



page Brent averaged \$43 in July,  
4 EIA expects \$50 average in 2021

## Ratcliff new Glacier president, resuming Badami oil production

GLACIER OIL AND GAS has a new president, with Stephen Ratcliff replacing Phil Elliott. Until June, Ratcliff was Glacier's vice president of drilling, having served in that position and in other leadership roles in the company since 2013.

Created in early 2016 through the bankruptcy proceedings of Tennessee-based Miller Energy Resources, Glacier is solely focused on oil and gas fields in Alaska, and through its subsidiary Savant Alaska operates the Badami unit on the eastern North Slope and through another subsidiary, Cook Inlet Energy, operates the West McArthur River and the Redoubt Shoal units in

see **INSIDER** page 6



## XL battles headwinds; Canadian cabinet minister bullish on project

For 12 years, Keystone XL has probably been through more twists and turns than any oil pipeline project in North American history, but it's possible the issue will be resolved within six months.

Whether that will be good or bad news for Canadian producers is an open question.

The undertaking by TC Energy (previously TransCanada) to ship an extra 830,000 barrels per day of raw bitumen from the Alberta oil sands to Texas Gulf Coast refineries has tangled with U.S. federal and state regulators, a variety of courts and two U.S. presidents — Barack Obama who scuttled what were supposed to have been final approvals and Donald Trump who reversed that decision.

see **XL HEADWINDS** page 9

## RCA reports to House Energy on SB 123 regulations development

During an Aug. 7 meeting of the Alaska House Energy Committee, the Regulatory Commission of Alaska reported on the development of regulations for oversight of electric reliability organizations, or EROs, in Alaska. The regulations are required for the implementation of Senate Bill 123, a bill passed during this year's legislative session, authorizing RCA regulation of Alaska EROs.

The need for an ERO in Alaska is focused on the Railbelt electrical system, an interconnected system spanning territory from the southern Kenai Peninsula to the Fairbanks region of the Interior. The system is owned and operated by six independent

see **ERO REGULATIONS** page 8

## One step forward, one back; more oil sands producers target net zero

At the same time the Alberta oil sands sector is making strides in lowering its greenhouse gas emissions, the Alberta and Canadian governments are offending landowners, First Nations and environmentalists by reducing their monitoring activities.

In a report released Aug. 5, the energy consultancy IHS Markit showed the carbon emission intensity from the oil sands fell by 2% in 2018 from the previous year and 20% over the 2008-2018 decade while projecting there will be further reductions over the next decade.

Those forecasts come amid a drive by major producers — Suncor Energy, Canadian Natural Resources, Cenovus Energy and Husky Energy — to achieve net-zero emissions, mostly targeting 2050.

see **NET ZERO** page 8

### EXPLORATION & PRODUCTION

# Extra golden egg

Oil Search adds seawater plan to Pikka; AIDEA might finance roads, bridges

By **KAY CASHMAN**  
Petroleum News

Development of one of Oil Search's big Nanushuk oil discoveries on Alaska's North Slope has laid another golden egg: The construction of a seawater treatment plant for use in the Pikka unit.

Construction is expected to start in November 2021 and be complete by April 2024, per an application for a 35-year easement for the plant filed by Oil Search on June 23 and public noticed by Alaska's Division of Oil and Gas on Aug. 6.

The company told the division that another application for a "makeup" water pipeline ease-

ment would follow.

When Oil Search filed its first plan of development for the Pikka unit on Nov. 4, infrastructure and facilities within the unit included the Nanushuk processing facility, or NPF, infield pipelines, import and export pipelines, infield and access roads, a boat ramp, and a potable water system.

The company said the development will also include facilities and infrastructure outside of the unit and that they will be authorized under separate permits. While a seawater treatment plant, or STP, was not specifically mentioned, the company did

see **SEAWATER PLANT** page 10

### LAND & LEASING

# Enigma enshrouds ANWR

Federal lease sale plans a mystery; IBLA case assigned to administrative judge

By **STEVE SUTHERLIN**  
Petroleum News

When it comes to the interests of the state of Alaska regarding the Arctic National Wildlife Refuge, questions seem recently to outnumber answers.

The question at the top of the list, is: When will the first of the two congressionally mandated federal oil and gas lease sales in the 1002 area of the refuge take place?

When the U.S. Bureau of Land Management released its Coastal Plain Oil and Gas Leasing Program Final Environmental Impact Statement Sept. 12, 2019, optimistic projections held that the sale would happen before the end of the year.

*A 3D seismic survey proposed to be shot in the ANWR 1002 area still has no start date set in stone.*

Chad Padgett, Alaska director of the Bureau of Land Management said at a press conference on the day of the EIS release that BLM's goal was to hold a lease sale before the end of 2019.

In July 2019, Joe Balash — then U.S. Department of the Interior assistant secretary, Land and Minerals Management — told Petroleum News that the lease sale for ANWR 1002 area was tentatively scheduled for December.

see **ANWR QUESTIONS** page 6

### FINANCE & ECONOMY

# Demand pulls oil price

Likely has, or will soon, exceed supply; aviation demand remains weak

By **STEVE SUTHERLIN**  
Petroleum News

Oil prices continue to hover in the \$40 to \$45 range and are trending higher as inventories are drawn down by increasing refinery throughput coupled with falling inventories of gasoline and distillates.

Benchmark prices moved sharply higher Aug. 12, led by West Texas Intermediate rising \$1.06 to \$42.67 per barrel, while Brent rose 93 cents to \$45.43 and Alaska North Slope crude rose 91 cents to \$43.91.

The Energy Information Administration said refinery rates ventured above 80% for the first time since March coronavirus lockdowns, erasing 4 million barrels of U.S. crude supplies.

*On the supply side, the major new data point was for production in the United States, the IEA said.*

The numbers present compelling evidence that oil demand is in recovery from lockdown lows.

Some prognosticators suggest that the supply vs. demand situation is reversing.

Bloomberg reported Aug. 12 that Standard Chartered PLC said demand may exceed supply for the first time in a year in August, with U.S. demand key in deflating inventories, and that OilX sees the market now in deficit.

But caution is warranted as the partial return of

see **OIL PRICES** page 5

## ● PIPELINES &amp; DOWNSTREAM

# RCA grants confidentiality for filings

By **KRISTEN NELSON**  
Petroleum News

In an Aug. 6 ruling the Regulatory Commission of Alaska has granted confidential treatment for compliance filings by BP Pipelines (Alaska) and Harvest Alaska requested by the commission in a July 16 order.

RCA has three dockets open for joint applications filed in September 2019 by BP Pipelines (Alaska) and Harvest Alaska for transfer to Harvest Alaska of BPPA's indirect 32% interest in PTE Pipeline, an indirect 50% interest in the Milne Point Pipeline and certificate of public convenience and necessity No. 311, which authorizes BPPA to own and operate 48.441% of Trans Alaska Pipeline System assets and 47.5881% of Valdez Marine Terminal tankage assets.

This is the midstream portion of the sale of BP's Alaska assets to Hilcorp, announced in August 2019. The upstream portion of the sale was approved by state agencies headed by the Alaska Department of Natural Resources in late July and closed at the end of July.

RCA has set a Sept. 28 date for its decision on the midstream portion of the sale.

RCA has previously granted confidentiality to submit-

*RCA has set a Sept. 28 date for its decision on the midstream portion of the sale.*

tals by the companies in these dockets.

The information requested in the July 16 order, the subject of this order, included amendments to the purchase and sale agreement, corporate guarantees, organization of the applicants before and after the proposed transaction, joint liability of the Trans Alaska Pipeline System carriers for major expenditures for the line, conditional security agreement referenced by the applicants, previous versions of the financial assurance agreements between Harvest and the Alaska Department of Natural Resources and Harvest Alaska's updated FAA with DNR.

RCA said applicants filed that information July 7, requesting confidential treatment of certain aspects of the response.

BP and Harvest provided two grounds for confidentiality in the most recent filings, potential competitive harm from disclosure and confidentiality based on materials requested by the commission which relate to finances or operations of pipelines subject to federal jurisdiction where the materials are not required to be

filed with the federal agency.

In its Aug. 6 order RCA noted that in earlier orders it had determined that the purchase and sale agreement and the first amendment were confidential under the balancing test, with the competitive or financial disadvantage outweighing the public interest in disclosure, "based on the negotiated nature of the purchase and sale agreement and the first amendment in a competitive acquisition climate and the possibility that disclosure of the terms of one transaction could weaken the disclosing party's bargaining position in other acquisition situations by providing insight into its negotiating strategy and economic valuation of properties," and said it found "no reason to deviate from that line of reasoning in this decision."

On the issue of the FAA, the RCA said these FAAs, as with an FAA submitted earlier in the proceeding, are confidential as a matter of law based on state statute which "precludes us from disclosing to the general public documents related to the finances or operations of a pipeline carrier subject to federal jurisdiction if the document is not required to be filed with the appropriate federal agency." ●

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

## contents

Petroleum News

Alaska's source for oil and gas news

### ON THE COVER

#### Extra golden egg

Oil Search adds seawater treatment plant to Pikka development

**SIDEBAR, PAGE 10:** AIDEA might finance roads and bridges

#### Enigma enshrouds ANWR

Lease sale plans a mystery; IBLA case goes to administrative judge

#### Demand pulls oil price

Likely has, or will soon, exceed supply; aviation demand stays weak

#### Oil Patch Insider: Ratcliff new Glacier president, resuming Badami oil production

#### XL battles headwinds; Canadian cabinet minister bullish on project

#### RCA reports to House Energy on SB 123 regulations development

#### One step forward, one back; more oil sands producers target net zero

### EXPLORATION & PRODUCTION

**3** ConocoPhillips working two NPR-A projects

**7** US weekly rig count hits new low of 247

### FINANCE & ECONOMY

**4** **EIA: Brent averaged \$43 a barrel in July**

Agency expects to see \$50 average Brent in 2021; US crude estimated at 11.3 million bpd this year, down from 12.2 million in 2019

**7** US oilfield service jobs continue to fall

### PIPELINES & DOWNSTREAM

**2** RCA grants confidentiality for filings

### UTILITIES

**7** AEA to purchase critical transmission line

**SUBSCRIBE**  
to *Petroleum News*

Don't miss another issue, call: **907 522.9469**



**SOURDOUGH**  
moving freight since 1898  
**EXPRESS**



**Dependable Service Since 1898**  
Visit [www.SourdoughExpress.com](http://www.SourdoughExpress.com)

● EXPLORATION & PRODUCTION

# ConocoPhillips working two NPR-A projects

Greater Mooses Tooth 2, second pad in unit, under construction; GMT1 in production; exploration underway at adjacent Bear Tooth

By KRISTEN NELSON  
Petroleum News

ConocoPhillips Alaska has two units in the National Petroleum Reserve-Alaska, Greater Mooses Tooth and Bear Tooth. The units are adjacent, with Bear Tooth immediately to the west of GMT.

In plans filed with the federal Bureau of Land Management, the NPR-A landlord, ConocoPhillips outlined history and planned activities at the units.

The annual plan for GMT, filed last September, includes background and some work that company officials have discussed.

ConocoPhillips Alaska's predecessor companies ARCO Alaska and later Phillips Alaska first drilled in the area beginning in 2000. Multiple exploration wells were drilled in the winters of 2000, 2001, 2002 and 2004 and Greater Mooses Tooth was unitized in 2008.

A permit application for GMT1, the first pad in the unit, was filed in 2013 and additional exploration wells were drilled in 2014.

Production began from GMT1 in October 2018, with development drilling that year and in 2019.

Also in 2019 processing was completed on 810 square miles of seismic data, which included 480 square miles of 3D seismic acquired within GMT in 2017, and which was incorporated with other existing and acquired data to total 810 square miles.

ConocoPhillips told BLM the new seismic data set covers 88% of GMT and will be used to update the geologic, geophysical and reservoir engineering models to evaluate future opportunities at GMT, including GMT1, GMT2, exploration leads and other GMT prospects.

## GMT2

Scott Jepsen, ConocoPhillips Alaska's vice president of external affairs and transportation, told the Alaska Support Industry Alliance in September 2019 that gravel was in place and being reworked for the GMT2 pad, the second in the unit, and an 8-mile road, along with prepara-

*ConocoPhillips told BLM the new seismic data set covers 88% of GMT and will be used to update the geologic, geophysical and reservoir engineering models to evaluate future opportunities at GMT, including GMT1, GMT2, exploration leads and other GMT prospects.*

tion for pipeline installation, scheduled to begin in 2020, as will completion of module and fabrication work.

The company told BLM in its September 2019 plan that construction for GMT2 began in 2019 during the ice road season, with construction of a gravel road and gravel pads completed in Q1/Q2 2019 followed by early facility installation.

The GMT2 geologic, geophysical and reservoir engineering model is being updated "with new seismic data to assist in well planning and other activities such as Participating Area and Pool Rule applications," the company said.

For the 2019-20 plan period, ConocoPhillips said that "facility engineering, procurement, fabrication and installation activities will continue into 2021 with first production expected in Q4 2021. The first phase of pipeline installation will be completed in Q1 2020."

ConocoPhillips Alaska spokeswoman Natalie Lowman told Petroleum News in an Aug. 12 email she didn't have an update on work completed at GMT2 over the winter but said GMT2 remains on track with first oil still scheduled for late 2021.

The company told BLM last year that GMT2 GGRE model updates would be complete in the first half of 2020, after which well planning and permitting would proceed prior to drilling startup in the second quarter of 2021.

The company has estimated production at 35,000-40,000 barrels per day from up to 48 wells.

## Bear Tooth

Bear Tooth, immediately west of GMT, is the site of ConocoPhillips' big Willow discovery, estimated to be capable of producing 130,000 barrels per day.

In a February 2020 plan for the Bear Tooth unit, ConocoPhillips told BLM that appraisal of the Willow discovery was advanced in 2019 with drilling of five wells (Tinmiaq 10, Tinmiaq 11, Tinmiaq 13, Tinmiaq 15 and Tinmiaq 16) and re-entry of the Tinmiaq 2 and Tinmiaq 9 wells.

"Four wells were flow tested with three (T9, T10, and T11) occurring in the Willow reservoir interval and one in the Falcon reservoir interval (T2)."

Injection tests were conducted in the T15 and T16 wells.

"As planned, the re-entry scope allowed CPAI to acquire more reservoir information without the need for additional wellbores," the company said.

Interpretation of the 3D seismic acquired in 2017 continued "and was utilized along with the drilling and testing results to define potential additional appraisal drilling opportunities."

The company had planned to drill up to four additional wells in Bear Tooth in the 2020 winter drilling season, but that drilling was cut short by concerns over the potential of COVID-19 and only two Tinmiaq wells, 18 and 20, were completed, along with a rank exploration well in the company's Harpoon prospect southwest of Bear Tooth, Harpoon 2.

Matt Fox, ConocoPhillips executive vice president and COO, talked about Willow in the company's April 30 first quarter earnings call.

He said Tinmiaq drilling results this winter were what was "expected" and said Willow development is on track.

"We're working through Willow, and we're in the concept selection stage just now. We have a timeline that would get us to the end of this year with the opportunity to select the concept. And by that, I mean, how big a facility do we build, how many drill centers do we have and so on," Fox said. ●

Contact Kristen Nelson  
at knelson@petroleumnews.com

## No one understands Alaska better.

LOCAL TEAMS SOLVING LOCAL CHALLENGES WITH A GLOBAL PRESENCE.

Project Design and Management • Regulatory Expertise • Incident Response • Construction Oversight • Habitat Restoration



Contact: Rick Farrand (907) 343-2705 • www.westonsolutions.com

Providing integrated environmental and engineering solutions for the oil and gas industry



## WHAT'S THE BIG ATTRACTION?



- A. an industry institution
- B. quality, accurate reporting
- C. attractive, readable design

To advertise in Petroleum News call Susan Crane at 907-770-5592

Subscribe at: [www.petroleumnews.com](http://www.petroleumnews.com)

## Keeping Alaska Open for Business



Northern Air Cargo is committed to continuing our cargo operations while maintaining the health and safety of our customers and employees.

Regulations are changing constantly. For the most up-to-date information visit [www.nac.aero](http://www.nac.aero).



## FINANCE &amp; ECONOMY

# EIA: Brent averaged \$43 a barrel in July

Agency expects to see \$50 average Brent in 2021; US crude estimated at 11.3 million bpd this year, down from 12.2 million in 2019

By KRISTEN NELSON

Petroleum News

**B**rent spot prices averaged \$43 per barrel in July, up \$3 from June and up \$25 from April, the U.S. Energy Information Administration said Aug. 11 in its Short-Term Energy Outlook.

“EIA expects Brent crude prices to average \$43 per barrel during the second half of 2020 and rise to an average of \$50 per barrel in 2021,” EIA Administrator Dr. Linda Capuano said in a statement issued in conjunction with the outlook.

EIA said its August outlook is subject to heightened uncertainty because of COVID-19 mitigation and reopening efforts, something the agency has noted in recent outlooks.

As to where crude prices are headed, the agency said high inventory levels and surplus production capacity are expected to limit upward price movement in the coming months, with upward price pressures increasing as inventories decline into next year.

EIA said its outlook is based on U.S. macroeconomic forecasts by IHS Markit, with the July IHS Markit forecast assuming “a smaller decline in U.S. gross

domestic product (GDP) in 2020 of 6.1% compared with an assumed decline of 8.2%” in EIA’s July outlook. The agency said it is also assuming a “smaller increase in GDP in 2021 of 3.7% compared with 5.1% growth assumed” in the July outlook.

The IHS Markit forecast used in August also includes average non-form employment of 143 million this year and 149.4 million in 2021, “up by 2.6 million jobs and 2.0 million jobs, respectively, from the previous forecast.”

## US crude production

EIA said it has lowered its estimates of average U.S. crude production for 2020 by 370,000 bpd from its July outlook, and now expects U.S. crude production to average 11.3 million bpd this year, dropping to 11.1 million bpd in 2021, both down from 12.2 million bpd in 2019.

“May’s average U.S. crude oil production was 1.1 million barrels per day lower than we assessed in July, indicating more



LINDA CAPUANO

extensive production curtailments than previously estimated,” Capuano said.

The August outlook assumes the Dakota Access Pipeline will remain operational while further litigation proceeds.

Globally, EIA estimates that liquid fuels production averaged 91.8 million bpd in the second quarter, down 8.6 million bpd year over year. The agency said the decline reflects voluntary production cuts by the Organization of the Petroleum Exporting Countries and partner countries, “and reductions in drilling activity and production curtailments in the United States because of low oil prices.”

Global liquid fuels inventories are now expected to “decline at a rate of 4.2 million barrels per day in the second half of 2020 after rising at a rate of 6.4 million barrels per day in the first half of the year,” Capuano said.

## US natural gas

The Henry Hub natural gas spot price averaged \$1.77 per million British thermal units in July and EIA said it expects the price to rise through the end of 2021, with sharpest increases this fall and winter with the price expected to average \$2.11 per million Btu in September, rising to \$3.14 in February, due to rising winter heating demand and reduced production.

“EIA estimates natural gas consumption by the electric power sector for July was the highest monthly average on record. However, we still expect consumption to decline 3% from 2019 to 2020, primarily as a result of a forecast 4.4% decline in consumption in the industrial sector,” Capuano said.

Henry Hub natural gas spot prices are projected to average \$2.03 per million Btu this year and \$3.14 in 2021.

U.S. dry natural gas production averaged 92.2 billion cubic feet per day in 2019, an annual record, EIA said, and

production is forecast to average 88.7 bcf per day this year, falling from a monthly average peak of 96.2 bcf per day in November 2019 to 82.7 bcf per day in April 2021, before increasing slightly.

The largest decline is expected in the Permian, EIA said, with low crude oil prices reducing associated natural gas output from oil-directed rigs.

U.S. dry natural gas production is forecast to average 84 bcf per day in 2021, with production rising beginning in the second quarter “in response to higher natural gas and crude oil prices.”

## LNG

U.S. liquefied natural gas exports are projected to average 5.5 bcf per day this year and 7.3 bcf per day next year, with LNG exports declining through the end of the summer due to reduced global demand for natural gas, EIA said.

In July, U.S. LNG exports averaged 3.1 bcf, about the same as May 2018, when available liquefaction capacity was about a third of current capacity, the agency said.

Natural gas and LNG prices have reached “all-time historic lows” because of COVID-19 related demand reduction, high storage inventories in Europe and Asia and on-going expansion in liquefaction capacity.

“Low international prices have affected the economic competitiveness of U.S. LNG exports and have led to numerous cargo cancellations, particularly at the Sabine Pass, Corpus Christi, and Freeport LNG export terminals,” EIA said. It expects LNG exports from the U.S. to remain low for the next few months, and cited trade press reports for estimates that some 45 cargoes have been cancelled for August and about 30 for September. ●

Contact Kristen Nelson  
at knelson@petroleumnews.com

## NALCO Champion

An Ecolab Company

Contact an expert today:

907-563-9866

nalcochampion.com

## Essential Expertise for Alaska

Nalco Champion is the world leader in delivering programs that maximize production, protect assets and reduce TCO for Mining, Oilfield production, Refining, Industrial producers & Utilities. Our differentiated technologies and services

- Save water
- Increase energy
- Deliver cleaner air and water

Petroleum  
NEWS

www.PetroleumNews.com

Kay Cashman	PUBLISHER & FOUNDER
Mary Mack	CEO & GENERAL MANAGER
Kristen Nelson	EDITOR-IN-CHIEF
Susan Crane	ADVERTISING DIRECTOR
Heather Yates	BOOKKEEPER
Marti Reeve	SPECIAL PUBLICATIONS DIRECTOR
Steven Merritt	PRODUCTION DIRECTOR
Alan Bailey	CONTRIBUTING WRITER
Eric Lidji	CONTRIBUTING WRITER
Gary Park	CONTRIBUTING WRITER (CANADA)
Steve Sutherlin	CONTRIBUTING WRITER
Judy Patrick Photography	CONTRACT PHOTOGRAPHER
Forrest Crane	CONTRACT PHOTOGRAPHER
Renee Garbutt	CIRCULATION MANAGER

ADDRESS  
P.O. Box 231647  
Anchorage, AK 99523-1647

NEWS  
907.522.9469  
publisher@petroleumnews.com

CIRCULATION  
907.522.9469  
circulation@petroleumnews.com

ADVERTISING  
Susan Crane • 907.770.5592  
scrane@petroleumnews.com

Petroleum News and its supplement, Petroleum Directory, are owned by Petroleum Newspapers of Alaska LLC. The newspaper is published weekly. Several of the individuals listed above work for independent companies that contract services to Petroleum Newspapers of Alaska LLC or are freelance writers.



OWNER: Petroleum Newspapers of Alaska LLC (PNA)  
Petroleum News (ISSN 1544-3612) • Vol. 25, No. 33 • Week of August 16, 2020  
Published weekly. Address: 5441 Old Seward, #3, Anchorage, AK 99518  
(Please mail ALL correspondence to:

P.O. Box 231647 Anchorage, AK 99523-1647)  
Subscription prices in U.S. — \$118.00 1 year, \$216.00 2 years  
Canada — \$206.00 1 year, \$375.00 2 years  
Overseas (sent air mail) — \$240.00 1 year, \$436.00 2 years  
“Periodicals postage paid at Anchorage, AK 99502-9986.”

POSTMASTER: Send address changes to Petroleum News, P.O. Box 231647 Anchorage, AK 99523-1647.

## CORRECTION

### Conoco Q2: 40,000 barrels, not 40 million

The story about ConocoPhillips second quarter report that ran in the Aug. 9 issue of Petroleum News said a total of “approximately 40 million barrels of oil equivalent (mostly oil)” was curtailed in June from the company’s two producing units on the North Slope.”

The story has since been changed in PN’s archive to reflect the correct number, which was approximately 40 thousand barrels of oil equivalent per day (mostly oil).

## Bombay Deluxe

The Spice of Life...

Serving the finest Indian Cuisine in Alaska



Traditional chicken, lamb, seafood dishes  
& Indian naan bread cooked in our  
Tandoor (clay oven).

Vegetarian Specialties  
Delicious Appetizers — Samosas, Pakoras

Ph: 907-277-1200

Lunch  
Monday — Friday, 11:00 am — 2:00 pm  
Saturday & Sunday, 12:00 pm — 4:00 pm

Dinner  
4:00 pm — 9:00 pm, seven days a week

Two locations:  
555 W. Northern Lights (Valhalla Center)  
1120 Huffman Road  
Anchorage, Alaska  
www.BombayDeluxe.com

Order on-line for pick-up or delivery at [www.FoodOnTheWay.com](http://www.FoodOnTheWay.com)

continued from page 1

## OIL PRICES

curtailed OPEC+ oil production now underway may undermine prices until demand balances with that rising supply. Demand may not cross above supply until December if recent projections by Rystad Energy hold true.

Saudi Aramco is confident that demand is in recovery mode, and it put its money where its mouth is, committing to pay \$75 billion in dividends this year, even as profit fell and debt surged higher.

“We are seeing a partial recovery in the energy market as countries around the world take steps to ease restrictions and reboot their economies,” the company said Aug. 9 in its second quarter and half-year 2020 results report.

Aramco CEO Amin Nasser said forward visibility remains cloudy, but Aramco’s business and strategy in the third quarter is sound.

Oil consumption in Asia, Aramco’s largest regional market, has recovered to near pre-coronavirus levels, he said.

Aramco supplies a significant share of world production, having achieved a historic highest single day crude oil production of 12.1 million barrels on April 2, according to its Aug. 9 report.

Aramco remains profitable. Its share price has declined 6.2% this year — while prices of other oil majors have swooned. The group is bracketed by Shell, down 50%; and Chevron, down 27%.

### Air travel slow to take off

Air travel continues to be the weak link in recovery for oil demand.

The International Energy Agency warned of further weakness in aviation fuel demand, which led to cuts in its global oil demand forecasts for 2020 and 2021.

“Jet fuel demand remains the major source of weakness,” the IEA said in its August oil market report.

The agency said revised data showed that in April the number of aviation kilometers traveled plummeted 80% versus 2019, and in July the deficit was still 67%.

“With few signs that the picture will improve significantly soon, we have downgraded our estimate for global jet fuel and kerosene demand,” it said.

The agency said 2020 aviation demand will be 4.8 million bpd, or 39% below the 2019 level, and in 2021 the year-on-year recovery will be just below 1 million bpd.

As such, the agency revised its the total 2020 oil demand picture from a decline of 7.9 million bpd to 8.1 million bpd. For 2021, it reduced the expected rebound in growth to 5.2 million bpd from 5.3 million bpd.

The demand for passenger service continues as the weak spot for aviation fuel demand.

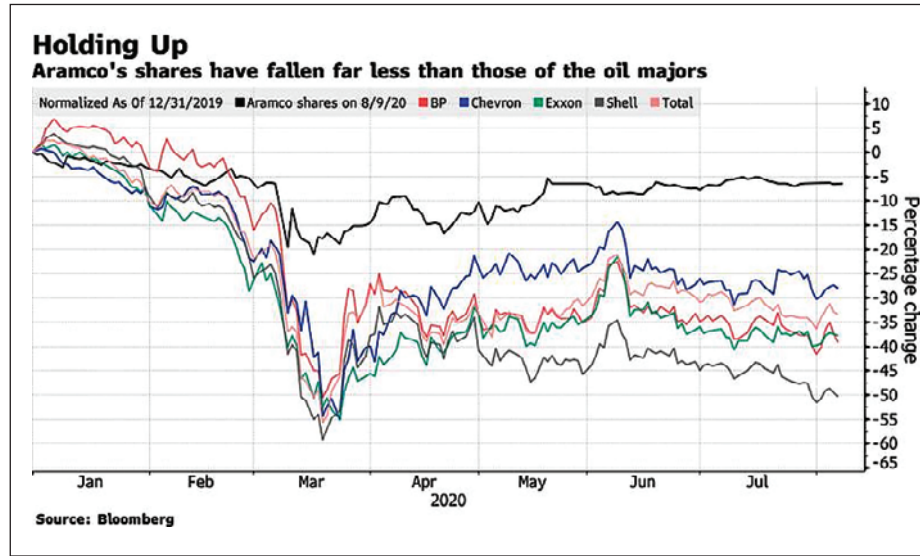
The International Air Transport Association said July 30 that it does not expect air passenger traffic to recover to 2019 levels until 2024.

“Air travel reached a turning point in April, with signs of a very modest improvement in May and June,” the IATA said. “Overall, air travel demand is down by 58.4% in the first half of 2020 compared to the same period of last year.”

### Non-OPEC players in focus

On the supply side, the major new data point was for production in the United States, the IEA said.

In May, crude output fell 2 million bpd from April’s level to 10 million bpd, 2.9 million bpd below the all time high seen



in November, the agency said.

WTI prices have averaged around \$40 per barrel since mid-June with little volatility, and U.S. production is starting to rise, it said. Canada is also seeing production rising and in June output was nearly 5 million bpd, although still about 0.9 million bpd below the peak at the end of 2019, the agency said, adding that Brazil production is also moving upward.

However, the agency was cautiously sanguine about the impact of the OPEC+ rollback of its output cuts.

In July, Saudi Arabia withdrew its vol-

untary 1 million bpd cut and changes in production elsewhere saw OPEC+ output increase by a net 1.3 million bpd, the

agency said.

Significantly, the agency said general OPEC+ production increases beginning in August may be offset by some individual members.

“If countries that have not hitherto complied with their quotas cut back by enough to bring them into compliance, global oil supply would not necessarily increase significantly,” the agency said.

“Our balances show that in June demand exceeded supply, and for the rest of the year there is an implied stock draw,” it said. “However, ongoing uncertainty around demand caused by Covid-19 and the possibility of higher output means that the oil market’s re-balancing remains delicate.” ●

Contact Steve Sutherlin  
at [ssutherlin@petroleumnews.com](mailto:ssutherlin@petroleumnews.com)

**Keeping you covered.**

To advertise in Petroleum News, contact Susan Crane at 907.770.5592

[petroleumnews.com](http://petroleumnews.com)

[nabors.com](http://nabors.com)

**Safer. Smarter.**

**Better.**

Our CDR2-AC rig reflects the latest innovations in Arctic drilling to provide our customers with incident free performance and operational and technical excellence.

CDR2-AC is the first Arctic rig designed and built by Nabors specifically for Coil Tubing Drilling operations. The rig was built to optimize CTD managed pressure drilling to provide precise control of wellbore pressures for improved safety, decreased costs, and increased wellbore lengths.

Combining safety and environmental excellence with greater efficiency means CDR2-AC can deliver the high value results customers have come to expect from Alaska’s premier drilling contractor.

Learn more about Nabors’ new drilling technologies at [Nabors.com](http://Nabors.com).

**NABORS – MISSION TO ZERO**  
Safer, Smarter - Incident Free

continued from page 1

## INSIDER

Cook Inlet, as well as the North Fork unit on the southern Kenai Peninsula.

Whereas the Badami, Redoubt and West McArthur units mainly produce oil, North Fork is a natural gas field.

### Restarting Badami operations

All three of the oil fields had suspended production because of low oil prices, but on Aug. 11, Ratcliff sent Tom Stokes, director of Alaska's Division of Oil and Gas, a letter saying Savant intends to

restart production at the field, "an obligation stated in the May 1, 2020 Suspension of Operations approval."

Savant previously notified the division it was initiating a significant turnaround operation and inspection of the Badami unit process equipment and facility.

"The scope of this work is extensive and there are tanks and equipment that



STEPHEN RATCLIFF

have not been inspected and serviced since installation," Ratcliff wrote in the Aug. 11 letter to Stokes. "During the period of non-production this work schedule is facilitated since there are no active processes to suspend. The turnaround process is projected to last approximately 30-days and the ability to initiate a restart of the field could occur on or about mid-September."

However, Ratcliff wrote, "based upon the findings of the inspections there could be changes to this schedule."

The current projected term for restart of full production operations at Badami is Sept. 15 to Oct. 1.

Prior to joining Glacier, Ratcliff spent his career in operating and engineering roles in the oil and gas industry — most recently with Hess Corp. — and has worked on both the service and operator side, as well as in various consulting roles.

Ratcliff currently serves on the boards of directors of both Alaska Clean Seas and Cook Inlet Spill Prevention & Response Inc. He earned his Bachelor of Science in petroleum engineering from Texas A&M University.

—KAY CASHMAN

Contact Kay Cashman  
at [publisher@petroleumnews.com](mailto:publisher@petroleumnews.com)

continued from page 1

## ANWR QUESTIONS

"Unless there's a surprise, we should be able to publish the final EIS in early September," he said in response to a query from PN. "The process that will follow — Record of Decision, Expression of Interest, Notice of Sale — should all lead to a sale date in December."

Balash resigned his Interior position effective Aug. 30 of 2019, however, to take a job in Alaska as senior vice president of external affairs for Oil Search, the company currently pursuing the massive Nanushuk oil discovery and Pikka development on the North Slope.

Perhaps the sale will take place quite

*But before a lease sale can be scheduled, BLM must issue a record of decision on the final EIS, a process that normally takes just a few months at most. At this point, it appears that record of decision will take a year, or more.*

soon, in 2020. In a Jan. 14 Washington Post story, Interior Secretary David Bernhardt said the Trump administration is trying to make its leasing plan legally ironclad, while completing a lease sale before the 2020 election.

Even if the 2020 goal is missed, there is time to comply with the congressional man-

House Resolution 1, the act finalized by Congress in late 2017 which opened the 1002 area to leasing calls for two areawide lease sales to occur. President Trump signed the bill into law that year, on Dec. 22.

The initial sale under the act must occur not later than 4 years after the date of enactment, by December 2021, and the second sale not later than 7 years after enactment.

Each sale must encompass at least 400,000 acres, including areas with the highest potential for hydrocarbon discoveries.

But before a lease sale can be scheduled, BLM must issue a record of decision on the final EIS, a process that normally takes just a few months at most. At this point, it appears that record of decision will take a year, or more.

There is no official word on when the record of decision will be released, BLM Alaska Communications Director Lesli J. Ellis-Wouters told Petroleum News Aug. 12.

"It is in the works, but we haven't received a final go-ahead; we're just waiting," she said.

### Interminable border dispute

Meanwhile, a 55-year-old dispute between the U.S. Department of the Interior and the state of Alaska over the ANWR border drags on.

It is currently before the Interior Board of Land Appeals.

There may, however, be some movement.

The board has not decided the appeals, Rachel Levin, communications lead at Interior's Office of Policy, Management and Budget told Petroleum News in an Aug. 13 email.

As to when the case will be decided, she said: "The case is currently assigned to a lead administrative judge and will be resolved as promptly as possible."

A tug of war arose in 1965 over a 19,322-acre sliver between the Canning and Staines rivers which was yanked from state land selections by a U.S. Fish and Wildlife Service remapping that alleged the land should be included in the 19,286,722-acre refuge.

The state has never agreed with USFWS, and it has tried to secure the lands for decades. It made a request for priority conveyance of the acreage in 2014, but Interior refused to transfer the lands and the state filed an appeal with the Interior Board of Land Appeals.

No decision on the appeal has been issued, Marty Parsons, director of the Alaska Department of Natural Resources' Division of Mining, Land and Water, told Petroleum News Aug. 11.

"Status Quo, no movement on IBLA's part," he said in answer to an emailed query.

IBLA has no time limit to act.

"There is no time limit for the Board to issue a decision on land boundary disputes," Interior's Levin told Petroleum News in a Jan. 24 email.

The acreage — highly prospective for oil and gas — is a high priority area for the state, Parsons told Petroleum News in January 2019.

Parsons said in 2018 that if the agency's effort to resolve the dispute was not successful, the next step would be federal court.

### ANWR 3D seismic shoot delayed

A 3D seismic survey proposed to be shot

see **ANWR QUESTIONS** page 7

A limited offer from Petroleum News!

## Subscribe & Save

### First time subscribers

mention this ad to receive \$10 off an e-book subscription or \$20 off the print edition.

### CONTACT

Renee Garbutt

281-978-2771

[rgarbutt@petroleumnews.com](mailto:rgarbutt@petroleumnews.com)



# THE OIL TAX BALLOT MEASURE

- BAD FOR JOBS
- PUTS ALASKA'S ECONOMY AT RISK

## WE NEED YOUR HELP



### Get Informed

Learn more about the issue at [OneALASKA.com](http://OneALASKA.com)

## JOIN THE COALITION

Text **ONEALASKA** to **64600** to join

Add your business or organization, or sign up as an individual



### Follow Us

Spread the word on social media  
[@WeAreOneALASKA](https://www.instagram.com/weareonealaska)



Learn more at [OneALASKA.com](http://OneALASKA.com)

This communication was paid for by OneALASKA - Vote No on 1, Anchorage, AK. Chantal Walsh, chair, approved this message. Top three contributors are BP Alaska, Anchorage, Alaska, ConocoPhillips Alaska, Anchorage, Alaska, and ExxonMobil, Anchorage, Alaska.

● EXPLORATION & PRODUCTION

# US weekly rig count hits new low of 247

By KRISTEN NELSON  
*Petroleum News*

The Baker Hughes U.S. rotary rig count dropped again the week ending Aug. 7, setting a new record low of 247 active rigs, down four from the previous week and down 687 from a year ago.

The Houston oilfield services company has issued a weekly rig count since 1944.

Prior to this year, the low was 404 rigs in May 2016.

New record lows were set for 12 consecutive weeks beginning May 8 when the count dropped to 374 rigs. The count dropped each week through July 24, when it hit 251, staying at 251 for the week ending July 31, before dropping again.

The drop was in rigs targeting oil, at 176 down four from the previous week and down 588 from 764 a year ago. Sixty-nine rigs targeted gas, unchanged from the previous week and down 100 from 169 a year ago. Two rigs were listed as miscellaneous, unchanged from last week and up one from a year ago.

Twenty-four of the holes were directional, 211 were horizontal and 12 were vertical.

## Alaska count unchanged

Rig counts were unchanged for Alaska (3), California (4), Colorado (5), Louisiana (29), North Dakota (11), Ohio (6), Oklahoma (11), Pennsylvania (20), Texas (104), West Virginia (5) and Wyoming (1).

New Mexico (46) was down by three rigs.

There is a difference of one rig in the totals provided by Baker Hughes and the counts they show by state and basin, with the summary total showing a drop of four rigs while the state and basin totals show only a drop of three rigs. The company did not provide an answer to this discrepancy prior to this issue going to press.

Baker Hughes shows Alaska with three

active rigs Aug. 7, unchanged from the previous week and down by five from a year ago.

The rig count in the nation's most active basin, the Permian (122), was down by two rigs from the previous week, and down by 322 from a count of 444 a year ago.

Baker Hughes has issued weekly rig counts for the U.S. and Canada since 1944 and began issuing international rig counts in 1975.

The U.S. rig count peaked at 4,530 in 1981. The count for this week, 247, is a new low. Prior to declines which began in May of this year, the previous low was 404 rigs in May 2016.

## International counts

Baker Hughes' international rig count for July, excluding the U.S. and Canada, was 743 rigs, 560 land and 183 offshore, down 38 from a June count of 781, 587 land and 194 offshore rigs, and down from a July 2019 count of 1,162, 907 land and 255 offshore rigs.

The largest regional drop internationally was in the Middle East, with 315 rigs in July, down 28 from June and down from 424 rigs in July 2019.

For North America, the U.S. rig count was 255 in July, 243 land and 12 offshore, down 19 from a count of 274 in June, 262 land and 12 offshore, and down from 955 in July 2019, 930 land and 25 offshore.

For Canada, the July count was 32 rigs, 31 land and one offshore, up 14 from a count of 18 in June, 16 land and two offshore, and down from 121 in July 2019, 118 land and three offshore.

The worldwide rig count for July was 1,030, down 43 from a June count of 1,073, and down 1,208 from a July 2019 count of 2,238. ●

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

## UTILITIES

### AEA to purchase critical transmission line

On Aug. 5 the board of the Alaska Energy Authority approved AEA's proposed purchase of the 39.3-mile electricity transmission line between the Sterling Substation and Quartz Creek on the Kenai Peninsula. And on the same day the Alaska Industrial Development and Export Authority board approved the use of up to \$16 million in Sustainable Energy Transmission and Supply, or SETS, bonds in the financing of the purchase.

Currently owned by Homer Electric Association, the transmission line is critically important for the shipment of power from the Bradley Lake hydroelectric plant in the southern Kenai Peninsula to electric utilities elsewhere on the Alaska Railbelt electricity system. Tariffs for the shipment of Bradley Lake power through the line are set by the committee that oversees the operation of the Bradley Lake Project by Homer Electric. AEA owns the project. The purchase of the transmission line will place the line within the project, thus ending some litigation between HEA and other Railbelt utilities regarding energy delivery issues, AIDEA says.

AEA Executive Director Curtis Thayer commented that the six Railbelt utilities had worked cooperatively to ameliorate the situation following damage to the transmission line caused by the Kenai Peninsula Swan Lake Fire in the summer of 2019.

"I would like to extend my thanks to all the participating utilities and their efforts by working together for the benefit of Alaska ratepayers in Southcentral and on the Railbelt," said AEA Board Chair Dana Pruhs.

AEA said that benefits from the transaction will include better cost alignment and increased line reliability, with the prospect of future line upgrades for reducing line losses and allowing the increased transmission of Bradley power.

The agency anticipates that the purchase will close in the fourth quarter of this year.

—ALAN BAILEY

continued from page 6

## ANWR QUESTIONS

in the ANWR 1002 area still has no start date set in stone. Seismic contractor SAExploration had planned to begin its program as early as December 2020 and finish in the spring of 2021.

"The exploration application was put on hold pending an updated plan of operations

from the proponent," Ellis-Wouters told Petroleum News Aug. 11 in an email.

Partners SAExploration, Arctic Slope Regional Corp. and Kaktovik Inupiat Corp. are behind the seismic program, referred to as the Marsh Creek 3-D survey. It was to encompass the entire 1002 area, some 2,600 square miles. ●

Contact Steve Sutherland  
at [ssutherland@petroleumnews.com](mailto:ssutherland@petroleumnews.com)

## FINANCE & ECONOMY

### US oilfield service jobs continue to fall

While the U.S. Bureau of Labor Statistics shows the country's economy added 1.8 million jobs in July, a Petroleum Equipment and Services Association report found that employment in the oilfield services and equipment sector fell by more than 9,300 jobs in July.

PESA's report said the sector shed 9,344 jobs, 43% more than it lost in June.

The industry-funded trade group said the July numbers pushed the industry's total U.S. job casualties since the pandemic began to 99,253.

Texas, Louisiana, Oklahoma, Colorado, New Mexico, California and Pennsylvania were the hardest hit for oilfield service job cuts.

Alaska numbers did not appear in the report, being lower than that of Pennsylvania, although a Petroleum News query to PESA communications and research director Kevin Broom yielded this rough approximation: "My estimate is that Alaska has lost approximately 1,652 OFS jobs since last year. I estimate that 1,387 are due to the pandemic."

PESA's report, which crunched BLS data with help from researchers at the University of Houston's Hobby School of Public Affairs, estimates oilfield service jobs in the U.S. dropped from 764,189 in February to 664,936 in July, a decline of 13%. Losses were heaviest in April, totaling 59,306 jobs — the largest one-month hit since at least 2013.

PESA analysis of Small Business Administration data found that approximately 180,000 oilfield service jobs have been supported by loans from the Paycheck Protection Program

"Industry analysts anticipate additional job losses as the pandemic continues and jobs supported by emergency measures such as the Paycheck Protection Program are threatened by congressional inaction," the report said. "Additionally, rising infection rates may depress economic activity as communities resume quarantines."

—KAY CASHMAN

**FULL DAY FISHING**  
**Halibut \$195 | Combos \$250**

Fish in comfort aboard our spacious vessels with options in locations! Our licensed Captains and crew members will assist from start to finish during your day and filleting of all fish is included on every charter!



**Homer | Seward | Ninilchik**  
**Ninilchik Charters**

907.260.7825

[www.ninilchik.com](https://www.ninilchik.com)



continued from page 1

## NET ZERO

Husky unveiled fresh targets earlier in August to lower its emissions per barrel (also known as emissions intensity) by 25% within five years from its 2015 levels.

The company's Senior Vice President Janet Annesley said Husky investors have been "looking for a commitment that we will improve our greenhouse gas emissions performance."

Husky's strategy includes lowering methane emissions in its Western Canadian operations and its West White Rose project offshore Newfoundland.

Beyond 2025, the company plans to capture carbon and apply carbon offsets to achieve its net zero goal.

An official with the Alberta-based Pembina Institute commended Husky's actions, noting that carbon competitiveness is becoming an increasingly important measure of overall market competitiveness, while stressing that government and industry need to do more than set aspirational targets.

"We basically need to discuss decreasing the absolute emissions" of the oil sands sector, he told the Calgary Herald, adding, "The heavy lifting is still ahead."

The IHS report said industry investments

in carbon efficiencies are "bearing some fruit," but noted the most intensive carbon projects are still about four times more GHG intensive than those that are least intensive.

What troubles many observers is a deal signed earlier in August by the Alberta and Canadian governments to make major cuts in environmental monitoring of the oil sands by lowering the budget allocation to C\$44 million from C\$58 million.

The deal says no fieldwork will be done in the main branch of the Athabasca River through the oil sands region, coinciding with an Alberta decision to allow water from oil sands tailings ponds to flow into the river, which flows through the Northwest

Territories to the Arctic Ocean.

Bill Donahue, a former senior official with Alberta's science and monitoring programs, said that removing the Athabasca from monitoring was "crazy," relaxing monitoring of an industrial development that is a major source of environmental contamination and water consumption.

A federal spokesman said the monitoring is still an evolving issue and some studies of water quality could resume when COVID-19 restrictions are eased.

—GARY PARK

Contact Gary Park through [publisher@petroleumnews.com](mailto:publisher@petroleumnews.com)

continued from page 1

## ERO REGULATIONS

utilities and the state of Alaska. The purpose of implementing an ERO for the Railbelt is to enable a more coordinated approach to the management and operation of the system, and to facilitate the system wide planning of construction of new major facilities in the electrical network.

In December 2019 the six Railbelt utilities signed a memorandum of understanding for the formation of the Railbelt Reliability Council, a form of ERO for the Railbelt. The utilities are moving forward with the RRC development, with the eventual intent of asking the RCA to approve the organization as a Railbelt ERO. In July the utilities completed the formation of an implementation committee for the RRC.

The RCA needs to provide regulatory oversight of how an ERO is established and how it operates. And that requires the development of regulations reflecting the requirements of SB 123.

Commission Chair Bob Pickett told the Energy Committee that, under the statute,

the commission has until July 1, 2021, to develop the regulations. Given this very tight timeframe, the commission began outlining its approach for the rule making at a public meeting on April 15, Pickett said.

In late June it became evident that it was necessary to split the rulemaking into three separate dockets, in particular to synchronize different stages of the rulemaking with the utilities' efforts to position the RRC as a candidate ERO. One docket is addressing ERO board composition and competency requirements; a second docket deals with integrated resource planning for the electrical system, and commission pre-approval of major new developments such as new power stations or major additions to the transmission network; the third docket addresses regulations relating to the filing of reliability standards and the rules for ERO operation, Pickett said.

Commissioner Antony Scott explained that, by splitting the regulation development into three dockets, it will be possible to continue technical conferences relating to some of the regulations, after draft regulations from another docket are noticed for public review. While technical conferences pro-

vide opportunities to gather information and conduct conversations, these conferences cannot be held in a docket after draft regulations have been posted in the docket, Scott said.

### ERO board requirements

Work on the first docket, the docket addressing the ERO board, is underway. Following "robust discussions" regarding the composition of an ERO board during a July 29 technical conference, the commission is reviewing the results ahead of refining its views on what is required, Pickett said.

The board composition is a particularly touchy issue. On the one hand there is a need for some level of board expertise in the workings of the electrical system. On the other hand, there is also a need for board decision making to represent a balance between the needs of different stakeholders in the system, including, for example, independent power producers. The RRC board as defined in the RRC MOU would consist of six board members representing the six utilities and six members representing non-utility stakeholders. The 13th board member would be the RRC CEO.

The utilities have expressed concern that highly prescriptive regulations defining a required board structure could undermine the work that went into the development of the RRC concept — in various comments and filings the utilities have argued for regulations that are more descriptive in nature, with the ERO having scope for creativity in board design while the RCA retains authority for the approval of the proposed board composition.

### Questions of independence

In a July 28 RCA filing the Railbelt utilities commented that few Alaska entities with a working knowledge of the Railbelt electrical system are truly independent from the system. And there are means of assuring balance in board decisions, such as a

requirement for a supermajority vote for key decisions.

In another July 28 filing Matanuska Electric Association suggested that, given the nature of the relatively small Railbelt electrical system, it is not currently possible to establish an ERO board that is fully independent from the operators of the system. However, it is important, through mechanisms such as a code of conduct and appropriate ERO policies, to ensure that individual board members can themselves act independently, MEA commented.

Scott told the committee that the RCA commissioners hope to vote on a general direction for regulations relating to ERO governance towards the end of August. That could enable the RCA administrative law judge to develop draft regulatory language, for publication potentially at some time in September. Pickett said that the commission hopes to have these regulations in place by the beginning of next year.

### Schedule for other dockets

Scott said that the commission will shortly be issuing an order, requesting people to work with RCA staff in the second docket, to prepare for the first technical conference addressing integrated resource planning and large project pre-approval. That technical conference would likely take place sometime in September.

The third docket, dealing with reliability standards and ERO procedures, is unlikely to move ahead until January, Scott said. Although the commission anticipates that docket involving lengthy and complex proceedings, it is not necessary to complete the docket in the immediate future to enable the RRC project to progress, he said.


Ultimately, the commission anticipates an ERO application in the summer of next year at the earliest, but perhaps not until the third quarter of that year, Scott said.

—ALAN BAILEY

Contact Alan Bailey at [abailey@petroleumnews.com](mailto:abailey@petroleumnews.com)

[f](#) [t](#) [in](#) [v](#)


## SUMMER NAPE IS GOING VIRTUAL ON THE NEW NAPE NETWORK.



### REGISTER TODAY

Attend for \$199 | Exhibit for \$475\*

\*Virtual booth package includes 2 virtual registrations.



Where Deals Happen

**SUMMER NAPE**  
11 – 27 AUG 2020

NAPEexpo.com



## BE SEEN • ENHANCED VISIBILITY FRC





DRAGONWEAR  
THE CLOTHES YOU LIVE IN



ARIAT  
WORKWEAR



carhartt FRC



Alaska  
Textiles

alakatextiles.com 907-265-4880



continued from page 1

## XL HEADWINDS

Now XL is facing what could be its ultimate undoing if Joe Biden moves into the White House and, according to Democratic campaign officials, endorses July's U.S. Supreme Court decision upholding a lower court ruling that blocked a key environmental permit for the pipeline.

When asked by investment analysts to deliver his verdict on XL, Mark Little, chief executive officer of oil sands producer Suncor Energy, offered a cryptic: "I don't know."

He said TC Energy is "working through the latest court rulings, so it's delaying any construction across waterways, but if you talk to TC they're still plowing ahead and working hard to make this thing happen. So there's lots of resolve there to keep it going."

Among the sideline experts, less than 50% are ready to bet on the pipeline actually being completed.

### Positive views

However, one of those is Canada's

Natural Resources Minister Seamus O'Regan, who said his government is "intent on getting the pipeline (built)."

For now, he is working closely with the current U.S. Energy Secretary Dan Brouillette "to make sure our joint interests are met."

At the same time, O'Regan said he is "very serious about combating climate change" and to that end is defending the Canadian government's goal of achieving net zero carbon emissions by 2050.

"For all of us who want to see a transition (through wind power and improving energy efficiency) to lower emissions we need to have Alberta on side ... and the need for a prosperous, innovative, healthy oil and gas industry" to advance progress on cleaner sources of energy.

One other voice of hope on Canada's chances to complete pipeline projects in the U.S. is Al Monaco, chief executive officer of Enbridge, North America's largest pipeline company.

He does not expect a Biden victory would change Enbridge's pipeline business in the Lower 48, noting his company worked well with even the Obama admin-

istration.

Unlike the US\$14.4 billion XL venture, Monaco said Enbridge is focused primarily on permitting with state-level agencies, especially for the US\$7.6 billion Line 3 replacement to U.S. Midwest refineries, while having only limited dealings with the administration in Washington, D.C.

### Increased capacity

TC Energy got a quiet boost in late July when the Trump administration issued a permit to raise capacity on the existing Keystone system to 760,000 bpd from the current 590,000 bpd.

Chief Executive Officer Russ Girling said the approval "will allow us to respond to market demand and to fully utilize (the system) to safely deliver additional crude from Canada to the refining centers in the U.S. Midwest and the Gulf Coast."

"In the U.S. we are making progress on a revised 2020 construction plan (for XL), which is focused in areas where all of our permits and approvals are in place and includes facilities and pre-construction activities," he said.

The company said it expects to resolve

two legal challenges to XL — the first challenging the project's presidential permit and the other challenging its ability to work around waterways and wetland — by early 2021 at the latest.

TC has signed 20-year contracts to start moving an extra 50,000 bpd next year, representing "unequivocally good news," said the company and Dennis McConaghy, a former TC executive.

"This is not overwhelming, but in a world with all the things that Alberta has gone through with constrained pipeline capacity, it is still significant," McConaghy told the Calgary Herald.

A company spokesman said that taking the next step to the new maximum level would require an open season and more time to prepare the pipeline.

Dinara Millington, vice president at the Canadian Energy Research Institute, said the initial 50,000 bpd increase would "alleviate some short-term pain for producers" once a post-COVID recovery takes hold.

—GARY PARK

Contact Gary Park through publisher@petroleumnews.com



## Oil Patch Bits



### Lynden a top finisher in 2020 Quest for Quality Awards

As reported by Lynden News Aug. 10, Lynden Transport continues to outperform other carriers in the western region, earning a top spot and its 24th award in the 37th annual Quest for Quality Awards. The company received the third-highest overall weighted score among less-than-truckload western regional carriers and was especially strong in the customer service and equipment and operations categories. The logistics management annual awards are the gold standard for customer satisfaction and performance excellence for carriers, ports and logistics providers worldwide.

"Lynden Transport is proud to add another top score in the Western Regional LTL category. We've now received 24 awards which contribute to a combined total of 40 Quest for Quality awards earned by Lynden companies over the years," said Lynden Transport President Paul Grimaldi. "This is a reflection of our long-standing focus on customers that

we continually strive to uphold. I am especially proud of the 2020 award as it illustrates the dedication of our employees who have been working through the challenges of COVID-19 to serve our customers. Our team is committed to providing the Lynden brand of service excellence every day."

The Quest for Quality Awards are the culmination of a six-month research project conducted by Peerless Research Group. For more than three decades, the awards have been regarded in the transportation and logistics industry as the most important measure of customer satisfaction and performance excellence. To determine the "best of the best," transportation and supply chain decision makers rate carriers, logistics providers and port operators on service quality in various categories such as on-time performance, value and customer service. This year, 4,504 ballots were cast from logistics and supply chain decision makers resulting in 144 companies earning Quest for Quality gold. For more information visit [www.lynden.com](http://www.lynden.com).

# Companies involved in Alaska's oil and gas industry

#### ADVERTISER

#### PAGE AD APPEARS

#### ADVERTISER

#### PAGE AD APPEARS

#### ADVERTISER

#### PAGE AD APPEARS

### A

ABR Inc.	
Acuren	
AES Electric Supply, Inc	
Afognak Leasing LLC	
Ahtna, Inc.	
Airgas, an Air Liquide company	
Airport Equipment Rental	
Alaska Dreams	
Alaska Frontier Constructors (AFC)	
Alaska Marine Lines	
Alaska Materials	
Alaska Railroad	
Alaska Steel Co.	
Alaska Tent & Tarp	
Alaska Textiles	8
Alaska West Express	
American Marine	
Arctic Controls	
ARCTOS Alaska, Division of NORTECH	
Armstrong	
AT&T	12
Avalon Development	

### B-F

Bombay Deluxe	4
BrandSafway Services	
Brooks Range Supply	
C & R Pipe and Steel	
Calista Corp.	
Carlile	
ChampionX	4
Chosen Construction	
Colville Inc.	11
Computing Alternatives	
CONAM Construction	

Cruz Construction	
Denali Universal Services (DUS)	
Doyon Anvil	
Doyon Associated	
Doyon Drilling	
Doyon, Limited	
EEIS Consulting Engineers, Inc.	
Egli Air Haul	
exp Energy Services	
F. R. Bell & Associates, Inc.	
Fairweather	
Flowline Alaska	
Fluor	
Frost Engineering Service Co. – NW	
Fugro	

### G-M

GCI	
GMW Fire Protection	
Greer Tank & Welding	
Guess & Rudd, PC	
HDR Engineering, Inc.	
ICE Services, Inc.	
Inlet Energy	
Inspirations	
Judy Patrick Photography	
Little Red Services, Inc. (LRS)	
LONG Building Technologies	
Lounsbury & Associates	
Lynden Air Cargo	
Lynden Air Freight	
Lynden Inc.	
Lynden International	
Lynden Logistics	
Lynden Transport	
M-W Drilling	
Maritime Helicopters	

#### Matson

### N-P

Nabors Alaska Drilling	5
NANA Worley	
Nature Conservancy, The	
NEI Fluid Technology	
Nordic Calista	
North Slope Telecom	11
Northern Air Cargo	3
Northern Solutions	
NRC Alaska, a US Ecology Co.	
Oil Search	
Pacific Power Group	
PND Engineers, Inc.	
PENCO	
Petroleum Equipment & Services, Inc.	
PRA (Petrotechnical Resources of Alaska)	
Price Gregory International	

### Q-Z

Raven Alaska – Jon Adler	
Resource Development Council	
SALA Remote Medics	
Security Aviation	
Shoreside Petroleum	
Soloy Helicopters	
Sourdough Express	2
Strategic Action Associates	
Summit ESP, A Halliburton Service	
Tanks-A-Lot	
The Local Pages	
TOTE – Totem Ocean Trailer Express	
Weston Solutions	3
Wolfpack Land Co.	

All of the companies listed above advertise on a regular basis with Petroleum News

## AIDEA might finance roads and bridges

On Aug. 5 the Alaska Industrial Development and Export Authority board of directors approved Resolution No. G20-24, a memorandum of understanding with Oil Search Alaska to investigate the potential of the authority financing surface infrastructure for the \$6.5 billion Pikka project, including access roads, gravel pads and bridges.

Company Vice President Joe Balash said in a presentation to the board that Oil Search sees a financing deal being similar to AIDEA's agreement for the DeLong Mountain Transportation System with the Red Dog mine in Northwest Alaska.

The Pikka development will ultimately include 26 miles of gravel roads, approximately 70 acres of gravel pads and 120 miles-plus of pipelines, excluding those involved in the seawater treatment plan project.

AIDEA would issue debt to purchase the roads and bridges from Pikka (some existing and others yet to be built), entering into a long-term use agreement with an associated fee.

Oil Search would agree to maintain and operate the roads and bridges per the proposed financing option Balash presented.

The roads and bridges would be operated as non-public, industrial use with access available to other commercial users and area residents for a fee (toll).

AIDEA and Oil Search also agreed to try to complete a financing plan for approval by first quarter 2021.

Up to \$225,000 for contract services with the appropriate financial analysts and other professionals will be paid from AIDEA's Revolving Fund with reimbursement expected to be paid by Oil Search.

—KAY CASHMAN

continued from page 1

## SEAWATER PLANT

say that makeup water, "likely seawater," will be needed for production and injection well stimulation.

Some of that water, at least initially, will likely be purchased from a third party, which is still the case, per the recent easement application.

### Water quality important

The STP will be located on state tidelands adjacent to Oliktok Point in Simpson Lagoon in the Kuparuk River unit.

Oil Search said it is "engaged in discussions with interested parties related to access to the proposed easement area and minimizing impacts related to simultaneous use of areas adjacent to the proposed easement area."

The Pikka unit development will initially be targeting oil in the Nanushuk and Alpine C reservoirs.

Production of oil from these reservoirs

requires a supply of makeup water with "sufficient reliability and water quality assurance to allow Oil Search to optimize production efficiency," the company said in its easement application.

Construction of the STP is necessary, the company said, "in order to provide a long-term supply of makeup water with sufficient reliability and water quality assurance ... for improved hydrocarbon extraction efficiency from the Pikka unit reservoirs."

### Work force and pipelines

Seasonal peak workforce during STP-related construction will vary from 50-350 individuals. Once the plant is in operation, six to seven fulltime workers will be needed.

An 18.4-mile-long makeup water pipeline and fuel gas pipeline will be permitted and constructed from the treatment plant to the development's Tie-in Pad, or TIP, northwest of the Kuparuk Central Processing Facility. The yet-to-be constructed fuel gas pipeline will transport gas from the TIP to the plant. The pipelines will tie into the Pikka project makeup water and fuel gas pipelines that were permitted with the Pikka development, which is approximately 7 miles northeast of the community of Nuiqsut, west of the central North Slope.

STP construction will involve driving sheet pile, driving piles, trenching, excavating, placing gravel fill, screeding, installing vertical support members and pipelines, and constructing ice roads and pads.

The application requests an exclusive easement authorization for the placement of the plant over an approximately 6.8-acre area east of, and adjacent to, the east side of gravel fill at Oliktok Point.

The total requested initial construction easement is approximately 30.3 acres.

After the initial winter construction season, the easement area will be reduced to a smaller, interim construction easement of approximately 14.8 acres. The total requested operations phase easement is approximately 13 acres.

### Built on a submersible barge

The seawater treatment plant will be built off-site in modules on a submersible barge and transported via sealift to the North Slope during the open water season. Upon arrival, the barge will be positioned by tugboats into its final location and ballasted down to rest on the ocean floor.

Gravel fill will be discharged over the area surrounding the barge. Screeding of the seafloor will occur initially during the open water season when the plant arrives; after installation screeding may occur annually in the same area for plant maintenance operations.

The STP will be fully functional upon arrival following connection to the yet-to-be constructed TIP fuel gas pipeline and the STP pipeline; the STP will be equipped with a seawater intake structure, filtration system, power generation, and heating system.

One standby diesel generator and diesel fuel storage tanks will be on-site, internal to the STP, for backup power.

Any waste generated during construction or STP operations will be hauled off-site for proper disposal.

### Initial sheet pile installation

Before the STP barge arrives, sheet pile will be installed to form the dock face and enclose the barge location.

Approximately 2,218 linear feet of sheet pile will be installed during winter. All the sheet piling will be installed

# NEED TO STRETCH YOUR DOLLAR?

## Becoming a contracted advertiser

To become a Petroleum News 'contracted advertiser' you simply have to agree to run 12 ads of any size over a 12-month period. In return we'll give you this additional marketing exposure:

### Exposure in the weekly Petroleum News

- You make the List
- Your employees are spotlighted
- Your news gets in Oil Patch Bits

OIL PATCH BITS



BUSINESS SPOTLIGHT



### Exposure in the semiannual Arctic Oil & Gas Directory

COMPANY LIST



STANDALONE PHOTOS



- Your news gets featured
- Company photos promote your business
- You're included in the buyer's guide

LISTINGS SECTION

NEWS ITEMS

PHOTO FEATURES



CO-OP ADVERTISEMENTS

### Exposure in co-op ads for your customers

As a contracted advertiser your company would be listed in the co-op ads that run at least 12 times a year in Petroleum News, congratulating oil companies for new discoveries, field start-ups, entering Alaska, and welcoming new oil company presidents or managers to the state.

### If your annual contract exceeds \$7,100

**We'll profile your company** We'll work with you on a two-page Q&A company profile that will appear in the Arctic Oil & Gas Directory. Afterwards, you can frame it or use it as a company brochure or flyer.

**We'll give you free online advertising** When Petroleum News readers click on articles each week they will see your ad, which will appear in rotation on the current story pages. The size of your annual contract determines the size of your online ad.



COMPANY PROFILES



WEB ADS

continued from page 10

## SEAWATER PLANT

below MHW, or mean high water. The approximate water depth where sheet pile will be installed is 3 to 7.25 feet.

Once temperatures are cold enough, a six-acre ice pad and an ice road of sufficient depth will be built to support pile installation and removal activities and the staging of materials and equipment.

Vibratory hammers will be used to install and remove temporary piles for the two 25-foot-long sheet pile templates, as well as to install the sheet pile to extend the dock face at Oliktok Point.

A template will be used to position the piles when the piles are being driven.

Four 12-inch-diameter, 25-foot-long, temporary round pipe piles will be used to hold the templates in position.

Templates will be installed and removed approximately 85 times, so that temporary round pipe piles will be installed and removed a total of 356 times. Sheet pile will be installed over a period of approximately 60 days, with roughly 3 to 6 hours of pile installation and removal occurring each day.

### Dolphin/pile installation

Also, during winter four mooring dolphins will be installed to help guide and moor the STP barge. Each dolphin will comprise a single 48-inch-diameter 75-foot-long pile, for a total of four 48-inch-diameter round pipe piles.

Two dolphins will be installed approximately 300 feet north of the dock face, and two will be near the southwest and southeast corners of the barge berth.

The piles will be installed to a depth of approximately 50 feet below MLLW, or mean lower low water.

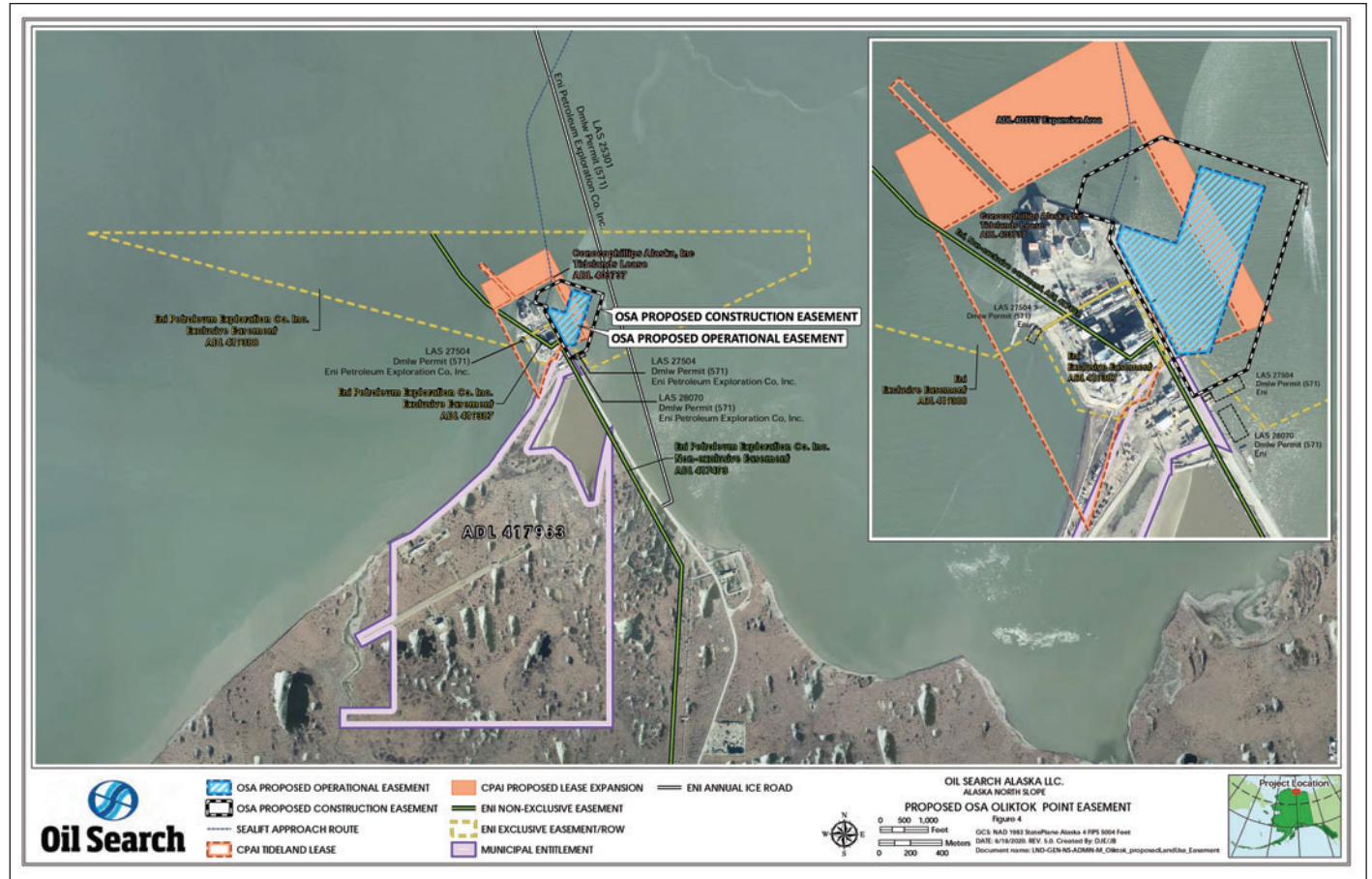
Installation of each pile will occur over a period of four days with an estimated two hours of vibratory hammer driving per day.

Pile installation of the two offshore dolphins will require construction of a 0.1-mile-long ice road over sea ice.

### Trenching during winter

The STP outfall pipe that extends from the sheet pile will also be installed in the winter.

The 12-16-inch-diameter STP outfall pipe will extend approximately 457 feet from the dock face and be buried just



below the sea floor.

An excavator will be used to dig a two-foot-wide, three-foot-deep trench of sufficient length to lay the pipe, and then cover the pipe with native material.

The native material will be sidescast on the seafloor during trenching and then placed back over the outfall pipe. The pipe outfall will be left uncovered.

Excess material will be left in place. The duration of trenching activities is expected to be five to 10 days.

### Seafloor excavation site prep

Seafloor excavation site preparation will continue during summer.

The 1.9-acre area designated for barge placement will be dewatered and excavated to -9.5 feet MLLW. Pumps, excavators and a crane will be required for the excavation.

Excavated material will be placed within the sheet pile enclosure located to the northeast. Placing the material in this area is so that it can be reused, reducing the amount of gravel needed, to control turbidity at the discharge site, and to reduce the footprint associated with fill slopes.

Approximately 12,000 cubic yards of material will be excavated and placed in

the adjacent sheet pile enclosure. Approximately four feet of gravel will be placed on top of the excavated material.

### Initial fill placement

Oil Search estimates a total of approximately 190,000 cubic yards of initial fill will be needed to prepare Oliktok Point for the STP and secure the plant in place. Before the STP barge arrives, approximately 165,000 cubic yards of gravel will be placed to backfill the sheet piles and create a berth and a work surface in anticipation of STP installation.

After the barge arrives, an additional 25,000 cubic yards of gravel will be placed to fill the gap between the sheet pile and the barge, thereby securing it in place. Gravel will come from one or more existing, permitted gravel mine sites, which operate independently of the project.

During initial gravel placement, gravel will be placed off the existing east side of Oliktok Point in lifts, using large-capacity dump trucks, and will be spread out with bulldozers or similar heavy earthmoving equipment.

Once placed, it will be re-graded, farmed, and re-compacted by heavy roller. Side slopes not adjacent to sheet

pile will be 3H:1V and armored with geotextile bags (4 cubic yard polyester bags), with 50% overlap.

### Sheet pile removal/mud gate install

Following the initial gravel placement during the ice-covered winter season, a temporary mud gate will be installed at the entrance of the barge berth. Approximately 182 linear feet of sheet pile will be removed from the entrance of the barge berth using a crane, possibly with the assistance of a vibratory hammer. The mud gate, constructed of I-beams and plate steel, will be installed in place of the removed sheet pile, and will remain in place until just before the STP barge arrives during open-water season.

During the ice-covered season following arrival of the STP, approximately 182 linear feet of sheet pile will be installed in front of the barge berth using a crane and a vibratory hammer to protect the STP from ice damage. ●

*Editor's note: See map of the STP project in the pdf or print version of this story.*

Contact Kay Cashman at [publisher@petroleumnews.com](mailto:publisher@petroleumnews.com)

**NORTH SLOPE TELECOM, INC.**  
907-751-8200

**connect your team ANYWHERE, ANYTIME**

TELECOM, ENGINEERING, AND INSTALLATION.  
Learn more at [NSTIAK.com](http://NSTIAK.com).

**MOTOROLA SOLUTIONS**  
Platinum Channel Partner

**WE'RE THERE WHERE YOU NEED US**

Colville Transport enables fuel distribution services across the North Slope. With a fleet of more than 40 tractors and 40 tankers, we continuously move product from Fairbanks, Anchorage, and the Port of Valdez to the Colville tank farm at Prudhoe Bay.

When you need a dependable fuel source on the North Slope, we're there where you need us.

**Colville**  
[colvilleinc.com](http://colvilleinc.com)

907.659.3198 • [info@colvilleinc.com](mailto:info@colvilleinc.com)



# FORTIFY

your business

with a centralized security dashboard and  
insights from a global intelligence team

FORTIFY your business with AT&T Cybersecurity.  
Learn more at [att.com/cybersecurity](https://att.com/cybersecurity)

©2020 AT&T Intellectual Property. All Rights Reserved.



AT&T  
Business