

COP good buy; Per IEA \$540B year spend to keep output through 2050

SEEKING ALPHA'S ANALYST Seeking Profits, who has some 4.83K followers, penned a lengthy piece on Sept. 17 that contains interesting insights about ConocoPhillips in Alaska.

The piece was titled "ConocoPhillips: Attractive Free Cash Flow in a Muted Oil Price Environment".

Seeking Profits summary said ConocoPhillips "is optimizing its portfolio, targeting \$5 billion in asset sales by 2026, and focusing capital on high-return LNG and Alaska projects for future growth."

If Seeking Profits is reading the situation correctly it is good news for Alaska.

Furthermore, Seeking Profits says ConocoPhillips remains an attractive "Buy" despite recent under-performance, offering a compelling 8% forward free cash flow yield and a secure 3.3% dividend.

Seeking Profits also points out in his/her/their summary that ConocoPhillips' "integration of Marathon Oil is ahead of schedule, driving over \$1 billion in cost synergies and supporting robust production even with reduced drilling."

Management's long-term outlook implies about "\$14 billion in

see **INSIDER** page 4

Hilcorp Slope PBU Sag River Bridge ops plan amendment approved

On Sept. 19, Keri Isles, environmental specialist for Hilcorp North Slope, or HNS, received approval from the Alaska Department of Natural Resources' Division of Oil and Gas for the Prudhoe Bay Unit, Sag River Bridge, Channel Maintenance Unit Plan of Operations amendment filed by HNS on July 31.

HNS had requested authorization to excavate silt and gravel from the Sag River and infill scour areas with recovered gravel to improve water flow under the existing Sag River vehicle bridge and pipeline bridge.

HNS will recontour the river bottom to follow the natural slope of the riverbed excavating high areas down to four feet above sea level and filling low areas back up to the four-foot elevation.

Downstream areas from the bridges will be scoured to remove gravel plugging the pump supplying water for PBOC. This project is necessary to maintain this pump's functionality.

see **BRIDGE PLAN** page 5

Hilcorp assignment approved by DNR for oil and gas storage lease

On Sept. 22 the Alaska Department of Natural Resources' Division of Oil and Gas approved an assignment application from Hilcorp Alaska for oil and gas storage lease ADL 390821.

The assignor was Hilcorp Alaska and the assignee was Hilcorp Alaska Gas Storage.

On Feb. 25, the Division of Oil and Gas received the assignment application for the oil and gas storage lease, transferring 100% working interest (WI) from Hilcorp Alaska to Hilcorp Alaska Gas Storage, or HAK Gas.

Any party holding an interest in the assigned lease may be required to enter into a financial assurances agreement in the future to ensure dismantlement, removal, and restoration obligations can be met.

The division approved the application with an effective date of March 1, 2025.

The agency will place one original copy of the assignment

see **STORAGE LEASE** page 3

FINANCE & ECONOMY

Supply risk: ANS up

Russia, Venezuela, and Iran exports threatened; U.S. supplies drawn down

By **STEVE SUTHERLIN**

For Petroleum News

Alaska North Slope crude broke out of a downward trend Sept. 23 to leap \$1.34 for a close of \$69.40 per barrel. West Texas Intermediate gained 77 cents to close at \$63.41, and Brent jumped \$1.06 to close at \$67.63.

The rally was spurred by restrictions and interruptions of oil exports from Russia, Venezuela, and Iraq.

Crude futures prices extended the rally Sept. 24 as traders digested comments made by President Trump the day prior that suggested Ukraine could win back all its territory taken by Russia if battles between the countries continue. The President fur-

"China's stockpiling has provided a temporary price floor by mopping up excess supply, yet its efficacy is constrained by geopolitical factors, global supply changes and Beijing's policy redirection."

ther rallied European allies to cease purchases of Russian petroleum.

WTI crude leapt \$1.58 Sept. 24 to close at \$64.99, while Brent soared \$1.68 to close at \$69.31. ANS prices, which are estimated by the Alaska Department of Revenue, were not released

see **OIL PRICES** page 7

EXPLORATION & PRODUCTION

Pikka, Barossa connected

Two projects key to Santos strategy to increase production by 30% by 2027

By **KAY CASHMAN**

Petroleum News

On Sunday, Sept. 21, Santos Limited said that the BW Opal FPSO (floating production, storage and offloading vessel) has successfully received first gas into the facility to commence production operations.

This follows the BW Opal achieving ready for start-up status on Sept. 16 and the commencement of flow from the subsea wells.

The Sept. 21 event is a major milestone for Santos and its Barossa joint venture partners, PRISM Energy Australia and JERA Australia, in delivering the Barossa LNG project.

Pikka Phase I, an onshore oil development on



KEVIN GALLAGHER

the North Slope of Alaska, and the Barossa LNG project offshore Australia are key to Santos's strategy to increase its overall production by approximately 30% by 2027. The two projects are also expected to generate long-term cash flows to support shareholder returns and future investments.

Barossa is an offshore gas and condensate project expected to begin production in Q3 2025 to supply the Darwin LNG

facility, while Pikka is an onshore oil development targeting first oil in Q1 2026.

Santos also reported that all six wells drilled in the Barossa gas field have intersected excellent reservoir quality. Testing has been completed on

see **PROJECTS CONNECTED** page 6

GOVERNMENT

Labor Secretary in Fairbanks

Chavez-DeRemer, Sullivan celebrate National Tradesmen Day with tour

PETROLEUM NEWS

In mid-September, U.S. Secretary of Labor Lori Chavez-DeRemer celebrated National Tradesmen Day during an America at Work listening tour in Fairbanks, Alaska.

In her America at Work listening tour Chavez-DeRemer highlighted how the Trump Administration is investing in rebuilding the skilled workforce needed to restore American energy dominance and unleash economic prosperity.

While in Alaska, the Secretary toured a family-owned pipe manufacturing and insulation company and joined Sen. Dan Sullivan for a visit to a state-of-the-art training center preparing Alaskans for careers in the oil, gas, and construction industries.

"Under President Trump's leadership, we are

expanding apprenticeships to build a steady pipeline of talent to restore domestic energy production and advance our mission to Make America Skilled Again," said Chavez-DeRemer. "Alaska's skilled workers are at the heart of America's economic resurgence, and I'm grateful to Senator Sullivan for the opportunity to see firsthand how Alaskans are working hard to restore American energy dominance."

"I want to thank Secretary Chavez-DeRemer for joining me in Fairbanks, keeping a commitment she made to me during her confirmation process to visit our great state. We toured the state-of-the-art facilities of the Fairbanks Pipeline Training Center and then had a productive roundtable with labor

see **LABOR SECRETARY VISIT** page 6

• THIS MONTH IN HISTORY

Pipeline rights of way for eastern North Slope

20 years ago: DNR applies for two pipeline rights of way linking future oil and gas developments on E. North Slope

Editor's note: This story first appeared in the Sept. 25, 2005, issue of Petroleum News.

By **KAY CASHMAN**
Petroleum News

The Alaska Department of Natural Resources has applied for two pipeline rights of way that would link future oil and gas developments on the eastern North Slope with the Prudhoe Bay complex to the west — a function normally undertaken by unit operators.

DNR's Office of Project Management and Permitting filed the applications with the State Pipeline Coordinator's Office on Sept. 20 as part of Gov. Frank Murkowski's effort to provide "key infrastructure to accelerate oil and gas development on the eastern North Slope," DNR's Division of Oil and Gas Director Mark Myers told Petroleum News.

The two adjacent pipeline rights of way would begin inside the ExxonMobil-operated Point Thomson unit, which is not yet in production and borders the 1002 area (coastal plain) of ANWR on the east.

DNR's pipelines would terminate at "the trans-Alaska oil pipeline (which starts in the Prudhoe Bay unit) and/or a future gas processing facility and proposed gas transportation pipeline. The proposed rights of way, one for liquids and the other for gas, are approximately 45 miles long

and located on state-owned lands," DNR said (see map).

State wants to be ready

Although the state has not decided if it will actually build the two pipelines, DNR Deputy Commissioner Dick LeFebvre told Petroleum News "we want to be ready if we do have an opportunity for development out there — future explorers working offshore or onshore will know they will have a pipeline they can tap into."

"We've been looking at a lot of things to help spur North Slope development," Myers said, "such as staging areas and roads. ... Development at Alpine spurred a lot of activity on the western North Slope and into NPR-A." The state, he said, is hoping potential explorers on the eastern North Slope will be encouraged by DNR's rights-of-way applications.

A company interested in building one or both of the lines could take over DNR's rights of way to "build a regulated pipeline (common carrier line), one any company could use, which is what this pipeline would have to be," LeFebvre said.

There are two types of rights of way, he said, "a conditional rights of way and a straight rights-of-way lease." The state's applications are for conditional rights of way, which are for lines in which the "financing arrangements have not yet been made."

Myers said the state was "not looking at filing other

DNR's pipelines would terminate at "the trans-Alaska oil pipeline (which starts in the Prudhoe Bay unit) and/or a future gas processing facility and proposed gas transportation pipeline."

pipeline permits at this time, such as with DEC (Alaska Department of Environmental Conservation) or the Corps (of Engineers)."

Exxon application on hold

Exxon, LeFebvre said, has a rights-of-way application on file for a 22-mile line connecting the Point Thomson unit to the Badami unit, which is between Point Thomson and Prudhoe Bay, but Exxon has that application on hold.

"Our routes are pretty similar," Myers said. (Although the state's application proposes to build a new pipeline from Badami to Prudhoe, its line parallels the existing Badami oil line.)

The July 2002 application submitted by Exxon was for a pipeline rights-of-way lease to tap the unit's 329 million barrels of recoverable condensate, something unit owners Exxon and BP, focused on commercializing North Slope gas, now say is less preferable than first producing the unit's 8 trillion cubic feet of natural gas and tying field development to a natural gas pipeline from the North Slope. (See Sept. 11 issue of Petroleum News for latest story on the clash between the state and Exxon about Point Thomson development.)

see HISTORY page 3



DICK LEFEBVRE

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ON THE COVER

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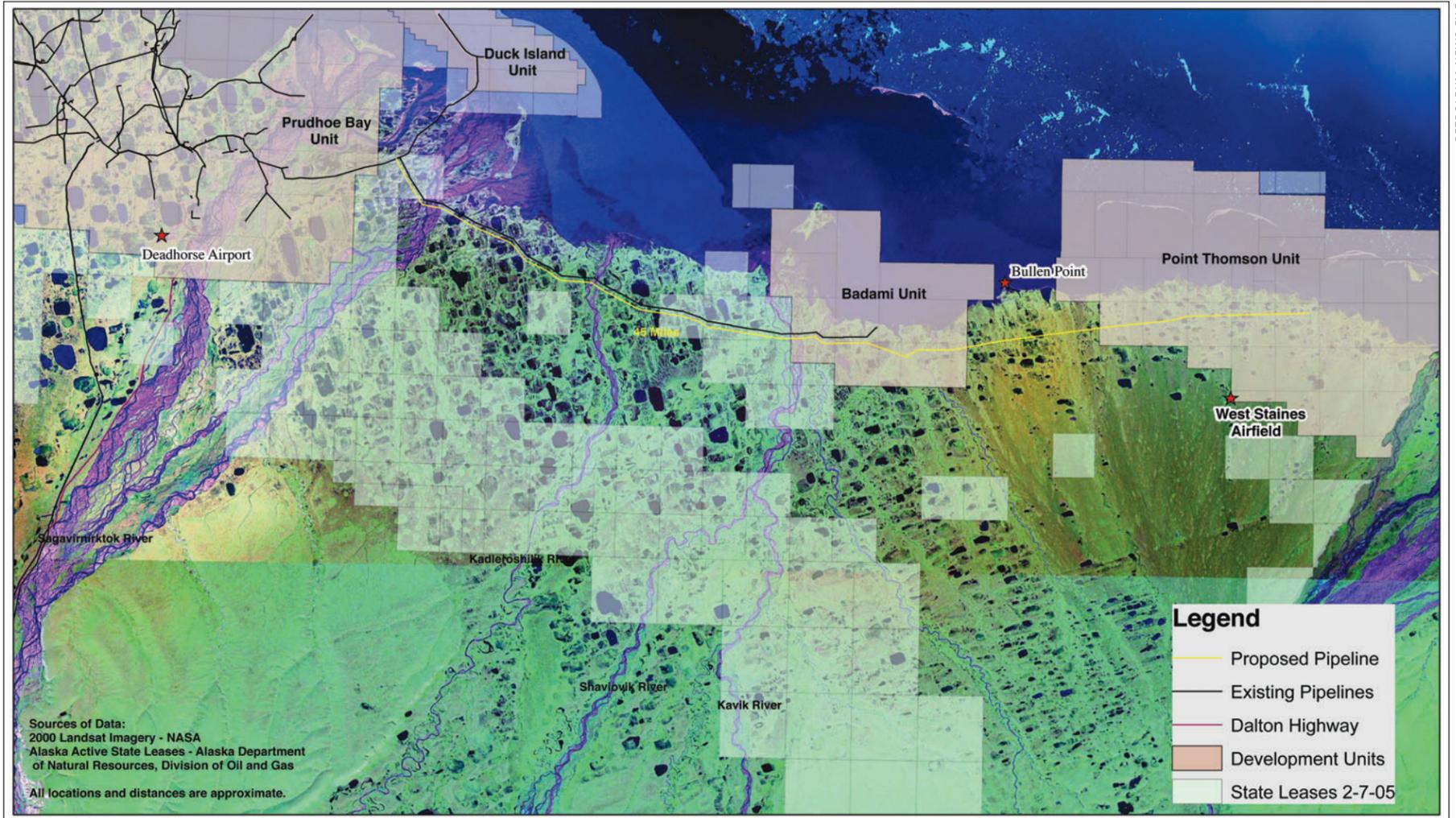
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PETROLEUM NEWS FILE

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HISTORY

In 2002 pipeline materials were pegged by Exxon at \$15 million and construction at \$25 million. Initial plans were to deliver materials to Prudhoe in 2005, build the line this coming winter, and start operations in the fourth quarter 2006. (See July 28, 2002, article in Petroleum News.) Annual operating and maintenance costs were

estimated at \$5 million.

After reviewing DNR's applications to ensure they meet requirements and are complete, the pipeline coordinator's office will make the applications available to the public for comment.

Editor's note: In 2003 BP Exploration (Alaska) put its Badami field (which came online in 1998) in warm shut-down because of low production. BP is currently in the process of bringing the field back online (see related story in this issue). Initially, the Badami oil pipeline was going

to be a 16-inch line with a capacity of 90,000 to 115,000 barrels per day, but it was eventually built as only a 12-inch line expected to accommodate Badami and a future development at BP's Liberty project. State officials said it was unlikely that the Badami line would be able to handle all potential oil development from the eastern North Slope. ●

Contact Kay Cashman
at publisher@petroleumnews.com

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STORAGE LEASE

in the lease case file and will return one original copy to both the assignor and the assignee.

An eligible person affected by this decision may appeal it, in accordance with 11 AAC 02. Any appeal must be received within 20 calendar days after the date of "issuance" of this decision, as defined in 11 AAC 02.040 (c) and (d), and may be mailed or delivered to Commissioner, Department of Natural Resources, 550 West 7th Ave., Suite 1400, Anchorage, Alaska 99501; faxed to (907) 269-8918; or sent by electronic mail to dnr.appeals@alaska.gov.

An eligible person must first appeal this decision in accordance with 11 AAC 02 before appealing it to the Superior Court.

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GOVERNMENT OF CANADA

According to the Canadian government, as part of its fleet renewal plan, the Canadian Coast Guard, or CCG, is acquiring two polar icebreakers through the National Shipbuilding Strategy.

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INSIDER

2029 free cash flow. One-third of this growth will come through LNG. Conoco is also building out a large expansion of its Alaska operation in its Willow Project. This project could boost total company production by 6%-8%. As it moves from construction to production, there should be a meaningful uplift in cash flow by 2029. President Trump, in both his first and second terms, has been focused on increasing production in Alaska, providing a favorable regulatory backdrop to getting this project completed."

Seeking Profits in-depth analysis of ConocoPhillips is worth reading.

Who is Seeking Profits? Per Seeking Profits, "Over fifteen years of experience making contrarian bets based on my macro view and stock-specific turnaround stories to garner outsized returns with a favorable risk/reward profile. If you want me to cover a specific stock or have a question for an article, just let me know!"

Analyst's disclosure: "I/we have no stock, option or similar derivative position in any of the companies mentioned, and no plans to initiate any such positions within the next 72 hours. I wrote this article myself, and it expresses my own opinions. I am not receiving compensation for it (other than from Seeking Alpha). I have no business relationship with any company whose stock is mentioned in this article."

Petroleum News recommends checking out Seeking Profits on Seeking Alpha.

IEA: \$540 billion a year needed

ON SEPT. 15 BLOOMBERG reported that IEA said in a webinar that the world needs to spend in the neighborhood of \$540 billion a year exploring for and producing more oil and gas to maintain current output by 2050.

Christophe McGlade, head of the energy supply unit of the International Energy Agency, or IEA, says while global spending is likely to hit \$570 billion this year, that is down from 2024

The outlook, Bloomberg reported, "means that companies will need to tap reserves that haven't yet been discovered, unless demand shifts away from fossil fuels."

IEA's forecast is part of a report that analyzed more than 15,000 fields and how fast their output is declining.

"Without investment, global supply would fall by the combined production of Norway and Brazil — more than 5 million barrels a day — every year. That amount is around 40% higher than it was in 2010, partly because of more reliance on shale production, particularly from the U.S., which typically depletes faster than conventional reserves," Bloomberg reported.

"The outlook matters because there's little sign of oil demand peaking soon, meaning that more output will be needed for years to come," Bloomberg said.

"An absence of upstream investment

would remove the equivalent of Brazil and Norway's combined production each year from the global market balance," IEA Executive Director Fatih Birol said in a statement. "The situation means that the industry has to run much faster just to stand still."

Build-up of icebreaker fleets

PRESIDENT TRUMP WANTS to add 48 icebreakers to the current U.S. fleet of three. The tax bill that passed into law this year earmarked US\$8.6 billion to get started. According to the U.S. Coast Guard it is enough to fund 17 new vessels.

Per a Sept. 16 Bloomberg report, thawing at the top of the world has "stirred a global competition to forge new, previously unnavigable shipping routes and access once-remote oil and gas fields and stores of minerals."

The thawing in the Arctic has also spurred military interest in the area with Russia "the clear world leader with 47 icebreakers in service, according to Mikhail Grigoriev, director of the Moscow-based Gecon consultancy," per Bloomberg.

China, Sweden and Canada are also looking to expand their icebreaker fleets.

According to the Canadian government, as part of its fleet renewal plan, the Canadian Coast Guard, or CCG, is acquiring two polar icebreakers through the National Shipbuilding Strategy. To deliver these vessels by the early 2030s, construction work is being done by two shipyards: Chantier Davie Canada Inc. and Seaspan's Vancouver Shipyards.

These new polar icebreakers will be Canada's most powerful icebreakers and among the most powerful icebreakers in the world.

They will enable CCG to operate at higher latitudes for longer periods and help the fleet better support Indigenous Peoples and other northerners.

The heavy icebreakers will also strengthen Arctic security, advance high Arctic science and improve responses to maritime emergencies.

Sweden's polar icebreaker fleet is led by the research icebreaker Oden, a unique vessel suited for polar operations.

The Swedish Maritime Administration, or SMA, is currently modernizing its fleet with Project New Icebreakers to acquire new A-Class icebreakers to support increasing demands in northern Sweden, with one new methanol-powered icebreaker expected to be delivered by 2027 or 2028.

The SMA is undertaking a project to acquire new A-Class icebreakers to replace older units and meet growing needs.

The planned new icebreakers will be designed by Aker Arctic and will run on methanol.

Sweden's current three A-Class icebreakers are the Atle, Frej, and Ymer, which were built in the 1970s.

—Oil Patch Insider is compiled by Kay Cashman

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BRIDGE PLAN

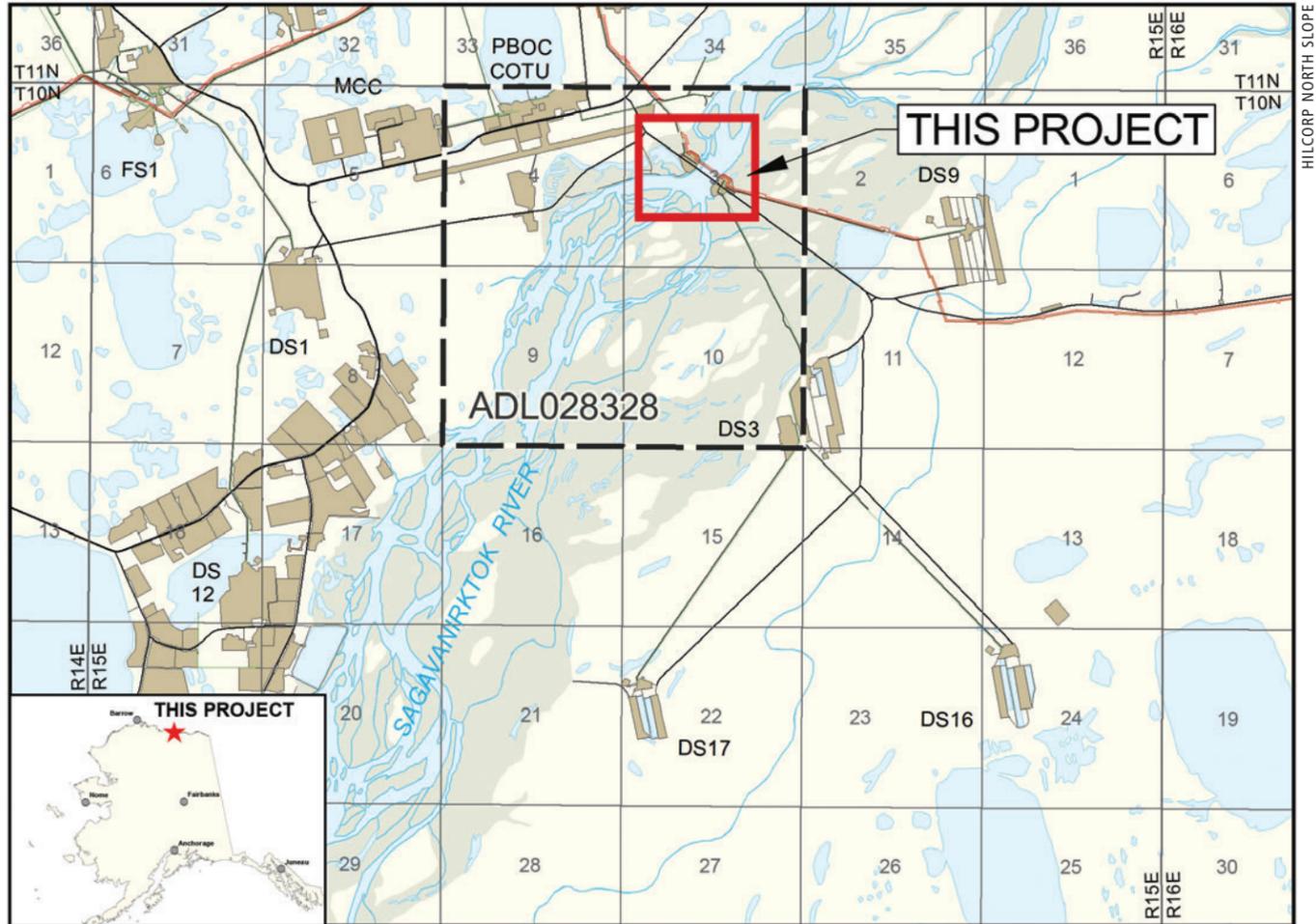
HNS will construct identical gravel ramps on both the east and west banks of the Sag River to facilitate removal of material from the excavation area and manage water flow to protect the work area during the project.

The Sag River Bridge is five miles northeast of the Deadhorse Airstrip.

This project is set to begin upon receipt of all necessary permits. And activities will be conducted annually during the period of lowest flow volume in the river through the duration of the existing US Army Corps of Engineers maintenance permit for dredging (POA-2020-00147).

Hilcorp is coordinating with the Alaska Department of Fish and Game on an update to its fish habitat permit for this project.

And activities will be conducted annually during the period of lowest flow volume in the river through the duration of the existing US Army Corps of Engineers maintenance permit for dredging.



Plan activities include:

- Recontour Sag riverbed via dredging 45,000 cubic yards of gravel.
- Spread dredged material over seven acres to flatten river bottom.
- Utilize leftover gravel to replenish bulkhead area of the east bank.
- Construct access ramps on both east and west bank.

Location information

Meridian: Umiat Township: 10N
Range: 15E Section: 3

Latitude, Longitude: 70.2498502778, -148.3049441667

ADL: 28328

The division provided a review and comment opportunity for the activities considered for authorization under this decision.

The following government entities were notified on Aug. 14, for comment on the plan: USACE, Alaska Department of Environmental Conservation (ADEC), ADF&G, DNR's Division of Mining, Land, and Water (DMLW), and the North Slope Borough (NSB). The comment deadline was Aug. 28. No comments were received.

This approval signifies only that the State of Alaska has no objection to the operations outlined in the pplan amendment application. It does not constitute certification of any property right or land status claimed by the applicant nor does it relieve the applicant of responsibility to obtain approvals or permits from other persons or governmental agencies that may also be required.

All stipulations contained in the original lease and subsequent plan approvals remain in full force and effect.

If activities have not commenced, this approval expires on Sept. 19, 2028.

Failure to comply with the terms and conditions outlined in the lease, the attached stipulations, and this authorization may result in revocation of this unit operations approval.

Any questions or concerns about this amendment may be directed to Natural Resource Specialist Jack McGowan at (907) 269-8940 or emailed to jack.mcgowan@alaska.gov

The approval was signed by Alexander Zinck, north slope permitting manager for the Division of Oil and Gas.

—PETROLEUM NEWS



U.S. Secretary of Labor Lori Chavez-DeRemer, center, and Sen. Dan Sullivan, left, participated in a listening tour in Fairbanks this month.



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LABOR SECRETARY VISIT

leaders, and state and local officials,” said Sen. Dan Sullivan. “Between the major resource provisions in the recently signed budget reconciliation bill, the resurgence of oil production on the North Slope, new momentum behind the Alaska LNG project, and the billions of dollars in military, Coast Guard and infrastructure investments coming to Alaska – we are on the verge of a strong economic comeback. I look forward to working with the secretary to build the skilled workforce we need, train Alaskans for the incredible job opportunities coming to our state, and strengthen our economy for the benefit of Alaska’s working families.”

Flowline Alaska

On Sept. 18, Secretary Chavez-DeRemer toured Flowline Alaska’s manufacturing and welding facilities to see how the company supports vital pipeline projects across Alaska’s North Slope.

She observed the production of steel pipe insulation, corrosion coatings, pipe spool fabrication, double joint welding, and module and skid fabrication, which are critical for maintaining a reliable supply chain and sustaining robust oil production to unleash American energy.

Fairbanks Pipeline Training Center

On Sept. 19, Chavez-DeRemer and Sullivan visited the Fairbanks Pipeline Training Center, a leading regional hub

preparing Alaskans for skilled trade careers.

They toured the facility’s welding center to meet with pipefitter apprentices gaining hands-on training for pipeline assembly and installation. The group then visited the field site’s heavy equipment mechanic and Teamsters truck shops to see how apprentices train together to install pipes on Alaska’s North Slope.

During the visit, the Secretary highlighted how the department is delivering on Trump’s Executive Order on Preparing Americans for High-Paying Skilled Trade Jobs of the Future.

She noted that more than 180,000 new registered apprentices have been added since January, helping to build a strong, reliable pipeline of skilled workers across the country and meet the President’s goal of one million active apprentices.

Following the tour, the Secretary joined state legislators, business and labor leaders, and local Teamsters members for a roundtable discussion focused on how a skilled workforce is key to restoring American energy dominance.

Alaska marked Chavez-DeRemer’s 34th state on her nationwide America at Work listening tour, which she launched in early April to hear more about the challenges and opportunities facing everyday Americans.

Recently, the Secretary toured a nationally recognized shipbuilding apprenticeship school and visited local manufacturers in Virginia to highlight Trump’s pro-growth, pro-worker agenda. ●

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PROJECTS CONNECTED

five of the six wells, “demonstrating outstanding flow capacity that exceeds pre-drill estimates, with expected average potential well deliverability of around 300 million standard cubic feet per day.”

This success underscores the robust capacity of the Barossa field to sustain long-term production.

Further, the Northern Territory Environment Protection Authority has renewed the Environment Protection License for Darwin LNG, beginning Sept. 19. This paves the way for first gas into, and start-up of, the Darwin LNG plant.

Santos Managing Director and CEO Kevin Gallagher said, “RFSU for the BW

Opal marked the formal transition from project execution to production operations, following RFSU for the Darwin LNG plant upon completion of the life extension work scope and the commencement of production from the offshore subsea wells.

“First gas into the FPSO is an important step for the project and a credit to the hard work of our people and support from our partners. It puts us on track to deliver reliable energy to our customers and long-term value to our shareholders from Barossa LNG,” said Gallagher.

The BW Opal is among the largest and most technically advanced FPSOs ever built, featuring a 358-meter hull and accommodation for up to 140 personnel. It has gas handling capacity of 850 million standard cubic feet per day and condensate handling capacity of 11,000 barrels per day.

Industry-leading combined-cycle power generation, incorporating waste heat recovery and steam turbine technology, was used to maximize energy efficiency and is expected to reduce non-reservoir emissions by more than 50% (more than 0.75 million tons of CO₂e per year) compared to the Offshore Project Proposal accepted by the regulator NOPSEMA.

The FPSO is the production centerpiece of Santos’s Barossa LNG project and will be permanently located in the Barossa gas field approximately 285 kilometers offshore from Darwin in the Northern Territory of Australia. It will feed the Darwin LNG plant for the next two decades.

With RFSU of the BW Opal, Santos will recognize a lease liability of ~US\$665 million and a right-of-use asset value of ~US\$1.4 billion comprising the lease liability, FPSO pre-payment and other direct costs. The impact of the operating lease liability is expected to increase gearing ~2.4 percentage points. ●

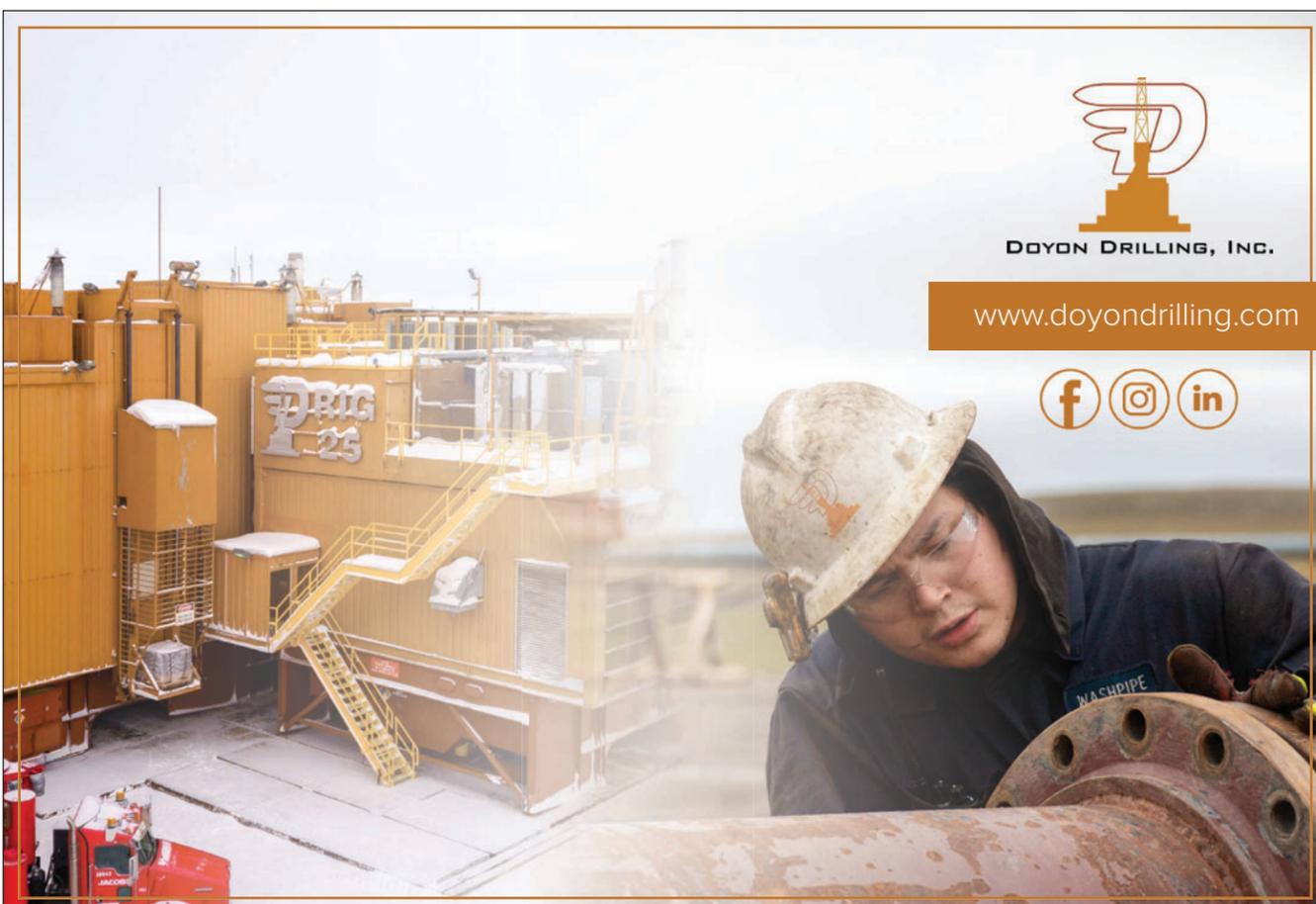
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OIL PRICES

before Petroleum News press time. WTI and Brent each hit their seven-week high on the day.

The crude rally lost steam in Asian trade early Sept. 25 likely due to profit taking, analysts said.

"Oil looks to be hitting a ceiling, with softer (seasonal) demand and rising OPEC+ supplies into Q4. Recent gains feel more sentiment-driven than fundamental, so unless a new shock emerges, Brent is likely to consolidate with a slight downside bias," said Priyanka Sachdeva, Phillip Nova senior market analyst Reuters reported.

Priyanka said sentiment risk-off sentiment was triggered as crude production from Iraqi Kurdistan was likely to start up within days, following an export agreement Sept. 23 between eight oil firms and Iraq's federal and Kurdish regional government.

The deal paves the way to restart flows of some 230,000 barrels per day – halted since March 2023, according to a report published in Middle East Economy.

Middle East Economy said a J.P. Morgan report released Sept. 24 showed that global oil demand growth from Jan. 1 through Sept. 23 averaged 800,000 barrels per day, slightly below the bank's 830,000 bpd forecast.

U.S. weekly crude inventories drop again

Continued drawdowns on U.S. crude, gasoline and distillate supplies added a trifecta of support for oil's rally Sept. 24.

U.S. commercial crude oil inventories for the week ending Sept. 19 fell 600,000 barrels from the previous week to 414.8 million barrels – 4% under the five-year average for the time of year, according to U.S. Energy information Administration data released Sept. 24.

Analysts in a Reuters poll had called for a 235,000-

barrel build.

The drawdown came on the heels of a massive and unexpected 9.3 million barrel draw the week before.

Total motor gasoline inventories decreased by 1.1 barrels for the period – now 2% below the five-year average for the season, the EIA said.

Distillate fuel inventories dropped by 1.7 million barrels on the week, now 8% below the seasonal five-year average.

Ukraine attacks on Russian oil infrastructure continues to support prices.

Ukraine hit Russia's Salavat and Volgograd oil refineries Sept. 18, interrupting 300,000 bpd of refining capacity, according to a Sept. 22 Barchart report. Two days earlier, Ukraine hit Russia's Transneft Pipeline – transport for 80% of the country's oil.

The Kirishi refinery – one of Russia's largest with annual processing capacity of over 20 million tons – halted crude processing after damage caused by a Ukrainian drone attack Sept. 21, Barchart said, adding that Ukrainian drone attacks have damaged Russian oil infrastructure and crude-exporting hubs along the Baltic Coast.

"Ukrainian drone and missile attacks on Russian refineries have curbed Russia's total refined-product flows to 1.94 million bpd in the first fifteen days of September, the lowest monthly average in over 3.25 years," it said.

Russia's finances have been stricken as well.

Russia's finance ministry proposed upping its value-added tax to 22% from 20% in 2026 to fund the Ukraine war and help curb a ballooning budget deficit, Reuters reported.

Chinese stockpiling sets floor for crude

Because of China stockpiling, Brent front month futures have held above \$65 for most of recent months,

"despite OPEC+ accelerating the reduction of production cuts," according to Rystad Energy research covered by Oil and Gas Journal.

China has added 156 million barrels of crude to storage since March – an average monthly increase of 1.16 million bpd from March through June.

"China's oil stockpiling goes against the grain as the global oil market has been in firm backwardation – where current prices are above future delivery prices – which does not support crude oil storage," said Lin Ye, Rystad vice-president, oil markets – downstream. "Conversely, crude inventories outside China have declined during the same period – China's stockpiling has provided a temporary price floor by mopping up excess supply, yet its efficacy is constrained by geopolitical factors, global supply changes and Beijing's policy redirection."

Prior to the Sept. 23 rally, the bears held the stage as demand worries dominated crude markets.

ANS fell 37 cents Sept. 22 to close at \$68.06, as WTI inched 4 cents lower to close at \$62.64, and Brent fell 11 cents to close at \$66.57.

On Sept. 19, ANS dropped 85 cents to close at \$68.43, WTI dropped 89 cents to close at \$62.68, and Brent dropped 76 cents to close at \$66.68.

ANS fell 49 cents Sept. 18 to finish at \$69.28, while WTI fell 48 cents to close at \$63.57, and Brent fell 51 cents to close at \$67.44.

On Sept. 17 ANS fell 49 cents to close at \$69.77, WTI fell 47 cents to close at \$64.05, and Brent fell 52 cents to close at \$67.95.

ANS slid 37 cents over the trading week from its close of \$69.77 Sept. 17, to its close of \$69.40 Sept. 23.

On Sept. 23 ANS closed at a \$5.99 premium over WTI, and at a premium of \$1.77 over Brent. ●

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Petroleum news

Oil Patch Bits

Lynden delivery boosts Arctic village's economy

As reported by Lynden News Sept. 10, when customer TBI Construction Co. asked for assistance to move eight modular food processing plants 3,722 miles from Finland to remote St. Lawrence island in the Bering Sea, it set in motion a unique Lynden multimodal move. "This project was a great opportunity to support the entire supply chain," says Lynden COO Alex McKallor. "Our unique combination of equipment and capabilities allowed us to handle the transportation and logistics from the very beginning to the very end."



Processing plant modules loaded on a landing craft in Nome for the voyage to Savoonga.

LYNDEN NEWS

The real winners in the project are the residents of the village of Savoonga on St. Lawrence Island. A traditional Yupik community, Savoonga has a strong cultural foundation in fishing, hunting, and reindeer herding. The mods are being used to build a meat and fish processing facility that will allow the island to expand its meat product distribution, creating new economic opportunities for island residents.

The shipment began with the 16,000-pound modules trucked from the plant to the Port of Rauma, Finland. From there, they were loaded onto a feeder vessel bound for Bremerhaven, Germany, then transferred to the main roll-on, roll-off vessel to the Port of Tacoma.

Alaska West Express trucks were at the dock in Tacoma ready to transport each mod to from Seattle to Nome, Alaska. In Nome, Alaska Marine Trucking handled shoreside operations, then Bering Marine Corp. took the final leg by delivering the mods via landing craft vessel to Savoonga on St. Lawrence island. For more information visit www.lynden.com

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