



Alaska offshore added to proposed 11th OCS oil & gas leasing program

Secretary of the Interior Doug Burgum has directed the Bureau of Ocean Energy Management to begin the process of developing a new schedule for oil and gas leasing in the federal outer continental shelf, including offshore Alaska.

“Launching the process to develop the 11th National Outer Continental Shelf Program marks a decisive step toward securing American Energy Dominance,” Burgum said April 18.

BOEM will publish a request for information and comments in the Federal Register. Publication of that notice will begin a 45-day public comment period. The date of the Federal Register publication was not provided by Interior in its release, and as of the publication of this issue of Petroleum News the RFI had not appeared in the Federal Register.

Interior said “BOEM’s jurisdiction on the OCS has recently

see **OCS LEASING** page 11

Hilcorp gets OK for more Tyonek conductors, up to 20 more wells

Hilcorp Alaska is planning to install as many as 10 dual-well, 30-inch steel conductors and ice breakers at the Tyonek Platform in the North Cook Inlet unit over the next 5 years, enabling it to drill as many as 20 additional wells from the platform.

North Cook Inlet is one of the company’s most productive gas fields, averaging 42.42 million cubic feet per day in February, the most recent month for which Alaska Oil and Gas Conservation Commission production data is posted, 22% of inlet gas production in that month. AOGCC data show production from 20 wells, including nine sidetracks. In February only the Beluga River field, operated by Hilcorp on behalf of itself and majority working interest owner Chugach Electric Association, was more productive, accounting for 22.7% of inlet production and averaging 43.7 million cubic feet mcf per day.

Hilcorp acquired North Cook Inlet from ConocoPhillips Alaska effective Oct. 31, 2016.

In that month, the field’s production averaged 12.52 million cubic feet per day with eight wells in production, including one

see **TYONEK CONDUCTORS** page 11

DNR releases Augustine Island geothermal lease sale 2025 results

The Alaska Department of Natural Resources’ Division of Oil and Gas released preliminary results for the 2025 Augustine Island competitive geothermal lease sale on April 22.

The following bids are subject to further lease adjudication, as actual acres and bonus bids will change after title and survey review is complete:

Total Valid Bids: 6
Highest Bonus Bid: \$4,620.56
Total Tracts Sold: 6
Estimated Total Acres Sold: 11,991
Estimated High Bonus Bid Sum: \$17,741.28
Highest Bid per Acre: \$2.23
Average High Bid per Acre: \$1.48

In an April 22 press release GeoAlaska LLC said it was pleased to announce it was the apparent high bidder on all six tracts in the 2025 state of Alaska Augustine Island competitive geothermal lease sale. GeoAlaska bid on 100% ownership in the following six tracts: AI0010, AI0011, AI0012, AI0019, AI0023,

see **AUGUSTINE LEASES** page 10

EXPLORATION & PRODUCTION

Drilling for more gas

John Hendrix aims to have two new wells on production by July 15

By **KAY CASHMAN**

Petroleum News

In an April 21 interview with John Hendrix, he confirmed that Furie Operating has been drilling a new natural gas well in the Kitchen Lights unit from the Julius R Platform with Hilcorp Jack-Up Rig Co.’s Spartan 151 which Furie took delivery of on April 10.

Long-time Alaskan Hendrix is the owner of HEX Cook Inlet, the owner of Furie. HEX CI is the only 100% Alaskan-owned oil and gas company currently operating in the state.

“We’ve been drilling a surface hole at A-6 today, running in the casing 13 and 18 inches, going to run it down to 2,906 feet and cement it



JOHN HENDRIX

and then pull out and move over to A-5 in a couple of days and drill that surface and continue to total depth of about 9,300 feet and then move back to A-6 and drill it down to total depth,” Hendrix said.

“We committed last year that if we received royalty relief we would drill,” he said. The company’s royalty relief application was approved by the Alaska Department of Natural Resources in early February, Hendrix said, and Furie has

committed to a drilling program which will cost some \$40 million in 2025.

“We are an Alaskan owned company, and we are executing on our commitments. Drilling will

see **FURIE DRILLING** page 6

FINANCE & ECONOMY

OPEC+ discord hits ANS

Cartel considering adding additional supply boost beginning in June

By **STEVE SUTHERLIN**

Petroleum News

Alaska North Slope crude plunged \$1.66 April 23 to close at \$68.51 per barrel, while West Texas intermediate plummeted \$2.04 to close at \$62.27 and Brent plunged \$1.32 to close at \$66.12.

Crude prices were hit after news broke that the Organization of the Petroleum Exporting Countries and its allied exporting nations might accelerate oil output boosts in June for a second consecutive month, based on comments to Reuters made by three sources familiar with OPEC+ talks.

OPEC+ will meet on May 5 to discuss output changes in June.

Reportedly, tensions were on the rise in the group as a dispute over compliance with production quotas

worsened.

Erlan Akkenzhenov, Kazakhstan’s energy minister, told Reuters April 23 that his country would try to adjust its output in line with the OPEC+ plans but that it had to act in its own “national interests,” adding that the country had limited control over international oil companies that dominate its oil production.

“We will try to adjust our actions,” Akkenzhenov said. “If our partners ...are not satisfied with the adjustment of our actions, then again we will act in accordance with national interests with all the ensuing consequences.”

“The Kazakhstan story quickly morphed into other OPEC+ states wanting to increase production further,” Mizuho’s Robert Yawger said in a note, as

see **OIL PRICES** page 9

EXPLORERS PREVIEW

Jade gains at Sourdough

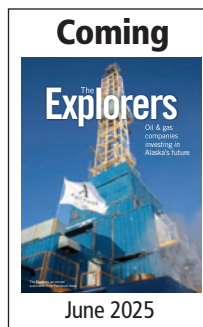
Opstad makes progress at far eastern North Slope project with 2 BP 1990s wells

By **KAY CASHMAN**

Petroleum News

Going back in history, Area F was created more than a decade ago as part of the Point Thomson unit settlement talks between the state of Alaska and the Point Thomson unit working interest owners. They brought together 7,647 acres of non-contiguous leases in the northeast and southeast corners of the Point Thomson unit. Jade Energy’s Sourdough project targets the southeastern leases, known as Tract 32, in which Jade has a 100% working interest.

Jade’s acreage holds BP’s two mid-1990s oil discovery wells, Sourdough 2 and 3. BP drilled the



12,562-foot Sourdough No. 2 well in March 1994 and the 12,475-foot Sourdough 3 well in March 1996.

In 1997 BP estimated the prospect held 100 million barrels of recoverable oil.

But BP never pursued development because at the time there was no pipeline near the Sourdough prospect, which borders the 1002 Area of the Arctic National Wildlife Refuge.

One hundred million barrels of oil did not justify the cost of a pipeline and related facilities.

The Point Thomson project had yet to be developed.

see **EXPLORERS PREVIEW** page 8

• EXPLORATION & PRODUCTION

Division approves Colville River POD

Conoco drilled under 2024 plan, but no exploration or development wells are planned for the 2025 POD, May 16-May 15, 2026

By **KRISTEN NELSON**
Petroleum News

ConocoPhillips Alaska does not plan to drill at its Colville River unit in the next year, the company said in its amended 2025 POD, the 27th for the unit, covering May 16, 2025-May 15, 2026.

Division of Oil Director Derek Nottingham said in the division’s April 17 approval of the POD that while no wells are planned, ConocoPhillips “will continue to evaluate and pursue additional operations as necessary to sustain and optimize production and injection, depending on available resources.”

ConocoPhillips’ initial 27th POD, submitted Feb. 14, listed up to three wells in the Narwhal participating area, with up to four workovers in the Alpine participating area, and said “additional opportunity wells may be drilled within the CRU depending on drilling results and rig schedule.”

In a cover letter for the revised POD the company said that since the Feb. 14 POD was submitted, it “has revised its plans,” but did include the same language on drilling: “additional opportunity wells may be drilled within the CRU depending on drilling results and rig schedule.”

2024 POD

During the 2024 POD ConocoPhillips completed Titan 1 drilling operations in the Fiord West Kuparuk participating area as well as completing drilling of the

CD5-32X exploration well. The company also drilled and completed two wells in the new Minke participating area, which ConocoPhillips established effective Feb. 1 — the CD5-629 producer and the CD5-697 injector.

The company also established the Minke participating area, effective Feb. 1.

There were 14 scale inhibition treatments in the Alpine Pool wells.

Reprocessing was completed for the 3D seismic survey “Narwhal Merge” to support development of the CD8 pad.

The company also completed upgrades to the CD4 instrument control and safety system, finalized engineering design work for CD2 and progressed engineering for the CD3 and CD4 fire and gas systems.

ConocoPhillips deferred the Nanuq Kuparuk participating wells to prioritize Minke participating area wells and deferred the Narwhal participating area well on capital reevaluation.

2025 POD

ConocoPhillips lists four operations it plans at the Colville River unit during the 2025 POD period:

- Evaluating future development opportunities and well planning in existing participating areas;
- Continuing scale inhibition treatments;
- Progressing development concepts and studies in the



DEREK NOTTINGHAM

fifth expansion area; and

- Progressing multi-year projects to upgrade and replace fire and gas systems and instrument control and safety systems throughout the field.

Unit history

The division said the Colville River unit was formed in 1998 with 37 leases — state, Arctic Slope Regional Corp. and joint state-ASRC lands. Since 1998 the unit has been expanded nine times and covers more than 134,000 acres of state, ASRC, joint and federal lands.

There are eight participating areas and eight distinct oil reservoirs, with the Alpine Central Facility processing Colville River production as well as production from the Greater Moose’s Tooth unit in the National Petroleum Reserve-Alaska.

In its POD ConocoPhillips lists participating areas and their average production in 2024: Alpine, which accounts for the most oil, averaging 16,600 bpd, followed by Narwhal, which averaged 7,200 bpd, Fiord Nechelik at 4,000 bpd, Nanuq Kuparuk at 3,100 bpd, Fiord West Kuparuk at 1,500 bd, Qannik at 1,300 bpd, Nanuq Nanuq at 800 bpd and Fiord Kuparuk, which had no production in 2024.

Colville River production averaged 34,177 barrels per day in the 2023 calendar year, increasing to 34,769 bpd in calendar year 2024, a 2% year-over-year increase, the division said. ●

Contact Kristen Nelson
at knelson@petroleumnews.com

contents		Petroleum News	Alaska’s source for oil and gas news
ON THE COVER	EXPLORATION & PRODUCTION	2	Division approves Colville River POD
Drilling for more gas		3	Baker Hughes US rig count up by 2 at 585
John Hendrix aims to have two new wells on production by July 15		4	Sidetracks planned at North Cook Inlet
OPEC+ discord hits ANS			Hilcorp plans no grassroots wells from Tyonek platform in 2025 POD; will drill three sidetracks with Spartan 151
Cartel considering adding supply boost beginning in June		4	Development well planned at Pretty Creek
Jade gains at Sourdough		LAND & LEASING	
Makes progress at eastern North Slope project with 2 BP ‘90s wells		3	Spring oil & gas lease sales dates set
Alaska offshore added to proposed 11th OCS oil & gas leasing program		THIS MONTH IN HISTORY	
Hilcorp gets OK for more Tyonek conductors, up to 20 more wells		5	Real jobs the benny
DNR releases Augustine Island geothermal lease sale 2025 results			ANS gas line benefit will be new gas production industry

- Geoscience
- Engineering
- Operations
- Project Management

Alaska’s Oil & Gas Consultants

3000 A St., Suite 410
Anchorage, AK 99530

Phone: (907) 272-1232
Fax: (907) 272-1344

www.petroak.com
info@petroak.com

• LAND & LEASING

Spring oil & gas lease sales dates set

By KRISTEN NELSON
Petroleum News

Dates have been set for opening and closing of bids for the state’s spring areawide lease sales. The Department of Natural Resources’ Division of Oil and Gas said April 18 that bidding will begin May 19 and end June 5 for Cook Inlet and Alaska Peninsula leases, with results available June 11.

The bidding method for the Alaska Peninsula sale will be cash bonus with fixed royalty. The Cook Inlet sale will be net profit share bidding with fixed cash bonus.

EnergyNet Services LLC will conduct the sealed bid auction under contract with the division, with bidder registration and bid submission on the EnergyNet Government Listings site at <https://www.energynet.com>.

Sale areas

There are some 5 million acres in the Alaska Peninsula areawide in 1,004 tracts, ranging from 1,280 to 5,760 acres, encompassing onshore and offshore acreage from the Nushagak Peninsula in the north then

The Cook Inlet areawide has a net profit share variable, with a minimum bid of 5% and a fixed cash bonus of \$40 per acre. The primary lease term is five years, with a one-time extension possible under certain conditions.

along the west side of the Alaska Peninsula to just north of Cold Bay.

Division records show the first Alaska Peninsula sale, in 2005, had 37 tracts awarded (190,474 acres) but interest since then has been spotty, with one tract awarded in 2007 (5,728 acres) and three tracts awarded in 2014 (9,561 acres). There are no active Alaska Peninsula leases remaining from those sales.

There are some 3 million acres in the Cook Inlet areawide, 727 tracts, ranging from 640 to 5,760 acres, encompassing onshore and offshore acreage from Wasilla in the north to Anchor Point in the southeast and along Alaska’s Submerged Lands Act boundary in Cook Inlet to the Iniskin Peninsula on the Alaska Peninsula and north toward the Susitna Valley.

In recent years Cook Inlet has had sales of just a few tracts, with eight in 2018 (16,135 acres) the most since 2014, when 32 tracts (83,521 acres) were sold, down from a recent peak of 103 tracts (449,164 acres) in 2011.

Bid specifics

Bids in the Alaska Peninsula sale are a minimum of \$5 per acre with a 12.5% fixed royalty and a term of 10 years, with rent of \$1 per acre in the first year, \$1.50 in the second, \$2 in the third, \$2.50 in the fourth, and \$3 in the fifth through 10th years.

The Cook Inlet areawide has a net profit share variable, with a minimum bid of 5% and a fixed cash bonus of \$40 per acre. The primary lease term is five years, with a one-time extension possible under certain conditions. Rents are \$1 per acre in the first year, \$1.50 in the second, \$2 in the third, \$2.50 in the fourth and \$3 in the fifth.

Complete lease sale details are on the division’s website at <https://dog.dnr.alaska.gov/LeaseSale>. ●

Contact Kristen Nelson
at knelson@petroleumnews.com

• EXPLORATION & PRODUCTION

Baker Hughes US rig count up by 2 at 585

By KRISTEN NELSON
Petroleum News

Baker Hughes’ U.S. rotary drilling rig count was 585 on April 17, up by two from the previous week, down by 34 from 619 a year ago and down by nine from two weeks ago. Over the last eight weeks the rig count was up in three weeks, down in four and unchanged in one with a combined loss of 11 against a gain of four.

A drop of 17 to 731 on May 12, 2023, was the steepest weekly drop since June of 2020, during the first year of the COVID-19 pandemic, when the count also dropped by 17 to 284 on June 5, following drops as steep as 73 rigs in one week in April. The count continued down to 251 at the end of July 2020, reaching an all-time low of 244 in mid-August 2020.

For 2024, the count peaked March 1 (and again March 15) at 629, hitting its low point June 28 at 581. In 2023 the count peaked early in the year at 775 on Jan. 13, bottoming out Nov. 10 at 616.

When the count dropped to 244 in mid-August 2020, it was the lowest the domestic rotary rig count had been since the Houston based oilfield services company began

Baker Hughes shows Alaska with 10 rotary rigs active April 17, unchanged from the previous week and down by four from a year ago when the state’s count was 14.

issuing weekly U.S. numbers in 1944.

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

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

The April 17 count includes 481 rigs targeting oil, up by one from the previous week and down 30 from 511 a year ago, with 98 rigs targeting natural gas, up by one from the previous week and down eight from 106 a year ago, and six miscellaneous rigs, unchanged from the previous week and up by four from a year ago.

Forty-four of the rigs reported April 17 were drilling directional wells, 527 were drilling horizontal wells and 14 were drilling vertical wells.

Alaska rig count unchanged

Pennsylvania (18) was up by two rigs from the previous week while California (5) and West Virginia (8) were each down by a single rig.

Rig counts in other states were unchanged from the previous week: Alaska (10), Colorado (8), Louisiana (30), New Mexico (100), North Dakota (32), Ohio (10), Oklahoma (53), Texas (274), Utah (12) and Wyoming (21).

Baker Hughes shows Alaska with 10 rotary rigs active April 17, unchanged from the previous week and down by four from a year ago when the state’s count was 14.

The rig count in the Permian, the most active basin in the country, was unchanged from the previous week at 289 and down by 29 from 318 a year ago. ●

Contact Kristen Nelson
at knelson@petroleumnews.com



NSTI

Powerful End-to-End Security Solutions



Safety empowers possibility.
One stop for voice, video, and data to protect people, property, and places.

Seamless collaboration and safer communities everywhere.



MOTOROLA SOLUTIONS
PLATINUM CHANNEL PARTNER

NSTIAK.COM



Surface Logging Services
Drilling Solutions
Lab Studies
Innovation Hub



XRF-CGR	Conductive Frac. Count	Resistive Frac. Count	XRF - Pb
gAPI 1500	1/m	90	10 ppm

23 years of surface logging excellence in Alaska

Unlock Geological Insights with GeoROX: Real-time XRF and XRD analysis for comprehensive rock characterization. Get key data in 1-2 hours, enhancing drilling efficiency and geological understanding. Explore GeoROX today!



301 East 92nd Ave., Suite 2, Anchorage, AK 99515 | James R. Carson, Alaska District Manager | +1 907-227-3365 | j.carson@geolog.com

www.geolog.com

UNCONVENTIONAL RESOURCES TECHNOLOGY CONFERENCE

URTeC

Opening Plenary Session:
Shaping the Future: Leveraging Technology Innovation and
Championing Sustainable Development in Unconventional Resources

Thaimar Ramirez
President and General
Manager, Midland Basin
Business Unit, OXY

George Koperna
Chief Executive Officer
Advanced Resources
International (ARI)

Leen Weijers
Senior Vice President of
Engineering, Liberty Energy

Oscar Bustos
Senior Vice President
Unconventionals
ADNOC

FUELED BY

URTeC.org

9-11 JUNE
2025
HOUSTON

REGISTRATION
NOW OPEN!
SAVE \$125 BY 9 MAY 2025

EXPLORATION & PRODUCTION

Development well planned at Pretty Creek

On April 17 the Alaska Department of Natural Resources’ Division of Oil and Gas approved a request from Hilcorp Alaska to amend its unit plan of operations to drill a grassroots well on the existing Pretty Creek Pad 2.

Also at Pretty Creek, Hilcorp is in the process of permitting a new pad in the northern portion of the unit at section 27-14N-9W, Seward Meridian (see story in April 6 issue of Petroleum News), with plans to drill two exploration/delineation wells.

The existing Pretty Creek 2 Pad is in the middle of the unit at section 33-14S-9W, SM, and is the site of the unit’s limited existing production.

Hilcorp acquired Pretty Creek in late 2011 as part of its acquisition of Chevron/Union Oil’s Cook Inlet assets. At that time the field, brought online by Union Oil Company of California in late 1986, was no longer in production.

Hilcorp had sporadic production from the field until it brought a sidetrack online at the single producing well, Pretty Creek Unit 2, last November. By February of this year Alaska Oil and Gas Conservation Commission data show PCU 2A in regular production, averaging 1,596 thousand cubic feet per day.

In its approval of the grassroots well request the division said the new well will be tied into existing infrastructure, with all activities occurring on pad.

Pretty Creek 2 Pad is on the west side of Cook Inlet some 5 miles northeast of the mouth of the Beluga River.

In a March 11 decision, the division approved Hilcorp’s request to install sub-surface piping and new infrastructure to support new grassroots wells on the pad. Proposed new infrastructure approved in that decision includes gas flowlines, electrical instrumentation, line heaters, separators, compression equipment, well cellars and conductors.

—KRISTEN NELSON

• EXPLORATION & PRODUCTION

Sidetracks planned at North Cook Inlet

Hilcorp plans no grassroots wells from Tyonek platform in 2025 POD; will drill three sidetracks, August-October, with Spartan 151

By **KRISTEN NELSON**
Petroleum News

In its 2025 plan of development for its North Cook Inlet unit, submitted March 31, Hilcorp Alaska told the Alaska Division of Oil and Gas that it does not anticipate drilling any grassroots wells from the Tyonek platform in the unit during the July 1 through June 30, 2026, period of the POD, but does plan three sidetracks using the Spartan 151 jack-up. The company said the sidetracks, all targeting Beluga sands, may include NCIU A-06A with an anticipated August spud date; NCIU A-07A with a September spud date; and the NCIU A-21A with an October spud date. Hilcorp said it may drill other sidetracks if opportunities arise during the drilling season.

Why no grassroots wells? Hilcorp will be working to increase slot space for drilling from the Tyonek platform, part of its efforts to develop remaining gas reserves.

In the 2025 POD the company listed a slot expansion project allowing for four additional wells from Leg 2 at the Tyonek platform. This is part of the company’s plan to add slots, beginning this year and extending out to 2030, allowing it to drill as many as 20 additional wells (see story on page 1 of this issue of Petroleum News).

The North Cook Inlet is one of the most productive fields in Cook Inlet, accounting for just over 22% of inlet gas production in February, the most recent month for which Alaska Oil and Gas Conservation Commission production data is available. Hilcorp acquired North Cook Inlet from ConocoPhillips in 2016 and since then has more than tripled natural gas production.

lion standard feet of natural gas from the North Cook Inlet unit during the 2024 calendar year.

The company mobilized its Spartan 151 jack-up drilling rig to the Tyonek Platform in June 2024.

Three grassroots wells and one sidetrack were drilled, out of a proposed program of up to three grassroot wells and up to two sidetracks, all using the 151 jack-up.

The A-19 targeted upper and lower Beluga sands west of the Tyonek Platform; it came online in September.

The A-20 targeted upper and lower Beluga sands southwest of the Tyonek Platform; it came online in August.

The A-21 targeted upper and lower Beluga sands north of the Tyonek Platform; it came online in October.

The B-01B sidetrack targeted upper and lower Beluga sands southeast of the Tyonek Platform; it came online in October.

The company also did rig and non-rig well projects during the 2024 POD, including:

*NCIU A-09A (Coil/Eline), fill cleanout at the NCIU A-09A;

*NCIU A-16 (Coil/Eline), fill clean out with coil, water shut off and added infill upper Beluga sand perforations;

*NCIU A-17 (Coil/Eline), milled plugs to regain access to deep upper Beluga sands and add infill upper Beluga sand perforations; and

*NCIU A-21 (Coil/Eline), fill clean out with coil and continued to add Sterling sand perforations, with work ongoing and anticipated to be complete during 2024 POD period.

The 2024 plan of development, approved in May 2024, covers July 1, 2024, through June 30, 2025. ●

2024 plans achieved

Hilcorp said it produced 15,477.53 mil-

Contact *Kristen Nelson*
knelson@petroleumnews.com

Petroleum
news

Subscribe to Petroleum News:
Call 281.978.2771

Petroleum
news

www.PetroleumNews.com

Kay Cashman	PUBLISHER & FOUNDER	ADDRESS P.O. Box 231647 Anchorage, AK 99523-1647 NEWS 907.522.9469 publisher@petroleumnews.com CIRCULATION 281.978.2771 circulation@petroleumnews.com ADVERTISING Susan Crane • 907-250-9769 scrane@petroleumnews.com <i>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.</i>
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	

OWNER: Petroleum Newspapers of Alaska LLC (PNA)
Petroleum News (ISSN 1544-3612) • Vol. 30, No. 17 • Week of April 27, 2025

Published weekly. Address: 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.

• THIS MONTH IN HISTORY

Real jobs the benny

20 years ago this month: Alaska North Slope gas line benefit will be new gas production industry, not petrochemicals

Editor's note: This story first appeared in the April 24, 2005, issue of Petroleum News.

By KRISTEN NELSON
Petroleum News

In the process of an April 2005 update to the Anchorage Chamber of Commerce on ConocoPhillips' progress on making a natural gas pipeline from the North Slope a reality, the company's vice president of Alaska North Slope gas said he thought the most important benefit of a gas line would be the creation of a new industry in the state. Unlike others, Joe Marushack doesn't think that new industry will be petrochemicals; nor is he focused on the benefits of a short-term pipeline construction boom. Marushack thinks the real benefit of building a gas pipeline from Alaska's North Slope will be the birth of a natural gas exploration and production industry in Alaska — one that both opens new basins along the line and across the North Slope.



JOE MARUSHACK

More importantly, he said ConocoPhillips has already begun its own gas exploration in the National Petroleum Reserve-Alaska.

Between Prudhoe Bay and Point Thomson there are some 35 trillion cubic feet of known natural gas, but over a 30-year period the pipeline the North Slope producers are talking about would require 50 tcf, Marushack said.

ConocoPhillips believes the gas will come from the NPR-A, where the company has already drilled 17 exploration wells.

"NPR-A is very heavily gas prone, so ConocoPhillips is already out there trying to develop this new industry. We're looking for gas, we're finding some gas. We

think that's the opportunity, the big opportunity, to fill up this pipe, or at least the starting point," he said.

A gas pipeline will also spur other exploration companies to start looking for gas, Marushack said.

New basins along the gas line corridor could also be opened for exploration, he said, "and this pipeline being open access will provide the opportunity for all companies at various times to get access to the pipeline, as well as the opportunity for Alaska to get access to the gas."

In risk mitigation phase

In his presentation to the chamber, Marushack reviewed the major North Slope producers' (BP, ConocoPhillips and ExxonMobil) progress on "un-stranding" North Slope gas, starting with the \$125 million the companies spent on a 2001-02 study to commercialize North Slope gas.

He reminded the audience that the producers, also the main gas owners on the North Slope, need regulatory certainty in the United States and Canada and fiscal certainty from the state of Alaska before a gas pipeline project would be sanctioned.

Federal enabling legislation, a major project milestone, passed last year, and the companies are now negotiating a fiscal contract with the state of Alaska, working on the Canadian side of the regulatory process and "doing some cost-

saving initiatives."

What's going on now is the risk mitigation phase of the project, Marushack said.

An approved project would go into project development, with engineering and permitting work expected to cost about \$1 billion and take about 4 years. Procurement, construction and commissioning will take 5 years. The 2001-02 study estimated the total cost at \$15 billion to Alberta, close to \$20 billion if a pipeline has to be built to the Midwest.

The construction phase is often seen as having the jobs benefit of an Alaska North Slope gas pipeline, but Marushack said that is short-term work: the real focus with jobs is "the opportunity to create a new industry," a gas exploration and production industry on the North Slope.

Propane makes sense for heat

He pointed out that Alaskans have frequently talked about the possibility of a petrochemical industry in Alaska — stripping off natural gas liquids in Alaska as the basis for that industry. The study the North Slope producers did in 2001-02 concluded that Alberta would be the best place to have a natural gas liquids plant, Marushack said: ethane would be mixed with the methane and sold for its heating value, while propane components would be dropped off in Alberta.

Alberta and the Texas-Louisiana Gulf

The shippers — the North Slope producers and the state — take the project risk, Marushack said, because they have to make the long-term shipping commitments.

Coast have the only two major petrochemical facilities in North America, he said. The facilities are centralized because of requirements for "good transportation, the ability to transfer products back and forth ... (and) a lot of feedstock opportunities."

Marushack, who was the business manager of a petrochemical facility before he came to Alaska, said the requirements for such a facility are "world-class transportation," feedstocks and the ability to throw off by-products. He said use of petrochemicals in Alaska would be looked at further, "but we're only really talking about two sources of petrochemicals" in an Alaska gas pipeline: ethane, used to make ethylene and then polyethylene and propane, used to make propylene and then polypropylene.

"And so we're not talking about lots and lots of different chemical feedstock compounds: we're talking about two."

Marushack said he thinks "it's going to be a real challenge" to make an Alaska chemical project economic.

On the other hand, he said, it "might

see HISTORY page 6

THE TEAM THAT DELIVERS

Safety Health Environment Quality

AFC
Alaska Frontier Constructors, INC.



(907) 562-5303 | akfrontier.com

Computing Alternatives



Information Technology Professionals

WE OFFER THE FOLLOWING SOLUTIONS TO PUBLIC AND PRIVATE SECTORS

- Custom Web, Desktop, & Mobile apps
- IT Business Analysis
- Database Design & Modeling
- Microsoft Server Maintenance
- SQL Server Database Administration
- Oil & Gas Risk Assessment and Regulatory Compliance Tools
- Hospitality Systems

Ph| 907-644-4522
Fx| 907-644-4523
services@Computing-ALT.com
www.Computing-ALT.com
5701 Silverado Way, Ste. J203
Anchorage, AK 99518

continued from page 1

FURIE DRILLING

allow new gas to be online for the Railbelt in advance of the 2025-2026 winter. Together with Hilcorp, we are demonstrating that Alaskans working together can develop more critically needed energy from the Cook Inlet basin,” Hendrix said.

Doubled well slots

Kitchen Lights produces from the Julius R platform and production facility has been limited because the platform had only six surface well slots. Work the company recently completed doubled the number of surface well slots to 12, Hendrix told Petroleum News in March.

He said at that time that the possibility of operating more wells from the platform gives Furie greater confidence in signing long-term gas supply contracts, as it provides the potential for backup wells in support of its gas production.

How much gas?

When asked how much natural gas Furie expects to get from the two new

“Together with Hilcorp, we are demonstrating that Alaskans working together can develop more critically needed energy from the Cook Inlet basin,”
Hendrix said.

wells, Hendrix said, “we’re hoping 4 million standard cubic feet per day per well, which is equivalent to approximately 700 barrels of oil equivalent.”

Currently Kitchen Lights is producing in the neighborhood of 14 million cubic feet of natural gas per day.

“Our objective is to have the two wells drilled no later than July 1 and have them on production by July 15,” Hendrix said.

The Spartan 151 is the only jack-up in Cook Inlet.

Furie said in March that it is working with local companies on the current drilling program, including Fairweather LLC, Cook Inlet Tug & Marge, Maritime Helicopters, CISPRI, Pollard Wireline Services, Petrotechnical Resources of Alaska and Weaver Brothers. ●

Contact Kay Cashman
at publisher@petroleumnews.com



The Spartan 151 jack-up rig.

HEX COOK INLET

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.



NABORS – MISSION TO ZERO
Safer, Smarter - Incident Free

continued from page 5

HISTORY

make good sense” to take some propane out of a gas pipeline and use it to provide heat in communities that don’t have direct access to a pipeline.

Reducing risk

Marushack said what the North Slope producers want out of negotiations with the state of Alaska under the Alaska Stranded Gas Development Act is fiscal stability.

“We’re trying to figure out ... how we can reduce risk and make the project most viable and most economic,” he said. The North Slope producers will be making a big investment in the project, and “need to have as much assurance that it’s going to be a good project as possible.

“And actually, Alaska needs it to be as good a project as possible, too, because the lowest-cost project will create the highest wellhead. That creates the most royalty, the most taxes for the state, so we’re all in this together ...,” he said.

The shippers — the North Slope producers and the state — take the project risk, Marushack said, because they have to make the long-term shipping commitments.

“Cost increase, any schedule delays, anything that makes that (project) cost go up, automatically comes back on the resource owner. ... If we have problems, if we have delays, people who are going to be held accountable for that, basically, are the ones who are the owners of the pipeline. But they’ll just transfer that back to the state and the producers and we’ll pay all the costs on that.

“So this is why we believe that the producers have the most incentive to manage their costs.”

The state is discussing taking equity ownership in the project, and the producers, Marushack said, think that would be a good idea because it would give the state a seat at the table and basically put the state in the role of a producer: it could take gas in-kind if it chose to, market that gas, “do long-term deals, short-term deals, spot deals. Basically, it’s their opportunity to try to figure out how they could maximize the value of that asset through whatever sales mechanisms they came up with.” ●

Contact Kristen Nelson
at knelson@petroleumnews.com

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

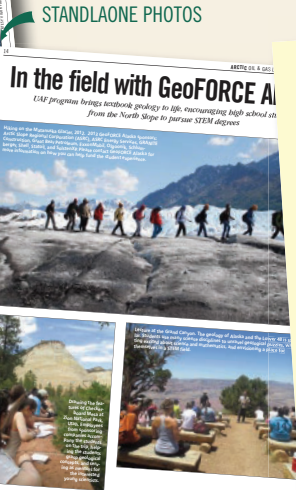


Exposure in the semiannual Arctic Oil & Gas Directory

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

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.

CO-OP ADVERTISEMENTS



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



To advertise in Petroleum News, contact Susan Crane at 907-250-9769

continued from page 1

EXPLORERS PREVIEW

That has since changed, with the Point Thomson field in production and a pipeline connecting the PTU and the Badami unit to the west.

Advancing understanding

Erik Opstad’s Jade Sourdough project has steadily been gaining ground since the initial 3D seismic survey covering the Sourdough prospect (Yukon 3D data set), that was conducted by Jade stakeholders in 2018.

Jade has demonstrated a continuous

record of ongoing technical and field work to advance understanding of the high pressure reservoir and requirements for its potential development, spending approximately \$20 million through the end of 2023.

The Alaska Department of Natural Resources and its Division of Oil and Gas were clearly supportive of Opstad and Jade’s efforts to drill an exploration/appraisal well into BP’s Sourdough discovery until Dec. 21, 2022.



ERIK OPSTAD

Then everything changed, putting the entire project in limbo and jeopardizing investment.

Jade filed its fifth plan of development for ADL 343112 Area F, Tract 32, in the eastern North Slope’s Point Thomson unit with the Division of Oil and Gas on Nov. 1, 2022. The POD period ran from Jan. 1 through Dec. 31, 2023.

The conditions placed on Jade’s fifth plan of development by the division were as follows (note the conditions did not identify ways to cure a default should circumstances justify a delay):

- On or before July 1, 2023, Jade had to provide evidence that it had funding for the well it intended to drill in Q1/Q2 of 2024.

- On or before Sept. 1, 2023, Jade also had to provide to the division a rig contract for that well.

Investors spooked

In its Nov. 1, 2022, fifth POD filing, Jade said that in the “last few weeks” investors who had suspended interest in Sourdough development due to things such as the Biden administration’s opposition to oil and gas development, had once again expressed interest in the project.

But the default conditions were seen by the investor community as the actions of a hostile agency.

For example, an attorney for a large Alaska Native corporation tasked with looking at the Sourdough project called the division’s terms of the fifth POD approval “conditions of extortion.”

When the DNR commissioner ruled against his request for reconsideration on the fifth POD, Opstad could have gone to court, but he elected not to, hoping that he could still work out things with the division.

He is currently waiting on a reconsideration for a similar decision on the sixth POD.

Most recently, per the division, on Sept. 30, 2024, it received the proposed 2025 Point Thomson unit Area F seventh POD from Jade.

The division notified Jade by email on Oct. 10, 2024, that the POD submittal was deemed complete, noting that “Jade provided a technical review” to the division on Nov. 20.

“Since, however, Jade is currently in default for failing to comply with the terms and conditions of the 5th POD, and the Commissioner’s Office is reviewing Jade’s request for reconsideration of the 2024 6th POD Decision, the proposed 2025 7th POD is held in abeyance pending resolution of the default and reconsideration request,”

see EXPLORERS PREVIEW page 11

WHATEVER

WHENEVER

WHEREVER



Creative photography for the oil & gas industry.
judypatrickphotography.com
907.258.4704



continued from page 1

OIL PRICES

reported April 23 by the Wall Street Journal.

An accelerated unwinding of cuts to the tune of 411,000 barrels per day in May by OPEC+ was to be offset by compensation from members that had previously produced above their agreed levels.

“The overproduction appears to be here to stay and there will now be a heavy focus on OPEC+’s response moving forward,” Alex Hodes of StoneX said in a note.

The fall in crude prices could not be derailed by reports from Reuters that the Trump administration would consider lowering tariffs on imported Chinese goods pending talks with the Asian nation, and that any action would not be made unilaterally, according to a source familiar with the matter. The source’s comments came on the heels of a Wall Street Journal report that the White House is considering cutting its tariffs on Chinese imports to de-escalate tensions.

U.S. commercial crude oil inventories for the week ending April 18 — excluding the Strategic Petroleum Reserve — edged up by 200,000 barrels from the previous week to 443.1 million barrels, 5% below the five-year average for the time of year, the U.S. Energy Information Administration said in its April 23 petroleum status report.

The inventory rise fell short of the 600,000-barrel jump

called for in a survey by The Wall Street Journal.

Total motor gasoline inventories fell by 4.5 million barrels over the period, to 229.5 million barrels — 3% below the five-year average for the time of year, the EIA said. Distillate fuel inventories decreased by 2.4 million barrels to 106.9 million barrels — 13% below the five-year average for the time of year.

Gasoline inventories were expected to fall by 1.6 million barrels to 232.4 million barrels and stocks of distillate fuels were forecast to be up by 100,000 barrels, based on the WSJ poll.

ANS forays into the \$70s

ANS closed above \$70 April 22 — adding \$1.07 to finish at \$70.17 — as WTI rose \$1.23 to close at \$64.31 and Brent rose \$1.18 to close at \$67.44.

On April 21, ANS fell \$1.36 to close at \$69.11, WTI fell \$1.60 to close at \$63.08 and Brent fell \$1.70 to close at \$66.26.

ANS also topped \$70 on April 17, jumping \$1.82 to close at \$70.47. WTI leapt \$2.21 on the day to close at \$64.68, and Brent leapt \$2.11 to close at \$67.96.

From Wednesday to Wednesday, ANS fell 14 cents from its April 16 close of \$68.65 to \$68.51 on April 23.

On April 23, ANS closed at a premium of \$2.39 over Brent, and at a premium of \$6.24 over WTI.

Oil prices may weaken further in 2025 as new production swells and demand remains capped by China’s faltering growth, according to the International Energy Agency.

The IEA sees “slow demand growth in the markets, mainly driven by what is happening in China,” IEA Executive Director Fatih Birol said in a Bloomberg television interview. “If there are no other surprises, we may expect oil prices to see a downward pressure further.”

A “change in the trade war’s context in a positive direction may increase the global economic outlook, and we may see oil demand slightly higher than what we have now,” Birol said, adding that it’s hard to predict a direction for Iran’s oil exports pending its talks with the Trump administration.

ANZ Research analysts said in a note that although the specter of slowing demand is depressing market sentiment, high-frequency market indicators point to seasonal demand strength, Barron’s reported April 23.

Improving margins on the crack spread — the price difference between crude oil and refined products such as gasoline and heating oil — are supporting U.S. and China refinery operating rates, while U.S. jet fuel demand is above pre-pandemic levels, ANZ said.

Overall, ANZ kept a neutral outlook on oil prices. ●

Contact Steve Sutherlin
at ssutherlin@petroleumnews.com



Oil Patch Bits



Alaska Railroad open house returns to Anchorage in May

The Alaska Railroad Corp. said April 21 that it invites the public to its community open house at the historic Anchorage Depot, 10 a.m. to 2 p.m. on Saturday, May 3. The event features free entrance, free parking, free train rides and other free family-friendly activities.

Eventgoers will have the opportunity to meet railroaders, ride aboard a train, and learn more about railroad safety and equipment. The highlight of the event provides open house guests the opportunity to enjoy a free train ride aboard a comfortable rail coach. The open house also features static displays of locomotives, railcars, rolling stock and track maintenance equipment. Knowledgeable employees will be on-site to talk about railroading careers, equipment, travel routes and rail safety.

Meghan Clemens, ARRC external affairs director said, “We are excited to welcome the community to the Alaska Railroad’s Anchorage open house on May 3. This is a great opportunity for folks to meet our dedicated employees and learn all about railroading in Alaska. We have some incredible pieces of track maintenance equipment we will be sharing this year, along with a walk-on locomotive where the public can get inside the cab and see what powers our operations. And of course, we’re excited to get hundreds of Alaskans out on free train rides.”

At the open house, eventgoers will be able to pick up free tickets for scheduled departures of the roughly 20-minute round-trip ride through downtown Anchorage; the first of



JUDY PATRICK

eight trains will depart at 10:00 a.m., with the last departure at 1:30 p.m.

For more information visit <https://www.alaskarailroad.com/corporate/community/public-events>.

Airgas expands high school welding initiative

As reported by Airgas News April 8, Airgas, an Air Liquide company, is proud to announce that 72 schools from 33 states and 16 Airgas regions will participate in the high school welding education initiative for the 2025 academic year. Building on its mission since 2018 to support underserved high school welding programs and bridge the skilled trades gap, the initiative is set to reach even more students and communities across the United States.

With the American Welding Society projecting a need for 320,500 new welding professionals by 2029, the Airgas high school welding education initiative plays a vital role in preparing the next generation of skilled tradespeople. The program provides participating schools with a customized mix of hands-on professional development training for welding teachers, welding consumables and equipment, safety PPE, and other essential resources. The selected school programs are chosen based on four key factors: high unmet need at the school; a productive welding program with the potential to graduate job-ready welders; passionate teachers; and enthusiastic local Airgas champions.

Since 2018, the initiative has supported 162 schools, benefiting over 12,000 students and 664 instructors, with nearly 1,900 students securing jobs post-graduation since 2021.

Jay Worley, Airgas chief operating officer, commented: “We are thrilled to expand the Airgas high school welding education initiative and further our commitment to supporting welding education. By investing in these 72 programs, we are not only addressing a critical skills gap but also empowering students to pursue rewarding careers in welding, engineering, and technical fields.”

Companies involved in Alaska’s oil and gas industry

ADVERTISER

PAGE AD APPEARS

A

ABR, Inc.
Acuren
AES Electric Supply, Inc.
Airgas, an Air Liquide Company
Airport Equipment Rentals8
Alaska Air Cargo
Alaska Dreams
Alaska Frontier Constructors (AFC)5
Alaska Fuel Services
Alaska Marine Lines
Alaska Materials
Alaska Railroad
Alaska Steel Co.
Alaska Textiles
Alaska West Express
Arctic Controls
Armstrong
ASRC Energy
ASTAC (Arctic Slope Telephone Assn. Coop, Inc)

B-F

Bombay Deluxe Restaurant
Brooks Range Supply
Calista Corp.
Coffman Engineers
Colville Inc.
Computing Alternatives5

ADVERTISER

PAGE AD APPEARS

CONAM Construction
Construction Machinery Industrial (CMI)12
Cook Inlet Tug & Barge11
Cruz Construction
Doyon Associated
Doyon Drilling, Inc.
Doyon, Limited
EXP Energy Services
F. R. Bell & Associates, Inc.
Flowline Alaska
Frost Engineering, a division of PumpTech LLC

G-M

GCI
GeoLog3
Greer Tank & Welding
Guess & Rudd, PC
Inspirations
Judy Patrick Photography8
Lennon Crane
Little Red Services, Inc. (LRS)
Lounsbury & Associates
Lynden Air Cargo
Lynden Inc.
Lynden Logistics
Lynden Oilfield Services
Lynden Transport
Matson

ADVERTISER

PAGE AD APPEARS

N-P

Nabors Alaska Drilling6
NANA Worley
Nature Conservancy, The
NEI Fluid Technology
Nordic Calista
NORTECH
Northern Solutions10
NSTI (North Slope Telecom Inc.)3
Owl Ridge Natural Resource Consultants
Petroleum Equipment & Services, Inc.
PND Engineers, Inc.
PRA (Petrotechnical Resources of Alaska)2
Price Gregory International

Q-Z

Republic Services (formerly US Ecology)
Resource Development Council
Sheet Metal Inc.
Strategic Action Associates
Tanks-A-Lot
TOTE Maritime Alaska
Udelhoven Oilfield System Services Inc.
Western Pacific Crane & Equipment

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

continued from page 1

AUGUSTINE LEASES

and AI0024 on ADL 394387, 394388, 394389, 394390, 394391, 394392.

The acquisition adds 11,991 acres to the company's growing geothermal portfolio.

In addition, effective April 1, DNR converted GeoAlaska's geothermal prospecting permits covering the southern half of Augustine Island into seven geothermal leases with 10-year terms. These leases secure rights to an additional 10,330 acres, for a total of 22,321 acres at Augustine Island for the company.

These subsurface surveys have identified three shallow geothermal reservoir targets and a deeper reservoir target above the island's magma storage system located about 2 km subsurface.

Founded in May 2020 and majority-owned by Alaskans, GeoAlaska LLC partnered in 2023 with Ignis Energy Inc. — a Houston-based international geothermal exploration and production company.

Augustine Island is in the southwest portion of Cook Inlet, immediately south of the Iniskin Peninsula. GeoAlaska's geothermal journey on Augustine Island began when its first prospecting permit was issued by DNR in 2022.

After conducting a gravity and audio-magnetotelluric survey in 2023, the two-year exploration permit was extended for a third year. This survey was followed by an expanded magnetotelluric survey on Augustine Island in 2024.

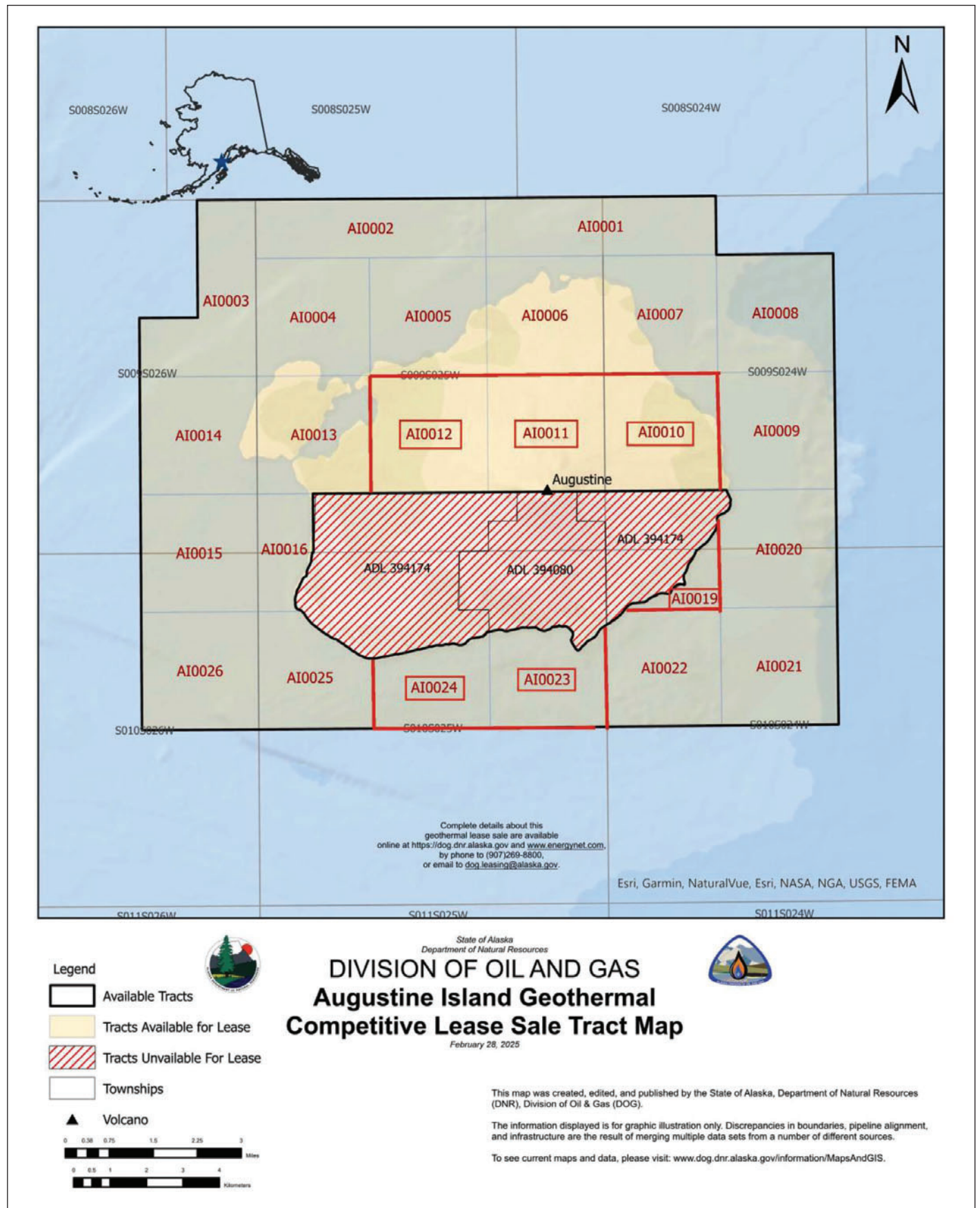
These subsurface surveys have identified three shallow geothermal reservoir targets and a deeper reservoir target above the island's magma storage system located about 2 km subsurface.

Power modeling based on conservative volumetric and enthalpy models supports a P50 estimate of 224 MWh.

Exploratory drilling is the next phase to further de-risk the project and to refine the P50 power model, GeoAlaska said in its press release.

—KAY CASHMAN

Contact Kay Cashman
at publisher@petroleumnews.com



This geothermal tract map was published by the Alaska Department of Natural Resources' Division of Oil and Gas. The map was annotated by GeoAlaska to mark tracts awarded to GeoAlaska which includes: AI0010, AI0011, AI0012, AI0019, AI0023, and AI0024. These six tracts surround GeoAlaska's existing acreage on the southern half of Augustine Island. The ADL numbers printed on the south half of the island represent two-year geothermal exploration permits that have been fully replaced, effective April 1, 2025, with 10-year geothermal leases issued to GeoAlaska by DNR's Division of Oil and Gas.

Local Knowledge for a Global Industry

Northern Solutions LLC
An Alaskan Company

Anchorage Manufacturing Facility
8875 King Street
Anchorage, AK 99515
sales@nsakllc.com
907-563-3012

Deadhorse Machine Shop
At the corner of Spur & Spine
Prudhoe Bay, AK 99734
deadhorse@nsakllc.com
907-331-7627

Downhole Tool Technology
At the corner of Spur & Spine
Prudhoe Bay, AK 99734
nstools@nsakllc.com
907-306-6767

www.northernolutionsak.com

A special offer from Petroleum News!

Spring into Action!

Get 5% off your new subscription or renewal in April. Take advantage of this sunny deal!

CONTACT

Renee Garbutt | 281-978-2771
rgarbutt@petroleumnews.com

(Discount not available online, special offer ends May 1)



www.petroleumnews.com

TRUSTED UPSTREAM COVERAGE



continued from page 8

EXPLORERS PREVIEW

wrote Derek Nottingham, division director.

March 2025 update

In a March 30, 2025, interview with Petroleum News, Opstad said Jade “continues to work on various elements of the program that the owners hope will lead to development of the Sourdough reserves and other potential Brookian development opportunities in the Point Thomson unit.”

Since its discovery Sourdough reserves have intrigued a generation of explorers. Area reserves have been confirmed by numerous seismic surveys, including the 2018 3D survey conducted by Jade and its partner and initially processed by ConocoPhillips using a proprietary methodology.

Given the positive reserve profile, Opstad said in his interview with Petroleum News that Jade selected an initial well location some 4 miles east of the Point Thomson unit airfield that “more-or-less splits the difference between the SD2 and SD3 discovery wells.”

He said Jade 1 will test a deeper target suggested by recent seismic data. This target was not previously penetrated by the original field discovery wells.

Following this appraisal work, Jade intends to plug back allowing the well to be completed in one of several primary reservoir sands as a lateral production well. Based on the BP well test results from SD3, Jade expects the well to produce at a rate better than 5,000 barrels of oil per day.

To double the initial production impact, Jade will swing north to re-enter the currently suspended SD3 well. A production well completion like Jade 1 is planned in the previously tested SD3 reservoir, Opstad said.

Permits and operation plans are largely in hand. He said Jade has submitted a renewal plan for its 5-year Oil Discharge Prevention and Contingency Plan 19-CP-5253. “Equipment and expendables are under accumulation,” Opstad said.

Not yet viable

Coordination with Jade stakeholders plus state and federal agencies and the North Slope Borough is ongoing, but several material obstacles remain before operation can commence, Opstad said.

With its permitting and operational framework in place, plus the availability of nearby PTU infrastructure, including an export pipeline, it’s hard to imagine how profitable development wouldn’t be a slam-dunk!

Unfortunately, this is where historical events come into play.

Years ago, when the Sourdough area was posted for a state competitive lease sale there was a sense that oil prices were headed to the moon. Not wanting to miss participation in any such windfall, the state allowed operators to incentivize their bids by adding a Net Profit Share component to their bids.

In this case the bidder could add a share of its net profit to the already mandated tax and royalty burden.

However, the price of oil did not shoot to the moon, but rather, except for the odd transitory high or low spike, the price of Alaska North Slope crude has tracked along a middle of the road path in inflation adjusted terms.

As a practical matter what that means for Jade is that the Sourdough lease (ADL 343112) is saddled with a 40% take of project net profits by the state of Alaska, making Sourdough development uneconomic.

As recently pointed out by the Alaska Industrial Development and Export Authority, or AIDEA, this situation is fur-

ther aggravated by the fact that there are four other Net Profit Share Leases that unreasonably burden any PTU Brookian development scenario.

“Sourdough economic models using a wide range of scenarios have been run dozens of times by Jade, Jade partners, independent third parties and even by the state of Alaska itself. None of these have produced a viable commercial plan when saddled with the NPSL burden,” Opstad said.

Given current circumstances, Sourdough development is simply not viable. The “NPSL problem” is acknowledged by the state as a North Slope wide issue that has been partially addressed for specific properties at various times, by various administrations using a variety of tactics.

“Clearly it is in the interest of all stakeholders to land on an economically viable development scenario, particularly since full development of the PTU Brookian is expected to require an investment of more than \$1 billion,” Opstad said.

Legislation

In that regard, the 32nd Legislature passed House Bill 81 sponsored by the House Rules Committee as requested by Alaska Gov. Mike Dunleavy. That Bill focused on allowing DNR to modify royalty or net profit share terms of an oil or gas lease to fit the unique commercial issues associated with each property.

This was precisely what was needed to solve the NPSL problem, Opstad said.

Unfortunately, although passed by the House, the legislation got stuck in the Senate Finance Committee and never reached the governor’s desk for signature.

In recent months Jade has discussed Sourdough development matters with DNR leadership on several occasions. These talks have been cordial and constructive but have not revealed a solution to the issues at hand.

Although DNR has been granted broad authority to address similar matters by a series of sitting legislative bodies, in this case, DNR feels that legislative action is required to adequately address the issues raised.

“The challenge is that the budget expenditures for next year are looking to exceed revenue, which is not the best time to be asking for what essentially is a tax break, even though the state hasn’t made a penny of revenue from the property in more than three decades precisely because the prospect is overtaxed,” Opstad said.

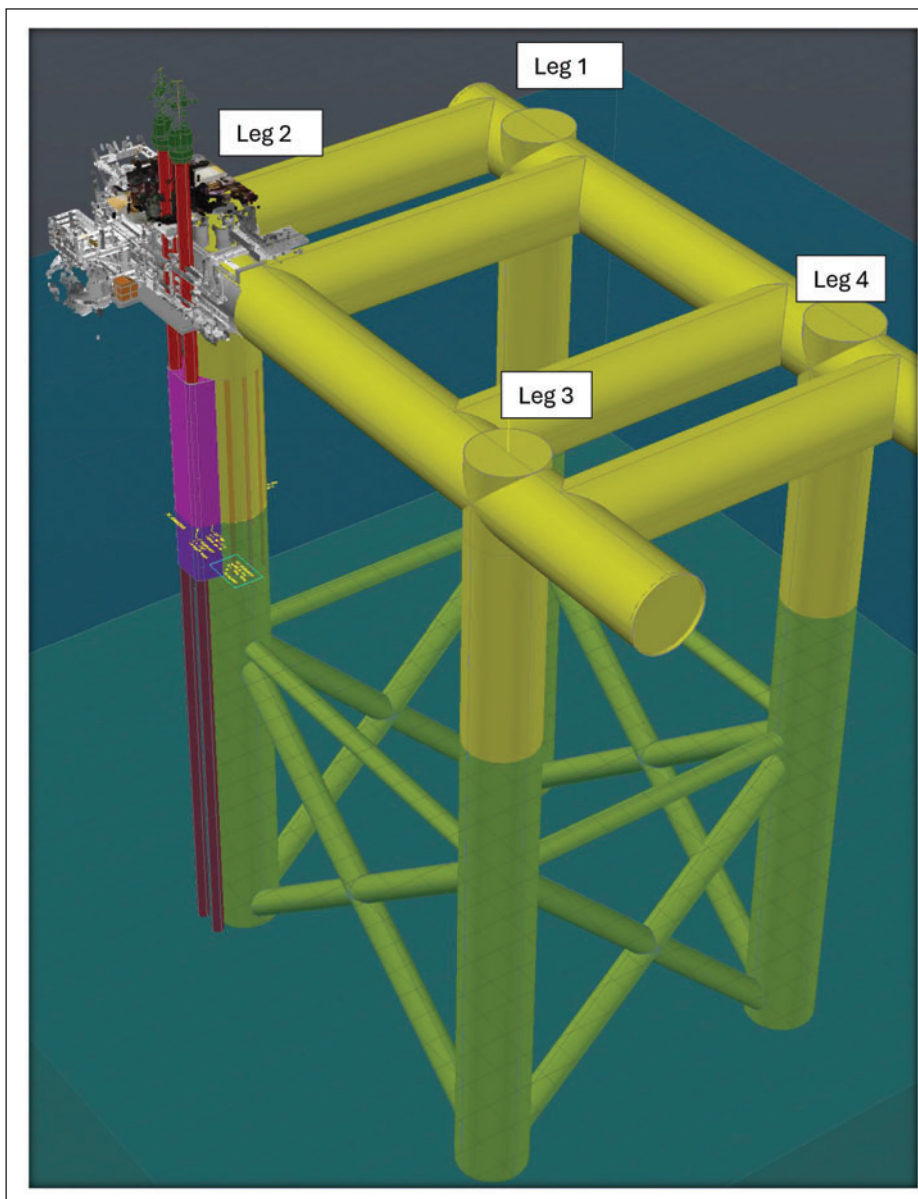
For now, the path forward for Jade will focus on work to resubmit House Bill 81 or similar language to the next legislative session and educating stakeholders as to why the approval of such legislation would benefit all parties.

“There is always the possibility of a ‘grand bargain’ emerging that could deliver a commercial development scenario by some other convoluted path,” Opstad said.

Perhaps the Trump administration will put together a deal? ●

Contact Kay Cashman
at publisher@petroleumnews.com

Proposed Dual well conductor installation



Dual well conductors (red) 30 inches in diameter. These are the first two of 10 to be installed. Additional conductors will be installed in a similar configuration. Ice breaker (purple) 45 feet in length. All conductors will be shielded by an ice breaker.

continued from page 1

TYONEK CONDUCTORS

sidetrack.

Hilcorp has been drilling at the Tyonek platform using its Spartan 151 jack-up drilling rig.

Ice breakers first

The Alaska Department of Natural Resources’ Division of Oil and Gas approved the company’s unit plan of operations amendment, which covers five years, 2025 to 2030, on April 16.

In its approval, the division said the additional well slots will allow for

increased development of the unit.

The work involves welding ice breakers to the outside of the platform’s legs, followed by installation of the conductors.

The work will begin this year on leg two, with the first ice breaker to be installed over the summer, and the first two conductors in the fall.

The conductors will be driven to 175 feet below the mudline.

The division said the work will provide Hilcorp with up to 20 additional well slots on the platform.

—KRISTEN NELSON

Contact Kristen Nelson
at knelson@petroleumnews.com

continued from page 1

OCS LEASING

changed. A new planning area offshore Alaska — the High Arctic — is being established as the 27th OCS planning area. Additionally, boundaries of other existing planning areas are being updated to align with BOEM’s revised jurisdiction,” with those changes to be included in the Federal Register notice.

Once the 11 OCS program is finalized, it will replace the current 2024-29 10th program. The 10th program includes only three lease sales over five years, “all located in the Gulf of America,” Interior said.

BOEM currently manages 2,227 active oil and gas leases over some 12.1 million acres, with 469 of the leases in production, Interior said.

—PETROLEUM NEWS

DELIVERING EXCELLENCE

With over a century of experience in Alaska’s waters, Cook Inlet Tug & Barge ensures your cargo arrives **safely and on schedule**. Our quality fleet and dedicated team deliver **reliable marine services** in even the most challenging conditions.

Learn More at www.cookinlettug.com



(907) 248-0179 info@cookinlettug.com

WEIR ESCO

**OPTIMIZE MACHINE PERFORMANCE WITH ESCO®
AND CONSTRUCTION MACHINERY INDUSTRIAL**

Ultralok® Tooth System

SXDP Super Extreme-Duty Plate Lip Bucket



Construction Machinery Industrial, LLC

**CONTACT THE BRANCH NEAREST YOU
FOR ALL YOUR EQUIPMENT NEEDS**

www.cmiak.com



ANCHORAGE
Mike Miller
P: 907-563-3822
F: 907-563-1381



FAIRBANKS
Clayton Dunn
P: 907-931-8808
F: 907-931-8838

JUNEAU
P: 907-802-4242
F: 907-802-4340

KETCHIKAN
P: 907-247-2228
F: 907-247-2229