

House Resources quizzes former chair on his new role at AOGCC

Gov. Mike Dunleavy has appointed Tom McKay to the public seat on the three-member Alaska Oil and Gas Conservation Commission and McKay had a confirmation hearing March 9 before the House Resources Committee — a committee he chaired when he was a member of the Legislature.

McKay told the committee that when he arrived in Alaska in 1980, “a freshly minted petroleum engineer from Montana Tech,” his first project was drilling an oil well from the Bruce Platform in Cook Inlet for Amoco Production Co. He said he recalled applying to Chad Chatterton, then AOGCC chair, for the necessary permit to drill. McKay said he felt like he’d come circle, when, 46 years later, he was appointed to the commission.

McKay joined AOGCC in January. There are three commissioners: McKay in the public seat; Jessie Chmielowski in the petroleum engineer commissioner (appointed in 2019) and Greg Wilson in the geologist seat (appointed in 2022).

see **MCKAY CONFIRMATION** page 11



TOM MCKAY

Two lawsuits challenge planned NPR-A oil and gas lease sales

Two recently filed lawsuits are challenging the Bureau of Land Management’s plans to hold oil and gas lease sales in the National Petroleum Reserve-Alaska. One of the lawsuits, filed on Feb. 16 in the federal District Court for Alaska, challenges the validity of the latest NPR-A Integrated Activity Plan, the plan that determines key parameters under which the lease sales would be held. The other case, filed in the District Court for the District of Columbia on Feb. 17, challenges the legal validity of the upcoming NPR-A lease sale and particularly focuses on the need for adequate protection of the Teshekpuk Lake Special Area, an area of high environmental sensitivity. This case has been transferred to the Alaska District Court.

On Feb. 20 the plaintiffs in the latter case asked the court to issue a preliminary injunction, banning the leasing of tracts within the Teshekpuk Lake Special Area until the court case is settled. An upcoming lease sale is scheduled for March 18.

The court case challenging the NPR-A IAP was filed by

see **NPR-A LAWSUITS** page 10

Alaska’s DNR releases North Slope Discoveries & Prospects Map

The Alaska Department of Natural Resources’ Division of Oil and Gas published the latest North Slope Discoveries and Prospects Map on March 4.

The giant map shows the National Petroleum Reserve-Alaska on the west, the Arctic National Wildlife Refuge and coastal plain on the far right, all 2023 through 2025 exploration wellheads, proposed wells, all units, all major bodies of water and rivers, lease boundaries within discoveries and prospects. Bodies of water on the map include Mikkelsen Bay, Beaufort Sea, Beaufort Sea OCS, Harrison Bay, Smith Bay and more.

An especially interesting cut-in labelled New Developments in the Brookian-Nanushuk and Torok includes everything from West Willow and Willow east to GMT2 and GMT1 to Horseshoe with Stirrup-1, Nan 0, Qannik, and south to Alpine, and then Pikka with Qugruk-3, Nan 2, Nan 3 and the Pikka Satellites with Nan 5, Nan 5 Fan, Nan 6 and Nan 7.

see **NEW SLOPE MAP** page 7

FINANCE & ECONOMY

ANS cruises high \$90s

Trading volatile — Hormuz shutdown defangs record IEA reserves release

By **STEVE SUTHERLIN**

Petroleum News

Alaska North Slope crude made a pass into the upper \$90s March 9, jumping \$3.41 to close at \$95.47 per barrel. West Texas leapt \$3.87 on the day to close at \$94.77 and Brent leapt \$6.27 to close at \$98.96.

That jump came on the heels of sizzling price moves as Iran continued to attack neighboring countries in the region with missile and drone attacks, while declaring the vital trade route through the Strait of Hormuz to be closed to shipping.

On the preceding Friday, March 6, ANS vaulted \$12.36 to close at \$94.08. WTI vaulted \$9.89 to close at \$90.90 and Brent leapt \$7.28 to close at \$92.69.

But as March 10 rolled around, crude fell sharply as world leaders considered releasing emergency crude supplies, accelerating lower after a now-deleted post by U.S. Secretary of Energy Chris Wright on X erroneously stated that the U.S. Navy had escorted a tanker through the Strait of Hormuz. ANS dropped \$3.41 to close at \$92.06, as WTI slumped \$11.32 to close at \$83.45 and Brent crumbled \$11.16 to close at \$87.80.

The deleted post sent WTI plunging 19% at one point, The Wall Street Journal reported, adding that in the 10-minute span when Wright’s post appeared, an exchange-traded fund linked to oil futures lost \$84 million of its market capitalization.

“That’s an unforgivable error right there,” said Robert Yawger, commodity specialist at Mizuho

see **OIL PRICES** page 10

LAND & LEASING

Yukon Flats exploration

DOG issues preliminary determination for state exploration licensing in region

By **ALAN BAILEY**

For Petroleum News

The director of Alaska’s Division of Oil and Gas has published a preliminary written determination regarding the availability of state land in the Yukon Flats region for state licensing of exploration for oil and gas. The determination covers a rectangular region of land extending across the central area of the Yukon Flats region.

“The land within the Yukon Flats determination area has unknown oil and gas potential and there is limited access to existing oil and gas infrastructure in much of the region,” the state wrote. “Although oil and gas exploration has occurred in the past, technological advancements may facilitate more effective

and efficient exploration.”

The state will make a final determination for the state licensing area after reviewing public comments received on the preliminary determination. Comments are required by 5 p.m. on April 6.

Much of the surface land within the flats is encompassed within the Yukon Flats National Wildlife Refuge. However, Alaska regional corporation Doyon Limited owns some blocks of subsurface land while Native village corporations own some of the surface land. Petroleum News understands that the state only owns the mineral estate primarily under navigable waterways in the area.

A large geologic basin lies under the Yukon Flats,

see **YUKON FLATS** page 9

EXPLORATION & PRODUCTION

OCS resource update

BOEM issues ’26 assessment of undiscovered O&G on US outer continental shelf

By **KRISTEN NELSON**

Petroleum News

The U.S. Department of the Interior’s Bureau of Ocean Energy Management has issued its 2026 Assessment of Undiscovered Oil and Gas Resources for the U.S. Outer Continental Shelf, providing “estimates of undiscovered, technically and economically recoverable oil and natural gas resources outside of known oil and gas fields on the OCS.”

BOEM said the 2026 assessment is a multi-year effort including data and information available Jan. 1, 2024.

For the entire OCS, estimates of undiscovered technically recoverable resources, UTRR, range from 53.75 billion barrels of oil at the 95th percentile, a 95% probability, or a 19 in 20 chance, to 79.65 billion barrels of oil at the fifth percentile, a 5% or 1 in 20 chance, with a mean of 65.80 billion barrels.

Gas estimates range from 170.41 trillion cubic feet to 270.97 tcf with a mean of 218.43 tcf.

On a barrel of oil equivalent basis, the combination of oil and gas, the Alaska OCS contains the most resources, 44% of total UTRR, BOEM said, followed by the Gulf of America with 33%, with

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● FINANCE & ECONOMY

EIA March Brent forecast up 37% for 2026

Agency's current short-term has Brent at an average of \$79 per barrel this year, up from \$58 per barrel in February short-term

By **KRISTEN NELSON**

Petroleum News

The U.S. Energy Information Administration's March Short-Term Energy Outlook, released March 10, is forecasting the Brent crude oil spot price to average \$79 per barrel this year, up 37% from the agency's February forecast of \$58 per barrel, and up 22% for 2027 to \$64 per barrel from \$53 per barrel in the February forecast.

"The Brent crude oil spot price has risen sharply following the onset of military action in the Middle East," EIA said, settling at \$94 per barrel March 9, up some 50% from the beginning of 2026 and the highest that price has been since September 2023, with crude oil prices rising as shipments through the Strait of Hormuz have fallen and some Middle East production has been shut in.

EIA said the assumption it is making in its modeling is "that the effective closure of the Strait of Hormuz will cause oil production in the Middle East to fall further in the coming weeks," with shut-in production gradually easing as transit resumes through the Strait of Hormuz.

The Brent spot oil price is now forecast to remain above \$95 per barrel over the next two months and then fall below \$80 per barrel in the third quarter and drop to around \$70 per barrel by the end of the year, with the price forecast to average \$64 per barrel next year.

EIA said the forecast "is highly dependent on our modeled assumptions of both the duration of conflict in the Middle East and resulting outages in production."

US oil production to rise

EIA had forecast U.S. crude oil production to average 13.6 million barrels per day in 2026, dropping to 13.3

EIA said it has "implemented a new modeling system for forecasting crude oil and natural gas production in the U.S. Lower 48 states this month," modernizing its IT platform and enabling "most detailed, flexibility in reacting to changes in the market."

million bpd in 2027, but has now increased those volumes, up 1% for 2026, still showing 13.6 million bpd, but up 3.8% next year, rising to 13.8 million bpd, an increase of 0.5 million bpd.

The agency attributed the increased forecast to higher oil prices, with the West Texas Intermediate crude oil price up substantially from February's forecast to an average of \$74 per barrel this year (compared with \$53 per barrel in the February forecast) and increasing to an average of \$61 per barrel in 2027, up from \$49 per barrel in the February forecast.

EIA noted it takes time to move from an investment decision to rig deployment to well completion and first oil and said, "the effect of higher prices in our forecast is more pronounced in 2027 than in 2026."

Higher prices support increased drilling in most basins, the agency said, "and expanded pipeline capacity in the Permian region allows more associated natural gas to be brought to market, further supporting oil-directed operations," with the crude oil production forecast in the Permian up 6% "as new pipeline capacity and price incentives support growth."

EIA said it has "implemented a new modeling system for forecasting crude oil and natural gas production in the

U.S. Lower 48 states this month," modernizing its IT platform and enabling "most detailed, flexibility in reacting to changes in the market."

Henry Hub down

Its forecast for the Henry Hub spot price for U.S. natural gas for 2026 is now 12.8% less than the February forecast, EIA said, averaging \$3.76 per million British thermal units, down from a February forecast for the year of \$4.31 per million Btu. The 2027 forecast, now \$3.85 per million Btu, is down 12.1% from the February forecast of \$4.38 per Btu.

EIA attributed the drop in the natural gas forecast price to warmer than expected February weather and said forecast higher natural gas production raises expectations for higher natural gas inventories in 2027.

U.S. natural gas prices are expected to be relatively unaffected by reductions of flow in liquefied natural gas through the Strait of Hormuz because U.S. "LNG export facilities were already operating at a high level of utilization prior to the Middle East conflict, limiting the ability to export additional volumes in the near term."

U.S. natural gas production reached a new record in November at 118.5 billion cubic feet per day and production is estimated to average 117.8 bcf per day for the winter season, November through March, 2% more than forecast in October, EIA said, with increased production "stemming primarily from increased associated gas production from the Permian and the rest of the U.S. Lower 48 regions" offsetting the temporary drop during Winter Storm Fern. ●

Contact Kristen Nelson
at knelson@petroleumnews.com

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Erec Isaacson



Bill Armstrong



Kevin Gallagher

Congratulations to ConocoPhillips Alaska, Lagniappe/Armstrong and Santos/Oil Search for their leading roles in oil and gas exploration on Alaska's North Slope.

ConocoPhillips Alaska has four exploration wells and seismic planned for this winter, so it is currently the most active explorer on the North Slope; a position it has held many times in the past.

Bill Armstrong's Lagniappe Alaska plans to drill appraisal wells and wildcats around its

Sockeye-2 discovery in early 2027, continuing exploring the eastern North Slope.

Santos believes Quokka and Horseshoe are of comparable size to Pikka, with a Quokka discovery made in 2020, and an appraisal well spud there Jan. 3 which the company hopes will provide enough information to proceed with the next stages of development there.

Another well at Horseshoe is planned in the winter of 2026-27.

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● EXPLORATION & PRODUCTION

Baker Hughes US rig count up by 1 at 551

Texas has largest month-over-month gain, up 6; international count for February up by 33 at 1,112, largest gains on land rigs

By **KRISTEN NELSON**

Petroleum News

Baker Hughes' U.S. rotary drilling rig count was 551 on March 6, up by one from the previous week and down 41 from 592 a year ago. The domestic rig count has ranged from the 530s through the 550s since the beginning of June.

For 2025, the count peaked Feb. 28 (and again March 21) at 593, hitting its low point Aug. 29 at 526. 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.

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.

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 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 March 6 count includes 411 rigs targeting oil, up by four from the previous week and down 75 from 486 a year ago, with 132 rigs targeting natural gas, down by two from the previous week and up 31 from 101 a year ago, and eight miscellaneous rigs, down by one from the previous week and up by three from a year ago.

Fifty of the rigs reported March 6 were drilling directional wells, 485 were drilling horizontal wells and 13 were drilling vertical wells.

Alaska rig count unchanged

Texas (236) was up six rigs from the

Baker Hughes shows Alaska with 11 rotary rigs active March 6, unchanged from the previous week and up by one from a year ago when the state's count was 10.

previous week and West Virginia (8) was up by a single rig.

New Mexico (100) and Ohio (11) were each down by two rigs week over week, while Louisiana (36) and North Dakota (25) were each down by a single rig.

Rig counts in other states were unchanged from the previous week: Alaska (11), California (7), Colorado (14), Oklahoma (45), Pennsylvania (20), Utah (16) and Wyoming (17).

Baker Hughes shows Alaska with 11 rotary rigs active March 6, unchanged from the previous week and up by one from a year ago when the state's count was 10.

The rig count in the Permian, the most active basin in the country, was up by one from the previous week at 241 and down by 63 from 304 a year ago.

International rig count up 33 in February

Baker Hughes' monthly international rig count for February, issued March 6, was 1,112, up by 33 from January and up 15 from a count of 1,097 in February 2025, with land rigs up 25 to 873, month over month, and offshore rigs up eight to 239.

Baker Hughes began providing a monthly international rig count in 1975. The international count excludes North America, which is included in the company's worldwide figures.

The Middle East accounted for the most rigs in the international totals for February, 538, followed by Asia Pacific with 207, Latin America with 138, Europe with 126 and Africa with 103.

The U.S. rig count averaged 551 in February, up by six from 546 in January and down 39 from February 2025, while the Canadian count for February averaged 222, up by 25 from 197 in January and down 25 from February 2025.

Worldwide the rig count averaged 1,885 in February, up 64 from 1,821 in January and down 49 from 1,933 in February 2025. ●

Contact *Kristen Nelson*
at knelson@petroleumnews.com



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Kay Cashman	PUBLISHER & FOUNDER	ADDRESS P.O. Box 231647 Anchorage, AK 99523-1647
Mary Mack	CEO & GENERAL MANAGER	NEWS 907.522.9469 publisher@petroleumnews.com
Kristen Nelson	EDITOR-IN-CHIEF	CIRCULATION 281.978.2771 circulation@petroleumnews.com
Susan Crane	ADVERTISING DIRECTOR	ADVERTISING Susan Crane • 907-250-9769 scrane@petroleumnews.com
Heather Yates	BOOKKEEPER	<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>
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● EXPLORATION & PRODUCTION

Nabors Trouble Creek permit approved

By **KAY CASHMAN**
Petroleum News

On March 3, Doss Daley, an engineer at Nabors Alaska Drilling Inc., received approval from the Department of Natural Resources' Division of Oil and Gas for the Trouble Creek Bridge Ice Road Bypass Land Use Permit that Nabors applied for on Feb. 6.

The permit, LAS 35846, allows the company to conduct off road travel, ice construction and associated temporary activities on state of Alaska lands and waters between the Colville and Canning rivers on the North Slope. (The project is approximately 12 miles southeast of the Kuparuk Airstrip.)

Nabors will build 1,500-foot ice road over Trouble Creek to bypass the bridge because the bridge over Trouble Creek is currently not strong enough to support the rig.

The ice road will start from the Spine Road near DS-2M Pad and end at the Spine Road junction to Mustang Pad and Pikka Unit.

Nabors Rig 245 will be moved from 12-Acre Pad near Oliktok Point to the Cama'i Pad west of the Kuparuk River Unit.

Work is likely to begin shortly.

The division provided a review and comment opportunity for the activities considered for authorization under this approval. The following government enti-

ties were notified on Feb. 9 for comment on the Land Use Permit, or LUP: Alaska Department of Environmental Conservation (ADEC), Alaska Department of Fish and Game (ADF&G), DNR: Division of Mining Land, and Water (DMLW), U.S. Army Corps of Engineers (USACE), and the North Slope Borough (NSB).

The comment deadline for agencies was Feb.23. No comments were received.

Public notice of the LUP application and opportunity to comment was provided on the state of Alaska's online public notice website and the division's website on Feb. 11.

Additionally, faxes of the public notice were sent to Utqiagvik, Nuiqsut and Deadhorse Post Offices.

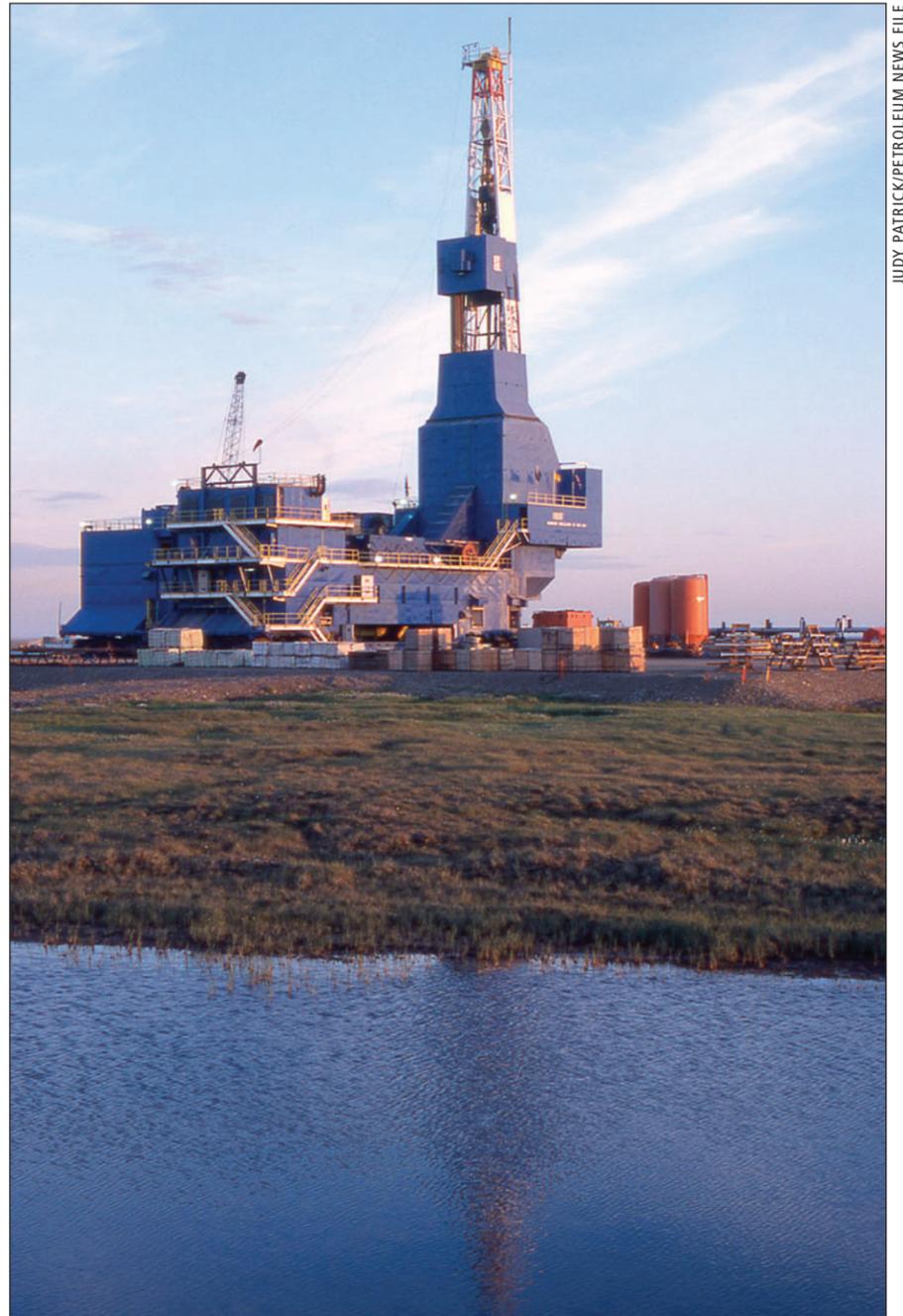
The deadline for public comment was Feb. 25. No comments were received.

Nabors has previously provided the division with a performance guaranty in the amount of \$100,000. Due to the scope of the project, an additional performance guaranty was not required, the division said.

To protect the state from liability associated with remediation activities under the LUP Nabors provided a commercial general liability insurance policy, with the state of Alaska as a named insured party.

The ending date of the permit is May 31, 2026. ●

Contact Kay Cashman
at publisher@petroleumnews.com



JUDY PATRICK/PETROLEUM NEWS FILE

Nabors Rig 245 will be moved from 12-Acre Pad near Oliktok Point to the Cama'i Pad west of the Kuparuk River Unit.

GOVERNMENT

BOEM proposes assurance cost reduction

The Bureau of Ocean Energy Management is proposing regulation updates that will reduce the cost of financial assurance for companies involved in offshore oil and gas production on the federal outer continental shelf. Companies are required to hold assurance that will cover the cost of remediating offshore sites when offshore facilities including platforms and pipelines are decommissioned.

The Department of the Interior says that the proposed changes will roll back requirements from a 2024 rule that in total required companies to set aside about \$6.9 billion in additional supplemental financial assurance. About \$6 billion of that total cost would have fallen on small businesses, Interior said.

"For too long, Washington red tape has strangled American energy producers and held back small businesses," said Interior Secretary Doug Burgum. "President Trump is delivering on his promise to put American workers first, cut burdensome regulations and unleash our vast energy potential."

The cost reductions would be achieved through a series of changes to the regulations under which the financial assurance is determined. The proposed changes would maintain strong accountability for offshore lease holders under the terms of the Outer Continental Shelf Land Act while reducing financial barriers that have reduced growth, Interior said.

The proposed regulatory changes have been published in the Federal Register with a 60-day public comment period.

—ALAN BAILEY

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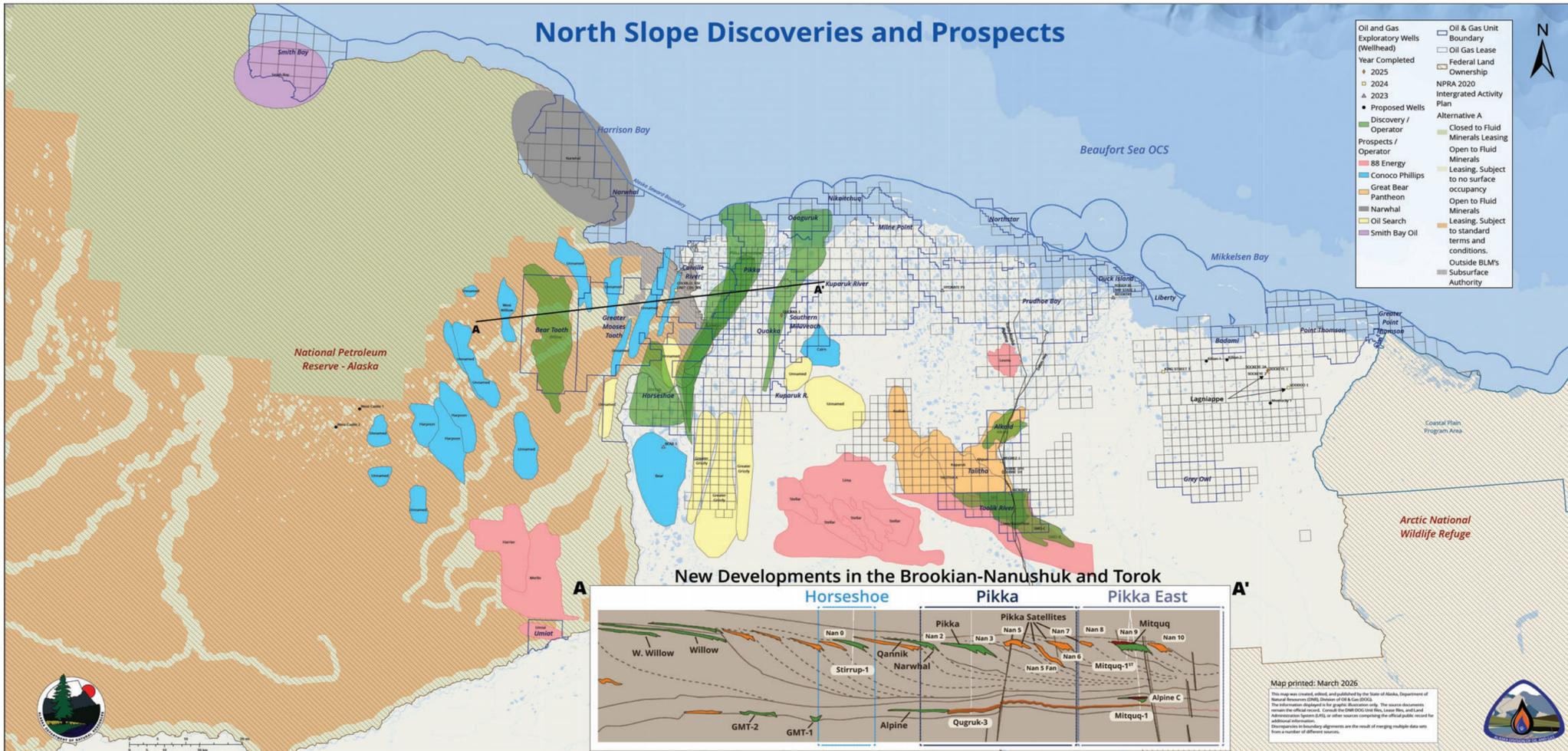
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NEW SLOPE MAP

Next comes Pikka East with Mitquq, Mitquq-1ST, Nan 8, Nan 9 and Nan 10 and Alpine C.

Created, edited, and published by the Division of Oil and Gas, the information displayed is for graphic illustration only. The source documents remain the official record. Consult the division's unit files, lease files, and Land Administration System (LAS), or other sources comprising the official public record for additional information.

Discrepancies in boundary alignments are the result of merging multiple data sets from a number of different sources.

The map displays many unnamed prospects as well, showing their boundaries. Discovery and prospect operators are

noted on the map by individual colors. They include the following: 88 Energy, ConocoPhillips, Great Bear Pantheon, Narwhal, Oil Search and Smith Bay Oil.

Federal ownership, such as the National Petroleum Reserve-Alaska, is identified on the map by slanted lines.

Proposed wells, presumably for this winter or next, are interesting. For example on the Lagniappe acreage on the eastern North Slope they include Montucky 1, and at Badami the proposed wells are Killian 1 and Killian 2, and in the National Petroleum Reserve-Alaska near ConocoPhillips acreage the proposed wells are West Castle 1 and West Castle 2.

Congratulations to the division for producing another useful and interesting map!

—KAY CASHMAN

Contact Kay Cashman at publisher@petroleumnews.com

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NPR-A LAWSUITS

seven environmental organizations and revolves around a decision by the Bureau of Land Management in 2025 to revert the IAP to a version approved in 2020 by the then Trump administration. In 2022, under the Biden administration, BLM reverted to an earlier version of the IAP which significantly reduced the area of land available for leasing, in particular to protect environmentally sensitive areas such as the Teshekpuk Lake Special Area.

The plaintiffs in the case argue that in re-instating the 2020 version of the IAP BLM has “failed to comply with multiple statutes and regulations that impose important protections for the reserve.” The new IAP violates the National Petroleum Reserves Production Act, the Alaska National Interest Lands Conservation Act, the National Environmental Policy Act and the Administrative Procedures Act, the plaintiffs claim. And the plaintiffs in their court filing cited the importance of the rich habitat in the reserve for caribou, grizzly bears, polar bears, wolves and many migratory birds and waterfowl.

The Teshekpuk Lake Special Area

Of particular importance are designated special areas, including the Teshekpuk Lake Special Area, which provides vital nesting habitat for thousands of migratory birds and is the primary calving area for the Teshekpuk Lake Caribou Herd, the plaintiffs wrote.

Also, in making its 2025 decision to re-instate the ear-

lier version of the IAP, BLM did not analyze or consider the impact of oil and gas operations on subsistence activities by local communities, the court filing says. Nor did the agency hold any meetings with the communities, the plaintiffs told the court.

Challenge to the lease sale

The lawsuit challenging the upcoming NPR-A lease sale was raised by Grandmothers Growing Goodness and environmental organization The Wilderness Society. Grandmothers Growing Goodness is a private not-for-profit organization based in the village of Nuiqsut on the eastern edge of the NPR-A. The lawsuit particularly focuses on the environmental protection of the Teshekpuk Lake Special Area and on concerns about the potential impacts of oil and gas activities on subsistence resources that Nuiqsut villagers depend on.

BLM’s Feb. 11 notice of a planned NPR-A lease sale offered more than 600 tracts “including core areas of the TLSA that have never been offered for lease and have been closed to leasing for most of the last four decades,” the court filing says. The lease sale decision never evaluated whether maximum protection of the TLSA required withholding specific lands or imposing protections beyond general stipulations in the 2020 IAP. And the lease sale opens the possibility of seismic activity and drilling in areas that overlap with caribou calving grounds; summer and winter range; and migration corridors, the filing said.

The filing also cites evidence from elsewhere on the North Slope that caribou tend to move away from areas

impacted by oil and gas activities.

The necessity of environmental protection

And the 2022 IAP for NPR-A had determined that it was necessary to protect land that is most heavily used by caving caribou and molting geese from the impacts of leasing and new infrastructure, the filing says. While the National Petroleum Reserves Production Act, the statute establishing the NPR-A, does mandate the need to conduct an oil and gas leasing, exploration and development program in the reserve, the act also requires activities in special areas to be conducted in a manner that assures the maximum protection of surface values, consistent with the requirements of the act for exploration of the reserve, the filing says.

Moreover, while BLM has claimed that the potential environmental impacts from the planned lease sale would be no different from what was envisaged in 2020, the new IAP actually increases the area available for leasing by 6.8 million acres, including more land in the Teshekpuk Lake Special Area, the filing says.

The filing also references BLM’s recent cancellation of a Nuiqsut right of way that had been designed for the protection of some Teshekpuk Lake Special Area land from the impacts of the Willow oilfield development.

“BLM is now offering for lease the very lands it committed to protect,” the filing says.

—ALAN BAILEY

Contact Alan Bailey
at alan.bailey@visualwriting.com

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OIL PRICES

Securities. “Where’s the line between fantasy and reality? It’s hard to say.”

Oil made its downward move after an afternoon phone interview with CBS News March 9 in which President Trump said the U.S. war with Iran could almost be over.

“I think the war is very complete, pretty much,” the president said, “(Iran has) no navy, no communications, they’ve got no air force. Their missiles are down to a scatter. Their drones are being blown up all over the place, including their manufacturing of drones.”

“If you look, they have nothing left. There’s nothing left in a military sense,” Mr. Trump said.

Crude futures turned higher March 11 after attacks on several commercial vessels off Iran’s coast. WTI gained 4.55% to close at \$87.25, and Brent gained 4.76% to close at \$91.98, despite a jump in U.S. inventories.

U.S. commercial crude oil inventories for the week ended March 6 rose by 3.8 million barrels from the previous week to 443.1 million barrels — 2% below the five-year average for the time of year, according to data released by the U.S. Energy Information Administration March 11.

Total motor gasoline inventories decreased by 3.7 million barrels on the week to 249.5 million barrels — 5% above the five-year average for this time of year, the EIA said. Distillate fuel inventories decreased by 1.3 million barrels to 119.4 million barrels — 2% below the five-year average for the season.

On the evening of March 11, Energy Secretary Chris Wright announced that the U.S. would release 172 million barrels of crude oil from the Strategic Petroleum Reserve as part of a broader release of 400 million barrels by members of the International Energy Agency — the largest such release in history.

“IEA members hold emergency stockpiles of over 1.2 billion barrels, with a further 600 million barrels of industry stocks

held under government obligation,” the IEA said in a March 11 release. “The coordinated stock release is the sixth in the history of the IEA, which was created in 1974. Previous collective actions were taken in 1991, 2005, 2011, and twice in 2022.”

Oil futures vaulted higher late March 11 in Asian trade despite the release of reserves, taking Brent above \$100 prior to slipping back under the \$100 mark before Petroleum News went to press Mar. 12.

On March 5, ANS gained \$2.77 to close at \$81.72, WTI vaulted \$6.35 to close at \$81.01 and Brent jumped \$4.01 to close at \$85.41.

ANS edged up 25 cents March 4 to close at \$78.95, while WTI ticked up 10 cents to close at \$74.66. Brent was unchanged at \$81.40.

ANS rocketed \$13.36 higher over the trading week from its March 3 close of \$78.70 to its close of \$92.06 March 10.

On March 10, ANS closed at an \$8.61 premium over WTI and at a \$4.26 premium over Brent.

Pipeline offers partial solution

Saudi Aramco will bypass the Strait of Hormuz with a pipeline to export a portion of its oil.

A pipeline to move oil from the kingdom’s oil fields to the Red Sea in the west is days away from hitting full capacity, said Amin Nasser, CEO of the Saudi Arabian Oil Co., Barron’s reported.

Aramco’s East-West pipeline won’t restore all the Saudi oil shipments. It can only export some 5 million barrels per day of crude — some 70% of the 7 million barrels Aramco normally exports per day.

Tanker ships are unwilling to traverse the Strait of Hormuz, a route that in peacetime carries upward of 17 million barrels of oil a day from the Middle East to Asia and Europe, including most of the Saudi production. The Saudi pipeline and a few others in the region can reroute some of that product.

Nasser, on Aramco’s fourth-quarter earnings call March 10, said the war in Iran is the biggest crisis for oil markets in history and that there would be “catastrophic consequences for the world’s oil markets the longer the disruption goes on.” ●

Contact Steve Sutherlin
at ssutherlin@petroleumnews.com

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YUKON FLATS

Doyon owned land in the basin. And in 2021 Hilcorp drilled 13 shallow stratigraphic test wells around the villages of Birch Creek and Fort Yukon, in the central part of the basin, to evaluate the potential for deeper exploration drilling.

Subsequently in October 2025 Hilcorp completed an exploration well adjacent the Lower Mouth Birch Creek, about 10 miles west of the village of Birch Creek. The spill response plan for the drilling project indicated that the drilling was conducted from surface land owned by Tihtet’aii, the Native corporation for the Birch Creek village, into subsurface land owned by Doyon. ●

Contact Alan Bailey
at alan.bailey@visualwriting.com

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MCKAY CONFIRMATION

McKay said he'd worked in several jurisdictions — including Wyoming, Norway and Indonesia — and “experienced a multitude of oil field operations and regulatory structures,” and said his experience as an elected state official in Alaska, along with his industry experience, “gives me a unique perspective to fulfill the public commissioner seat on the AOGCC.”

Interests of the public

McKay addressed a variety of questions from committee members.

In response to a question about representing interests of the public, versus those of industry, McKay said commissioners swear to uphold the Alaska constitution and the AOGCC's statutes and regulations. Since joining the commission in January he said he has already taken positions “which have not made the industry happy.”

“Good engineering” is essential in industry operations, he said, and there were instances where industry practices need to be tightened up and said that process is underway at the commission.

Asked about the charge of the commission when it comes to the state's resources, McKay said the commission's role is to maximize recovery of oil and gas by ensuring use of best practices in well design and well placement and by preventing waste. It also ensures correlative rights — those of adjacent leaseholders — are protected.

And the commission is charged with preventing waste

of the resource, he said, citing AOGCC prohibitions against the flaring of natural gas just for convenience.

Not involved in economics

Asked if the commission has a role in situations like BlueCrest where the state is pushing that company to produce more gas at its Cosmopolitan unit, McKay said the Department of Natural Resources handles leasing and royalties. AOGCC doesn't get into “the economics or the incentives for producing oil and gas — we're primarily a technical organization.”

In a related question on maximizing recovery of hydrocarbon resources and the issue of economically recoverable vs physically recoverable McKay said the economic side of the industry falls under the departments of Revenue and Natural Resources.

Asked if the commission can push a leaseholder to produce, McKay said no. But, he said, because of the investment required to drill, an operator is going to be motivated to produce as much as possible. The commission's role is to protect the interests of the state and adjacent leaseholders and to make sure work is done safely and without environmental impact.

Offtake role only in gas pipeline

In response to a question about the role the commission would have in the gas pipeline, McKay said the commission issues offtake orders after its engineers have studied how much gas could be taken off the North Slope and still maintain pressure and maximize recovery of oil. The proposed gas pipeline would be within constraints of the exist-

ing offtake order, he said.

Asked about the commission's relationship with the U.S. Department of the Interior and the Environmental Protection Agency, McKay said AOGCC has federal grant money to plug and abandon orphan wells in the state and is currently working on a well in Chickaloon. The commission is working with EPA on its carbon storage regulations and on obtaining primary for Class VI CO2 storage wells as part of that program.

Role of commissioners

Asked how the commission operates, McKay said the commissioners are supposed to be impartial and technical staff review permit applications and deal with day-to-day situations and the commissioners are briefed on problems or violations.

If a hearing is required then the three commissioners basically sit as judges and make a ruling.

He said engineers on staff report to Chmielowski, the petroleum engineer commissioner, and geologists report to Wilson, the geologist engineer. McKay said that has public member he is responsible for ethics.

Asked if he was aware of any areas in which the commission was understaffed, McKay said a couple more technical folks have been hired recently and said his fellow commissioners say we're adequately staffed. Asked about the commission's funding, McKay said its funding is from a per-barrel charge paid by the producers.

—KRISTEN NELSON

Contact Kristen Nelson
at knelson@petroleumnews.com

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OCS UPDATE

the Pacific third and Atlantic fourth.

Undiscovered economically recoverable resources, UERR, are ranked based on price per barrel for oil and price per thousand cubic feet for gas, with a range of prices — for oil, \$30, \$30, \$60, \$100 and \$160 per barrel. For gas, the prices used are much higher for Alaska than for the Lower 48. For the Lower 48, gas is priced at 30% of the economic value of oil; for Alaska it is priced at 100%.

BOEM estimates that some 60% of OCS resources remain undiscovered after more than 70 years of OCS exploration and development, with some 33% of resources produced and 7% discovered reserves and contingent resources.

Alaska

BOEM said mean UTRR for the Alaska OCS decreased by 0.90 billion barrels of oil equivalent compared to its 2021 assessment, “with the bulk of the reduction due to the reassessment of risk profiles and adjustments to the spatial extent of assessment units throughout the region.”

On a UERR basis, Alaska resources are not economic at the low end of prices; at the high end (oil at \$160 per barrel and gas at \$28.47 per mcf), Alaska UERR includes 14.67 billion barrels of oil and 58.78 trillion cubic feet of natural gas.

Alaska OCS is the largest and most geologically diverse of the regions, BOEM said, including more than 1 billion acres and more than 6,000 miles of coastline.

Regional economic parameters for the 2026 Alaska Assessment uses three cost centers: North Slope, Southcentral and Bering Sea.

Most engineering variables remain unchanged from the 2021 assessment BOEM said, however “the assumptions behind transportation of hydrocarbons via pipeline to market were updated to reflect construction of a gas pipeline from the North Slope to Nikiski.”

The gas price adjustment factor has also been changed, with BOEM now reporting Alaska UERR “using a 1.0 adjustment factor, where previous assessments utilized a 0.3 factor for AK UERR.”

Most engineering variables remain unchanged from the 2021 assessment BOEM said, however “the assumptions behind transportation of hydrocarbons via pipeline to market were updated to reflect construction of a gas pipeline from the North Slope to Nikiski.”

Alaska OCS planning areas

The Beaufort Sea planning area contains the Beaufort shelf, an extension of onshore northern Alaska, and because of the more than 30 oil and gas fields onshore near the coast, BOEM said, and an abundance of untested traps, “the Beaufort and adjacent Chukchi Sea are considered high potential areas,” with 36 wells drilled on Beaufort Sea OCS leases.

Development in the Beaufort Sea planning area “will likely be restricted to rel-

atively shallow water depths” of less than 600 feet for the foreseeable future, BOEM said.

The Chukchi Sea planning area is on the northwestern margin of the Alaska OCS with water depths typically about 160 feet except for the Barrow and Hanna submarine canyons, where depths range from 165 to 660 feet.

The agency said its analysis assumes offshore trunklines from centrally located offshore facilities to the Chukchi coast, and then running overland to the trans-Alaska oil pipeline.

“Commercial development of the Chukchi Sea could take many decades, during which time oil production from the area would be entirely dependent on continued operation of North Slope infrastructure, particularly TAPS.”

Other planning areas on the west of the state include the Hope Basin, Norton Basin, Navarin Basin, St. George, North Aleutian, Shumagin, Kodiak and Gulf of Alaska.

In Southcentral Alaska, the Cook Inlet planning area has seen recent OCS lease sales and has active leases, but no production. BOEM said exploration and development would take place in shallower water depths and less severe sea conditions compared to more exposed areas facing the Pacific Ocean. And exploration could take place year-round in Lower Cook Inlet, “as seasonal sea ice is generally confined to the Upper Cook Inlet.”

Alaska OCS UTRR oil is estimated to range from 16.67 billion to 33.61 billion barrels of oil with a mean of 24.1 billion barrels.

UTRR gas is estimated to range from 89.43 tcf to 159.28 tcf with a mean estimate of 122.29 tcf, while the mean volume of Alaska UTRR on a combined barrel of oil equivalent is 45.86 billion barrels. ●

Contact Kristen Nelson
at knelson@petroleumnews.com

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