Petroleum news

page 2 20 years ago: Independents speak out on key issues at House hearing

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Santos has announced $1 billion in bonds for corporate purposes

KEVIN GALLAGHER

Santos Limited, owning company of Oil Search (Alaska) LLC, has announced the imminent issue of $1 billion in new bonds. Oil Search is developing the Pikka oil field on Alaska's North Slope. Santos says that the proceeds from the bond sale will be used for "general corporate purposes." The bonds will mature in November 2035 and have been priced at a fixed coupon of 5.75%.

Santos Managing Director and Chief Executive Officer Kevin Gallagher said that the issue of the bonds demonstrates strong support for the company from debt capital markets and will ensure the continued financial support for the execution of the company's strategy.

"This is an excellent result for Santos," Gallagher said. "Securing attractively priced, long term capital positions Santos to build and grow production in a disciplined way, so that we can generate strong cash flows and returns for our shareholders from our high-quality, diversified portfolio."

As recently reported by Petroleum News, Santos has

see SANTOS BONDS page 8

RCA issues regs for operating community energy facilities

The Regulatory Commission of Alaska has issued regulations for the operation of community energy facilities. This type of facility is an entity operating for electrical power generation, in which an individual power consumer can subscribe to rights to part of the power from the facility.

In particular this arrangement can be used for a community solar farm, in which consumers can subscribe to the power generated by a certain number of solar panels. The result can be the economies of scale and the efficiencies of a commercial solar farm, coupled with a power supply arrangement similar to the use of consumer installed and operated solar panels.

For example, Chugach Electric Association has recently built and put into operation a community energy solar farm in Anchorage.

Legislation in 2024

In 2024 the Alaska Legislature passed legislation requiring

see RCA REGS page 11

Further Alaska gas pipeline, LNG project agreements announced

BRENDAN DUVAL

On Nov.10 Glenfarne Alaska LNG LLC and Baker Hughes announced a strategic alliance for advancing the project for building a natural gas pipeline from the North Slope to the Cook Inlet for the export of Alaska liquefied natural gas.

Glenfarne has selected Baker Hughes to supply refrigerant compressors for the LNG terminal and to supply power generation equipment for a gas treatment plant on the North Slope. Baker Hughes has also committed to a strategic investment to support the Alaska LNG project, the company has said.

"Baker Hughes is a welcome partner for Alaska LNG because of their leadership in LNG compression technology," said Brendan Duval, CEO and founder of Glenfarne. "Their participation reflects Alaska LNG's momentum and its ability

see LNG AGREEMENTS page 6

EXPLORATION & PRODUCTION

CPAI update

Willow project start-up earlier than expected; NPR-A exploration surges

By KAY CASHMAN

Petroleum News

RYAN LANCE

Operator ConocoPhillips Alaska Inc. is expecting first oil at its North Slope Willow project to be sooner than forecast – "early" 2029 versus later in that year, ConocoPhillips chief executive Ryan Lance said in ConocoPhillips Nov. 6 third quarter earnings report and conference call.

"The teams are executing well, and the project is really hitting all the milestones," he said.

Willow is scheduled to produce 180,000 barrels per day of oil at peak rates.

Lance also said Nov. 6 that in 2026 the company will have "a bigger exploration program than we've had in Alaska in a number of years," the specifics of which have since been revealed in a newly released draft environmental review of ConocoPhillips plans for a major oil exploration campaign in the National Petroleum Reserve-Alaska this coming year.

Another reveal of the Nov. 6 third quarter earnings report was a revised estimate for Willow project costs: They will be approximately $1 billion more than the company's late 2023 final investment decision estimate.

see CONOCO UPDATE page 8

FINANCE & ECONOMY

Crude price crumbles

Oil futures crater as OPEC projects production to catch demand in 2026

By STEVE SUTHERLIN

for Petroleum News

Crude oil futures cratered Nov. 12 as the Organization of the Petroleum Exporting Countries raised its production forecast while keeping its demand forecast unchanged, erasing its earlier projections of a supply deficit in 2026.

West Texas Intermediate crude plummeted $2.55, or 4.18%, to close at $58.49 per barrel. Brent fell $2.45, or 3.76%, to close at $62.71.

The Alaska North Slope crude price for Nov. 12 had not yet been released by the Alaska Department of Revenue as Petroleum News went to press early morning Nov. 13. On Nov. 11, ANS closed at a $5.14 premium over WTI, and at a $1.02 premium over Brent.

Long term, OPEC sees global energy demand expanding by 23% to 2050, driven by expanding economic growth, rising populations, increasing urbanization, new energy-intensive industries like artificial intelligence, and the need to bring energy to the billions without it.

The Nov. 12 losses unwound a price rally spurred by the reopening of the U.S. government. The jump was part of a multi-day market reaction to the advance of U.S. legislation designed to end

see OIL PRICES page 9

UTILITIES

Chugach building solar farm

Utility board OKs development of Beluga Solar Project on west side of Inlet

By ALAN BAILEY

for Petroleum News

During its October 22 meeting the board of Anchorage based Chugach Electric Association approved the construction of the Beluga Solar Project, a 10-megawatt solar power plant adjacent to the gas fired Beluga Power Plant, on the west side of the Cook Inlet. The estimated cost of the project is $26 million, with the possibility of that cost being reduced to $16 million if the project obtains a federal tax credit following the start of commercial operation.

Chugach Electric anticipates construction of the facility to be completed by Oct. 31, 2027.

The levelized cost of energy from the facility would be $89 per megawatt hour, assuming that the federal tax credit would be obtained. Absence of the tax credit would raise the energy cost to $124 per megawatt hour. During the board meeting there was discussion that, assuming imported liquefied natural gas would be needed in the future to

"We are very excited about the potential of having the largest solar project in Alaska," Julie Hasquet, Chugach Electric senior manager, corporate communications, told Petroleum News. "As we continue to work to incorporate renewables into our generation mix, this is a great project."

see SOLAR FARM page 10

● THIS MONTH IN HISTORY

Independents speak out

20 years ago this month: House told what independents need – key issues permitting, facilities access, infrastructure

Editor's note: This story first appeared in the Nov. 27, 2005, issue of Petroleum News.

By **KRISTEN NELSON**

Petroleum News

Large and small independent oil and gas companies and former State of Alaska officials responded Nov. 21 to a call from the House Special Committee on Oil and Gas. The committee wanted to know what the Legislature could do to encourage independent activity in the state.

What can the Legislature do to spur more activity from independents in Alaska and to have a more robust oil and gas industry? asked committee chair Rep. Vic Kohring, R-Wasilla.

There was considerable discussion about incentives — a current exploration incentive expires in 2007 — and about access to facilities and the lack of infrastructure, but permitting difficulties and the number of permits required are clearly a focus for smaller companies.

Anadarko: access a big issue

Mark Hanley, Anadarko's public affairs manager in Alaska, told the committee that he thinks in general the system is working, with a lot of new companies in the state in the last five years. Stable taxes, reasonable regulations and access to infrastructure and acreage are all needed, he said, and noted a lot of progress has been made on regulatory issues. He said exploration incentives the Legislature passed have influenced drilling, but the planning cycle is long, from two to five years and the current exploration incentives run out in July 2007.

MARK HANLEY

Access to infrastructure has been an issue for a long time, Hanley said. Anadarko is challenging tariffs on the trans-Alaska pipeline at the Federal Energy Regulatory Commission. For a gas line, Anadarko advocates fair access to the line and Hanley said he thinks a gas line with fair terms will really accelerate exploration in the state.

There are unique circumstances in Alaska, he said, but the "snowball" of activity in the state is "getting bigger and bigger and will be hard to stop."

Asked by Rep. Norm Rokeberg, R-Anchorage, how long it would take Anadarko to evaluate tax changes that are part of a gas pipeline package, Hanley said 60 to 90 days would be the company's preference. He said FERC allowed 90 days for evaluation of an open season.

What would Hanley recommend for a gas pipeline contract? Rokeberg asked. "Fair access at a reasonable price," Hanley said.

Rokeberg asked if FERC wouldn't protect access, and Hanley said not all facilities are regulated by FERC, and noted ongoing issues with access to existing facilities on the North Slope.

Pioneer: challenges formidable

Ken Sheffield, president of Pioneer Natural Resources Alaska, told the committee that for independents like Pioneer "the challenges to building a business in Alaska can be formidable." Remaining North Slope resources are smaller, lower quality, viscous reserves or are in remote areas like the National Petroleum Reserve-Alaska, the Foothills or offshore, or are gas, which lacks a market. The North Slope has among the highest costs in the world and it takes five to 10 years from acquiring a lease to selling oil.

KEN SHEFFIELD

Uncertainty is the largest challenge independents face on the North Slope: Unknowns include future oil prices, fiscal policy, regulation and access to infrastructure, as well as exploration uncertainty.

Sheffield said the exploration incentives the Legislature approved in 2003 have encouraged Pioneer to invest, and he said Pioneer believes the state should extend the credits beyond the 2007 expiration.

Infrastructure access and commercial terms are unknowns for exploration closer to facilities, Sheffield said, telling the committee that Pioneer is negotiating for access to Kuparuk facilities.

Ehm: the real independents

Arlen Ehm, who has been a geological consultant for

see **HISTORY** *page 4*

contents

Petroleum News *Alaska's source for oil and gas news*

Congratulations

Congratulations Bill Armstrong & team!

On Oct. 23, Bill Armstrong accepted the 2025 Explorer of the Year award for him and his team at the prestigious North America Energy Capital Assembly event in Houston.

The award was an acknowledgement of the huge Alaska eastern North Slope oil discovery at Sockeye-2 that Bill Armstrong's Lagniappe made last winter. His partners in the exploration well and much of the surrounding 325,000-acres are Apache Corp. and Santos.

"I wasn't expecting to win the award as we were up against the final nominees of BP, Exxon, EOG and Talos," Armstrong told Petroleum in an Oct. 24 interview. "I can't believe it."

COURTESY OF ARMSTRONG

ABR, Inc.
Acuren
AES Electric Supply, Inc.
Airgas USA, LLC
Airport Equipment Rentals
Alaska Air Cargo
Alaska Dreams
Alaska Frontier Constructors (AFC)
Alaska Fuel Services
Alaska Marine Lines
Alaska Materials
Alaska Railroad
Alaska Resource Education (ARE)
Alaska Steel Co.
Alaska Textiles
Alaska West Express
Arctic Controls
Armstrong
ASRC Energy
ASTAC (Arctic Slope Telephone Assn. Coop, Inc)
Bombay Deluxe Restaurant
Brooks Range Supply
Calista Corp.
Coffman Engineers
Colville Inc.
Computing Alternatives
CONAM Construction
ConocoPhillips
Construction Machinery Industrial (CMI)
Cook Inlet Tug & Barge
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
GCI
GeoLog
Greer Tank & Welding
Guess & Rudd, PC
Inspirations
Judy Patrick Photography
Lennon Crane
Little Red Services, Inc. (LRS)
Lounsbury & Associates
Lynden Air Cargo
Lynden Inc.
Lynden Logistics
Lynden Oilfield Services
Lynden Transport
Matson
Nabors Alaska Drilling
NANA Worley
NEI Fluid Technology
Nordic Calista
Northern Solutions
NSTI (North Slope Telecom Inc.)
Owl Ridge Natural Resource Consultants
Petroleum Equipment & Services, Inc.
PND Engineers, Inc.
PRA (Petrotechnical Resources of Alaska)
Price Gregory International
Republic Services (formerly US Ecology)
Resource Development Council
Sheet Metal Inc.
STEELFAB
Strategic Action Associates
Tanks-A-Lot
TOTE Maritime Alaska
Tridder Industrial
Udelhoven Oilfield System Services Inc.
Western Pacific Crane & Equipment

continued from page 2

HISTORY

29 years and involved in Alaska exploration since he sat a well on Cook Inlet's first offshore platform in the 1960s, said he believes the committee needs to look at the needs of small companies: Large independents like Anadarko, Pioneer, Kerr-McGee and Marathon can solve a lot of problems "by throwing money" at them, a luxury small companies do not enjoy, he said.

ARLEN EHM

"Independents, by and large, are the ones that fill in the gaps after the majors have given up on a particular area," Ehm said, and told the committee that if the state wishes to continue to generate revenue from areas the majors have left, "it will be the independents that take up that challenge."

Most Lower 48 independents he talks to about Alaska aren't interested, he said. Their concerns include: high entry costs; high operating costs; high risk; permitting problems; excessive bureaucracy; excessive environmental constraints; long lead time; remote exploration targets; seasonal operational restrictions; lack of infrastructure; and seasonal access.

Many of those issues the state can't address, Ehm said, but it can address permitting problems — and companies looking at Alaska have all heard "horror stories about the permitting process."

The experiences Ehm related to the committee included lack of assistance from the Division of Oil and Gas on surface access issues, overlapping restrictions from multiple agencies and a typo in regulations which kept a rig idle on location for 20 days, a problem the Department of Law acknowledged but refused to address. In another case, where an additional agency had to sign off on a permit already signed off on by other agencies — something which Ehm said could have been accomplished in a matter of hours — he was told by the agency representative, "I have a maximum number of days to issue this and I am going to use them all."

When asked by Rokeberg to bring difficulties with bureaucrats to the Legislature, Ehm said he didn't want to leapfrog regulators by going to the Legislature: It's the regulations that are at fault, he said.

And in a report prepared for the governor, Ehm said "inadequacies, bottlenecks or inefficiencies" pointed out are not intended "to single out individuals. By and large the individuals involved are performing their assigned functions."

Ehm: panel needed to address problems

Ehm said he has asked for an ad hoc panel of industry, agency and public members to evaluate the consistency of permitting regulations, agencies and personnel. He said he received a round of applause for the proposal at an industry meeting, but the panel has never been assembled.

He described the permit reform that has taken place as "woefully inadequate."

Gov. Murkowski asked Ehm for a report on problems he encountered recently in permitting wells.

In a 10-page report Ehm said he recommended appointment of a group to catalogue regulations, develop a unified integrated information gathering system covering all agencies, create a system in a computer-accessible form for application filing online and create review boards for reviewing and rewriting regulations.

"This has not been done," he said.

The report to the governor identified 15 forms for one onshore gas well in Cook Inlet. No two forms were alike. One could be downloaded but then had to be filled in by hand or typewriter — then, he said, the agency wanted it back in digitized form.

Ehm said that when Ken Boyd was director of the Division of Oil and Gas Boyd recommended templates for permitting in different areas, where only differences from the standard needed to be permitted. Ehm said the only objection he heard came from permitting agencies, and told the committee "the number of such agencies has increased almost exponentially while the number of wells being drilled has stayed the same."

Aurora: market, royalty issues

Access to existing pipelines and the need for new infrastructure topped the list David Boelens, vice president of Alaska operations for Aurora Gas and Aurora Power Resources, presented to the committee.

On the pipeline issue Boelens said pipeline access is critical to Cook Inlet gas development. While progress has been made on some pipelines, there are still issues to be resolved, he said. The lack of infrastructure is also a problem. There are no bridges to the west side of Cook Inlet, so a lot of equipment has to be barged over.

DAVID BOELENS

Aurora also faces a royalty and tax valuation issue which Boelens called the "prevailing value trap." The Legislature fixed this problem for Agrium, he said, but Aurora is required to make royalty payments based on the highest rates paid in Cook Inlet, and those highest rates are contract prices based on Henry Hub, not on what Aurora is paid for its gas.

Rokeberg asked for confirmation on this point: You pay royalties and taxes on a value other than your specific contract?

Boelens said yes, but noted that the new state lease form says the state "may establish minimum values for the purpose of computing royalties."

Permitting is complex, he said, relating that one-quarter of the cost of a power line Aurora installed was for permitting.

Then there is marketing the gas. Because of long-term utility contracts in Cook Inlet, there isn't a ready market for new gas, Boelens said. Because Aurora markets gas, as well as producing it, it has more ability to deal with this lack of market than other companies.

Although Aurora has spent $38.66 million over the 2000-05 period drilling eight new wells (including two dry holes), five sidetracks/workovers and three non-rig interventions, none of its work qualified for incentives.

Asked by Rokeberg what would be of most use, Boelens said rural bridges and roads.

Myers: Facilities access

Mark Myers, director of the Division of Oil and Gas until his resignation in October, said he thinks the state "has a real opportunity to get a diversified producer base." A level playing field is essential he said, and the state needs to play a role because it is difficult for companies to deal with complex commercial issues because the companies are very competitive and are always involved in negotiations. The government needs to be the "honest cop on the beat," Myers said.

Facility access is an issue it is difficult for the companies to talk about, he said. It has been an issue in both the Gulf of Mexico and the North Sea, and both of those areas have dealt with it. Myers said he thinks facility access "will require action by the Legislature." It's a constant concern with new companies coming in, he said.

Myers also said the state needs to be very careful when it makes fiscal changes because those will affect independents differently than large companies.

There are also state ownership issues: It's a significant issue if the state is a competitor with companies it wants to attract, he said. Infrastructure in remote basins in Alaska is needed, he said: When infrastructure moved west with Alpine, that became the focus for satellite development. Point Thomson would provide infrastructure to the east, he said, but the Department of Natural Resources has "foregone the opportunity" to have a well drilled there this winter by allowing the unit owners to defer their drilling commitment.

Asked by Rokeberg about the Point Thomson work commitment, Myers said that over the past five to seven years the department has required drilling and production commitments as a condition of units — which allow leases to be held beyond their primary term. The Point Thomson requirement for a well has been stayed. A negotiated commitment loses value "if there's a political way to undue it," he said. Myers called for fair, consistent management of commitments. Independents, he said, drill or relinquish and once the state interferes with negotiated commitments, there is no way for the state to enforce them.

Boyd: areawide permitting

Ken Boyd, who preceded Myers as director of the Division of Oil and Gas, noted the success of areawide lease sales in providing access to lands. Ten years ago, he told the committee, access to land was an issue because the leasing program was based on nominations and companies could only acquire prospects in bits and pieces — with no surety of when adjacent pieces would be offered.

Areawide leasing was passed by the Legislature 60 to nothing, Boyd said, and the bill worked. Permitting, he said, "is where leasing was 10 years ago. Why don't we have areawide permitting?"

There are five areawide lease sales: North Slope, Beaufort Sea, Foothills, Cook Inlet and the Alaska Peninsula. Best interest findings are done that are good for 10 years, with annual requests for significant changes, which can then be mitigated.

"Why can't we do the same with permitting?" he asked, starting with the core idea that we understand and permit by exception. Onshore exploration wells are basically the same, he said: with areawide permitting you would permit or mitigate the differences, not start from scratch with every well. ●

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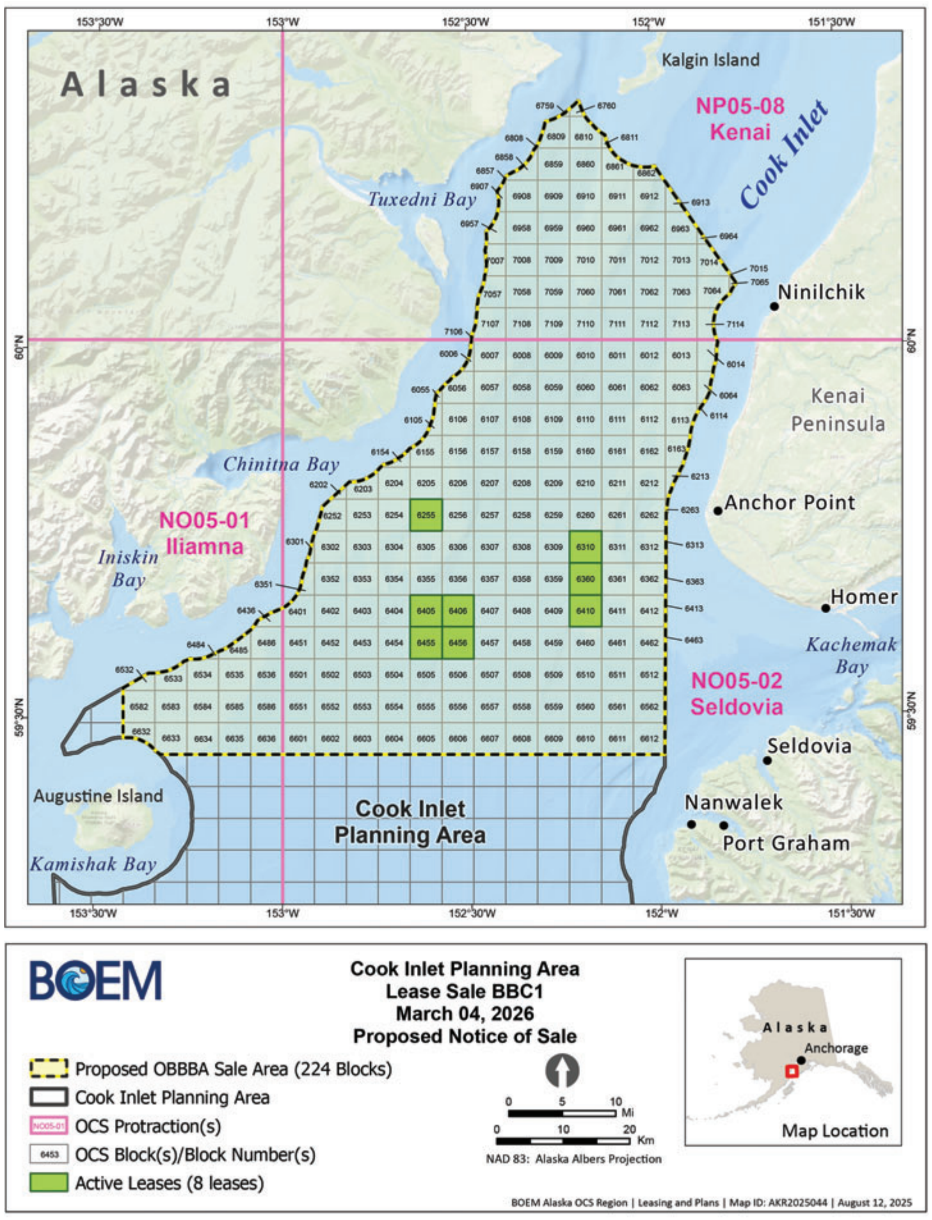

● LAND & LEASING

BOEM to hold Gulf OCS lease sale, sets first Cook Inlet

PETROLEUM NEWS

The U.S. Interior Department's Bureau of Ocean Energy Management said Nov. 7 that it is taking two major steps toward expanding offshore energy development pursuant to Trump's One Big Beautiful Bill Act, which the President signed in July.

BOEM will hold an oil and gas lease sale for the Gulf of America next month and has proposed another in March for Alaska's Cook Inlet.

The Final Notice of Sale for Lease Sale Big Beautiful Gulf 1 (BBG1) for the Gulf of America will make about 80 million acres available and will take place on Dec. 10. It will be the first of 30 sales in the area through 2040 that were included in One Big Beautiful Bill Act.

The Gulf's offshore continental shelf spans roughly 160 million acres, with an estimated 29.59 billion barrels of undiscovered, technically recoverable oil and 54.84 trillion cubic feet of natural gas. Certain areas are excluded, including blocks withdrawn on Sept. 8, 2020, blocks beyond the U.S. Exclusive Economic Zone in the Eastern Gap, and areas within the Flower Garden Banks National Marine Sanctuary.

BOEM also proposes making about 1 million acres available for leasing in Alaska's Cook Inlet. The Big Beautiful Cook Inlet 1 (BBC1) sale, scheduled for March 4, 2026, would be the first of at least six Cook Inlet lease sales, scheduled annually from 2026 to 2028, and from 2030 to 2032.

The Proposed Notice will publish in the Federal Register on Nov. 10, initiating a 60-day comment period for affected state governors and local governments. A Final Notice of Sale will follow, at least 30 days before the scheduled lease sale on March 4, 2026.

To encourage strong industry participation, BOEM has set a 12.5% royalty rate — the lowest rate allowed by statute — for both shallow and deepwater leases.

"President Trump's signing of the One Big Beautiful Bill Act marked the beginning of a new chapter for oil and gas development in the Gulf of America and Alaska's Cook Inlet," said BOEM Acting Director Matt Giacona. "BOEM is now moving forward with a predictable, congressionally mandated leasing schedule that will support offshore oil and gas development for decades to come." ●

NATURAL GAS

Gasline Caucus briefs lawmakers, staff

The Alaska Gasline Caucus sent out a press release saying that on Nov. 7 the Alaska Department of Transportation & Public Facilities, or DOT, officials briefed Alaska lawmakers and staff about efforts to prepare Alaska's roads and airports for construction of an 807-mile LNG pipeline, as well as a permitting dashboard that could help save money.

Officials with the DOT are expecting an influx of transportation activity from the North Slope to the Kenai Peninsula.

Construction could start as soon as 2026 and the DOT is getting ready, according to Commissioner Ryan Anderson, Deputy Commissioner Katherine Keith and Director Daniel Smith.

Speaking at a meeting of the Alaska Gasline Caucus, the transportation officials said they are looking at stockpiling road materials along the Dalton Highway to rapidly address washouts – a regular occurrence on the Haul Road – to minimize delays as materials move north.

The DOT has also made a list of airports where they anticipate increased air traffic and officials plan to work with air carriers to get approval for large aircraft to land on short runways.

The agency has been working to keep maintenance depots ready and is keeping in touch with project developer Glenfarne.

The caucus additionally heard from permitting experts, including Alexander Herrgott, president and CEO of the nonprofit Permitting Institute, who said a unified one-stop permitting dashboard is needed to improve coordination and accelerate decision making.

see **GASLINE CAUCUS** page 10

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LNG AGREEMENTS

to attract global partners to achieve national and state energy objectives."

"Baker Hughes is pleased to support Alaska LNG with our gas technology solutions," said Lorenzo Simonelli, chairman and CEO of Baker Hughes. "Natural gas and LNG provide secure, affordable, and reliable energy, and we look forward to continuing our collaboration with Glenfarne to bring lower-carbon natural gas from Alaska to the global market."

Federal government support

The company chief executive officers joined with Secretary of the Interior Doug Burgum and Secretary of Energy Chris Wright to make the announcement.

"American LNG is not just an energy source, it's a strategic asset that powers our economy, strengthens our alliances, and secures our nation's future," said Doug Burgum, Secretary of the Interior and Chairman of the National Energy Dominance Council. "By forging this strategic alliance and investment in the Alaska LNG Project, we're strengthening our nation's energy security while advancing a bold vision for U.S. energy independence and global competitiveness."

"American LNG is not just an energy source, it's a strategic asset that powers our economy, strengthens our alliances, and secures our nation's future," said Doug Burgum, Secretary of the Interior and Chairman of the National Energy Dominance Council.

Alaska LNG has the potential to be one of the most significant energy infrastructure projects in our nation's history," said Energy Secretary Chris Wright. "Today's investment announcement is an important step forward for the project, prosperity in Alaska, and the energy security of America and our allies. The Trump administration remains committed to unleashing Alaska's energy potential, including by supporting Alaska LNG."

Two phase project

Glenfarne plans to develop the Alaska LNG project in two independent phases. Phase one involves the construction of an 807-mile, 42-inch-diameter pipeline for shipping natural gas from the North Slope to Southcentral Alaska, to meet Alaska's domestic natural gas requirements. Phase two will add the LNG export terminal and associated infrastructure, to enable the annual export of 20 million tonnes of LNG.

Engineering company Worley anticipates completing the engineering and cost analysis for the pipeline in December, thus enabling a final investment decision for the pipeline project. A final investment decision for the LNG export phase of the project is expected in late 2026.

Since March Glenfarne became the lead developer for the project the company has secured preliminary commercial commitments with leading LNG buyers in Japan, Korea, Taiwan and Thailand for the purchase of 11 million tons per annum of LNG, Glenfarne says.

—ALAN BAILEY

Contact Alan Bailey at alan.bailey@visualwriting.com

Congratulations

Congratulations to Steve Wackowski!

Kudos to Steve Wackowski who on Oct. 31 took over leadership of the Alaska Oil and Gas Association as president and CEO. Wackowski, a lifelong Alaskan with more than two decades of leadership experience in public service, communications, and energy policy, most recently led communications for Santos' Alaska Business Unit.

AOGA's Board of Directors announced the appointment of Wackowski as the organization's new top executive: "We are excited to welcome Steve as AOGA's new President and CEO. His experience and vision will help ensure AOGA remains the leading voice of responsible development in Alaska's energy sector," said Erec Isaacson, President of ConocoPhillips Alaska and Chair of the AOGA Board of Directors.

COURTESY OF AOGA

Steve Wackowski

ABR, Inc.
Acuren
AES Electric Supply, Inc.
Airgas USA, LLC
Airport Equipment Rentals
Alaska Air Cargo
Alaska Dreams
Alaska Frontier Constructors (AFC)
Alaska Fuel Services
Alaska Marine Lines
Alaska Materials
Alaska Railroad
Alaska Resource Education (ARE)
Alaska Steel Co.
Alaska Textiles
Alaska West Express
Arctic Controls
Armstrong
ASRC Energy
ASTAC (Arctic Slope Telephone Assn. Coop, Inc)
Bombay Deluxe Restaurant
Brilliant Media Strategies
Brooks Range Supply
Calista Corp.
Coffman Engineers
Colville Inc.
Computing Alternatives
CONAM Construction
ConocoPhillips
Construction Machinery Industrial (CMI)
Cook Inlet Tug & Barge
Cruz Construction
Doyon Associated
Doyon Drilling, Inc.
Doyon, Limited
EXP Energy Services
F. R. Bell & Associates, Inc.
Fairwater
Flowline Alaska
Frost Engineering, a division of PumpTech LLC
GCI
GeoLog
Greer Tank & Welding
Guess & Rudd, PC
Inspirations
Judy Patrick Photography
Lennon Crane
Little Red Services, Inc. (LRS)
Lounsbury & Associates
Lynden Air Cargo
Lynden Inc.
Lynden Logistics
Lynden Oilfield Services
Lynden Transport
Matson
Nabors Alaska Drilling
NANA Worley
NEI Fluid Technology
Nordic Calista
Northern Solutions
NSTI (North Slope Telecom Inc.)
Owl Ridge Natural Resource Consultants
Petroleum Equipment & Services, Inc.
PND Engineers, Inc.
PRA (Petrotechnical Resources of Alaska)
Price Gregory International
Republic Services (formerly US Ecology)
Resource Development Council
Sheet Metal Inc.
STEELFAB
Strategic Action Associates
Tanks-A-Lot
TOTE Maritime Alaska
Tridder Industrial
Udelhoven Oilfield System Services Inc.
Western Pacific Crane & Equipment

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CONOCO UPDATE

The projected cost range for Willow is now $8.5 billion to $9 billion, up from $7 billion to $7.5 billion.

Lance blamed the overruns on "higher-than-expected general inflation and localized North Slope cost escalation".

2X more activity than anticipated

Kirk Johnson, ConocoPhillips Senior Vice President, Global Operations, clarified Lance's statement by saying it has "been driven by the fact that we've incurred more overlap of the peak construction seasons between our project and other projects ongoing in Alaska than we had originally expected."

Johnson said there has been "roughly a 2x increase in the regional activity we expected in the state – think labor, logistics such as trucking, marine, and then even the availability of camps for our construction work there on the Slope."

What does Lance think about the cost increase for Willow?

"Certainly, the estimated increase does impact the cost of supply of this individual project going forward. It still fits well within our portfolio," Lance said during the Q&A session of the Nov. 6 conference call. "It's still very competitive within the portfolio. And again, we think longer term. We think about the future opportunities that are going to come from this infrastructure, which is our history on the North Slope … the satellite discoveries that we get benefit from the infrastructure that we build. We fully expect that to be the case going forward with Willow. And then … on the back end of this, the margins are still quite attractive, because Alaska's 100% oil, sells at a premium to Brent, typically on the West Coast of the United States. So that's why we still feel very comfortable with the margin. And it's competitive in our portfolio, and it's going to deliver a project for the company that will add to its future growth and development."

Trump administration

During the Nov. 6 earnings call, Lance said ConocoPhillips is working with the Trump administration "to identify some ways to streamline permitting" in the state.

"I think you saw an early read of that with the new rules that are coming out for development in the NPR-A. That's just sort of the start," he said. "There's more things coming that will give us what we think is going to be a lot more clarity to faster permitting approvals coming in Alaska going forward."

Exploration plans

Per the recently released draft environmental review, CPAI is planning to conduct a one-year exploration program, which will include seismic exploration, exploration drilling, and well plugging on land managed by the Interior Department's Bureau of Land Management, or BLM, within NPR-A.

CPAI's applications were as follows:

• One oil and gas geophysical exploration permit for seismic exploration work;

• Four applications for permit to drill for four new exploration wells;

• Two notice of intent sundries with final reclamation plans for two wells with proposed plugging and abandonment, or P&A, work;

• One right-of-way, or ROW, application for access to and between the drilling and plugging well locations.

Exploration East and West

There are two areas of exploration within the NPR-A specified by CPAI: Exploration West and Exploration East.

The work for Exploration East will occur near the Willow gravel mine. It will involve drilling a single exploration well, Suqqaq 4, and plugging an existing exploration well, Flat Top 1, which was originally drilled in 2014.

The work for Exploration West will occur just west of the BT1 and BT3 production pads which are part of the Bear Tooth unit. It would involve drilling three exploration wells: Kavlaq 2, Tinnik 3 and Tinmiaq 19.

In addition to drilling the three exploration wells, CPAI will plug the existing exploration well Tinmiaq 20 which was originally drilled in 2020.

All well locations in Exploration East and Exploration West are on BLM lands managed by the Arctic District Office and leased by CPAI.

Seismic exploration

CPAI's seismic program will be conducted south of the Bear Tooth unit and west of the Colville River.

The three-dimensional (3D) seismic data acquisition program is designed primarily in support of future exploration and will occur between November 2025 and September 2026.

Activities will be similar to previous seismic programs conducted in the NPR-A and will include equipment and operations typical of those prior programs.

The full seismic project area of 467 square miles includes a buffer around it to facilitate safe and efficient crew movements. The total extent of the survey will be approximately 300 square miles, or 192,000 acres. ●

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SANTOS BONDS

indicated that it has brought forward its guidance for likely first oil from the Pikka field from mid-2026 to first quarter 2026. The company expects production to ramp up to 80,000 barrels per day in the second quarter 2026. Beyond the Pikka field itself, the company also has similar oil development opportunities in the nearby Horseshoe and Quokka units.

—ALAN BAILEY

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OIL PRICES

a record government shutdown – which arose from the failure of Congress to agree upon a budget.

In early Asian trading Nov. 13, WTI and Brent were each priced above their Nov. 12 closing prices, after news broke that President Trump had signed a budget bill to end the shutdown.

ANS added a half dollar Nov. 11 to close at $66.18 per barrel, as WTI vaulted 91 cents to close at $61.04, and Brent leapt $1.10 to close at $65.16.

Despite its gains, ANS had made no progress over a trading week from its close Nov. 4 of $66.18, to the exact same close of $66.18 on Nov. 11.

The budget measure passed in the Senate Nov. 10, leading ANS to close 32 cents higher at $65.67. WTI rose 38 cents on the day to close at $60.13, and Brent lifted 43 cents to close at $64.06.

Traders bet that increased liquidity in the financial system resulting from the restoration of government payments would stimulate business and consumer spending – bullish for oil consumption.

"Out to 2050, we see oil demand continuing to expand and reaching 123 million barrels a day. There is no peak oil demand on the horizon." —Al Ghais

Despite its gains, ANS had made no progress over a trading week from its close Nov. 4 of $66.18, to the exact same close of $66.18 on Nov. 11.

In trading Nov. 7, crude was also higher. ANS rose 16 cents to close at $65.35, WTI rose 32 cents to close at $59.75, and Brent rose 25 cents to close at $63.63.

ANS edged 7 cents lower Nov. 6 to close at $65.20, while WTI fell 17 cents to close at $59.43, and Brent fell 14 cents to close at $63.38.

On Nov. 5, ANS dropped 91 cents to close at $65.27, WTI dropped 96 cents to close at $59.60, and Brent dropped 92 cents to close at $63.52.

OPEC call adds to oversupply worries

OPEC's less bullish crude market forecast comes as some crude sellers struggle to find buyers, according to John Kilduff, partner at Again Capital.

"There are cargoes going begging," Kilduff said told Reuters Nov 12. "The very front of the market is forming a new price curve. There's just a general sense of weakness in the U.S. economy."

OPEC called for global oil demand to grow by 1.3 million bpd in 2025 and by 1.38 million bpd in 2026 as the global economy maintains steady growth.

The cartel now sees supply exceeding demand by 500,000 bpd in third quarter 2025 based on its rising estimates for total U.S. liquids production in the period. It had previously called for a supply deficit of 400,000 bpd.

Long term, OPEC sees global energy demand expanding by 23% to 2050, driven by expanding economic growth, rising populations, increasing urbanization, new energy-intensive industries like artificial intelligence, and the need to bring energy to the billions without it.

The history of energy is one of additions, not subtractions, OPEC Secretary General Haitham Al Ghais said in a forward to the group's 2025 World Oil Outlook.

Al Ghais said the combined percentage of oil, gas and coal in the energy mix was some 80% in 2024, slightly less than when OPEC was founded in 1960, while energy consumption jumped more than five-fold over that period.

"Oil underpins the global economy and is central to our daily lives," Al Ghais said. "Out to 2050, we see oil demand continuing to expand and reaching 123 million barrels a day. There is no peak oil demand on the horizon." ●

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Petroleum news — Oil Patch Bits

Kantishna Roadhouse recieves cultural tourism award

As reported by Doyon News Nov. 3, Kantishna Roadhouse, a Doyon Limited subsidiary, has been recognized by the Alaska Travel Industry Association with the Cultural Tourism Award. The honor celebrates the Roadhouse's commitment to sharing Alaska Native heritage, history, and traditions with visitors from around the world.

"We are deeply honored that Kantishna Roadhouse has received this award recognizing its role in sharing Alaska Native culture with visitors," said Jordan Sanford, president of Doyon Tourism. "Creating meaningful cultural experiences, caring for our lands, and preserving our heritage is at the heart of what we do—for our communities, our visitors, and generations to come."

"Thank you to ATIA for recognizing Kantishna Roadhouse with the Cultural Tourism Award! Cultural tourism is more than a visitor experience – it's the living expression of our heritage. For nearly 30 years, Kantishna Roadhouse has continued to welcome guests into the heart of Denali while proudly sharing our culture through storytelling, stewardship, and connection in this remarkable place we call home," said Erika Swanson, general manager of Kantishna Roadhouse.

Editor's note: Some of these news items will appear in the next Arctic Oil & Gas Directory, a full color magazine that serves as a marketing tool for Petroleum News' contracted advertisers. The next edition will be released in September.

Companies involved in Alaska's oil and gas industry

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

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SOLAR FARM

support gas fueled power generation in Southcentral Alaska, the cost of power from the wind farm, even without the tax credit, would be competitive.

Chugach Electric has also applied to the Alaska Energy Authority for a $2-million grant under AEA’s Renewable Energy Fund — if obtained, that grant would also lower the cost of the Beluga Solar Power energy.

Given the significant benefit of obtaining the federal tax credit and some uncertainties regarding the importing of equipment, should that be necessary, the board discussed the importance of starting the project promptly.

Chugach Electric and CIRI land

The facility is planned to be built on a combination of land owned by Chugach Electric and land owned by Cook Inlet Region Inc. — construction is contingent on successful negotiations with CIRI on the land use.

Without the use of the CIRI land, the solar farm would be reduced in size to 5 megawatts and the cost of the energy would increase somewhat. The proximity to the aging Beluga Power Plant, which is now used as backup to more modern generation facilities elsewhere on the Railbelt power grid, means that the solar power facility will be able to use the transmission line from the Beluga Power Plant to feed power into the Southcentral Alaska grid.

“We are very excited about the potential of having the largest solar project in Alaska,” Julie Hasquet, Chugach Electric senior manager, corporate communications, told Petroleum News. “As we continue to work to incorporate renewables into our generation mix, this is a great project.”

Little Mount Susitna wind farm

In terms of further renewable energy development in the Beluga region, independent power producer Alaska Renewables has been proposing the development of a Little Mount Susitna wind farm. That potential project is currently on hold — thus far Alaska Renewables has declined to discuss project pricing during an open meeting of the Chugach Electric board, Hasquet said. ●

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GASLINE CAUCUS

Permitting issues can increase project costs by as much as 30%, Herrgott told the 18 state legislators participating in the meeting in Anchorage. Leaders attended in person or online.

The Alaska LNG project is anticipated to be one of the largest infrastructure projects on the planet, and the bipartisan, bicameral Alaska Gasline Caucus was formed by Rep. Mia Costello, R-Anchorage, and Rep. George Rauscher, R-Sutton, to keep state lawmakers and the public informed about aspects of the multi-billion-dollar mega project.

—PETROLEUM NEWS

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RCA REGS

electricity utilities to allow the connection of eligible community energy facilities to the utilities' electrical systems. The resulting statutes define a community energy facility as "a renewable energy generating facility under a certificated electric utility's community energy tariff that is not connected to a retail consumer's electricity meter and provides all or a portion of the electrical energy requirements of the retail consumer." The statutes require the RCA to maintain regulations for the oversight of community energy facilities — hence the new regulations that the commission has now issued.

The regulations require an electricity utility to allow the interconnection of a community energy facility to the utility's infrastructure in accordance with the utility's interconnection standards.

The regulations require an electricity utility to allow the interconnection of a community energy facility to the utility's infrastructure in accordance with the utility's interconnection standards. The utility must purchase energy generated by the facility. To be eligible for connection, the facility must be owned and managed by a subscriber organization or an electric utility and be located within an electric utility's service area. The owner and operator of a community energy facility must provide a list of subscribers to the facility and report the share of the energy produced each month that is attributable to each subscriber.

Community energy tariff

Any electricity utility that is required to provide a community energy program must file a community energy tariff with the RCA by May 31, 2026. The tariff must specify parameters such as interconnection rules and the maximum aggregate nameplate community energy capacity that the utility can accept. Other components of the tariff may include factors such as reasonable costs associated with the connection of a facility.

An electricity utility will require a community energy facility to report the amount of electrical energy generated by the facility and the share of that energy attributed to each subscriber during each of the utility's billing periods. If during a billing period the utility provided more power to a subscriber than was attributed to the subscriber from the facility, the utility can use its applicable power supply rates to bill the subscriber for the excess power that the utility supplied. If, on the other hand, if the facility attributed more power to the subscriber than the utility supplied to the subscriber, the utility must credit the subscriber's account for the excess power, using the utility's avoided energy rate as specified in the utility's tariff.

A utility can also recover from community energy program subscribers any reasonable costs incurred by the utility in association with the program.

—ALAN BAILEY

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