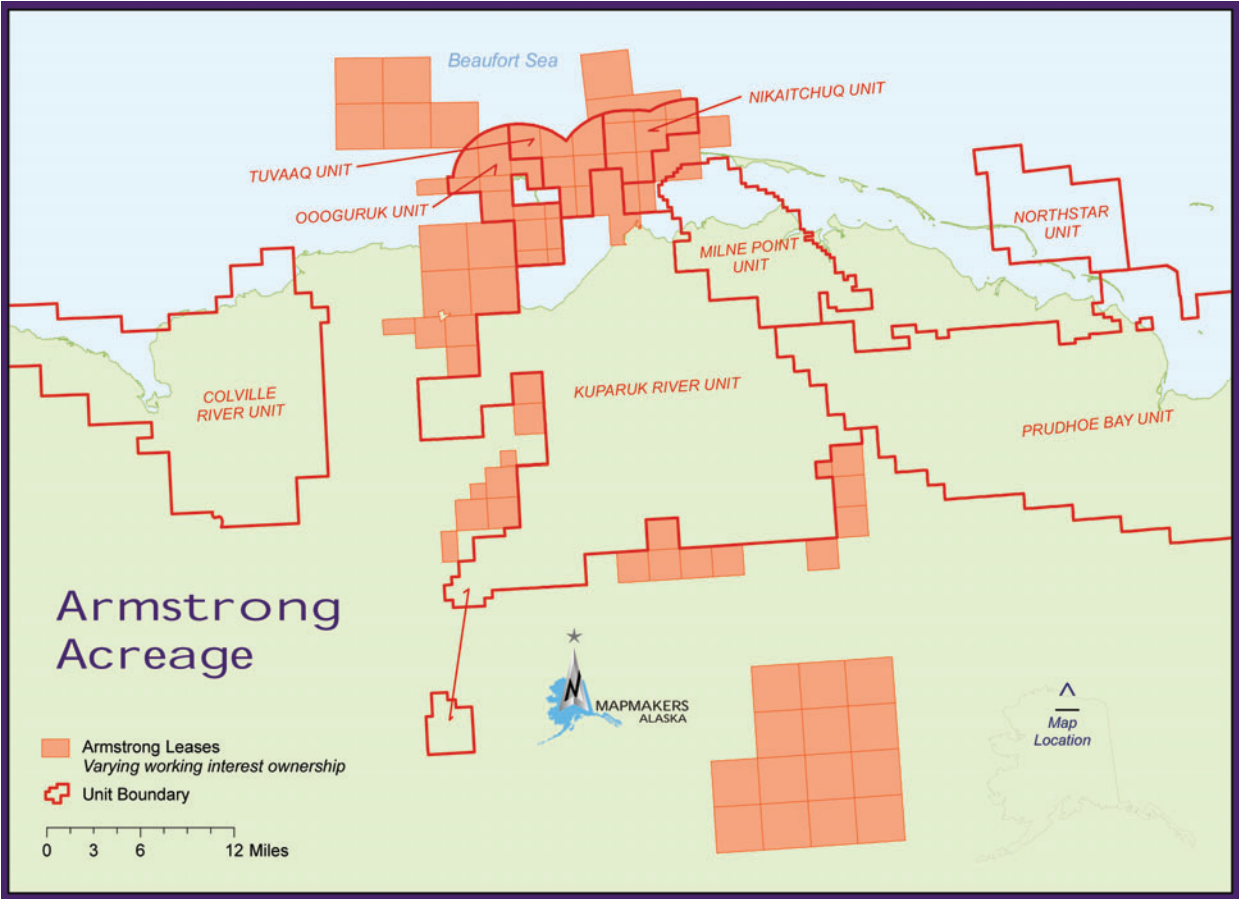
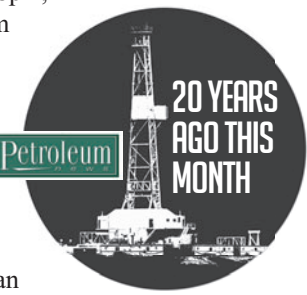
Eni Petroleum Exploration Co. has purchased the assets of Armstrong Alaska, which include 104 oil and gas leases on the North Slope where Eni said “reserves are expected to exceed 170 million barrels.” The leases encompass 341,500 gross (273,000 net) acres onshore and offshore in state and federal waters. As part of the deal Eni will inherit Armstrong’s minority working interests with Pioneer Natural Resources and Kerr-McGee in northern Alaska, including the proposed Oooguruk and Nikaitchuq developments.

An affiliate of Italy’s Eni SpA, Houston-based Eni Petroleum told Petroleum News Aug. 26, 2005, that it considers the “North Slope and Beaufort Sea as areas with exploration potential for new finds” and said Eni has “decided to establish a position in the area with an emphasis of consistent growth.”

When asked if it is looking for other oil and gas properties in Alaska — and anything outside of northern Alaska — the company said it is “always looking for opportunities to further enhance its competitive presence in the areas where it operates. Alaska is no exception and Eni will consider all opportunities available and continue to invest in regional studies to assess the potential of new areas, with special attention to the Beaufort and Chukchi sea areas.”

In response to written questions from Petroleum News, Eni wrote that it is “evaluating” whether to set up an office in Alaska. The company has not yet selected a person to oversee its Alaska assets but said if an Alaska coordinator is named that person would report to Eni Petroleum’s Houston office which “manages E&P operations in (the) Gulf of Mexico and will also manage the operations in Alaska.”

Although Armstrong was the first company to cut a deal with Eni in Alaska, Eni made its decision to enter Alaska “based on its internal studies and evaluation, while keeping a close eye on all the available opportunities. In addition, Eni intends to leverage the experience gained from its operatorship in other challenging areas such as Kazakhstan, where there are similar requirements for high levels of technology, as well as analogous



*The leases encompass 341,500 gross (273,000 net) acres onshore and offshore in state and federal waters.*

operating conditions.”

Eni’s comparison of Alaska to Kazakhstan could bode well for Alaska. Eni operates Kazakhstan’s huge Kashagan field in the Caspian Sea. Since it entered Kazakhstan in 1992 (10 months after the country’s independence from the former Soviet Union), Eni has made itself part of the new nation’s future. Among other things, Eni undertook the expense of training some of Kazakhstan’s new oil ministry employees at its headquarters in Italy and it funded the construction of the Kazakh national library.

When asked if Eni plans to be an operator in Alaska, the company said it operates in other Arctic areas, and “generally takes a leadership role in its joint ventures worldwide.”

Initially, Eni said it “intends to fully cooperate with its partners who operate some projects in the pre-development stage. It is Eni’s intention to bring its experience

onboard while taking the time to understand the peculiarity and challenges of the area.” The company has not yet decided whether it will drill any of its 100%-owned acreage this coming winter: “It is too early to comment. This will be evaluated during our 2006 budget and planning process.”

Although Eni said it will evaluate the possibility of partnering with Shell on Shell’s planned Beaufort Sea seismic shoot for next summer, no decision will be made until Eni has completed its 2006 budget and planning process.

In Alaska “as in all of its activities, Eni is fully committed to sustainable development and environmental protection of the areas in which it operates. In the Gulf of Mexico, Eni has received several nominations for Safety Awards from the Minerals Management Service,” the company said in its correspondence with Petroleum News.

Eni did not disclose the terms of its deal with Armstrong.

And when asked if it was looking at buying EnCana’s acreage in Alaska, Eni said no. ●

Contact Kay Cashman  
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## PIKKA UPDATE

job completion times,” he said.

“This represents a significant value upside opportunity for future developments in Alaska. We’re now drilling the 22nd well, which will be the longest well in the field with an expected total depth of 27,000 feet,” Gallagher said.

Six wells have been “flowed back” in 2025, including three producers, bringing average expected flow rates per well to 7,000 barrels per day at start-up.

### End of 2025

In March, Santos Executive Vice President and President Alaska Bruce Dingeman said the company was in a good position to accelerate first oil to the end of 2025. This, he said at the time, will be “dependent on logistics and weather allowing for the mobilization of key production models by barge up the Hay River.”

All the modules made it to Alaska in August, so it remains to be seen whether end of 2025 or first quarter 2026 will be the ultimate first oil date.

### Acquisition delayed

On June 16 Santos announced it had received a non-binding indicative proposal from a consortium led by XRG P.J.S.C., a subsidiary of Abu Dhabi National Oil Co., or ADNOC, which is looking to grow a global gas business. ADNOC, through its investment arm XRG, with Abu Dhabi Development Holding Co. and U.S.-based private-equity firm Carlyle, made the US\$18.7 billion proposal for the acquisition of all of the ordinary shares on issue in Santos. The

2025 Half-year results

Santos

## Pikka phase 1 project update

Excellent project execution paves way for early startup

Sea Water Treatment Plant

>91% complete<sup>1</sup>

Production<sup>2</sup>: 80,000 bopd (5-6 year plateau)

2P Reserves<sup>3</sup>: 165 mmboe, 2C Contingent Resources: 447 mmboe

Revised first oil – accelerated to Q1 2026 with ramp up to plateau by end Q2 2026

Ongoing innovation in development of extended reach combo wells delivers significant cost savings and creates future development cost benefits

All production modules on site and Seawater Treatment Plant docked for final installation and commissioning

Strong safety performance driven by robust reporting culture that encourages continuous improvement

Credit generation through nature-based projects with Alaska Native partners to offset emissions<sup>4</sup>

**Delivery roadmap**

- Permanent camp installed
- Drilling program commenced
- Pipelines successfully installed
- Hay River tow complete & all production modules on location
- Seawater Treatment Plant tow complete & Facility successfully loaded in graving dock
- Final commissioning
- First oil

1. As at 31 July 2025

2. Production per annum (gross)

3. Reserves and contingent resources related to USA (Alaska) as at 31 December 2024, Santos share

4. Santos equity share of Phase 1 production emissions

6

cash offer of US\$5.76 per share, represented a 28% premium to the Australian company’s close on June 13.

The Santos board confirmed that, subject to reaching agreement on acceptable terms of a binding scheme implementation agreement, or SIA, it “intends to unanimously recommend that Santos shareholders vote in favor of the potential transaction, in the absence of a superior proposal and subject to an independent expert concluding, and continuing to conclude, that the potential transaction is fair and reasonable and in the best interests of Santos shareholders.”

“Credit to Gallagher for extracting such a premium offer — he will have

*“This represents a significant value upside opportunity for future developments in Alaska. We’re now drilling the 22nd well, which will be the longest well in the field with an expected total depth of 27,000 feet,” Gallagher said.*

earned the payout of his ensuing incentives in doing so,” Saul Kavonic, an energy analyst at MST Marquee, said in a note after the offer was announced. “Gallagher has found his escape parachute and it’s

made of gold.”

The proposal is subject to the satisfactory completion of confirmatory due diligence by the XRG Consortium and the negotiation and execution of an SIA with Santos on customary terms and conditions, Santos said in its June 16 release. Later Santos agreed to an exclusive extension until Aug. 22.

In the Aug. 27 live webcast, Santos said it has agreed to a further extension of the exclusivity period for a potential acquisition by the consortium. They have until Sept. 19. ●

Contact Kay Cashman at publisher@petroleumnews.com

# A

## ARMSTRONG

Oil & Gas, Inc.



continued from page 1

OIL PRICES

83 cents to close at \$68.05.

U.S. commercial crude oil inventories for the week ending Aug. 22 dropped 2.4 million barrels from the previous week to 418.3 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 Wall Street Journal poll had predicted crude stockpiles would fall by 1.9 million barrels.

Total motor gasoline inventories fell by 1.2 million barrels for the week to 222.3 million barrels — at the five-year average for the season, the EIA said. Distillate fuel inventories dropped by 1.8 million barrels for the period to 114.2 million barrels — 15% below the five-year average for the time of year.

Gasoline stocks were forecast in the Wall Street Journal poll to have fallen by 1.7 million barrels and distillate fuel stocks were expected to notch a 900,000-barrel build.

Boosted U.S. tariffs on Indian goods went into effect Aug. 27, as India stepped up purchases of Russian crude.

“To boil it down to simple economics, wider discounts on Ural grades relative to higher Middle East grades have outweighed tariff pressures and those discounts have reinvigorated the Indian buying interest,” Ben Hoff of Societe Generale said in a note, Barron’s reported.

Hoff said China stepped in to buy Russian oil when Indian demand dropped for several weeks, adding, “The

tariff uncertainty has, from an oil perspective, done absolutely nothing to change global balances, but has simply shifted trade flows.”

ANS added 19 cents Aug. 22 to close at \$69.65, WTI added 14 cents to close at \$63.66 and Brent edged up 6 cents to close at \$67.63.

On Aug. 21, ANS gained 68 cents to close at \$69.46, WTI added 31 cents to close at \$63.52 and Brent gained 83 cents to close at \$67.67.

ANS jumped 95 cents Aug. 20 to close at \$68.79, as WTI gained 86 cents to close at \$63.21 and Brent leapt \$1.05 to close at \$66.84.

ANS gained \$1.36 over the trading week from its close of \$67.84 Aug. 19, to its close of \$69.20 Aug. 26.

On Aug. 26, ANS closed at a premium of \$5.95 over WTI and at a premium of \$1.98 over Brent.

**Refiners could drive green hydrogen demand**

European oil refining may hold the key to green hydrogen demand growth, according to an Aug. 21 Wood Mackenzie note.

European Union regulations are forcing the EU’s refiners to decarbonize faster than anywhere else.

“Electrolytic green hydrogen’s ability to deliver almost carbon-free hydrogen through renewables means that EU regulations — and subsidies — broadly favor it over blue hydrogen, which uses carbon capture and storage to cut emissions from fossil-fuel feedstocks,” WoodMac said.

“Consequently, European refiners are set to become significant producers or buyers of green hydrogen, initially to decarbonize the refining sector and its derivatives as fuel

for marine and aviation.”

Other EU policies aim to incentivize the decarbonization of the maritime and aviation sectors opening a path for future demand growth, it said.

Current policy can get the ball rolling, but the cost of green hydrogen production must continue to fall, and additional regulation is needed to scale up the green hydrogen industry, WoodMac said.

Globally, refining, ammonia and methanol consume 100 million tonnes per year of conventional, carbon-intensive hydrogen — equivalent to 98% of all hydrogen demand, WoodMac said. Hydrogen is key in the chemical conversion and upgrade of crude oil into transport fuels and petrochemical feedstocks, and it is used to remove contaminants for sulfur-free road fuels.

Hydrogen is a byproduct of naphtha to gasoline conversion, but produced volumes are insufficient to meet the refineries’ needs, making hydrogen production from steam methane reforming essential, WoodMac said. Traditionally, the process involves energy-intensive conversion of natural gas, releasing significant CO2.

European refiners under the EU Emissions Trading Scheme are charged for the CO2 they emit beyond a free allowance, which will gradually be eliminated over time, WoodMac said, adding, “Producing green hydrogen on site using renewable-powered electrolysis would eliminate many of those CO2 emissions and, hence, emission-related carbon costs.” ●

Contact Steve Sutherlin  
at ssutherlin@petroleumnews.com



Oil Patch Bits

Coffman Engineers Hettick earns professional license

Coffman Engineers Inc. said Aug. 19 that it congratulates Catelynn Hettick on earning her professional engineering license in fire protection engineering. Attaining her PE marks a significant milestone in her career and reinforces her commitment to advancing safety and engineering excellence.

With over four years of experience in mechanical and fire protection engineering, Hettick has contributed to a wide range of projects including fire suppression systems, fire alarm design and life safety code analysis. Her portfolio spans oil and gas facilities, military installations, medical office buildings, and municipal and state condition assessments.

Notable projects of Hettick’s include fire alarm upgrades for an oil and gas facility and comprehensive fire alarm, sprinkler and mass notification system designs for a barracks renovation, a new community center and an aquatics center.

Hettick holds a Bachelor of Science in mechanical engineering from the University of Alaska Anchorage and is currently pursuing a Master of Science in fire protection engineering at California Polytechnic State University, San Luis Obispo.

“Catelynn’s transition from mechanical to fire protection engineering shows her dedication to growth; and earning her PE and pursuing a master’s degree reflect the hard work she’s put into advancing her knowledge and impact. We are very proud of her and look forward



CATELYNN HETTICK

ward to her continued contributions and the impact she will make to deliver safe, compliant, and innovative solutions across Alaska’s built environment,” said Associate and Fire Protection Discipline Manager Eliot Jordan, PE.

Coastal Bend LNG selects EXP as lead consultant

As reported by EXP News Aug. 11 Coastal Bend LNG announced it has selected EXP, a global engineering, architecture, design and consulting firm, as lead environmental consultant for its planned natural gas liquefaction and export facility on the Texas Gulf Coast. EXP will provide environmental consulting services for the development of Coastal Bend’s facilities, including multiple liquefaction trains, cogeneration, LNG storage tanks, and export facilities.

“As DOE and FERC implement revisions to their NEPA requirements, EXP’s expertise in environmental surveys will be critical to advancing our permitting process most efficiently,” said Carlos R. Guzman, COO of Coastal Bend LNG. “EXP shares our goal of responsibly developing the Coastal Bend LNG project with benefits to our local communities as well as our end customers.”

“Our work with Coastal Bend LNG reflects EXP’s commitment to advancing responsible and resilient energy infrastructure in the United States,” said Michael Aubele, VP of environmental and regulatory services at EXP.

Coastal Bend LNG expects to commence the Federal Energy Regulatory Commission pre-filing process during 2025. All filings will be reviewed prior to submission by the Energy Regulatory practice of Skadden, Arps, Slate, Meagher & Flom LLP.

Companies involved in Alaska’s oil and gas industry

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		CONAM Construction			
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<b>B-F</b>  Bombay Deluxe Restaurant Brooks Range Supply Calista Corp. Coffman Engineers Colville Inc. ....2		F. R. Bell & Associates, Inc.		<b>Q-Z</b>  Republic Services (formerly US Ecology) Resource Development Council .....3 Sheet Metal Inc. STEELFAB Strategic Action Associates Tanks-A-Lot TOTE Maritime Alaska Udelhoven Oilfield System Services Inc. Western Pacific Crane & Equipment	
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All of the companies listed above advertise on a regular basis with Petroleum News



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## CHUGACH RATES

operation, and the cost of upgrading its distribution system for improved supply reliability. Those cost increases have arisen in a situation where Anchorage has seen cost inflation of about 18% over the past five years, Hasquet added.

### High weather impact

In testimony to the RCA the utility said that the

impact of the warm weather exceeded the level within which the utility could adjust its rates on a quarterly or semi-annual basis. Hence the need to seek approval for rate increases through a tariff filing.

In its tariff filing the utility says that the proposed changes would result in an increase of 3.84% for the total bill for a residential electricity consumer, while commercial customers would see increases ranging from 1.44% to 4.00%, depending on the class of customer. Chugach Electric also proposes a new economic development rate with a discount that drops on a year-by-year basis, to encourage commercial customers to

locate or expand their operations within the utility's service area.

The utility also wants to increase the tariffs that it charges for use of its components of the Alaska Railbelt transmission system.

The utility has also proposed interim rates that would come into operation on a temporary basis if the RCA decides to open a docket to investigate the new tariff.

—ALAN BAILEY

Contact Alan Bailey  
at abailey@petroleumnews.com

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## UNIT ABEYANCE

the dispositions of those administrative actions, have 20 days to submit a new POD.

BlueCrest remains authorized to continue operations under the 12th POD, with no change to the underlying conditions.

### Unit description

The Cosmopolitan unit, or CU, was developed from an onshore pad located near Anchor Point on the southern Kenai Peninsula. Production is processed on site and oil is trucked off location.

Production wells extend from the onshore pad under Cook Inlet into state of Alaska submerged lands. Multiple offshore exploration wells have been drilled in the unit area

*Once the necessary decision and order from the DNR commissioner's office is issued, BlueCrest may, subject to the dispositions of those administrative actions, have 20 days to submit a new POD.*

although no offshore facilities exist.

As of June 30, the CU cumulatively produced 2.57 million barrels of oil and 9.52 billion cubic feet of gas.

Average oil production rate for a 12-month period ending June 2025 was approximately 581 barrels of oil per day, a decrease from 687 barrels of oil per day one year prior.

The average natural gas production rate for the same 12-month period was approximately 0.80 million cubic feet per day, a decrease from 1.09 million cubic feet per day one year prior.

### Conditional approval

The division in its Dec. 9, 2024, conditional approval of the CU POD for the period from Jan. 1, 2025, to March 31, 2025, imposed five conditions for BlueCrest to meet during this time.

Of those five conditions, BlueCrest fulfilled three.

BlueCrest continues to progress on fulfilling the two remaining conditions — requiring the company to provide the division “with evidence of binding commitments” from private investors to fund the Tyonek gas project and the H10 fish-bone well.

John M. Martinec is president and chief operating officer of BlueCrest Alaska Operating.

—KAY CASHMAN

Contact Kay Cashman  
at publisher@petroleumnews.com

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## INSIDER

to exploring and developing significant additional natural gas resources in the Cook Inlet basin, ultimately benefiting

Alaskans,” AIDEA said.

In mid-June, a small group of AIDEA board members and staff flew out to the Spartan 151 rig to witness project operations up close. Their visit highlighted the scale and efficiency of Furie's ongoing

efforts, AIDEA said.

A video of this trip can be viewed at <https://bit.ly/HEXrigVisitJune2025>.

As the only 100% Alaskan-owned oil and gas producer in the state, Furie continues to demonstrate that Cook Inlet holds untapped potential for natural gas development. Their efforts underscore the importance of locally produced energy in securing a reliable and sustainable future for Alaskans, AIDEA said, commending Furie's “commitment to safety, innovation, and community.”

Furie and its parent company, HEX Cook Inlet, are headquartered in Anchorage and are passionate about developing Alaska's resources for Alaskans.

Furie operates only in Cook Inlet and only produces natural gas for Alaskans.

AIDEA, established by the Alaska State Legislature in 1967, is an independently governed public corporation tasked with promoting the economic welfare of Alaskans.

Through flexible financing solutions, AIDEA has invested more than \$3 billion in projects that drive economic development and job creation across the state.

## Donlin moves closer to development

AS REPORTED BY SHANE LASLEY in North of 60 Mining News on Aug. 22, the newly formed Donlin Gold JV is committed to turning the Donlin Gold project into the largest gold mine in the United States; a development that will include a 300-mile natural gas pipeline from Cook Inlet in Southcentral Alaska to the project in Southwest Alaska.

With Barrick's exit, both partners of the reshaped JV are firmly behind the development of a mine at Donlin Gold, a 40-million-ounce gold project that has been on the cusp of a development decision for nearly 15 years.

## Pantheon permits Dubhe 1H

ON AUG. 20, GREAT BEAR Pantheon permitted the Dubhe 1H exploration well on the Arctic Slope.

The permit number is 225-087 50-223-20042-01-00.

—Oil Patch Insider is compiled  
by Kay Cashman



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**[info@petroak.com](mailto:info@petroak.com)**