



page 4 ANS production down 1% in March, with 2.5% drop from March of 2020

## State seeks to intervene in suit defending BLM Willow decision

On April 15, the State of Alaska asked the U.S. District Court in Anchorage for permission to participate in a lawsuit to defend the U.S. Bureau of Land Management's approval of the Willow Project, which is west of the central North Slope.

Willow is in the northeastern portion of the National Petroleum Reserve-Alaska, an area set aside by the federal government for oil and gas development.

The initial discovery of oil in the Willow area was made by ConocoPhillips Alaska in 2017, and the company has since undertaken the process to have a full development plan approved

see **WILLOW DECISION** page 10



GOV. MIKE DUNLEAVY

## Division extends Redoubt, West McArthur operations suspensions

Last year the Department of Natural Resources' Division of Oil and Gas granted suspensions of operations and production to Cook Inlet Energy, a Glacier Oil and Gas company, for the Redoubt Shoal and West McArthur River units in Cook Inlet.

In requesting those one-year suspensions, May 1, 2020, through April 30, 2021, the company cited global low oil prices and lack of demand.

CIE put both fields into warm shutdown and in September notified the division that the warm shutdown had been changed to a cold and unmanned shutdown, due to longer-term global economic conditions.

This March the company requested extensions of operations

see **SUSPENSIONS EXTENDED** page 9

## Canadian prime minister sets 3rd goal for GHG emission reductions

Canadian Prime Minister Justin Trudeau has opted for hasty and staggering measures to ensure a place on President Joe Biden's bandwagon to slash greenhouse gas emissions.

Without any warning, Trudeau told leaders at Biden's virtual Earth Summit on April 22 that Canada would reduce its emissions by 40% to 45% below 2005 levels by 2030, only three days after the federal budget set a goal of 36% and four months after he targeted 30%. Despite this succession of new pledges,

see **EMISSION GOALS** page 11



JUSTIN TRUDEAU

## CP, CN up stakes in battle for Kansas City Southern ownership

Two of North America's largest railroads — both based in Canada — are immersed in a fierce bidding contest for Kansas City Southern that could end in failure as U.S. lawmakers start to build barriers to the block deal.

The rivals both paint a similar picture of the benefits from their offers, above all the chance to establish the first north-south link up of Canada, the United States and Mexico.

In a fast follow up to Canadian Pacific's US\$25.2 billion bid for KCS, Canadian National countered with an offer of US\$29.9 billion, and amount CP dismissed as "fool's gold."

CP's Chief Executive Officer Keith Creel (who assumed the top post at CP four years ago after being chief operating officer at CN) said CN was unlikely to gain regulatory

see **RAIL RIVALS** page 9

### NATURAL GAS

# Challenging winters

Exceptionally cold conditions increase Enstar's reliance on stored gas

By ALAN BAILEY

For Petroleum News

While residents of Southcentral Alaska shivered under the onslaught of recent abnormally cold winter conditions, Enstar Natural Gas Co., the gas utility for the region, has had to draw on its inventory of stored gas, to keep gas supplies flowing to its customers.

"January 2020 was the longest stretch of cold weather on Enstar's system in the last 30 years," Lindsay Hobson, Enstar director, corporate resources and communications, has told Petroleum News.

The potential for further abnormally cold winter

Because the producers tend to produce just enough gas to meet their contractual obligations, additional gas volumes may not be easily available, if gas demand significantly exceeds planned levels, Hobson commented.

weather is a serious concern for the utility, given that unexpectedly cold weather drives gas demand above planned levels. This year, abnormally cold weather in April caused the utility to rely heavily

see **STORED GAS** page 10

### FINANCE & ECONOMY

# Still on the trail

88 Energy, Pantheon continue analyzing Merlin 1, Talitha A exploration well data

By KAY CASHMAN

Petroleum News

The latest information from the North Slope's two 2020-21 winter exploration wells points to potential significant oil discoveries in the Nanushuk and Kuparuk formations, and more. 88 Energy and Pantheon Resources, parent oil companies to the two Alaska-based operators of Merlin 1 and Talitha A wells, said they will have to return for another winter season to complete well testing.

Signed by outgoing Managing Director Dave Wall, 88 Energy's April 27 operations update said that several "additional prospective zones" were encountered in the Nanushuk formation in the Project Peregrine Merlin 1 well that "had previ-

ously been unmapped" versus the single additional unmapped zone noted in the company's previous update.

The April 27 report said these zones "exhibited good shows with potential for pay, subject to results from the testing" it is doing over the next 10 weeks.

"An initial mapping exercise has indicated that these zones may be of similar magnitude in terms of volumetric range as the originally targeted primary zones," 88 Energy added. "Further work is required to confirm this; however, the early work is encouraging."

Testing has begun on sidewall cores, cuttings,

see **WELL DATA** page 12

### FINANCE & ECONOMY

# ANS is in solid \$60s

Traders bullish as US and China data offset worries about flagging India demand

By STEVE SUTHERLIN

Petroleum News

Over the five trading days ending April 28, Alaska North Slope crude solidly reclaimed a trading range in the upper \$60s.

ANS gained 79 cents April 28 to close at \$66.99 per barrel, while West Texas intermediate rose 92 cents to a close of \$63.86 and Brent closed at \$67.27 for a gain of 85 cents.

It was the second straight day of price gains as market analysts joined the Organization of the Petroleum Exporting Countries and its affiliated producers to predict stronger demand coming in summer.

The market shook off concerns over a worrisome rise in COVID-19 cases sweeping across India, Japan

and Brazil to post the highest oil prices in a month.

Traders were bullish on U.S. demand as distillate stockpiles in the week ended April 23 fell by 3.3 million barrels to 139.1 million barrels, versus expectations for a 648,000-barrel drop, the Energy Information Administration reported April 28.

"Distillate has been such a stud lately," Bob Yawger, Mizuho director of energy futures told Reuters. "Between planting season and online truck deliveries you have a nice number in the diesel. Planting season is doing wonders for the distillate market."

China demand is also robust.

A Bloomberg report April 20 said Chinese traffic and factory activity is surpassing pre-virus levels.

Chinese oil demand in May could be 20% higher

see **OIL PRICES** page 11

## GOVERNMENT

# Biden taps Montana environmentalist for BLM

By **MATTHEW BROWN**  
Associated Press

President Joe Biden has nominated a longtime environmental advocate and Democratic aide to oversee the vast expanses of federally owned land in Western states — the latest political appointment raising concerns among Republicans as Biden moves to curtail energy production from public reserves.

Tracy Stone-Manning of Missoula, Montana, was nominated on April 22 to direct the Interior Department's Bureau of Land Management, which has jurisdiction over about a quarter-billion acres and one-third of the nation's underground minerals, including huge reserves of oil, natural gas and coal. The agency regulates drilling, mining, grazing and other activities and is set to play a key role in Biden's commitment announced April 22 to cut climate warming emissions from fossil fuels by half by 2030.

Stone-Manning, 55, spent the past four years at the



**TRACY STONE-MANNING**

*The White House dropped plans to install progressive Elizabeth Klein as deputy Interior secretary following objections from Alaska Republican Sen. Lisa Murkowski and West Virginia Democratic Sen. Joe Manchin.*

National Wildlife Federation, where she led the group's efforts to preserve public lands for wildlife, hiking, hunting and other nonindustrial uses.

She previously worked as chief of staff to former Montana Gov. Steve Bullock, as an aide to Montana Democratic Sen. Jon Tester and three decades ago as a spokesperson for the activist environmental group Earth First.

If confirmed, Stone-Manning would serve under Interior Secretary Deb Haaland, a former Democratic congresswoman from New Mexico who was confirmed over opposition from Republicans citing her criticisms of the oil and gas industry.

The White House dropped plans to install progressive Elizabeth Klein as deputy Interior secretary following objections from Alaska Republican Sen. Lisa Murkowski

and West Virginia Democratic Sen. Joe Manchin.

## Confirmation fight

The confrontations resemble political fights that took place over many of former President Donald Trump's appointees — only now it's environmentalists and progressive activists under scrutiny versus the industry lobbyists favored by Trump.

Stone-Manning opposed Trump's drilling-friendly policies as destructive to public lands and said in 2019 that the Republican's agenda had thrown the balance between conservation and development "out of whack."

Haaland said in a statement that Stone-Manning and Bryan Newland — whom Biden nominated April 22 to be assistant secretary for Indian Affairs — would "help lead the Interior Department's efforts to pursue a clean energy future, engage Tribal communities and governments, and protect our land, waters and wildlife habitats for generations to come."

Newland was tribal president of the Bay Mills Indian



**BRYAN NEWLAND**

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Alaska's source for oil and gas news

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One-year contract covers 10,000-15,000 barrels per day of royalty oil to Kenai refinery; will bring more revenue than oil in value



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# Alaska-Mackenzie Rig Report

Rig Owner/Rig Type      Rig No.      Rig Location/Activity      Operator or Status

## Alaska Rig Status

### North Slope - Onshore

<b>All American Oilfield LLC</b> IDECO H-37	AAO 111	Demobilized from Merlin-1, reassembled in Cruz Deadhorse yard	Emerald House LLC (88 Energy subsidiary)
<b>Doyon Drilling</b> Dreco 1250 UE Dreco 1000 UE Dreco D2000 Uebd AC Mobile OIME 2000 TSM 700 ERD	14 (SCR/TD) 16 (SCR/TD) 19 (SCR/TD) 25 141 (SCR/TD) 142 (SCR/TD) Arctic Fox #1 26	Standby Standby Standby Colville River Unit, CD5-31 Standby Standby Standby Start Up	Hilcorp Alaska LLC    ConocoPhillips
<b>Hilcorp Alaska LLC</b> Rotary Drilling	Innovation	Milne Point, I Pad	Hilcorp Alaska LLC
<b>Nabors Alaska Drilling</b> AC Coil Hybrid  AC Coil	CDR-2 (CTD)  CDR-3 (CTD)	Deadhorse, Cold Stacked at Nabors Deadhorse Yard Kuparuk, Cold Stacked at 12 Acre Pad	Available  ConocoPhillips
Ideco 900 Dreco 1000 UE Mid-Continental U36A Oilwell 700 E Dreco 1000 UE Oilwell 2000 Hercules Oilwell 2000 Hercules Oilwell 2000 Canrig 1050E Oilwell 2000 Academy AC Electric CANRIG OIME 2000 Academy AC electric CANRIG Academy AC electric Heli-Rig	3 (SCR/TD) 7-ES (SCR-TD) 3-S 4-ES (SCR) 9-ES (SCR/TD) 14-E (SCR) 16-E (SCR/TD) 27-E (SCR-TD) 33-E 99AC (AC-TD) 245-E (SCR-ACTD) 105AC (AC-TD) 106AC (AC-TD)	Deadhorse, Stacked Kuparuk, Cold Stacked Stacked Stacked Stacked Deadhorse Stacked Stacked Deadhorse Stacked Stacked Stacked Stacked Stacked Stacked Stacked Stacked	Available Oil Search Available Available ConocoPhillips Available Brooks Range Petroleum Glacier Oil & Gas Available Repsol ENI Oil Search Great Bear Petroleum
<b>Nordic Calista Services</b> Superior 700 UE Superior 700 UE Ideco 900 Rig Master 1500AC	1 (SCR/CTD) 2 (SCR/CTD/TD) 3 (SCR/TD) 4 (AC/TD)	Deadhorse Deadhorse, stacked Deadhorse, stacked Oliktok Point	Available Available Available ENI
<b>Parker Drilling Arctic Operating LLC</b> NOV ADS-10SD NOV ADS-10SD	272 273	Deadhorse, Stacked Deadhorse, Stacked	Available Available

### North Slope - Offshore

<b>Doyon Drilling</b> Sky top Brewster NE-12	15 (SCR/TD)	Spy Island, SP18-N5L1	ENI
<b>Nabors Alaska Drilling</b> OIME 1000	19AC (AC-TD)	Oooguruk, Stacked	ENI

### Cook Inlet Basin – Onshore

<b>BlueCrest Alaska Operating LLC</b> Land Rig	BlueCrest Rig #1	Stacked	BlueCrest Alaska Operating LLC
<b>Glacier Oil &amp; Gas</b>	Rig 37	West McArthur River Unit Workover	Glacier Oil & Gas
<b>Hilcorp Alaska LLC</b> TSM-850 TSM-850	147 169	Stacked Beluga River Unit	Hilcorp Alaska LLC Hilcorp Alaska LLC

### Cook Inlet Basin – Offshore

<b>Hilcorp Alaska LLC</b> National 110	C (TD) Rig 51 Rig 56	Platform C, Stacked Steelhead Platform, Stacked Monopod A-13, stacked	Hilcorp Alaska LLC Hilcorp Alaska LLC Hilcorp Alaska LLC
<b>Nordic Calista Services</b> Land Rig	36 (TD)	Kenai, stacked	Available
<b>Spartan Drilling</b> Baker Marine ILC-Skidoff, jack-up		Spartan 151, stacked at Rig Tenders where pre mobilization work is being performed	Hilcorp Alaska LLC
<b>Furie Operating Alaska</b> Randolf Yost jack-up		Nikiski, OSK dock	Available
<b>Glacier Oil &amp; Gas</b> National 1320	35	Osprey Platform, activated	Glacier Oil & Gas

## Mackenzie Rig Status

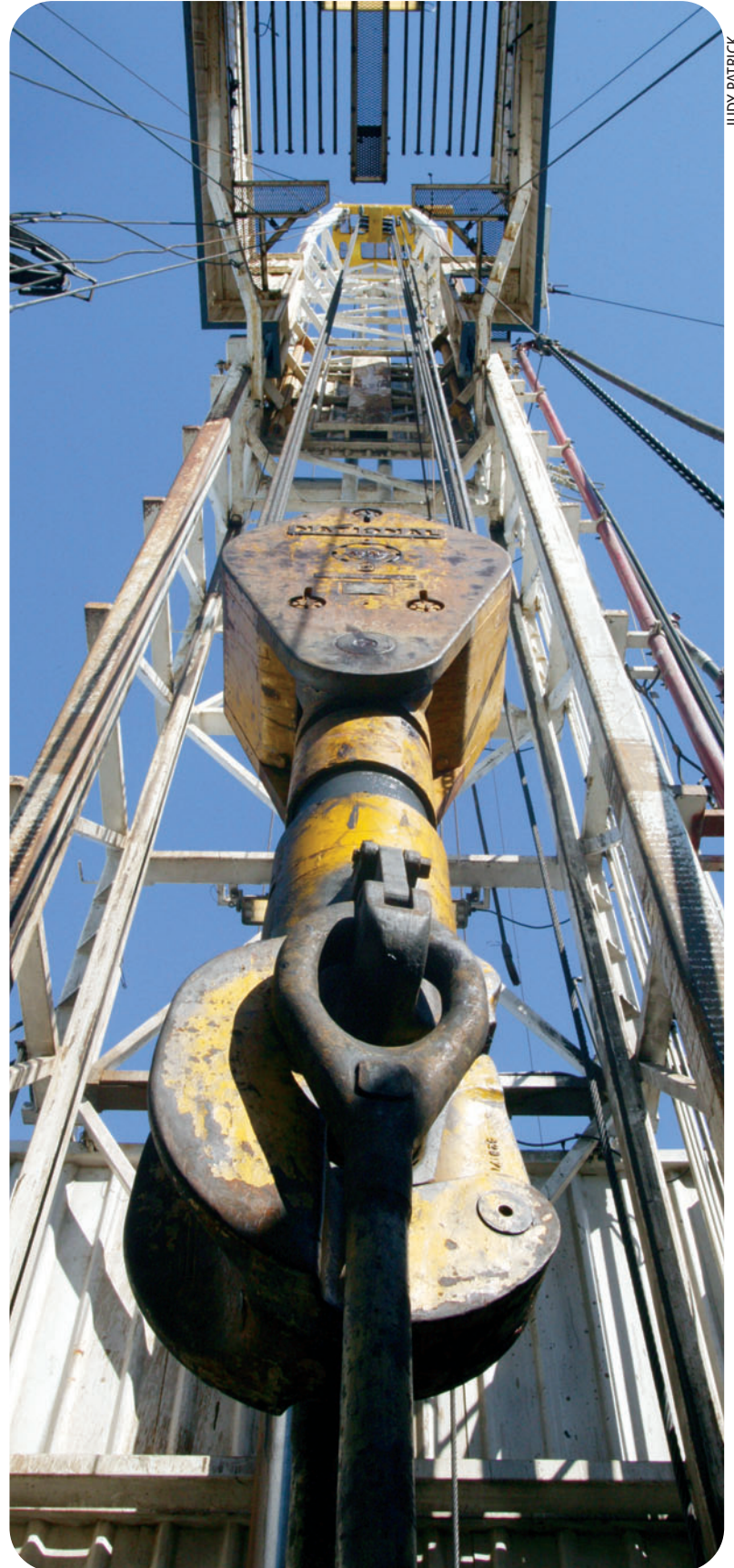
### Canadian Beaufort Sea

<b>SDC Drilling Inc.</b> SSDC CANMAR Island Rig #2	SDC	Set down at Roland Bay	Available
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The Alaska-Mackenzie Rig Report as of April 28, 2021.  
Active drilling companies only listed.

TD = rigs equipped with top drive units WO = workover operations  
CT = coiled tubing operation SCR = electric rig

This rig report was prepared by Marti Reeve



JUDY PATRICK

### Baker Hughes North America rotary rig counts\*

	April 23	April 26	Year Ago
United States	438	439	465
Canada	55	56	26
Gulf of Mexico	11	12	17

### Highest/Lowest

US/Highest	4530	December 1981
US/Lowest	244	August 2020

\*Issued by Baker Hughes since 1944

The Alaska-Mackenzie Rig Report is sponsored by:



## ● EXPLORATION &amp; PRODUCTION

# ANS crude, NGL production down 1% in March

Down 2.5% from March 2020; largest year-over-year drops at smaller fields; Prudhoe down 1% in March, but up 1.5% year-over-year

## Inlet gas production down

Natural gas production from Cook Inlet averaged 230,855 thousand cubic feet per day in March, down an average of 2,769 mcf per day, 1.2%, from a February average of 233,624 mcf, but up 9.1% from a March 2020 average of 211,619 mcf per day.

This data is from the Alaska Oil and Gas Conservation Commission, which reports production on a month-delay basis. For natural gas AOGCC reports measurements in thousands of cubic feet, mcf.

The inlet's nine largest fields accounted for 88.6% of natural gas in March, 204,589 mcf per day.

Hilcorp Alaska's Kenai gas field accounted for 22.7% of inlet production in March, an average of 52,465 mcf per day, down 5.7%, 3,142 mcf per day, from a February average of 55,606 mcf per day, but up 45.5% from a March 2020 average of 36,060 mcf per day.

Hilcorp's Ninilchik field averaged 30,348 mcf per day in March, 13.2% of inlet gas production, down 0.1%, 39 mcf per day, from a February average of 30,386 mcf per day and down 20.5% from a March 2020 average of 38,154 mcf per day.

Hilcorp's McArthur River averaged 26,817 mcf

see **INLET GAS OUTPUT** page 5

By **KRISTEN NELSON**

Petroleum News

**A**laska North Slope production averaged 500,082 barrels per day of combined crude oil and natural gas liquids in March, down 0.9%, 4,378 bpd, from a February average of 504,460 bpd and down 2.5% from a March 2020 average of 512,920 bpd.

ANS crude oil production averaged 442,778 bpd, down 0.7%, 2,935 bpd, from a February average of 445,713 bpd and down 3% from a March 2020 average of 456,325. Crude accounted for 88.5% of ANS production in March, down slightly from 89% a year ago.

NGL production averaged 57,305 bpd in March, 11.5% of total ANS volume, down 2.5%, 1,443 bpd, from a February average of 58,747 bpd and up 1.3% from a March 2020 average of 56,696 bpd.

Production data are from the Alaska Oil and Gas Conservation Commission which reports production by field and well on a month delay basis.

## Year-over-year at Prudhoe

The Hilcorp North Slope-operated Prudhoe Bay field, the Slope's largest, averaged 273,584 bpd in March, down 1%, 2,651 bpd from February, but up 1.5% from a March 2020 average of 269,686 bpd.

Crude oil was 80.8% of Prudhoe production in March, averaging 220,991 bpd, down 0.6%, 1,219 bpd, from a

February average of 222,210 bpd but up 1.8% from a March 2020 average of 217,045 bpd.

Prudhoe NGL production accounted for 19.2% of the field's volume, averaging 52,593 bpd in March, down 2.7%, 1,432 bpd, from a February average of 54,026 bpd and down 0.1% from a March 2020 average of 52,641 bpd.

In addition to the primary reservoir, production volumes from Prudhoe include Aurora, Borealis, Lisburne, Midnight Sun, Niakuk, Polaris, Point McIntyre, Put River, Raven and Schrader Bluff.

Hilcorp Alaska's Milne Point field also had a year-over-year increase, averaging 32,845 bpd in March, down 3.7%, 1,273 bpd, from a February average of 34,118 bpd, but up 7.3% from a March 2020 average of 30,624 bpd.

The Slope's smallest field, Badami, operated by Savant Alaska, a Glacier Oil & Gas company, also had a year-over-year increase, averaging 1,378 bpd in March, down 6%, 88 bpd, from a February average of 1,466 bpd, but up 10.1% from a March 2020 average of 1,252 bpd.

## Month-over-month increases

Three North Slope fields had month-over-month production increases, although all three were also down year-over-year.

ConocoPhillips Alaska's Colville River field averaged 47,691 bpd in March, up 1.7%, 817 bpd, from a February average of 46,874 bpd, but down 7.8% from a March 2020

see **PRODUCTION UPDATE** page 5



## Unlocking Energy for Alaska

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continued from page 2

## BLM PICK

Community in Michigan and served as a policy adviser for Indian Affairs at Interior under former President Barack Obama.

A spokesperson for Montana Sen. Steve Daines, who sought unsuccessfully to block Haaland's nomination, said Republicans would be looking closely at Stone-Manning's years as an environmental activist and her ties to conservation groups that poured money into the 2020 election.

"We're digging through and looking at her record and history on these types of issues," spokesperson Katie Schoettler said.

Daines, she said, wants to ensure federal lands remain open for both conservation and energy development.

Tester said in a statement that Stone-Manning was a "tireless public lands champion with a lifetime of experience" who would bring much-needed change to the land bureau.

National Wildlife Federation CEO Collin O'Mara said he has known Stone-Manning since she led Montana's Department of Environmental Quality for two years beginning in 2013 and considers her a "common-sense conservationist."

"I think Tracy understands the way we manage our public lands isn't an either or choice," he said. "Her track record is really balanced throughout her career, especially over the last 20 years."

## Acting directors

The land management bureau's director post went unfilled for four years under Trump, who instead relied on a string of acting directors to execute a loosening of restrictions on industry. Chief among them was conservative lawyer William Perry Pendley, who before he took the position advocated for selling off federal lands.

Pendley was ordered removed by a federal judge after leading the bureau for more than year without required Senate confirmation and getting sued by Montana's governor.

Stone-Manning lined up with Bullock in that fight and sharply criticize Pendley as an illegal appointee who "thumbed his nose at a federal judge" by staying on at the bureau after his authority was removed.

Montana Petroleum Association director Alan Olson, who worked with Stone-Manning on a climate council established by Bullock, described her as highly intelligent and "left of center" but not extreme in her politics and willing to listen to opposing views.

But Olson added that he expects her to get as much pushback from Republicans as Trump appointees got from Democrats and their allies, including Stone-Manning.

"Tracy went after Pendley. She can expect the same," he said. ●

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NEWS

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## INLET GAS OUTPUT

per day in March, 11.6% of inlet gas production, up 1.2%, 323 mcf per day, from a February average of 26,494 mcf per day and up 32.3% from a March 2020 average of 20,264 mcf per day.

The Hilcorp-operated Beluga River field averaged 23,767 mcf per day in March, 10.3% of inlet production, down 3.3%, 801 mcf per day, from a February average of 24,568 mcf per day but up 27.9% from a March 2020 average of 18,578 mcf per day.

Hilcorp's Swanson River field averaged 20,019 mcf per day in March, 8.7% of inlet production, up 6.2%, 1,165 mcf per day, from a February average of 18,853 mcf per day but down 38% from a March 2020 average of 32,265 mcf per day.

Hilcorp's North Cook Inlet field averaged 14,949 mcf per day in March, 6.5% of inlet production, up 0.1%, 19 mcf per day, from a February average of 14,930 mcf per day and up 6.6% from a March 2020 average of 14,023 mcf per day.

Furie's Kitchen Lights averaged 14,662 mcf per day in March, 6.4% of inlet production, down 2.4%, 362 mcf per day, from a February average of 15,024 mcf per day but up 5.3% from a March 2020 average of 13,927 mcf per day.

Hilcorp's Ivan River averaged 10,832 mcf per day in March, 4.7% of inlet production, up 9.4%, 931 mcf per day, from a February average of 9,901 mcf per day, and up 2,892.8% from a March 2020 average of 362 mcf per day.

Hilcorp's Beaver Creek averaged 10,732 mcf per day, 4.7% of inlet production, down 4%, 446 mcf per day, from a February average of 11,178 mcf per day but up 48.1% from a March 2020 average of 7,246 mcf per day.

Contributions to inlet production from smaller fields range from 2.2% to 0.1%.

Hilcorp's Cannery Loop field averaged 5,126 mcf per day in March, up 6.4%, 308 mcf per day, from a February average of 4,818 mcf per day and up 6.1% from a March 2020 average of 4,829 mcf per day.

AIX's Kenai Loop field averaged 4,814 mcf per day in March, down 2.4%, 120 mcf per day, from a February average of 4,934 mcf per day and down 8.2% from a March 2020 average of 5,241 mcf per day.

Hilcorp's Granite Point averaged 3,673 mcf per day in

March, up 2%, 70 mcf per day, from a February average of 3,603 mcf per day and up 5.5% from a March 2020 average of 3,483 mcf per day.

Gardes Holdings' North Fork averaged 3,045 mcf per day in March, up 0.3%, 8 mcf per day, from a February average of 3,037 mcf per day but down 16% from a March 2020 average of 3,625 mcf per day.

Hilcorp's Deep Creek averaged 3,012 mcf per day in March, down 1.3%, 39 mcf per day, from a February average of 3,051 mcf per day and down 26.4% from a March 2020 average of 4,092 mcf per day.

BlueCrest's Hansen field averaged 2,371 mcf per day in March, down 28.4%, 938 mcf per day, from a February average of 3,309 mcf per day and down 42.9% from a March 2020 average of 4,154 mcf per day.

Hilcorp's Trading Bay averaged 2,180 mcf per day in March, up 7.1%, 144 mcf per day, from a February average of 2,037 mcf per day but down 25.3% from a March 2020 average of 2,920 mcf per day.

Hilcorp's Lewis River averaged 1,096 mcf per day in March, up 0.1%, 1 mcf per day, from a February average of

see **INLET GAS OUTPUT** page 6

continued from page 4

## PRODUCTION UPDATE

average of 51,747 bpd.

In addition to oil from the main Alpine pool, Colville production includes satellite production from Nanuq and Qannik.

Eni's Nikaitchuq field averaged 17,864 bpd in March, up 3.5%, 599 bpd, from a February average of 17,265 bpd but down 5.8% from a March 2020 average of 18,956 bpd.

Eni's Oooguruk averaged 6,913 bpd in March, up 8.6%, 545 bpd, from a February average of 6,368 bpd but down 20.7% from a March 2020 average of 8,719 bpd.

The remaining North Slope fields were down both month-over-month and year-over-year.

The ConocoPhillips-operated Kuparuk River field, the Slope's second largest, averaged 93,972 bpd in March, down 0.1%, 118 bpd, from a February average of 94,090 bpd and down 8.2% from a March 2020 average of 102,382 bpd.

In addition to the main Kuparuk pool, Kuparuk produces from satellites at Meltwater, Tabasco and Tarn, and from West Sak.

Hilcorp's Northstar field averaged 9,283 bpd in March, down 2.9%, 280 bpd, from a February average of 9,563 bpd and down 3.7% from a March 2020 average of 9,636 bpd. Northstar has the largest proportion of NGL volume, 41.5%, on the Slope, averaging 3,854 bpd of NGL in March, down 1.5%, 58 bpd, from a February average of 3,913 bpd but up 24.4% from a March 2020 average of 3,098 bpd. Last March 32.2% of Northstar volume was from NGL. Northstar crude production averaged 5,428 bpd in March, down 3.9%, 222 bpd, from a February average of 5,650 bpd, and down 17% from a March 2020 average of 6,539 bpd.

Point Thomson, operated by ExxonMobil Production, averaged 6,847 bpd in March, down 18.5%, 1,556 bpd, from a February average of 8,402 and down 9.9% from a March 2020 average of 7,601 bpd.

The Hilcorp-operated Endicott field averaged 6,685 bpd in March, down 1.3%, 87 bpd, from a February average of 6,772 bpd and down 10% from a March 2020 average of 7,426 bpd. Crude oil, 87.2% of Endicott volume, averaged 5,828 bpd in March, down 2.3%, 135 bpd, from a February average of 5,963 bpd and down 11.3% from a March 2020 average of 6,569 bpd. NGL volume at Endicott averaged 857 bpd in March, up 6%, 48 bpd, from a February average of 809 and unchanged from March 2020.

ConocoPhillips' Greater Mooses Tooth field in the National Petroleum Reserve-

Alaska averaged 3,021 bpd in March, down 8.6%, 285 bpd, from a February average of 3,307 bpd and down 38.3% from a March 2020 average of 4,892 bpd.

### Cook Inlet production down 3.8%

Production from Cook Inlet averaged 10,662 bpd in March, down 3.8%, 416 bpd, from a February average of 11,078 bpd and down 19.4% from a March 2020 average of 13,228 bpd. The only NGL volumes recorded for Cook Inlet are from the Swanson River field — 133 bpd, 1.3% of Cook Inlet volume in March.

Hilcorp's Swanson River was one of only two Cook Inlet fields with a month-over-month volume increase, averaging 988 bpd in March, up 18.9%, 157 bpd, from a February average of 831 bpd and up 8% from a March 2020 average of 919. Swanson crude production averaged 855 bpd in March, up 175 bpd, 25.8%, from a February average of 680 bpd but down 7%

from a March 2020 average of 919 bpd. Swanson NGL volumes averaged 133 bpd in March, down 11.7%, 18 bpd, from a February average of 151 bpd, but up 30.7% from a March 2020 average of 102 bpd.

Hilcorp's Granite Point averaged 2,787 bpd in March, up 1%, 27 bpd, from a February average of 2,760 bpd but down 14.5% from a March 2020 average of 3,258 bpd.

Other Cook Inlet fields had month-over-month production declines, with the largest per-barrel decline at Hilcorp's McArthur River field, Cook Inlet's largest, which averaged 3,437 bpd in March, down 9%, 340 bpd, from a February average of 3,777 bpd and down 15.7% from a March 2020 average of 4,075 bpd.

Hilcorp's Trading Bay field averaged 1,061 bpd, down 140 bpd, 11.7%, from a February average of 1,201 bpd and down 19.9% from a March 2020 average of

1,324 bpd.

BlueCrest's Hansen field averaged 914 bpd in March, down 63 bpd, 6.4%, from a February average of 976 bpd and down 14.5% from a March 2020 average of 1,068 bpd.




Hilcorp's Beaver Creek averaged 249 bpd in March, down 48 bpd, 16%, from a February average of 296 bpd, but up 38.2% from a March 2020 average of 180 bpd. Hilcorp's Middle Ground Shoal averaged 1,226 bpd, down 10 bpd, 0.8%, from a February average of 1,236 bpd and down 1.5% from a March 2020 average of 1,245 bpd.

ANS crude oil production peaked in 1988 at 2.1 million bpd; Cook Inlet crude oil production peaked in 1970 at more than 227,000 bpd. ●

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## • PIPELINES &amp; DOWNSTREAM

# State strikes deal with Marathon for RIK

One-year contract covers 10,000-15,000 barrels per day of royalty oil to Kenai refinery; will bring more revenue than oil in value

By KRISTEN NELSON

Petroleum News

The Alaska Department of Natural Resources has published a final best interest finding and determination for the sale of Alaska North Slope royalty oil to Marathon Petroleum Supply and Trading Co.

The FBIF, dated April 22, says DNR Commissioner Corri Feige has negotiated a one-year contract with Marathon for the sale of a portion of the state's North Slope royalty oil.

The commissioner found the sale of the royalty in-kind oil will maximize revenue to the state, help meet the need for in-state crude and facilitate continued operation of Marathon's Nikiski refinery, which has been operating since 1969.

Multiyear sale agreements for RIK oil require a review by the Royalty Oil and Gas Development Board and legislative approval. "This approval process takes time, and here, could mean months without royalty oil being delivered to the Nikiski refinery," the finding says.

However, contracts designed to relieve market conditions are not required to go through that process if they are for one year or less.

Negotiations for the proposed contract were carried out under regulatory procedures for a non-competitive disposition of royalty oil and the state will receive a price that will be no less, on average, than it would have received from taking oil as royalty in value.

From November 1979 through December 2020 the state disposed of 965 million barrels of oil through in-kind sales, approximately 45% of its North Slope royalty oil, which totaled 2,138.5 million barrels during that period.

The finding also noted that since 1986 the state has disposed of RIK oil through negotiated non-competitive sales.

## Volume available

The finding said the proposed contract covers between 10,000 and 15,000 barrels per day between Aug. 1, 2021, and July 31, 2022.

That is out of a forecast volume of some 60,000-80,000 bpd of royalty oil during that year, so the contract proposes disposition of between 19% and 25% of the state's North Slope royalty oil.

The finding said the state wants to keep a small percentage of its royalty in value because of higher royalty values for some leases and "to obtain pricing and other information from in-value disposition for comparison purposes."

Volumes available for RIK disposition are limited to 95% of total royalty oil available.

Another constraint is that the volume of royalty oil expected is based on a forecast.

Also, royalty forecasts vary seasonally as North Slope oil production varies — peaking in the winter and declining in the summer.

## In-state refining

There are five active in-state refineries, the finding said, three of which produce refined petroleum products — Marathon's Kenai refinery, Petro Star's North Pole refinery and Petro Star's Valdez refinery. "Hilcorp and ConocoPhillips operate small topping plants on the North Slope that primarily support oil industry operations and are mostly geographically limited to the North Slope," the finding said.

Marathon's Kenai refinery, unlike those in North Pole and Valdez, is not tied into the trans-Alaska pipeline system. Since it does not draw feedstock directly from TAPS, some feedstock arrives over water allowing the Kenai refinery to source feedstock from the world market, the Valdez Marine Terminal or Cook Inlet. "While importation of non-Alaskan crude is possible at the Kenai refinery, it is a relatively infre-

quent event," the finding said, with some 90% of the refinery's crude coming from Alaska in recent years.

Because the Kenai refinery is not on TAPS, it cannot re-inject unprocessed crude back into the line, and most load the unrefined portion onto a ship for transport to another Marathon facility on the U.S. West Coast or sold to a third party.

And, while the North Pole and Valdez refineries are fueled with North Slope crude, Marathon fuels its refinery with Cook Inlet natural gas.

The finding said the Kenai refinery has a capacity of some 68,000 barrels of crude per day and produces some 59,000 barrels of refined product per day, the majority of which will be consumed in the Alaska market.

"The State of Alaska's RIK has played a critical role in the development and continued operation of the Alaskan refining sector," the finding said.

The state has a long history selling North Slope RIK to the Marathon refinery, having supplied ANS crude to that facility between July 1980 and January 1982, between January 1983 and December 1998 and since February 2014.

## RIK oil sale procedure

The finding said DNR sought to determine in-state interest for RIK oil with an informal solicitation of interest in August 2020, a solicitation which generated responses from Hilcorp, ConocoPhillips, ExxonMobil, Petro Star and Marathon, with ExxonMobil, Petro Star and Marathon initially expressing interest in purchasing RIK.

"Ultimately, only Petro Star and Marathon continued RIK discussions with DNR in 2021," the finding said.

The finding said DNR negotiated an RIK contract with Marathon which is expected to generate higher revenues than with RIV. ●

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## GOVERNMENT

### AOGCC denies reconsideration request

The Alaska Oil and Gas Conservation Commission has denied a request for reconsideration from Furie Operating Alaska of the commission's March 1 order that granted a change in status of three wells from suspended to plugged and abandoned but denied the company's request to be relieved of the requirement to remove well casings.

The three offshore Cook Inlet wells were drilled by a previous owner of the company and the casings left standing 15 feet above the inlet floor because of that owners' stated intent to re-enter the wells.

The commission said in an April 26 order denying reconsideration that "Furie's request for reconsideration is a reiteration of the arguments it presented" in a Dec. 23 hearing.

In requesting reconsideration on site clearance, Furie said it was asking the commission "for the appropriate weighting of risk, health and safety against leaving the three wells with structural casings 15 feet above the seafloor."

The commission said this is its final decision. Furie can appeal in superior court.

The commission's March 1 order said that it was granting the change of status to plugged and abandoned, but until site clearance requirements were met by removing the protruding casings, the three wells would be counted among those for which Furie must provide bonding.

Furie has met the commission's requirement to notify the National Oceanic and Atmospheric Administration of the locations of the wells so that they can be included on NOAA's navigation charts for Cook Inlet.

—KRISTEN NELSON

continued from page 5

### INLET GAS OUTPUT

1,095 mcf per day and up 0.6% from a March 2020 average of 1,090 mcf per day.

Amaroq's Nicolai Creek averaged 395 mcf per day in March, up 48.8%, 130 mcf per day, from a February average of 266 mcf per day and up 40.4% from a March 2020 average of 282 mcf per day.

Hilcorp's Nikolaevsk averaged 335 mcf per day in March, down 5.5%, 19 mcf per day, from a February average of 354 mcf

per day and down 20.5% from a March 2020 average of 421 mcf per day.

Hilcorp's Middle Ground Shoal averaged 218 mcf per day in March, up 20.4%, 37 mcf per day, from a February average of 182 mcf per day but down 17.5% from a March 2020 average of 265 mcf per day.

Cook Inlet natural gas production peaked in the mid-1990s at more than 850,000 mcf per day.

—KRISTEN NELSON

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● EXPLORATION & PRODUCTION

# Hilcorp Cook Inlet PODs approved by state

These three small gas fields are on the west side, and were first unitized in the 1960s and 1970s; there is also a storage lease

By **KRISTEN NELSON**  
Petroleum News

The Alaska Department of Natural Resources' Division of Oil and Gas has approved plans of development for three of Hilcorp Alaska's small Cook Inlet natural gas units and for a gas storage lease at one of the units.

The April 26 approvals are for Ivan River, Lewis River and Pretty Creek, all on the west side of Cook Inlet.

## Ivan River

The POD approved for Ivan River is the 51st for the unit, which was formed in 1967 by Standard Oil Company of California and currently has some 2,295 acres and two participating areas, the Sterling-Beluga Gas and Tyonek Gas PAs. Hilcorp took over as operator in 2012 and through February produced 5.156 billion cubic feet of gas. Since it was formed, Ivan River has produced 87.627 bcf.

The division said Hilcorp increased annual production at Ivan River by nearly 429%, producing 772.98 million cubic feet of gas in calendar year 2020, compared to 146.16 mmcf in 2019.

The company perforated the Sterling A5 sands in the IRU 11-06 well in July, the division said, and after producing 36.24 mmcf in January through June of 2020, the well produced 457.85 mmcf July through December.

In September the company perforated the Sterling B2 sands in the IRU 44-36 well, which had no production January through August and had been shut-in since 2008; it produced 254.36 mmcf from September through December.

In its 51st POD Hilcorp will evaluate delineation opportunities in the PAs and evaluate a rig workover on the IRU 11-06 well.

## Lewis River

The POD approved for Lewis River is the 46th for the unit, formed in 1977 by Cities Service Oil Co. There are three state leases, 620 acres, in the unit, and two PAs, LRU Gas Pool No. 1 and LRU Gas

## Pool No. 2.

Hilcorp took over as operator in 2012 and through February has produced 2.817 bcf of gas. From inception, Lewis River has cumulative production of 16.211 bcf.

The division said Hilcorp increased annual production at Lewis River by nearly 118%, producing 400.79 mmcf of gas in 2020, compared to 183.99 mmcf in 2019. All production was from a single well, the LRU C-01RD.

In its 46th POD, Hilcorp will continue to produce from LRU Gas Pool No. 2 PA, the division said, while evaluating opportunities to drill delineation wells at the unit.

Hilcorp amended its 46th POD plans to include perforating a new Sterling sand in the LRU A1 well, which has been shut-in since 2009.

## Pretty Creek

The Pretty Creek POD is the 43rd for that unit. The unit was formed in 1977 by Union Oil Company of California and currently includes 12 tracts covering 4,550 acres all within the Beluga PA, which as of February has cumulatively produced 9.613 bcf of gas.

Hilcorp took over as operator in 2012 and has since produced 147.8 mmcf of gas from the unit.

"In August, 2019, however, production ceased and Hilcorp began work to restore production," the division said.

Hilcorp made multiple attempts to return the PC-02 well to production but was not successful.

In addition to the work on that well, "Hilcorp conducted a regional study on the Sterling sands for its Westside satellite fields (PCU, Ivan River Unit and Lewis River Unit). Based on this study, Hilcorp anticipates perforating additional Sterling sands in the PC-02," the division said.

During the 43rd POD, Hilcorp plans to continue evaluating the potential of drilling a "twin" well to the PC-4 to access Sterling sands discovered in the regional study and conduct a coiled tubing fill cleanout of the PC-02 "to access and perforate the potential Sterling sands targets," the division said.

## Pretty Creek gas storage lease

This is the 17th POD for the Pretty Creek gas storage lease, ADL 390776, originally granted to Union Oil Company of California in 2005 and amended in 2011. Hilcorp took over as operator in 2012. In 2015 the division approved a request to extend the lease for an additional 10-year term.

There are some 1,999 acres in the lease which uses two gas storage horizons for storage operations, the division said, the Sterling 45-0 gas sands and Beluga 51-5 gas sands.

Hilcorp uses the PCU No. 4 well for storage operations. Through February, Hilcorp has cumulatively stored 6.67 bcf of

gas and withdrawn 6.12 bcf of gas.

During the 16th POD, Hilcorp injected 320.65 mmcf and withdrew 613.99 mmcf, compared to injecting 41.91 mmcf and withdrawing 177.39 mmcf the previous year.

Hilcorp plans to continue using the lease for gas storage during this POD period, the division said, but the company's long-term activities "will include a potential secondary compressor to allow the reservoir to be depleted to a lower pressure, thereby maximizing recovery." The division said Hilcorp has not yet determined when that activity would take place. ●

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## EXPLORATION & PRODUCTION

### Tundra off-road winter travel now closed

Both the state's North Slope coastal areas and the upper foothills are now closed to winter off-road tundra travel.

In back-to-back announcements, April 23 and April 26, the Department of Natural Resources' Division of Mining, Land and Water said tundra openings for off-road travel are now closed.

The upper foothills area, opened for off-road tundra travel on Jan. 21, was closed effective April 23, with a requirement that off-road travel in progress at that time must be completed within 72 hours.

The closure notice for the eastern and western coastal areas came April 26, with off-road travel in progress to be completed by April 29.

The western coastal area was the first to open this season, on Dec. 17 — with the required 6 inches of snow and a temperature at 30 centimeters depth colder than minus 5 degrees C.

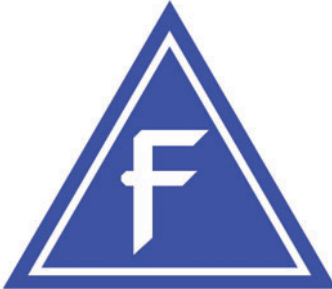
The eastern coastal area on the North Slope met criteria for opening Jan. 5.

The upper foothills, where 9 inches of snow are required along with the soil temperature of minus 5 degrees C at a depth of 30 centimeters, was opened Jan. 21. The division said it was the first time since 2017 that the upper foothills had met criteria for opening.

In both closing notices the division said that while conditions may be adequate for travel in some areas, exceptions to closure would only be granted on a case-by-case basis, with any exception requiring prior approval from an authorized division representative.

Summer off-road travel may begin July 15, the division said, unless otherwise authorized, and applies only to holders of valid permits who obtain specific approval. The approval is also limited to vehicles approved by the division for summer off-road travel.

—KRISTEN NELSON



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## • NATURAL GAS

# Working small-scale natural gas in Alaska

'No rate increase in 30 years,' brags Deadhorse gas utility Norgasco; founder forms company to scrub CO<sub>2</sub>, H<sub>2</sub>S from product

By STEVE SUTHERLIN

Petroleum News

Small-scale natural gas is a topic Ray Latchem is closely familiar with. Latchem founded Norgasco Inc. in 1989, a privately owned company that operates a small-scale natural gas utility at Deadhorse in Prudhoe Bay.

Norgasco hasn't had a rate increase since 1989, Latchem said in a presentation entitled "Small Scale but Real Natural Gas Development in Alaska," delivered at The Alaska Support Industry Alliance virtual breakfast April 22.

"We're kind of proud of that, but in all

fairness the way it works in the utility business is that as Deadhorse grew we increased the volumes, and that enabled us to make our revenue requirement without having to do a rate hike," Latchem said. "There aren't too many utilities that can brag on a 30-year-plus rate that hasn't been changed — now that may change; Deadhorse is dropping off so this year we may have to review that."



RAY LATCHEM

Norgasco's gas prices in Deadhorse are a bargain compared to prices elsewhere in the state, Latchem said.

"Norgasco sells gas for about \$5 per million Btu," he said. "Enstar sells it for just under \$10 in Anchorage; in Fairbanks it's a little over \$20, and if you were to buy oil in any of those markets, you'd pay between \$30 and \$35 a million Btu," he said.

## CNG for Deadhorse

Latchem said the company believes compressed natural gas, CNG, has a good shot at being successful in Prudhoe Bay because of the cost of gasoline and the fact that it has to be trucked up from Kenai or Valdez.

"Fundamentally we're promoting the use of natural gas and we're pretty lonely; we don't see a lot of other people trying to do it," he said.

Gasoline and diesel are the go-to transportation fuels currently on the North Slope, but Norgasco is offering an alternative, he said.

The company plans to install a circular drive at its pad at Deadhorse where pickups can pull in and fuel up with CNG and gasoline, Latchem said. Norgasco's CNG fuel station is operating from a neighbor's pad currently, but it will be moving in summer after the Norgasco pad is enlarged.

Latchem said TDX Corp. bought and is operating a CNG-powered truck, and "it's worked out well," he said, adding that Norgasco has also tested the fuel with an 18-wheeler Class A tractor, which "was plugged in and it stated at minus 40 and it drove around; we hauled loads with it."

"We demonstrated that a class A truck can run on compressed natural gas; that's typically a market that's been reserved for diesel," Latchem said. "In the Lower 48 they run them on CNG and LNG, and we're just showing it works in the cold, and we hope the next year or two we'll see more CNG Class A trucks up there operating."

## Natural gas as fuel

Latchem thinks it makes sense to choose natural gas for travel on the North Slope.

"We should burn the gas and sell the oil;

it's something to think about," he said. "We don't have any markets to speak of for the natural gas that's up there but every gallon of fuel that we burn that's gasoline or diesel, that's a gallon that could have been exported through Valdez and sold out of state — there is no way to export that natural gas out of state right now, it just makes more sense for us to burn that as a fuel and sell the stuff we can sell."

Norgasco is also bringing in a new partner called Rawhide Leasing Co. to supply high-pressure tube trailers which can transport CNG for off pipeline distribution.

## Gas treatment

Latchem's latest project is Tulsa-based SES Midstream LLC, which proposes to build a natural gas treatment facility on Spine Road near the Deadhorse airport to treat and process gas for the Deadhorse market.

The plant would scrub carbon dioxide and hydrogen sulfide out of Norgasco's gas before the gas is shipped by pipeline or trucked as compressed natural gas to local customers around Prudhoe Bay.

"The natural gas in Prudhoe has 12% CO<sub>2</sub> and about 30 parts per million H<sub>2</sub>S," Latchem said. "Anywhere else in the world, that would be unacceptable, but in Prudhoe, because it's just been industrial, no residential users, etc. etc., we've been able to get by with this."

With a 12% CO<sub>2</sub> level, the gas sold in Deadhorse makes it hard to meet new EPA emission standards, he said, adding that Lower 48 gas is around 2% CO<sub>2</sub> maximum, and 4 ppm H<sub>2</sub>S maximum.

"Now is the time to change it," Latchem said. "It just needs to be cleaned up and we've started this midstream company to do it."

The midstream industry in the Lower 48 operates between the producer and the downstream market to clean up gas and "that's what has been missing on the North Slope for some time," Latchem said. "We're bringing it in; it's a good project that solves a lot of problems."

## SES Midstream

The treated gas would lead to gains in efficiency for Norgasco and its customers, he said.

"That 12% CO<sub>2</sub> takes up a lot of space in a CNG tank in the back of a pickup, or in tube trailers," Latchem said. "It's an efficiency thing and it's an environmental thing as well, so we set up SES Midstream in 2019 and began the process to develop the project."

Norgasco thinks cleaning up the gas will help drive adoption of the CNG on the North Slope.

"It'll help us at Norgasco in the sense that our customers will get cleaner gas and their emissions will improve and it also helps us a lot with promoting CNG," Latchem said. "CNG is not necessarily a cheap proposition so you have to overcome some economic hurdles."

Norgasco is an example of a family-owned business that has survived to provide a valuable service in Alaska's oil patch.

It is said that smaller companies can gain an advantage by being nimble, but when it comes to SES Midstream, that advantage has been compromised by an unexpected bureaucratic snafu.

SESM met with the Alaska Department of Natural Resources in 2019 to discuss the

see **GAS UTILITY** page 10

## EXPLORATION & PRODUCTION

### US rotary rig count down by 1 to 438

The Baker Hughes U.S. rotary drilling rig count, 438 on April 23, was down by one from 439 the previous week and down 27 from a count of 465 a year ago.

When the count bottomed out at 244 in mid-August last year, it was not just the low for 2020, but the lowest the count has been since the Houston based oilfield services company began issuing weekly U.S. numbers in 1944.

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

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

The April 23 count includes 343 rigs targeting oil, down by one from the previous week and down 35 from 378 a year ago, 94 rigs targeting gas, unchanged from the previous week and up by nine from 85 a year ago, and one miscellaneous rig, unchanged from the previous week and down one from a year ago.

Nineteen of the holes reported April 23 were directional, 397 were horizontal and 22 were vertical.

### Alaska unchanged from previous week

New Mexico (71) was up by one rig from the previous week.

Texas (211), with the most active rigs in the country, was down by three rigs.

Counts in all other states were unchanged from the previous week: Alaska (3), California (7), Colorado (10), Louisiana (47), North Dakota (15), Ohio (10), Oklahoma (21), Pennsylvania (18), Utah (8), West Virginia (11) and Wyoming (4).

Baker Hughes shows Alaska with three rigs active April 23, unchanged from the previous week and unchanged from a year ago, when the state's count also stood at three.

The rig count in the Permian, the most active basin in the country, was down by one from the previous week at 226 and down by 20 from a count of 246 a year ago.

—KRISTEN NELSON

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continued from page 1

## RAIL RIVALS

approval for an offer he rated as uncompetitive.

### Congressional concerns

Representative Peter DeFazio, a Democrat from Oregon and chairman of the House of Representative transportation and infrastructure committee, said the potential loss of KCS should set off “alarm bells” about takeovers in the rail industry.

He said the deal, if approved, could spark a “new wave of railroad mergers that stifle competition and triggers industry-wide consolidation.”

“Wall Street will make money from consolidation, but the U.S. economy and workforce will be worse off,” he said.

As the high-stakes contest gathers momentum, many analysts believe CP will be forced to dig even deeper into its pockets, while the prospective beneficiaries were left holding their breath.

### Benefits to shippers

Oil and gas producers, along with grain farmers and auto plants, all stand to benefit from the single-link rail connection by avoiding the current use of trucks to complete the journey and allow the petroleum industry to overcome challenges to their pipeline plans.

“Our vision has been for a long time to create a very solid north-south network,” said CN Chief Executive Officer Jean-Jacques Ruest.

Through its sprawling system that connects the U.S. Midwest to ports in the Gulf of Mexico and access to the Pacific and Atlantic costs, KCS also offers petroleum producers access to export points for crude oil and LNG.

CN has estimated there is a pool of about US\$8 billion of annual truck freight that it could convert to rail, helping to increase its profits by more than 10%.

“A lot of freight today that moves north-south is only getting a partial ride by rail or is actually moving all truck and these are huge distances,” Ruel told analysts.

### Rival views

CP insisted its rival’s proposal is “illusory and inferior because it creates adverse competitive impacts and raises other serious public interest concerns.”

It said the CN bid “increases regulatory and antitrust risk for KCS shareholders and decreases benefits for customers, employees and other stakeholders.”

If the face-off turned into a bidding war, Citigroup analyst Christian Wetherbee said that whoever fails to acquire KCS “would face a competitive disadvantage.”

He said it’s likely CP will be forced to hike its offer, rather than miss the chance for “long-term growth potential.”

Wetherbee said the loser of any war would have to look at another target, likely CSX or Norfolk Southern.

CP said votes by CP and KCS shareholders and the Surface Transportation Board, the U.S. regulator, are expected to take place in the second half of 2021.

—GARY PARK

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continued from page 1

## SUSPENSIONS EXTENDED

and production for an additional year.

In April 23 decisions, division Director Tom Stokes said that in its request for extensions, the company cited economic instability and uncertainty and said it saw three possible paths forward for the units: investment with restart; divestment through asset sales; or abandonment of wells and facilities.

CIE told the division it has been aggressively marketing the properties since July 2020 and said there has been significant interest but said the process was tedious.

“Due to the uncertainty as to whether the asset will receive the investment necessary for restart, CIE has been working on both a plan to restart, and a plan to abandon RU,” Stokes said in the Redoubt decision.

He said the same thing in the West McArthur River unit decision.

The company said it has abandonment agreements in place with Salamatof Native Association, the surface owner at both units, and Cook Inlet Region Inc., which owns the subsurface where infrastructure for both units is located.

The company also requested extensions of the plan of development periods for both units.

### Division decisions

In both cases, Stokes said that when the division approved the initial suspensions, it found that because of extreme low prices, hydrocarbons produced from the units would be “at marginal or low-generating terms, and a significantly reduced royalty for both the State and private mineral owners.” Because of those circumstances, the suspensions were found to be in the public interest.

The one-year extension request, however, would not be in the best interests of either the state or the public, Stokes said, since market conditions have returned to levels seen when the units last produced and the longer the units remain shut-in, the less likely it becomes that they will ever return to production.

In its decisions the division cited production and prospects for the units:

- Redoubt Shoal was formed in April 1997 and prior to the suspension last year, had cumulatively produced some 5.3 million barrels of oil and 2.6 billion cubic feet of gas.
- The West McArthur River unit was formed in 1990 and

prior to the suspension cumulative production was 15.65 million barrels of oil and 3.975 billion cubic feet of natural gas.

Stokes said that in technical presentations to the division CIE said there were still obtainable reserves at both units.

He said outright denials of the extension requests “would likely lead to termination” of the units. “Terminating a unit with remaining reserves would not promote the prevention of economic and physical waste,” Stokes said. “However, it is impossible for CIE to restart production immediately due to operational challenges such as integrity inspection and equipment and personnel mobilization.”

In both cases, the division has decided to extend the suspensions of operation for six months and is requiring updates by July 31 and submission of proposed new plans of development within 30 days after resumption of production.

The division has provisionally approved extension of the suspensions from May 1 through Oct. 21 and has given CIE until April 30 to accept the proposed modifications in writing.

—KRISTEN NELSON

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## GAS UTILITY

gas treatment project, Latchem said. SESM moved quickly on the department's lease application instructions and in July, the company received a final finding and decision approving issuance of a 25-year lease for construction and operation of a gravel pad and gas treatment plant from the Northern Regional Land Office of DNR's Division of Mining, Land and Water.

In August, however, without notice, SESM got a letter from DNR that rescinded its final finding and decision, Latchem said, adding, "The issue came down to what statutes do you authorize the project under."

"This is an interesting dilemma — I've not seen anything or had this happen to me before," he said.

Latchem said the lease for the gas treatment project was authorized under AS30.05 as DNR had recommended, but

the agency changed its mind and now is requiring the company to submit it under AS38.35 instead.

SESM had planned to start construction in the summer of 2021, but the agency action will delay the project by a year or two, he said. SESM has appealed the agency's decision.

"In looking back, when we developed Norgasco, the state involvement there cost us about two years; in Fairbanks it cost us a year," Latchem said.

### Northern Eclipse

In 1992 Latchem started a company called Northern Eclipse that built a small-scale LNG plant, which in 1997 sent the first load of LNG to Fairbanks.

"Still in service today, that plant went from making 10,000 gallons per day to making about 50,000 gallons per day, we call it Titan LNG," he said.

"Talkeetna was the fastest that thing happened — almost overnight, but there was no state involvement in it at all —

a private deal between a couple of companies that happened," Latchem said, referring to an off-pipeline gas distribution arrangement with the Talkeetna Alaskan Lodge.

"We got a call one day from a guy named Howard Nugent and he was building a really nice hotel complex for Cook Inlet Region in Talkeetna," Latchem said. "He told me on the phone he wanted to put in natural gas at the facility and I explained to him that there's a lot involved."

"He told me, 'son, I have a degree in physics; I understand this'" Latchem said. "I said, wow, all we need to talk about is the commercial aspect of it, and he said, 'you probably need a long-term commitment, send me a contract.'"

"He got Carl Marrs at CIRI to sign it," Latchem said. "Thanks to Howard's foresight and Carl's willingness that facility has been running on natural gas since 1997." ●

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## WILLOW DECISION

by an array of state and federal agencies.

"Oil and gas development is critical to North Slope communities, and Alaska has long anticipated bringing the Willow Project online. With the potential to produce 100,000 barrels of oil per day, it is imperative that Alaska is given the opportunity to responsibly develop our resources," Gov. Mike Dunleavy said in a press release from his office.

"Without ongoing developments like Willow, North Slope communities' would struggle to fund basic governmental services. These developments not only contribute directly to jobs for the region, but they also

*"Without ongoing developments like Willow, North Slope communities' would struggle to fund basic governmental services."  
—Gov. Mike Dunleavy*

provide revenues to local communities through impact mitigation grants," Dunleavy said.

"The Impact Mitigation grant program provides a portion of the revenue from federal oil and gas leases directly to the local communities in which the developments are located to help fund basic local government operations, community programs, and infrastructure improvements for the benefit of Alaskans within the NPR-A," the press

release said.

### Economic impact \$4.8 - \$12.9B

"The State is prepared to defend the responsible development of Alaska's resources for the benefit of all Alaskans," Alaska Attorney General Treg Taylor was quoted as saying in the governor's press release. "Here, the BLM and the State found that ConocoPhillips' development plan checked all of the appropriate boxes, and we see no lawful reason to withhold State support of the project."

The Greater Willow Area is estimated to hold between 400 million and 750 million barrels of oil equivalent and could produce in excess of 100,000 barrels of oil per day, per ConocoPhillips.

"Half of all royalties from the Willow

Project are shared with the State of Alaska, and the estimated economic impact to the State from the Willow Project is estimated between \$4.8 and \$12.9 billion over the life of the project," the governor's office said.

The lighter Willow oil is also more environmentally acceptable than Prudhoe crude.

Lighter oils have higher API gravities. The Alaska Oil and Gas Conservation Commission lists crude from the main Prudhoe Bay reservoir at an API viscosity of 28 degrees. Oil from the Willow field runs between 41-44 degrees.

U.S. District Court in Anchorage has not yet ruled on the State of Alaska's intervention request.

—KAY CASHMAN

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## STORED GAS

on its stored gas, in addition to the use of gas flowing from gas producers in the Cook Inlet basin. As a consequence of exceptionally cold weather during the week of April 5, for example, 60% of the gas supplied to consumers came from storage, Hobson said.

However, based on forecasted demand, Enstar does have sufficient gas supplies under contract to meet its expected needs through the first quarter of 2023 — the company is working on addressing an anticipated supply gap that begins to emerge in the second quarter of that year, Hobson said.

### Gas storage

Enstar stores substantial volumes of gas in the Cook Inlet Natural Gas Storage Alaska facility, south of Kenai on the Kenai Peninsula. The primary purpose of this storage arrangement is to provide a means for Enstar to meet peak winter demand, when demand exceeds the producers' peak delivery capabilities. Enstar pumps gas into storage at times, particularly during the summer, when consumer gas demand is relatively low. However, the total amount of gas that the utility receives over the entire year, including

gas for storage, is limited to the maximum amount of gas that the producers can supply. And that, in turn, relates to the amount of gas supply that Enstar has under contract.

Because the producers tend to produce just enough gas to meet their contractual obligations, additional gas volumes may not be easily available, if gas demand significantly exceeds planned levels, Hobson commented.

### Hilcorp is largest supplier

Enstar's largest supplier, by a substantial margin, is Hilcorp Alaska LLC — Hilcorp operates most of the oil and gas fields in the Cook Inlet region. Under a gas supply agreement dating back to 2016 and extended in July last year through to March 2033, Hilcorp has committed to firm daily gas supplies ranging from 40 million cubic feet between May and October to 120 million cubic feet between December and February. Although, clearly, these supply volumes are greatest during the winter when gas demand is high, low summer demand does enable Enstar to warehouse excess produced gas in the CINGSA facility.

The Hilcorp supply agreement allows Enstar to call for some additional gas, as needed to bolster supplies and to enable Enstar to purchase more summer gas for

storage in the CINGSA facility. Under a "needle peak" call arrangement, Enstar can also support winter gas demand by calling on an additional 20 million cubic feet per day over up to 25 days between November and February of each contract year. Some additional gas may also be available at the discretion of the parties to the GSA.

According to Enstar's application to the RCA in 2020 for approval of its amended Hilcorp gas supply agreement, Hilcorp is committed to continued gas development to meet Enstar's needs over the duration of the agreement. The application says that Enstar anticipates needing a total of 33.6 billion cubic feet per year of gas in the years 2021 to 2025, to meet gas demand in Southcentral Alaska. At the time of the application the company anticipated 25 bcf per year of Hilcorp firm gas supplies, with another 4 bcf per year to come from additional calls on Hilcorp gas. That would leave a further 4.6 bcf to come from other Cook Inlet gas producers.

### Furie's Kitchen Lights field

The most significant of these other suppliers is Furie Operating Alaska, operator of the Kitchen Lights gas field, offshore in the Cook Inlet. Enstar's RCA application indicated that the utility antic-

ipated obtaining a little over 2 bcf of gas from Furie in calendar year 2021, with that volume declining over subsequent years.

The Kitchen Lights field, while significant in size, has suffered from operational problems, resulting in declines in contracted production volumes. In 2019 production from the field stopped for several months because of hydrate plugs in the field's subsea pipeline and onshore processing facilities. Furie subsequently went bankrupt. HEX Cook Inlet LLC purchased Furie in July 2020 and has subsequently been moving forward with plans to re-invigorating the field. However, the latest approved amendment to Enstar's gas supply agreement, dated April 2020 and predating the HEX purchase of Furie, shows a commitment to deliver 1.55 bcf of gas for the 12 months starting in April 2021, declining to 1.19 bcf in the following 12 months.

### Other suppliers

In Enstar's 2020 RCA application the utility also indicated that it expected to obtain 270,000 cubic feet of gas in 2021 from AIX Energy, operator of the Kenai Loop gas field in the northern Kenai Peninsula. However, that supply would presumably have been obtained before the termination of the utility's contract with AIX in March of this year.

Enstar has been able to obtain a small amount of gas from BlueCrest Alaska Operating, operator of the Hansen field at Cosmopolitan in the southern Kenai Peninsula. And Enstar is currently seeking RCA approval of a gas supply agreement with Vision Resources, the new operator of the North Fork gas field in the southern Kenai Peninsula.

According to Enstar's current tariff, the utility can obtain some gas from short term supply contracts, to fully meet its supply requirements. ●

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## OIL PRICES

than the same period in 2019, said Sengyick Tee, an analyst at Beijing-based SIA Energy.

The positive China news offset signs of strain on India's refiners.

Indian Oil Corp. is offering to sell gasoline into the spot market — a potential indication of weak domestic demand, Bloomberg reported April 25, adding that refiners are being forced to postpone some planned shutdowns for maintenance as workers are either fleeing or falling ill.

ANS rose 94 cents April 27 to close at \$66.20, WTI rose \$1.03 to close at \$62.94, and Brent rose 77 cents to close at \$66.42.

OPEC+ decided in a surprise meeting April 27 to stick with its plan to gradually relax output curbs starting in May.

The 16th OPEC and non-OPEC Ministerial Meeting of the Declaration of Cooperation highlighted the continuing recovery in the global economy, supported by unprecedented levels of monetary and fiscal support, while noting that the recovery is expected to pick up speed in the second half of the year, OPEC said in a post meeting release, adding that "COVID-19

cases are rising in a number of countries, despite the ongoing vaccination campaigns, and that the resurgence could hamper the economic and oil demand recovery."

Goldman Sachs Group Inc. remains bullish on prices, forecasting an unprecedented jump in global oil demand as vaccination rates rise and travel resumes.

Goldman said in a note to clients that it expected the biggest jump in oil demand in history at 5.2 million barrels per day over the next six months, Reuters reported April 28.

Easing of international travel restrictions in May would hike jet fuel demand by 1.5 million barrels per day, Goldman said.

Goldman sees oil prices rising to \$80 per barrel, FXStreet reported.

"The magnitude of the coming change in the volume of demand — a change which supply cannot match — must not be understated," Goldman said. "Expect greater mobility, aided by vaccines, a seasonal upswing in transportation, manufacturing and construction, beginning now and accelerating into June."

### India restrictions trim global demand

India's COVID-19 troubles prompted Rystad Energy to downgrade its short-term global liquids demand estimate by 575,000

bpd of oil liquids demand in April and 915,000 bpd in May 2021.

In light of OPEC+ bringing back much of its curtailed oil output, the drop in India will result in a global oil liquids supply surplus of 0.9 million bpd in April and 1.4 million bpd in May 2021, Rystad said.

Rystad said its revisions are supported by real-time data, which show traffic in major cities like Mumbai, Bangalore and New Delhi "plummeting to nadirs experienced during the first wave of lockdowns in India a year ago."

"On top of night and weekend curfews, many states have imposed strict lockdowns overnight, shutting down non-essential businesses and limiting public transport," Rystad said.

So far, the federal government has not reimposed a nationwide lockdown that was put in place last year, yet traffic in Mumbai, for example, has stalled, with activity levels at 45% of pre-pandemic levels, compared to activity levels at 35% of pre-pandemic levels in April 2020, the consultancy said.

Overall, road traffic in India is at 87% of pre-pandemic levels, Rystad said, adding that its mobility stringency index shows that Indians are just as restricted in their movement now as they were back in April 2020.

"We were expecting Indian liquids demand to total 4.84 million bpd in May 2021, but the Covid-19 case surge knocks this down to 3.93 million bpd," said Louise Dickson, Rystad senior oil markets analyst. "As infections continue to rise and its health system is overwhelmed, India's oil demand could lose more ground going forward, making further downgrades possible, both on magnitude and duration."

The demand loss in India comes at a time when many other oil producers globally were planning to increase output, Rystad said.

"The most significant upward supply risk comes from Iran, for which we have increased our supply expectations given increased domestic demand and growing exports," Rystad said. "We now see Iranian crude and condensate production creeping up more quickly to year-end 2021 levels as exports have enabled higher production recently, but we keep our base case assumption of a full return to the market/sanctions lifting around the second quarter of 2022, enabling the rise to full utilization of its oil production capacity of 4.2 million bpd by the first quarter of 2023." ●

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## EMISSION GOALS

Canada still lags far behind Biden's pledge to cut U.S. emissions by more than 50%, the European Union's 55% target and the United Kingdom's whopping 68%.

The fact Canada has failed to lower its carbon output by any measurable amount since signing on to the Paris Agreement in 2005 doesn't bother cabinet ministers, who believe the new objective is "attainable."

### Skepticism

Caught off guard by Trudeau's apparent desire to play ball with Biden, the economic sectors that will be forced to carry the load are oozing skepticism and unease about how they are expected to lead the transition to a cleaner world.

All they can see so far is a series of pledged measures, such as raising the price of carbon from C\$50 per metric ton to an upper limit of C\$170 in 2030, developing a regulatory framework for lowering carbon intensity in fossil fuels and a bundle of multibillion-dollar programs to advance solar and wind power and electrification of vehicles, while retrofitting homes and office towers.

There is no easy route to Trudeau's new summit, given that Canada relies heavily on hydro power.

While the United States relies on fossil fuels to support 60% of its power generation, with coal accounting for 20%, Canada generates 18% of its power from fossil fuels, with coal's share down to 8%.

Where the answers will come from is spreading disquiet within the Canadian petroleum industry, notably Jim Carter, the retired president of the Syncrude Canada oil sands consortium and chair of the Alberta Carbon Capture and Storage Development Council.

"I'm more than a bit concerned that governments, in their zeal to beat their chests ... are stretching out and (setting) targets they don't have any idea how they are going to meet," he told the Calgary Herald.

"We are moving far too fast ... without understanding the broader implications for our Canadian economy (or the role) science and technology will play. There are limits."

### Cleanup underway in oil sands

In 2019, Canada's oil and gas sector accounted for 26% of the national emissions, just a shade ahead of transportation, but oil sands producers have been making solid progress in cleaning up their own backyard, spending billions to make it happen.

The Canadian Association of Petroleum Producers estimates that per barrel emissions in the oil sands have been reduced by

21% since 2009 and could be lowered by another 20% to 27% before 2030.

But forecasts that total oil sands production will continue to grow means overall emissions will offset some of the per barrel gains.

Kevin Birn, with the energy consulting firm IHS Markit, said the petroleum industry is capable of "making material large-scale reductions" if it is given firm directions and deadlines and time to develop plans. Otherwise the sector will be incapable of meeting demands for the commodities it produces.

Keith Stewart, Greenpeace Canada's senior energy strategist, has set the stage for what lies ahead.

If Canada has any hope of attaining its 45% goal, that means freezing oil production at its current levels, which translates into a "big political battle," he said.

Robert Fitzmartyn, an analyst at Stifel First Energy, said he expects exploration and production companies will have to accelerate the pace of carbon sequestration initiatives, credible proposals for hydrogen-based projects and success in attracting capital investment.

TC Energy, the major Calgary-based company that operates a vast network of pipelines in Canada and the U.S., said it "sees tremendous opportunities in energy transition. Billions of dollars in new invest-

ments will be required in the world's shift to lower GHG emissions. As part of our contribution, we are investing in several renewable energy and GHG reduction projects."

But the mood in much of the oil patch was captured by University of Calgary economist Jennifer Winter, who expressed surprise that the Trudeau administration keeps moving its own goalposts so often.

"Anything is possible if governments are willing to throw enough money at it. But this is more a question of whether this aggressive pathway is worth the cost of going on it."

Instead of concentrating on targets, Winter said countries should try to match policies in order to ensure a level playing field.

Alberta Environment Minister Jason Nixon said that, despite sharing its climate priorities with the Trudeau government before the Biden summit, his government was not consulted, or made aware of the new target.

He said goals don't mean much without a realistic plan to achieve them, noting that the programs announced and proposed by Trudeau fall far short of supporting clean hydrogen, carbon capture and storage and other technology investments.

—GARY PARK

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## WELL DATA

mud gas and fluid samples from Merlin 1, with results expected over the next 2-10 weeks.

The operations update also reported that Pantheon's Talitha A well results on leases adjacent to another 88 Energy North Slope acreage block — Project Icewine — have “positive implications” for Icewine.

### 'Rough' timing for results

Sidewall cores, mud gas and fluid samples taken from Merlin 1 are currently undergoing testing to determine oil saturation, oil typing, PVT characteristics, porosity, permeability and rock mechanics the company said. (PVT is shorthand for pressure, volume, temperature, a term used in fluid properties evaluations.)

Cuttings will also go through a Volatiles Analysis Service, or VAS, 88 Energy said, to assist with the interpretation of the results from the well.

The “rough schedule” of testing and results provided by the company and its contractors was as follows:

- Core photography (white and UV light) and geological descriptions, 2-3 weeks.
- Isotope analysis of mud gas, 2-4 weeks.
- VAS on cuttings, 2-4 weeks.
- Results from centrifugal spin out of oil samples from select cores, 3-4 weeks.
- Routine core analysis including saturations from Dean Stark, 4-8 weeks (Dean Stark is a method for the measurement of fluid saturations in a core sample).
- Fluid analysis with oil geochemistry, 5-10 weeks.

These results will then be integrated into a final petrophysical interpretation.

The Merlin 1 well is on 195,000 acres of leased land in the National Petroleum Reserve-Alaska that 88 Energy acquired on Aug. 17 via a takeover of XCD Energy. The acreage, Project Peregrine, contained two Nanushuk prospects, Harrier and Merlin. 88 Energy subsidiary Accumulate Energy Alaska was the operator of this past winter's drilling program at Merlin 1.

### Project Icewine near Talitha

88 Energy said it has been closely monitoring activity “nearby to the north-



**Erik Opstad of Accumulate, Regenerate, Captivate and Emerald House, and Patrick Galvin of Great Bear Pantheon have held leadership positions in the local affiliates/subsidiaries of Subiaco, West Australia-based 88 Energy Ltd. and London, United Kingdom-based Pantheon Resources, Ltd. since the companies first entered Alaska.**

ern border of its Project Icewine acreage, where a flow of light oil from the Kuparuk has been reported from the Talitha A well.”

“Additional insights” into the “wettability” of the Kuparuk formation may have positive ramifications for 88 Energy's previous interpretation of the horizon, the company said, noting that all three wells drilled by 88 Energy at Project Icewine have “encountered good quality reservoir in the Kuparuk formation, with indications of hydrocarbons. These had previously been interpreted as likely gas condensate or residual oil and no mapped targets had been identified, as this was not a play that 88E had been pursuing. The results at Talitha A are highly encouraging regionally for the Kuparuk, including across Project Icewine, and the 88E internal geoscience team is now re-assessing the potential across our acreage.”

88 Energy said it was “also evident that several of the other prospective horizons encountered in Talitha A, where pay has been interpreted by Pantheon, extend into Project Icewine acreage.”

### Game changing results

The most recent information from Pantheon was released April 19 and April 20; the last a webinar for investors and analysts.

In the Q & A period at the end of the online presentation, Pantheon execs restated the company's “ultimate goal” on the North Slope: To prove up their acreage, sell it to a larger oil company and move on.

Bigger companies can afford to take it further, to bring it into production, they said.

Talitha A results to date, they said, give

Pantheon an “enormous leverage in proving up” their acreage, which consists of approximately 160,000 nearly contiguous acres on state land with 9-10 year leases (see map in the pdf and print versions of this article). The acreage has four prospects: Talitha, Theta West, Alkaid and Leonis, about which the company has said very little.

Drilling and testing were done by affiliate Great Bear Pantheon.

The results? Talitha A was drilled and expected to be flow tested to prove up 1 billion barrels of recoverable oil in four horizons in a 2,000-foot hydrocarbon column.

Instead Pantheon found five horizons and a 3,700-foot column (confirmed by external experts).

### Preserved in Kuparuk

Why did Pantheon elect to make the time remaining in the short winter drilling season all about the Kuparuk and not move up the wellbore to the four other horizons?

Because it was a 340 million-barrel target with “exceptional logs and gas chromatograph readings” and VAS analysis confirming the presence of light oil (42.3 API). And once you move up hole, you can't return.

Also, the Kuparuk was “an established producer regionally” and a “commercial flow test would lead to resource/reserve.”

Basically, it was “too good a target to let go.”

The Kuparuk reservoir, which was the third most important target in the Talitha A well plan and found to be at the deepest level in the wellbore, was “oil wet,” which is very unusual on the North Slope and elsewhere in the world. That revelation was completely unexpected for Pantheon and its contractors.

The executives explained that water wet “has to do with what fluid is around the sand grains.”

A high-pressure, oil wet reservoir can be “your friend” if you expect it in advance, but not if you don't, they said.

High pressure, oil wet reservoirs versus the common water wet reservoirs generally give you higher early well rates, and usually produce more later, but they are not your friend if you discover their existence after the fact which is what happened to Pantheon.

And that's because oil wet reservoirs must be drilled differently to control pres-

sure, which is what the company will do in the future.

Luckily, the other four oil-bearing zones were not oil wet and can be drilled normally, they said.

The company did an open hole test in the Kuparuk, which is where their problems began.

They had a failure of their original test unit, then attempted to run a liner that was unsuccessful, and then sidetracked the well — and that's when they found they had an over-pressured reservoir.

Nonetheless, the Kuparuk remains a “viable target with material resource potential,” Pantheon officials said.

And they left the suspended Talitha A wellbore in “excellent condition” and “ready for testing next season.”

### Even more oil

An enormous volume of high-quality data was generated from the well, including more than 400 VAS samples taken every 10 to 20 feet in the 3,700-foot column, which Pantheon executives said will assist the farmout discussions that they have recommenced to attract a suitable industry partner to best exploit the play.

What's more, in the 3,700-foot column every reservoir interval was charged with light, mobile oil — 35 to 42 degree API range.

Pantheon management said Talitha A “more than validates 1 billion barrels” and announced a resource reevaluation was coming at the end of May that will upgrade that estimate.

Another perk from analysis to date: The “emergence of Theta West as a giant and new prospect.”

“The discovery of oil in the Basin Floor Fan will become an area of intense focus” in the Theta West prospect, Pantheon's largest target, now considerably de-risked by the Talitha A results. In an April 19 release, the company described it as a “exceptionally large Basin Floor Fan in a better structural location.”

Hence, Pantheon said, it “should attract strong partner interest in drilling this significant prospect.”

The executives giving the presentation also touted the fact that their drilling cost was one-third less than budgeted.

“Estimated future drilling costs” are now “much lower,” they said. ●

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