Petroleum news

page 2 Conoco asks AOGCC to amend gas offtake rate for Colville River unit

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New North Slope units map issued, COP layoffs show industry trends

ON DEC. 12, the Alaska Department of Natural Resources' Division of Oil and Gas released on its website the latest North Slope oil and gas units map, dated December 2025.

The information displayed in the map is for graphic illustration only. Discrepancies in boundaries, pipeline alignment, or infrastructure are the result of merging data sets from multiple sources.

The units are clearly marked as State Unit, State/Federal Unit, State/Native Unit, State/Federal/Native Unit and Federal Unit.

The units are also distinguished as producing or non-producing.

The Trans Alaska Pipeline System is also shown on the map, as are highways and large bodies of water.

The following units are outlined on the map: Duck Island, Liberty, Oooguruk, Point Thomson, Northstar, Nikaitchuq, Badami, Colville River, Greater Mooses Tooth, Umiat, Alkaid, Talitha, Horseshoe, Quokka, Prudhoe Bay, Toolik River, Bear Tooth, Grey Owl, Smith Bay, Pikka, Kuparuk

see **INSIDER** *page 10*

Cook Inlet gas update: Whiskey Gulch, Kitchen Lights, North Fork

The latest Cook Inlet natural gas production volumes available from the Alaska Oil and Gas Conservation Commission, for October, show that Hilcorp Alaska has brought its southern Kenai Peninsula Whiskey Gulch field online, Furie continues to grow Kitchen Lights gas volumes following drilling this summer, Hilcorp increased production from the Beluga River field it operates on behalf of itself and Chugach Electric Association and has increased production from existing wells at the North Fork field it acquired in May.

Natural gas production from Cook Inlet averaged 212,993 thousand cubic feet per day in October, up 12.42% from October 2024 volumes.

Whiskey Gulch

Hilcorp's Whiskey Gulch field is on the southern Kenai Peninsula north of Anchor Point and north of the company's Seaview unit.

see **GAS UPDATE** *page 11*

Governor to introduce fiscal plan, releases proposed 2027 budget

In January, Alaska Governor Mike Dunleavy will introduce a fiscal plan that he hopes the Alaska State Legislature will act on.

GOV. MIKE DUNLEAVY

"Raising taxes on the people and businesses that are already here is anti-growth," he noted in a Dec. 11 press release. "Instead, my fiscal plan will focus on predictable revenues built on a stronger private sector, restraining the growth of government, and capitalizing on the many incredible opportunities in front of us. My plan will also incentivize diversifying the economy so that we're not just reliant on oil."

Dunleavy's proposed budget is roughly $16.8 billion.

The Alaska Department of Revenue forecasts that the state will receive $15.3 billion in total state revenue in FY 2027,

see **DUNLEAVY BUDGET** *page 6*

FINANCE & ECONOMY

ANS on the brink

Alaska benchmark crude flirts with $50s on peace efforts; weak China data

By STEVE SUTHERLIN
for Petroleum News

Alaska North Slope crude – on the worst day of a four-day rout – fluttered a mere seven cents above the precipice of the $50s Dec. 16, after plunging $1.50 to close at $60.07. West Texas Intermediate plunged $1.55 to close at $55.27, and Brent did enter the $50s, plunging $1.45 to close at $58.92.

The slide took oil prices to lows not seen since 2021, as talks to end Russian hostilities in Ukraine teased the end of U.S. sanctions on Russian oil companies – cutting geopolitical risk and adding supply.

On the demand side of the picture, soft economic data from China raised fears of lower activity and lower crude consumption.

On Dec. 17, crude futures turned higher as geopolitical tensions rose in the Americas, taking WTI up 67 cents to close at $55.94, and taking Brent up 76 cents to close at $59.68. The ANS closing price on the day was not yet released by the Alaska Dept. of Revenue as Petroleum News went to press Dec. 18. On Dec. 16, ANS closed at a $4.80 premium over WTI, and at a $1.15 premium over Brent.

President Trump called for a "total and complete blockade" of all sanctioned oil tankers in and out of Venezuela, raising the heat on its leader, Nicolás Maduro.

"Venezuela is completely surrounded by the largest Armada ever assembled in the history of South America," Trump posted on Truth Social Dec. 16, adding that Maduro's regime used oil from "stolen oil fields to finance themselves, drug terrorism, human trafficking, murder, and kidnapping."

see **OIL PRICES** *page 9*

NATURAL GAS

FERC accepts LNG timing

Harvest has until Dec. '28 to convert Nikiski export terminal for LNG importing

By ALAN BAILEY
for Petroleum News

The Federal Energy Regulatory Commission has approved a request from Trans-Foreland Pipeline Company to delay the required completion date for the conversion of the liquefied natural gas export facility at Nikiski on the Kenai Peninsula to an LNG import facility.

The required completion date for the terminal conversion has been deferred from Dec. 17, 2025 to Dec. 17, 2028. As previously reported by Petroleum News, Hilcorp pipeline affiliate Harvest Alaska LLC has purchased Trans-Foreland from Marathon Petroleum Corp. for the establishment of a terminal for the importing of LNG, to bolster gas supplies in Southcentral Alaska.

Earlier LNG import plan

In 2020 FERC had authorized Trans-Foreland to convert the facility into an LNG import facility, with an anticipated startup date by Dec. 17, 2022. And in 2022 FERC granted an extension of the timeframe to Dec. 17, 2025. The purpose of the conversion would have been to bolster natural gas supplies for fueling Marathon's oil refinery at Nikiski. However, the proposed conversion was never carried out. Hence the need to change the required completion date.

see **NIKISKI TERMINAL** *page 6*

EXPLORATION & PRODUCTION

Conditional OK for Furie

Division of Oil & Gas accepts offshore Cook Inlet unit plan for Kitchen Lights

By ALAN BAILEY
For Petroleum News

Alaska's Division of Oil and Gas has approved Furie Operating Alaska's 12th plan of development for the Kitchen Lights Unit, offshore in the Cook Inlet. However, the approval is conditional on Furie committing to drill two new development wells in the unit from the Allegra Leigh offshore platform during the period of the plan, which runs from Jan. 4, 2026, to Jan. 3, 2027.

JOHN HENDRIX

In the proposed plan that Furie filed with the division in October the company had tentatively planned to drill up to two new development wells. The drilling would be contingent on factors such as the availability of a jack-up rig for the drilling, the availability of required support services, and regulatory support, the proposed plan of development said. Furie conducts development drilling from the platform using a jack-up rig.

In its plan of development approval statement the division rejected the tentative nature of Furie's drilling plans and required the company to drill at least two wells during the plan period. DOG said that this drilling would be in keeping with the terms of a royalty

see **FURIE PLAN** *page 7*

GOVERNMENT

AOGCC approves allowable gas offtake

Conoco applied for amendment of rate for Colville River unit to allow additional CRU gas to be used at Greater Mooses Tooth

By KRISTEN NELSON
Petroleum News

In an Oct. 8 application, operator ConocoPhillips Alaska asked for approval from the Alaska Oil and Gas Conservation Commission to amend the allowable gas offtake rate for the Colville River unit to provide gas to the Lookout and Rendezvous oil pools at the Greater Mooses Tooth unit. The company said the current allowable rate for Colville River participating areas is 7 million cubic feet per day on a cumulative annual basis.


GREG WILSON

ConocoPhillips requested an increase to 25 million cubic feet. That includes gas to the Village of Nuiqsut and gas for Greater Mooses Tooth operational needs and for enhanced oil recovery. The company also requested that the allowable rate apply to "all currently defined pools within the CRU and any future pools that commingle production at the Alpine Central Facility."

The 2018 approval of an allowable gas offtake rate not to exceed 7 million cubic feet per day was to meet contractual obligations to provide gas to Nuiqsut "and to support the development of Lookout and Rendezvous Oil Pools in the GMTU," ConocoPhillips said. Alpine Pool rules were revised in 2021 to clarify that the volume was on a cumulative annual basis. The gas offtake rate also applies to new pools processing production at the Alpine Central Facility. Production began from Lookout at GMTU in 2018 and at Rendezvous in 2021.

ConocoPhillips said Colville River and Greater Mooses Tooth production is commingled and processed at the Alpine Central Facility, with commingled gas consumed within the units for operational purposes and provided to Nuiqsut via the Alpine Transportation Co.

ConocoPhillips said that "given the cyclical nature of WAG (water alternating gas) enhanced oil recovery, and the best-player plays approach to keeping wells online, injection rates have varied significantly at CRU and GMTU and will continue to vary as the operational needs of the collective fields producing into the ACF evolve and change."

Significant excess gas from GMTU

ConocoPhillips said that GMTU production in the near term "is expected to generate significant excess gas. In most instances, the amount of GMTU return gas will exceed gas requirements of the GMTU" with that excess used at CRU for enhanced oil recovery.

But in some months, "GMTU will need gas beyond what it produces for its operations," the company said, citing "cycles when GMTU injection wells are converted from water injection to enriched gas injection." In those instances, CRU gas or GMTU gas previously injected into CRU reservoirs, would be necessary for GMTU operations.

ConocoPhillips said that through 2030 it forecasts "that GMTU will inject a net of 73,000 MMCF of gas into the CRU, resulting in substantial net cumulative balance of GMTU gas injected into the CRU. Additional gas in CRU will be used for EOR purposes to balance displacement efficiency and assist with reservoir throughput as the waterflood matures resulting in a new benefit in oil production from the CRU oil fields."

AOGCC approval

In its Dec. 10 order approving the increase of the allowable gas offtake rate from 7 million cubic feet per day to 25 million cubic feet per day, AOGCC said that it was simplifying oversight and compliance by "having a standalone order on this matter instead of rules in the pool rules for the various pools in the CRU."

The commission said Conservation Order 828 applies to CRU "as currently defined and as it may be adjusted in the future" and to present oil pools in the unit or those that may exist in the future.

"Optimizing ultimate recovery from the CRU and GMTU requires flexibility to best utilize the gas for EOR purposes," the commission said.

The 25 million cubic feet per day on an annualized basis will be large enough, the commission said, to provide ConocoPhillips with needed operational flexibility "to maximize production from the two fields."

However, natural gas may not be severed from the unit for any purpose other than to meet contractual obligations to Nuiqsut and to support development of Greater Mooses Tooth. ●

Contact Kristen Nelson at knelson@petroleumnews.com

contents

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GOVERNMENT

AOGCC fines Hilcorp work at Milne well

The Alaska Oil and Gas Conservation Commission said in a Dec. 11 order that it is fining Hilcorp Alaska $95,000 for making changes in AOGCC approved plans for work on the Milne Point Unit K-33 well without notifying and receiving approval from the commission and for failure — at the same well — to notify the commission of a planned blowout preventer test. A 24-hour notice is required to allow the commission to witness a blowout preventer test.

The commission provided notice May 29 to Hilcorp Alaska, 100% owner and operator of Milne Point, of the proposed enforcement action.

In a June 4 response, Hilcorp said it did not intend to contest the issue and provided the commission with actions it has taken to prevent recurrence.

On the failure to notify and obtain approval of changes in plans in the completion program for MPU K-33, Hilcorp said it "has identified a gap in the training requirements" for its operations engineers.

The company said staff operations engineers "have training assigned and tracked," but operations engineers who are contractors "have not had full access to these training modules to date."

Hilcorp said that gap in training had been rectified, with training modules assigned to contractor operations engineers "to be completed with records retained."

"The content of one of the training modules includes a section that would have covered this infraction and should have prevented this infraction."

As for the failure to provide prior notice to the commission of the blowout preventer test, the company said it "has engaged and re-enforced the notification requirements" required by the commission's regulations "to the rig supervisors."

"The lack of notification was an oversight due to a pending pause in operations for the ASR-1 rig. Efforts to maintain operational focus have been on the forefront of discussions and have been quite successful outside of this infraction," Hilcorp said.

—KRISTEN NELSON

● EXPLORATION & PRODUCTION

Enviros challenge legality of Conoco NPR-A exploration

By ALAN BAILEY
For Petroleum News

On Dec. 11 three environmental organizations filed a complaint in the federal District Court in Alaska, claiming that the Bureau of Land Management's recent approval of ConocoPhillips' new plan for exploration in the National Petroleum Reserve-Alaska was illegal. The organizations claim that potential environmental impacts from the planned exploration activities are likely to cause long term harm to soils, vegetation and wildlife in the reserve, including population-level impacts to Teshekpuk Caribou Herd that uses the region within which the exploration is planned to take place.

"These actions by the same groups that have historically used legal maneuvers to delay exploration and development in the Petroleum Reserve jeopardize hundreds of local jobs and add unnecessary risk to investment in Alaska," Dennis Nuss, ConocoPhillips director of media relations, has told Petroleum News. "We remain confident in the robustness of our plan and BLM's permits and look forward to completing our work within Alaska's limited winter exploration season."

Major exploration program

ConocoPhillips' approved plan involves a major exploration program in the NPR-A in the coming year. Activities include the drilling of four exploration wells, three of them near the Willow field, together with three-dimensional seismic surveying over an area of 300 square miles, with a full project area of 467 square miles, south of the Bear Tooth unit and west of the Colville River.

Drilling will entail the construction of ice pads and about 58 miles of ice roads.

The plaintiffs claim that the required operating procedures that BLM is mandating for the exploration activities are inadequate to ensure the environmental protections mandated by the National Petroleum Reserves Production Act, the 1976 federal statute that assigned BLM oversight of NPR-A.

The plaintiffs claim that the required operating procedures that BLM is mandating for the exploration activities are inadequate to ensure the environmental protections mandated by the National Petroleum Reserves Production Act, the 1976 federal statute that assigned BLM oversight of NPR-A.

Limited time for comments

The plaintiffs claim that neither BLM nor ConocoPhillips had responded to requests for documentation relating to the exploration program. And, when on Nov. 10 BLM published its draft environmental assessment for the exploration, the agency only allowed one week for public comments.

The agency published its final environmental assessment on Nov. 26, with a finding of no new significant impacts, the plaintiffs said.

The NPR-A contains defined special areas, such as the Teshekpuk Lake Special Area around the Teshekpuk Lake, where there are environmental factors that require particular protection. The plaintiffs said that

see NPR-A COMPLAINT page 7

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● THIS MONTH IN HISTORY

Oooguruk almost a go

20 years ago this month: Pioneer gets royalty relief from State of Alaska on North Slope oil project

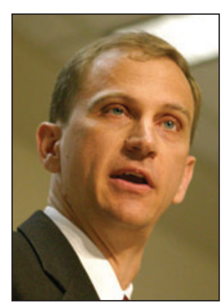
Editor's note: This story first appeared in the Dec. 25, 2005, issue of Petroleum News.

By KAY CASHMAN
Petroleum News

On Dec. 17 Mike Menge, commissioner of the Alaska Department of Natural Resources, announced DNR had decided that royalty relief for the proposed North Slope Oooguruk oil development was in the best interest of the state.

As part of an approval process that dropped royalties from 12. 5 and 16.6667 percent to 5 percent on nine of the 18 Oooguruk leases, Menge signed a preliminary findings and determination document, initiating a 30-day public comment period on the proposed reduction.

Located in the shallow waters of Harrison Bay north of the Kuparuk River unit, Oooguruk's recoverable reserves are in the Kuparuk C sandstone and the Jurassic Nuiqsut sandstone, which are expected to yield 18,000 to 20,000 barrels of oil per day at peak production.


KEN SHEFFIELD

Oooguruk operator Pioneer Natural Resources formally applied to DNR's Division of Oil and Gas for modification of royalty rates under Alaska Statute 38.05.180 in late May, initially asking that the 12.5 percent royalty rate be dropped to 5 percent on four Net Profit Share leases within the Oooguruk unit (ADL's 355036, 355037, 355038 and 355039).

In early November, Pioneer amended its application to include five more leases (ADL's 389950, 389952, 389954, 389958 and 389959), asking that the royalty rate of 16.6667 percent on those leases also be reduced to 5 percent. (The five leases are not in the Oooguruk unit, but Pioneer is working on a unit expansion application involving those leases and one other, bringing total unit leases to 18.

Both sides pleased

Pioneer did not get everything it asked for from the commissioner. He gave them a 5 percent royalty on all nine leases, the minimum rate allowed, but converted the five leases that were not Net Profit Share leases to NPS leases, which means Pioneer will share 30 percent of its profits from Oooguruk after operating costs have been deducted — and after $80 million in exploration costs have been recovered, which Pioneer told the state was what it had spent to date.

The company also requested that Oooguruk be "treated as separate and distinct" from nearby Kuparuk where Oooguruk liquids would be processed "for ELF factor calculation, resulting in a severance tax that is effectively zero."

But Menge said no, tax issues being the jurisdiction of the Department of Revenue.

Still, both sides seemed pleased with the outcome of their negotiations.

"I believe we've crafted a decision that strikes a good overall balance between the risks and rewards for both the state and the leaseholders," the commissioner said.

Ken Sheffield, president of Pioneer's Alaska subsidiary was equally satisfied with the outcome: "We were pleased that the state was willing to work with us. In any negotiation you never get exactly what you want and I think what the state and Pioneer agreed to is fair for both parties."

Facilities capex estimated at $246 million

DNR's approval of the royalty reduction was conditional on several things, including Oooguruk development being sanctioned by its owners by Dec. 31, 2007.

Also, DNR's finding said "if facilities capex — to include island, surface equipment, flowline bundle, etc. — costs less than 75 percent of the amount presented with application," which was $246 million, royalty relief would be rescinded.

The state said Pioneer demonstrated Oooguruk was "extremely marginal, and has considerable risk of low investor returns" without royalty relief.

As part of its justification for the royalty reduction DNR pointed to "inadequacy" of 3-D seismic data related to the Nuiqsut accumulation, increasing the risk for Pioneer.

Primary seismic data used for Oooguruk evaluation was a 3-D survey acquired by Western Geophysical for ARCO in 1997. Although the 3-D dataset was adequate for determining the distribution and potential thickness of the Kuparuk formation, "the Jurassic Nuiqsut sands are, so far, poorly expressed on any available seismic dataset," the state said.

The state also said "the characteristic low porosity, permeability, and relatively low gravity 20-25 degree API combine to make it difficult to predict Nuiqsut oil productivity from the wells drilled to date."

Pioneer initially looked at a waterflood

see **HISTORY** *page 5*

Pioneer likely moving forward on gravel island

In addition to getting preliminary approval for royalty reduction on its Oooguruk project from the State of Alaska, Pioneer Natural Resources says its proposed North Slope oil development is moving forward on other fronts as well, which could potentially allow the company to lay gravel for the production island in first quarter 2006.

Just prior to the state's royalty finding the North Slope Borough conditionally accepted Pioneer's application for rezoning the Oooguruk area to allow for development, a process that Pioneer's Alaska subsidiary president says he hopes will be final in January,

In an interview with Petroleum News on Dec. 20 (2005), Ken Sheffield said Pioneer is also waiting for permits from the U.S. Corps of Engineers, which the company hopes to get in January.

"The goal is with the receipt of all the permits and a final binding decision on royalty relief we're hoping to move forward with the gravel laying operation in first quarter 2006," which would allow Pioneer to go into the winter season of 2006-07 with the island complete, Sheffield said.

In early 2007 Pioneer would then "install the subsea flowline and get the drill site hardware on the gravel island," he said.

Pioneer does not yet have a "definitive" facility sharing agreement with Kuparuk River unit operator ConocoPhillips, where Oooguruk oil will be processed, but Sheffield said it does have a "Memorandum of Agreement with Kuparuk unit owners that lays the foundation for that future facility access agreement. … The KRU ballot 255 and 255A (backout portion) will be the foundation of the future agreement."

Sheffield would not comment on when the project might be sanctioned by Pioneer.

—KAY CASHMAN

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HISTORY

project to improve production rates at Oooguruk, eventually switching to the more expensive enhanced oil recovery technology, the state said. The company found that the production gains by EOR would still not result in an economic project without royalty relief.

Royalty rates bump up after payout

After ADL 355036 initially reaches payout the royalty rate on the leases will increase over a four-year period, ramping-up to the original lease royalty rates and net profit sharing will no longer apply to the five leases with the higher royalty.

Seventy percent of the working interest in the nine leases is held by Pioneer, 30 percent by Eni Petroleum.

Kevin Banks of the division said this would be the first time the state has used its authority to provide royalty relief to a field before production began. ●

Located in the shallow waters of Harrison Bay north of the Kuparuk River unit, Oooguruk's recoverable reserves are in the Kuparuk C sandstone and the Jurassic Nuiqsut sandstone, which are expected to yield 18,000 to 20,000 barrels of oil per day at peak production.

Contact Kay Cashman at publisher@petroleumnews.com

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DUNLEAVY BUDGET

with $6.2 billion of Unrestricted General Fund Revenue available for appropriation by the legislature. Given declining revenue forecasts and increased costs driven by inflation, the governor's proposed budget fully funds statutory obligations while restraining discretionary spending.

However, the budget will require drawing $1.5 billion from the state's main savings account, the Constitutional Budget Reserve, which currently has a balance of approximately $3 billion.

For decades, politicians have talked about the need for a long-term fiscal plan to stabilize state finances. Yet time and time again, those conversations have ended with no action. This inaction is why Alaska has the most unstable fiscal approach in the country, the governor said.

"Alaska's future is bright, but we have to have discipline and be forward-thinking now so that our short-term budget challenges don't turn into long-term burdens on Alaskan families and businesses. If we make the right choices today, we can lay the foundation for prosperity for Alaska for decades to come," the governor said.

Key items in the governor's proposed FY 2027 budget include:

• Full statutory funding for K-12 education

• Full statutory Permanent Fund Dividend ($3,650 per Alaskan)

• Continued support for public safety

Petroleum revenue and earnings from the Permanent Fund make up 90% of the state's Unrestricted General Fund revenue. This is the portion of funds that is available for the legislature to appropriate for any purpose.

The Alaska Department of Revenue forecasts the State of Alaska will receive $6.21 billion in Unrestricted General Funds in Fiscal Year 2027.

More on fiscal plan

"Even before my election as governor, there have been ongoing discussions about creating a fiscal plan that provides certainty in revenue and budgeting and not just again a tax and spend plan," the governor said.

> *"We have new oil coming online, great progress on the gas line, and huge potential in our minerals and forests, as well as untapped opportunity in the future AI, data, and digital world."*
> *— Gov. Mike Dunleavy*

"Throughout my tenure, I've exercised fiscal restraint and encouraged the legislature to create a sustainable fiscal plan. I'll once again be calling upon the legislature to join me in finally creating and implementing a

sustainable fiscal plan that moves Alaska forward, once and for all. It's certainly time to act.

"That fiscal plan … does not rely on any singular lever but focuses on creating a business climate that brings new investment and great jobs. Developing new opportunities to make the most out of our natural resources. Ensuring key projects such as the Alaska LNG project keep moving forward growing the permanent fund, putting measures in place to make

see **DUNLEAVY BUDGET** *page 11*

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NIKISKI TERMINAL

On Dec. 5 Trans-Foreland also requested FERC approval for an extension of the time required to put into operation new seismic instrumentation that the company has installed in the facility. The company says that a transition to Harvest's computer and communications systems is delaying putting the new instrumentation into operation, potentially until the fourth quarter of 2026.

The LNG terminal first went into operation in 1969 as a means of exporting natural gas to Japan during the heyday of Cook Inlet gas production. But with the later decline in production, the terminal stopped operating in 2016 and since then it has remained in long-term warm shutdown mode.

Chugach Electric needs firm gas

In February Harvest and Anchorage-based Chugach Electric Association announced an agreement with Marathon for Harvest to acquire the facility for the importing of LNG. Chugach Electric urgently requires a means of ensuring that it can continue to obtain firm gas supplies for power generation after the utility's firm supply contract with Hilcorp expires on March 31, 2028.

Anchorage based Enstar Natural Gas Co. also anticipates needing imported LNG at some time in the future to ensure firm gas supplies. Enstar is working with Glenfarne Energy Transition on the development of a new LNG import facility at Nikiski. Enstar has indicated that it would likely need to be importing gas into storage by around 2032 or 2033, a few years later than Chugach Electric, and that the existing Nikiski LNG facility would not have sufficient capacity to support both utilities.

Glenfarne, in conjunction with Alaska Gasline Development Corp., is planning the construction of a gas pipeline from the North Slope to the Cook Inlet. If that project moves ahead successfully, the new LNG import facility would be enlarged into an LNG export facility. Gas for use in Southcentral would be obtained through the pipeline. ●

Contact Alan Bailey at alan.bailey@visualwriting.com

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FURIE PLAN

modification agreement with the state — the division said that the royalty modification requires full utilization of the Allegra Leigh platform by 2028. The division also required Furie to provide monthly updates on its efforts to obtain a jack-up rig for drilling new wells in 2026.

However, the approval is conditional on Furie committing to drill two new development wells in the unit from the Allegra Leigh offshore platform during the period of the plan, which runs from Jan. 4, 2026, to Jan. 3, 2027.

Continuing development

As previously reported in July of this year Furie completed two new development wells from the offshore platform, with a resulting doubling of the Kitchen Lights gas production, John Hendrix, president and CEO of HEX Cook Inlet told Petroleum News. Furie is a wholly owned subsidiary of HEX Cook Inlet.

While praising the company's field development success this year, the division commented that substantial further development potential exists in the unit.

Furie has increased the Allegra Leigh platform's well capacity to support up to 12 wells, with the possibility of increasing that capacity to 14 wells. The platform currently has six producing wells.

The division also commented that Furie's proposed drilling in 2026 still fits within phase one of Furie's three-phase, full-field development plan for the Kitchen Lights unit. Phase one consists of development drilling from the Allegra Leigh platform, while phases two and three focus on exploration in the northern and southern portions of the Kitchen Lights unit.

Furie has indicated that the drilling of up to three exploration wells would be needed to delineate gas resources in phase two, with an additional offshore platform and subsea pipeline being needed for the development of those resources.

Decisions on any exploration conducted in phase three would be deferred until more data is acquired while conducting phases two and three, Furie has indicated, the DOG wrote. ●

Contact Alan Bailey at alan.bailey@visualwriting.com

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NPR-A COMPLAINT

three of the proposed drill sites would be located within the Teshekpuk Lake Special Area.

Impacts of new activities

The plaintiffs argue that environmental impacts from new seismic exploration can take decades to recover and that the impacts of new activities outpace the recovery of impacts from the past.

But, overall, BLM in its final environmental assessment had concluded that the planned exploration activities would only minimally impact environmental resources, the plaintiffs wrote.

The plaintiffs have asked the court to vacate BLM's approval of the exploration plan and declare that, in approving the plan, BLM officials have violated the National Petroleum Reserve-Alaska and the Administrative Procedures Act. ●

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OIL PRICES

Some analysts say that the blockade won't meaningfully impact global crude oil supplies.

"While U.S. actions may inject short-term noise and modest risk premium, they are insufficient on their own to tighten global balances or drive a sustained rally in crude prices," Kpler energy analysts said in a note reported by Reuters.

Europe heated up as well on reports of impending U.S. sanctions on Russia's "shadow fleet" of oil tankers and traders as leverage in Ukraine peace talks.

"Treasury officials signaled actions against opaque networks facilitating Russian exports if Vladimir Putin rejects a ceasefire, building on earlier penalties against producers like Rosneft and Lukoil," Middle East Economy said in a Dec. 18 report.

WTI and Brent were higher in early Asian trade Dec. 18.

Crude inventories fall, gasoline inventories rise

U.S. commercial crude oil inventories for the week ended Dec. 12 – excluding those of the Strategic Petroleum Reserve – were drawn down by 1.3 million barrels from the previous week to 424.4 million barrels – 4% below the five-year average for the time of year, according to data released by the U.S. Energy Information Administration Dec. 17.

"Venezuela is completely surrounded by the largest Armada ever assembled in the history of South America," Trump posted on Truth Social Dec. 16, adding that Maduro's regime used oil from "stolen oil fields to finance themselves, drug terrorism, human trafficking, murder, and kidnapping."

Analysts in a Reuters poll on the average expected a build of 2.1 million barrels.

Distillate stockpiles, which include diesel and heating oil, rose by 1.7 million barrels in the week to 118.5 million barrels,

Total motor gasoline inventories jumped by 4.8 million barrels over the week to 225.6 million barrels – slightly below the five-year average for the time of year, the EIA said. Distillate fuel inventories, which include diesel and heating oil, increased by 1.7 million barrels over the period to 118.5 million barrels – 6% below the five-year average for the time of year.

Analysts in the Reuters poll called for a gasoline inventory build of 2.1 million barrels, and for a rise of 1.2 million barrels in distillate fuels.

ANS dropped 68 cents on Dec. 15 to close at $61.57, while WTI dropped 62 cents to close at $56.82, and Brent dropped 75 cents to close at $60.37.

On Dec. 12, ANS fell 40 cents to close at $62.25, WTI and Brent each fell 16 cents to close at $57.44 and $61.12 respectively.

ANS dove 81 cents Dec.11 to close at $62.65, as WTI dove 86 cents to close at $57.60, and Brent dove 93 cents to close at $61.28.

Crude made modest gains Dec.10, taking ANS 30 cents higher to close at $63.46, as WTI added 21 cents to close at $58.46, and Brent added 27 cents to close at $62.21.

ANS slid $3.09 over the trading week from its close of $63.16 Dec. 9 to its close of $60.07 Dec. 16. ●

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Petroleum news — Oil Patch Bits

Lynden moves seawater plant from Indonesia to North Slope

COURTESY LYNDEN

As reported by Lynden News Dec. 12, "Transporting a seawater treatment plant for Santos from Indonesia to Prudhoe Bay resulted in the second largest customs entry ever prepared and submitted by Lynden," says Matt Bykowski, Lynden Logistics director of compliance. Fabricated in Southeast Asia and floated all the way to Alaska's North Slope above the Arctic Circle via heavy-lift ship and barge, the project was one of the more complex customs entries for the Lynden team this year. The plant is designed to process seawater for various industrial uses, including oil and gas production.

Freight for the project started moving in early January of 2023 with the production facility coming in from Canada, according to Darina Sary, Lynden Logistics regional operations manager. "Our International team in Seattle handled various parts going to Indonesia for the construction of the plant. We handled a lot of shipments, including a charter flight out of Chicago into Batam, Indonesia, consisting of main control units, HVAC system, and other electronics," she says. Regional Operations Manager Jason Hiti-Shannon was on the tarmac in the middle of the night to oversee the crating and loading for that specific charter. Lynden and its local partners handled the final mile delivery from Singapore to the island of Batam, which is only accessible by ferry and barge.

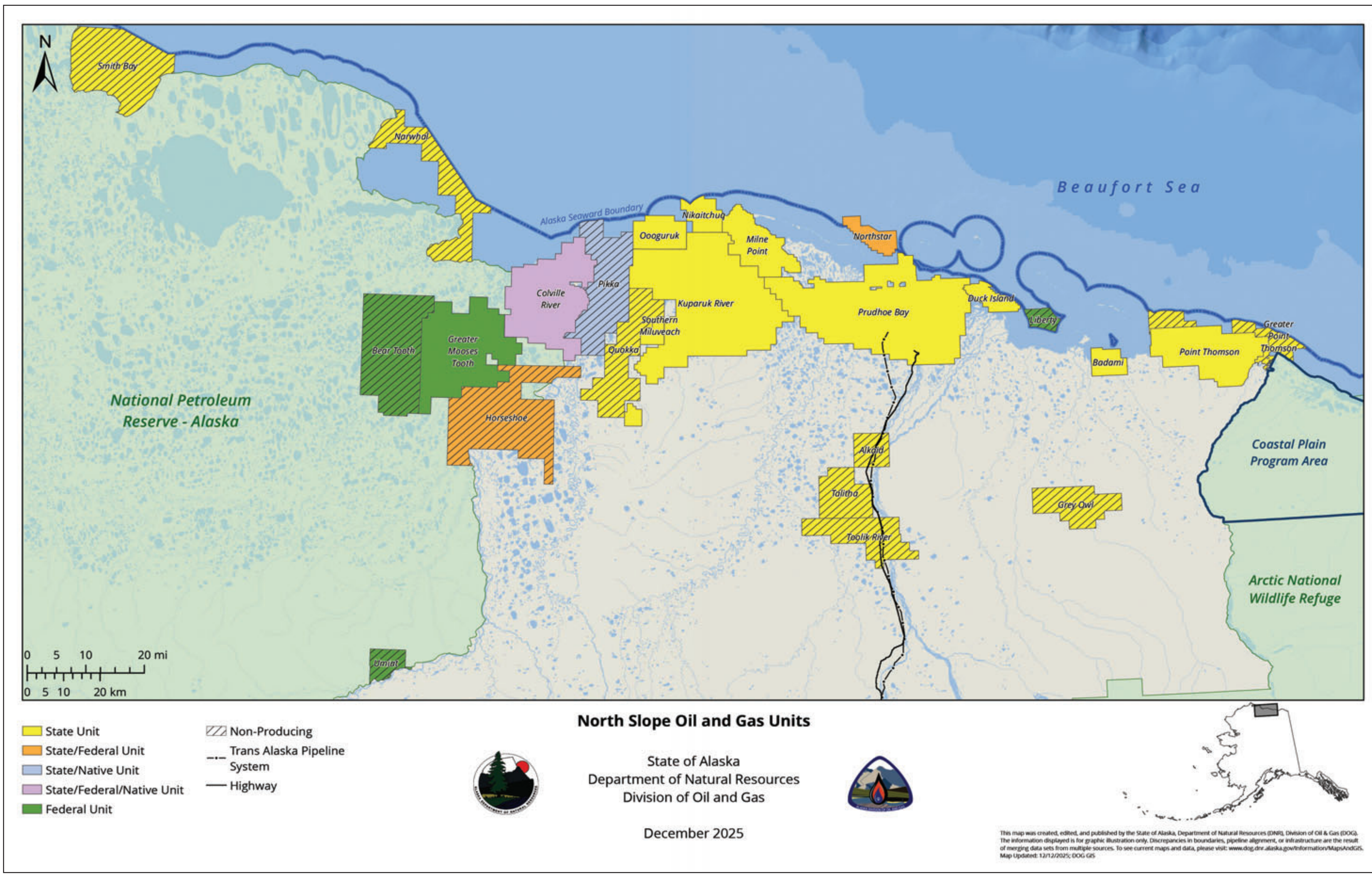
All shipments handled were crucial to fast-tracking the manufacturing of the seawater treatment plant in Indonesia, so it could be transported 7,000 miles to the North Slope in Alaska this summer. "With Lynden's array of services, including air freight, ocean freight, brokerage, charters, barging with Alaska Marine Lines and trucking via Lynden Transport, we showed our ability to be a one-stop shop for all the customer's freight forwarding needs," says Elodie Gergov, director of international operations.

Lynden Logistics, Alaska Marine Lines, Lynden Oilfield Services and Lynden Transport are still involved in transporting parts and supplies for the project. For more information visit www.info.lynden.com.

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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INSIDER

River, Narwhal, Milne Point, Greater Point Thomson, and Southern Miluveach.

ConocoPhillips North Slope layoffs

ON AUG. 12 Augusta McDonnell of KTUU released an article titled "ConocoPhillips North Slope layoffs reflect industry trends, economist says; UAA professor says workforce reductions typical when oil prices decline."

According to the piece ConocoPhillips' recent layoffs of about 12.5% of its North Slope workforce reflect typical industry responses to declining oil prices, per University of Alaska Anchorage economist.

Brett Watson, an associate professor and natural resource economist at UAA.

Watson said oil and gas jobs in Alaska largely track oil prices. As prices rose from 2014 to 2015, industry jobs increased. When prices fell from 2015 to 2018, the industry contracted considerably.

"This is a move that's fairly typical of energy companies when they see decreases in prices," Watson said. "Oil prices have been low now for about the last year and declining."

Watson told KTUU that many international and U.S.-based agencies anticipate further declines in oil prices over the next year. He said companies in volatile industries like oil and gas typically make workforce reductions when commodity prices fall.

Watson said oil and gas jobs in Alaska largely track oil prices. As prices rose from 2014 to 2015, industry jobs increased. When prices fell from 2015 to 2018, the industry contracted considerably.

"Prices started to recover. Industry jobs started to recover," Watson said. " But then the pandemic hit."

The industry faces headwinds from lower prices driven by increased OPEC production and potential peace talks regarding the Russia-Ukraine conflict, Watson said. U.S. production continues to run high, adding to global oil supply.

Furthermore, Watson said Alaska's economy has performed better than the rest of the country over the past year. The state has a slightly lower unemployment rate and a more robust employment picture.

"If you had to pick a state to be unemployed in, you'd rather be in Alaska today than in a typical state elsewhere in the country," Watson said.

Check out the KTUU piece at https://www.alaskasnewssource.com/2025/12/13/conocophillips

—Oil Patch Insider is compiled by Kay Cashman

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GAS UPDATE

In its first month of production in October the field averaged 2,312 thousand cubic feet per day.

Hilcorp drilled Whiskey Gulch 1 in 2021, reaching a measured depth of 10,277 feet. While deeper oil targets were wet, the company said the Tyonek looked to be gas charged, with four zones perforated, although only one zone had producible quantities of gas. Two additional wells, Whiskey Gulch 14 and 15, have been drilled at the field.

The company's 2025 plans included installing facilities at the Whiskey Gulch pad and tying Whiskey Gulch 1 into a sales pipeline.

The Alaska Department of Natural Resources' Division of Oil and Gas approved the company's plans for the Whiskey Gulch Pad Gas Production Pipeline in early September, authorizing installation of a 6-inch diameter, 4,000-foot buried natural gas pipeline connecting the Whiskey Gulch Pad to the Enstar gas transmission line.

Kitchen Lights

Furie's Kitchen Lights, where two new wells, Kitchen Lights Unit A-5 and A-6, started to produce a substantial increase in production in August, continues to see growth in natural gas volumes.

Production averaged 20,995 mcf per day in August, up 80% from July, growing to an average of 23,750 mcf per day in September and continuing to increase in October, when production averaged 24,299 mcf per day, accounting for 11.4% of Cook Inlet gas production in that month.

October Kitchen Lights production was up 167% from October 2024.

Drilling on the two wells was completed in May and June, according to AOGCC drilling data. Kitchen Lights produces from the offshore Allegra Leigh Platform. The wells were drilled using the Spartan 151 jack-up rig.

Since HEX acquired the field in 2020, the company has increased the drilling capacity at the platform from six to 12 wells.

Beluga River, North Fork

The Hilcorp-operated Beluga River averaged 54,204 mcf per day in October, up 2.4% from September and up 24.8% from October 2024. Beluga is currently the largest volume gas producer in Cook Inlet, accounting for 25.5% of inlet gas production in October.

AOGCC drilling data show five wells completed at the field over the last year.

At North Fork, which Hilcorp acquired in May, the company has not drilled any new wells but has increased production. October volumes averaged 2,205 mcf per day, up from 1,804 mcf in May.

—KRISTEN NELSON

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DUNLEAVY BUDGET

sure any growth of state government is small and responsible, and creating a pro-investment environment to assure Alaska can compete with other states for investment capital.

"This is how we protect the PFD, create jobs, and avoid blowing through our savings over the long haul. This is how we diversify and grow the economy and leave our children a much better Alaska.

"If we do this, government will be effective and efficient. Wealth will be generated through resource development and other industries, and the PFD will ensure that Alaskan share in the wealth created," the governor said.

"This year's budget deals with the challenges in front of us," he said.

"The long-term plan I'm rolling out will, however, help us take advantage of the opportunities ahead.

"I'm confident about Alaska's future. We have new oil coming online, great progress on the gas line, and huge potential in our minerals and forests, as well as untapped opportunity in the future AI, data, and digital world.

"At the end of the day, the state government is here to meet the needs of individual Alaskans. Alaskans are the welders, the fishermen, the teachers, the small business owners and families who make this state work and make it great.

"My responsibility is simple. Use Alaska's dollars wisely and make fiscal decisions that protect the freedom and opportunity that define Alaska. Not more unnecessary government, not more bureaucracy, but creating the space for Alaskans to build their own success.

"As we tighten the budget and put a real long-term fiscal plan in place, I'm confident in one thing. Alaskans will carry the state further than any government agency ever could," the governor said. ●

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