



Alliance promotes company jobs, Harcharek leads Arctic Inupiat org

ON SEPT. 21, Rebecca Logan, CEO of the Alaska Support Industry Alliance, announced a new benefit for Alliance members. "As an Alliance member, we'll promote your company's job openings on our website and social media channels," she wrote in an email "Expose your company's career opportunities to our broad network."

If you're not an Alliance member, you can sign up online at <https://www.alaskaalliance.com/> or call their Anchorage number 907 563-2226, or email info@alaskaalliance.com.

If you're already a member you can call the number above for assistance or follow these steps:

Step 1: Login to your member account through Alliance website.

Step 2: Click the "Job Postings" button on the lefthand side of the MemberZone home page.

Step 3: Click the blue "Add Job Posting" button, which will be located under the "Job Postings" header.

Step 4: Fill out the information needed to complete the

see **INSIDER** page 10

Feds set Dec. 30 Cook Inlet sale; state looking at winter 2022 sale

There are likely to be two Cook Inlet oil and gas lease sales before the end of the year — the federal outer continental shelf sale mandated in the Inflation Reduction Act of 2022 and a second 2022 state Cook Inlet sale.

The U.S. Department of the Interior said it is required to hold Lease Sale 258 by Dec. 31 and has set a date for Friday, Dec. 30. That is the date the Bureau of Ocean Energy Management will open and publicly announce bids, with the bid opening and reading set for 10 a.m. Alaska time and available for the public at BOEM's website at www.boem.gov via live-streaming video.

BOEM is only accepting bids by mail and bids must be received by 10 a.m. Dec. 29.

Interior said after the governor of Alaska has had an opportunity to comment on the size, timing and location of the proposed sale, the Assistant Secretary for Land and Minerals

see **LEASE SALES** page 8

NSIDC: Arctic sea ice extent has reached annual minimum for year

The National Snow and Ice Data Center has reported that the extent of the Arctic sea ice likely reached its minimum for this year on Sept. 18. At 1.8 million square miles this year's minimum ties with the minimums of 2017 and 2018 as the 10th lowest on record since satellite records began nearly 44 years ago. All the lowest extents observed by satellite have happened in the last 16 years, NSIDC said.

And this year's minimum occurred four days later than the median date of the minimum recorded from the satellite records.

The long-term trend in the shrinkage of the minimum sea ice extent since 1979 has averaged 12.6% per decade, with an average loss of 30,300 square miles per year, NSIDC said.

Other key factors in the status of the sea ice are the age and thickness of the ice. Recent years have seen a significant loss of thick multi-year ice, relative to thinner young ice. New microwave scanning technology is now enabling scientists to obtain a better evaluation of the ice thickness, in addition to

see **SEA ICE EXTENT** page 8

FINANCE & ECONOMY

ANS on comeback

Surprise US inventory draws bolster prices; OPEC+ mulls production cut

By **STEVE SUTHERLIN**

Petroleum News

Alaska North Slope crude staged a meaningful closing price gain Sept. 28, up \$3.35 to \$89.44 per barrel. West Texas Intermediate surged \$3.65 to close at \$82.15 and Brent scored \$3.05 to close at \$89.32.

Prices were boosted by a strong drawdown on U.S. inventories of gasoline and crude.

Total motor gasoline inventories for the week ending Sept. 23 fell by 2.4 million barrels from the week prior, indicating respectable demand, even as the summer driving season faded into memory.

The U.S. Energy Information Administration released the stat in a Sept. 28 report, adding that gaso-

line inventory stood 6% below the five-year average for the time of year.

U.S. commercial crude oil inventories — excluding the Strategic Petroleum Reserve — fell by 0.2 million barrels from the previous week to 430.6 million barrels, 2% below the five-year average for the

see **OIL PRICES** page 11

UTILITIES

Railbelt ERO approved

The RCA grants certificate to the RRC to oversee the region's electrical system

By **ALAN BAILEY**

For Petroleum News

In a major milestone for the electricity system across the Alaska Railbelt, on Sept. 23 the Regulatory Commission of Alaska granted a certificate to the Railbelt Reliability Council to operate as the electric reliability organization for the Railbelt system. The system extends from the southern Kenai Peninsula, through Southcentral Alaska, and north to Fairbanks. The RRC will maintain and mandate reliability standards for the Railbelt's high voltage electrical system; administer rules for open access to the transmission grid; and conduct Railbelt-wide system planning.

The system is owned and operated by five independent utilities and the state of Alaska. The concept

One of the most difficult issues in managing an ERO revolves around ensuring an appropriate balance between the various stakeholders in the electrical system when making decisions over how the system should be developed and operated.

behind the implementation of an ERO is the achievement of more unified management of the system, thus minimizing electricity costs while also maintaining an acceptable level of supply reliability. The RRC, as part of its planning function, will also pre-

see **RAILBELT ERO** page 9

PIPELINES & DOWNSTREAM

Pikka first oil mid-26

Part 2 of 2: Parker Drilling Rig NOV ADS-10SD 272 being modified for Pikka

By **KAY CASHMAN**

Petroleum News

This is part 2 of the information that was discussed in the Sept. 16 public hearing held by the Regulatory Commission of Alaska in regard to Oil Search (USA)'s application for a certificate of public convenience and necessity

to construct and operate a common carrier pipeline — the Pikka Sales Oil Pipeline — and connect it to the Nanushuk Processing Facility, as well as OSU's request for approval of a connection agreement and



KOLLIN FENCIL

for the authority to operate the Interconnect Facilities.

One of the more interesting comments were remarks by Kollin Fencil, senior vice president of Oil Search (Alaska) and president of the Pikka pipeline project, as he was going through slides that covered the entire Pikka project, was the fact the Pikka Project's drilling rig was "being modified to meet our needs."

In checking Petroleum News' monthly rig report that rig is Parker Drilling Arctic Operating LLC' NOV ADS-10SD 272, which is in the

see **PIKKA IN DETAIL** page 7

● EXPLORATION & PRODUCTION

PODs approved, contraction dates extended

State OK's plans of development Eni's Nikaitchuq and Oooguruk units; allows more time for drilling outside participating areas

By **KRISTEN NELSON**

Petroleum News

In August the Alaska Department of Natural Resources' Division of Oil and Gas approved plans of development for Eni's two North Slope units, Nikaitchuq and Oooguruk, and in late September the division approved requested delays for contraction for the units.

The PODs, for Oct. 1 through Sept. 31, 2023, were approved Aug. 16 by Derek Nottingham, director of the division.

Nikaitchuq

The Nikaitchuq unit was formed in 2004 and the Schrader Bluff participating area approved effective Jan. 1, 2011. Sustained production began Jan. 31, 2011.

Nottingham said Eni has completed 30 wells, 24 additional producing lateral wellbores and 22 injectors. Full development of the OA Schrader Bluff sands will consist of 33 production wells and 26 injection wells, "with potential for more wells," he said.

Production comes from two drilling locations, the Spy Island Drillsite and the Oliktok Point Pad and is handled on the Oliktok Point Pad.

During the 2021 POD, the five wells which were planned were drilled, along with two additional laterals.

During the 2022 POD, three new wells and one additional lateral are planned.

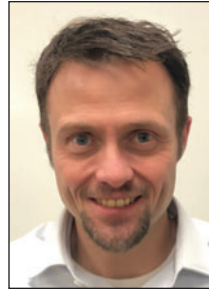
The electrical power sharing project to interconnect Nikaitchuq with Oooguruk "is funded and engineering is in progress with an expected start date in 2024," Nottingham said.

Oooguruk

The Oooguruk unit was formed in 2003. Eni succeeded Caelus Natural Resources Alaska as operator in 2019. There are three participating areas: Nuiqsut, Kuparuk and Torok, with production commingled and processed at the Kuparuk River unit.

During the 2021 POD Eni did two rig workovers deferred from 2020, and the partial gas processing project "was approved for construction and startup is forecast for last 2023," Nottingham said. The electrical power sharing project to interconnect Nikaitchuq and Oooguruk was approved.

For the 2022 POD, seven rig workovers are planned, including recompletions and pump replacements, along with one new well. The partial gas processing and electrical sharing projects will progress with engineering and fabrication.



DEREK NOTTINGHAM

Contractions delayed

Ten years after first production, units must contract to lands within participating areas — the areas from which production is occurring — and lands facilitating production.

Eni applied for a delay in contraction for both the Nikaitchuq and Oooguruk units.

Nottingham approved both delays Sept. 26, with both delays approved through Sept. 30, 2024.

At Nikaitchuq, the company "provided evidence that the Schrader Bluff reservoir extends outside the current participating area, and has described long-term plans to drill wells in this area," he said. "If these wells are drilled and productive, then it is likely the surrounding area would be included in the SBPA."

Nottingham said the division, having considered regulatory provisions, "finds that delay of contraction of the NU promotes the conservation of natural resources by production through existing facilities in the NU, promotes the prevention of economic and physical waste by preventing stranded resources, and provides for the protection of all parties" by preserving Eni's right to develop the area that might be contracted out of the unit and preserving the state's right to contract the unit if Eni does not

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Alaska-Mackenzie Rig Report

Rig Owner/Rig Type Rig No. Rig Location/Activity Operator or Status

Alaska Rig Status

North Slope - Onshore

All American Oilfield LLC IDECO H-37	AAO 111	Preparing to mobilize to Badami	Glacier Oil & Gas
Doyon Drilling			
Dreco 1250 UE	14 (SCR/TD)	Milne Point, MPU B-35	Hilcorp Alaska LLC
Dreco 1000 UE	16 (SCR/TD)	Standby	Available
Dreco D2000 Uebd	19 (SCR/TD)	Kuparuk, KRU 3S-625	ConocoPhillips
AC Mobile	25	Alpine, MT7-06A	ConocoPhillips
OIME 2000	141 (SCR/TD)	Standby	Available
	142 (SCR/TD)	Alpine, CD1-33	ConocoPhillips
TSM 700	Arctic Fox #1	Standby	ConocoPhillips
ERD	26	Alpine, CD2-361 Warm Stack	ConocoPhillips
Hilcorp Alaska LLC Rotary Drilling	Innovation	Prudhoe Bay, Z Pad	Hilcorp Alaska LLC
Nabors Alaska Drilling			
AC Coil Hybrid	CDR-2 (CTD)	Prudhoe Bay, L4 Pad	Hilcorp Alaska LLC
AC Coil	CDR-3 (CTD)	Kuparuk	ConocoPhillips
Dreco 1000 UE	7-ES (SCR-TD)	Kuparuk	ConocoPhillips
Dreco 1000 UE	9-ES (SCR/TD)	Stacked	Available
Oilwell 2000 Hercules	14-E (SCR)	Deadhorse	Available
Oilwell 2000 Hercules	16-E (SCR/TD)	Stacked	Brooks Range Petroleum
Emsco Electro-hoist			
Oilwell 2000 Canrig 1050E	27-E (SCR-TD)	Stacked	Available
Oilwell 2000	33-E	Deadhorse	Available
Academy AC Electric CANRIG	99AC (AC-TD)	Stacked	Available
OIME 2000	245-E (SCR-ACTD)	12 Acre Pad, stacked	Available
Academy AC electric CANRIG	105AC (AC-TD)	Stacked	Available
Academy AC electric Heli-Rig	106AC (AC-TD)	Stacked	Available
Nordic Calista Services			
Superior 700 UE	1 (SCR/CTD)	Deadhorse	Available
Superior 700 UE	2 (SCR/CTD/TD)	Deadhorse	Available
Ideco 900	3 (SCR/TD)	Deadhorse	ASRC
Rig Master 1500AC	4 (AC/TD)	Oliktok Point	ENI
Parker Drilling Arctic Operating LLC			
NOV ADS-10SD	272	Deadhorse Yard, undergoing maintenance/upgrades	Santos
NOV ADS-10SD	273	Deadhorse, Stacked	Available

North Slope - Offshore

Doyon Drilling Sky top Brewster NE-12	15 (SCR/TD)	Spy Island, SP31-W7	ENI
Nabors Alaska Drilling OIME 1000	19AC (AC-TD)	Oooguruk	ENI

Cook Inlet Basin – Onshore

BlueCrest Alaska Operating LLC Land Rig	BlueCrest Rig #1	Stacked	BlueCrest Alaska Operating LLC
Glacier Oil & Gas	Rig 37	West McArthur River Unit Workover	Glacier Oil & Gas
Hilcorp Alaska LLC			
TSM-850	147	Beluga River Unit, F Pad	Hilcorp Alaska LLC
TSM-850	169	Pearl Pad	Hilcorp Alaska LLC

Cook Inlet Basin – Offshore

Hilcorp Alaska LLC National 110	C (TD)	Platform C, Stacked	Hilcorp Alaska LLC
	Rig 51	Steelhead Platform, Stacked	Hilcorp Alaska LLC
	Rig 56	Monopod A-13, stacked	Hilcorp Alaska LLC
Nordic Calista Services Land Rig	36 (TD)	Kenai, stacked	Available
Spartan Drilling Baker Marine ILC-Skidoff, jack-up		Spartan 151, Tyonek Platform	Hilcorp Alaska LLC
Furie Operating Alaska Randolf Yost jack-up		Nikiski, OSK dock	Available
Glacier Oil & Gas National 1320	35	Osprey Platform, activated	Glacier Oil & Gas

Mackenzie Rig Status

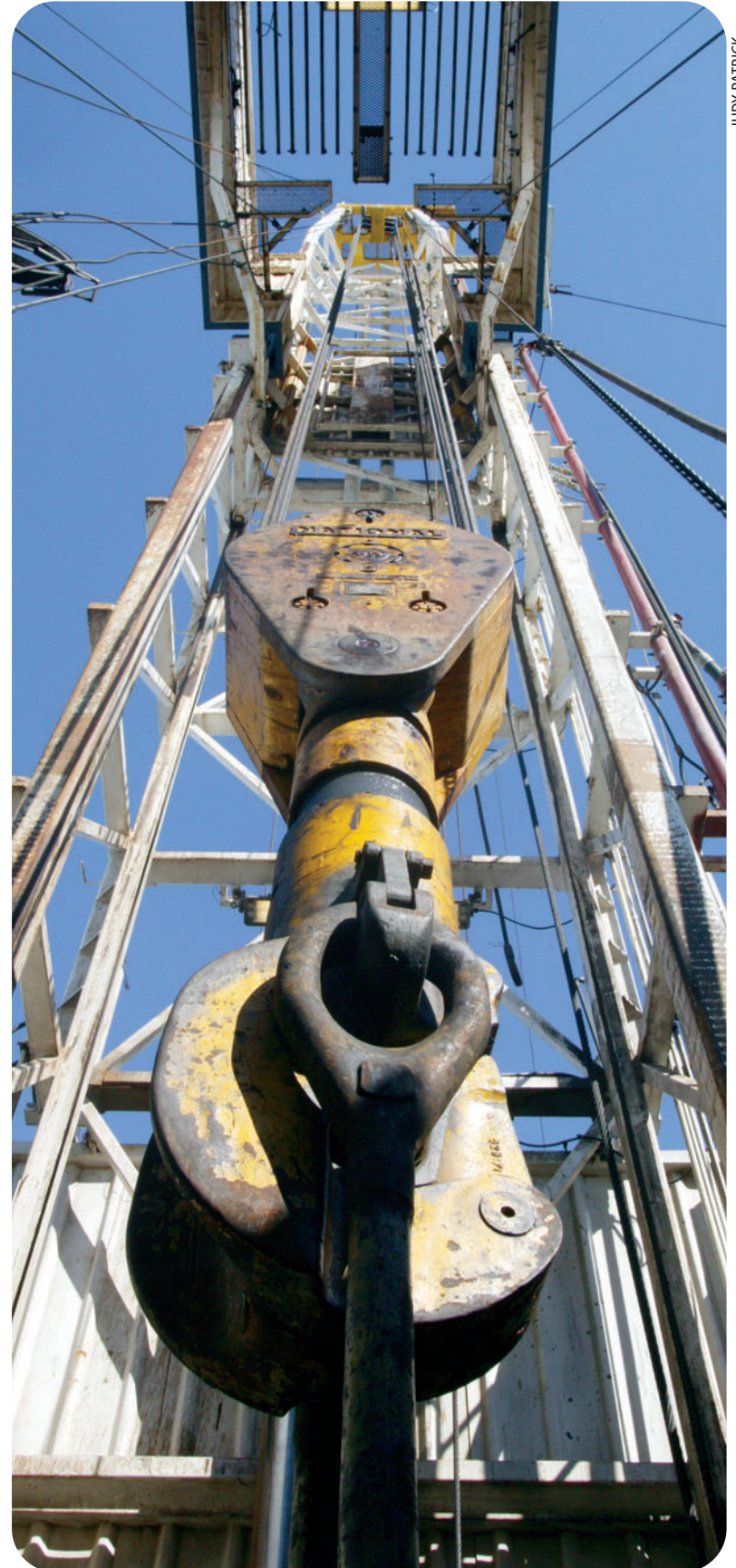
Canadian Beaufort Sea

SDC Drilling Inc. SDC Mobile Offshore Drilling Unit Rig #2		Set down at Roland Bay	Available
--	--	------------------------	-----------

The Alaska-Mackenzie Rig Report as of September 28, 2022.
Active drilling companies only listed.

TD = rigs equipped with top drive units WO = workover operations
CT = coiled tubing operation SCR = electric rig

This rig report was prepared by Marti Reeve



JUDY PATRICK

Baker Hughes North America rotary rig counts*

	Sept. 23	Sept. 16	Year Ago
United States	764	763	521
Canada	215	211	162
Gulf of Mexico	15	14	8

Highest/Lowest

US/Highest	4530	December 1981
US/Lowest	244	August 2020

*Issued by Baker Hughes since 1944

The Alaska-Mackenzie Rig Report
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EXPLORATION & PRODUCTION

Six wells added to '22 Prudhoe Bay POD

Six wells have been added to the 2022 Prudhoe Bay plan of development.

The Alaska Department of Natural Resources' Division of Oil and Gas has approved an amendment to the 2022 POD by Prudhoe operator Hilcorp North Slope for six new development wells on M pad. The Sept. 14 approval said Hilcorp applied to amend the existing plan on Aug. 11.

In addition to the six new wells, the amendment includes installation of associated infrastructure at M pad: headers and conductors and infrastructure including wellhouses, heat tracing, power and instrumentation cables and tie-in piping and electrical lines. "Thermosiphons may also be installed to limit subsidence," the division said.

The six wells will be within the existing well row on M pad, with project work expected to begin in September.

Existing plan

The existing 2022 POD for the Initial Participating Area, the IPA, at Prudhoe, approved in June, includes as many as 11 new wells, with candidates to be evaluated including, but not limited to, wells on various pads and drill sites, but none on M pad.

- Two to three producers targeting the Ivishak formation on W pad;
- One to two producers targeting the Ivishak or Sag River formations on H or pad N pad;
- One to two producers targeting the Ivishak or Sag River formations on drill site 11; and
- Two to four producers targeting the Ivishak formation on drill site 03 or drill site 09.

—KRISTEN NELSON

GOVERNMENT

Voluntary NPR-A IAP litigation dismissal

By KRISTEN NELSON

Petroleum News

On Sept. 22 U.S. District Court Judge Sharon Gleason accepted a joint motion from plaintiffs and defendants for dismissal of a suit filed in August 2020 challenging the U.S. Department of the Interior's 2020 Integrated Activity Plan and Final Environmental Impact Statement for the National Petroleum Reserve-Alaska.

The 2020 IAP, issued under the Trump Administration, was challenged by environmental groups.

The District Court granted requests from the Department of the Interior under the new administration to stay the two court cases, filed by different environmental groups, while the new federal administration reviewed the 2020 IAP. In September 2021 the Biden administration announced a re-evaluation of the NPR-A IPA and its associated EIS.

In January 2022, BLM said it was proposing a return to the previous, 2013 IAP for NPR-A, reflecting the priority of the Biden-Harris administration "of reviewing existing oil and gas programs to ensure balance on America's public lands and waters to benefit current and future generations."

That decision elicited a storm of protest from groups within Alaska, including the Arctic Slope Regional Corp., the Inupiat Community of the Arctic Slope and the North Slope Borough, which said in a joint statement in January that they "are united in opposition" to BLM's announcement "fundamentally" abandoning the 2020 IAP in favor of that from 2013.

The state had intervened in the District

Court cases and Gov. Mike Dunleavy said the action by BLM "makes clear the Federal government intends another unwarranted hit to Alaska and the nation."

Members of the state's congressional delegation, at that time all Republicans, likewise condemned the decision.

The joint motion for dismissal, filed Sept. 21, said an errata to the 2020 IPA FEIS, completed Sept. 20 by BLM, "deletes language from the 2020 IAP FEIS representing that it would fulfill NEPA requirements for lease sales through at least December 2039 and potentially thereafter. The errata clarifies that the 2020 IAP FEIS is programmatic and is not intended to, by itself and without further NEPA analysis, fulfill NEPA requirements for future lease sales."

Plaintiffs and federal defendants jointly asked the court to dismiss the case with prejudice with each to side to bear its own costs and attorneys' fees. They further said that intervenor-defendant the state of Alaska "believes that the IAP/EIS was adequate in its analysis of oil and gas leasing, and supports compliance with NEPA for any future lease sales in the most targeted and expeditious manner possible."

In a Sept. 22 decision, Gleason granted the motion.

So, what about an NPR-A lease sale?

In response to a question about when a lease sale could occur, a BLM spokesperson told PN in April that once the litigation was resolved, the first step in the leasing process would be for BLM to publish a call for nominations in the Federal Register. ●

Contact Kristen Nelson
at knelson@petroleumnews.com

continued from page 2

UNIT PODS

develop the area.

At Oooguruk, where production began in 2008, the division had already delayed contraction of the unit until Sept. 30, 2022.

Nottingham said the company "provided evidence that hydrocarbon resources extend on to leases within the OU outside the boundaries of the current participating areas, and has described long-term plans to

drill wells in this area." If those wells are drilled and are productive, "it is likely the surrounding areas would be included in a participating area," he said.

The reasons for delaying contraction are the same for Oooguruk as for Nikaitchuq — preserving Eni's right to develop as well as preserving the state's right to contract the unit if Eni does not develop the area outside the current PAs. ●

Contact Kristen Nelson
at knelson@petroleumnews.com

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• THIS MONTH IN HISTORY

Wanted: Level playing field

Prices are good, Alaska has market, lots of gas, but if Marathon is going to continue to invest in inlet, state must address regulations, incentives

Editor's note: The following is a reprint from the Oct. 6, 2002, issue of Petroleum News Alaska

By KRISTEN NELSON
Petroleum News

Marathon Oil Co. has drilled 23 gas wells onshore Cook Inlet since 1998, including seven this year, and will spend almost \$36 million in Cook Inlet this year — up from \$11 million in 1998.

Marathon wants to continue exploring for natural gas on the Kenai, where the company is involved in seven active properties, six of which it operates, has six exploration prospects and is partnering with Unocal Alaska Resources in a natural gas pipeline.

But, Dan Taimuty, Marathon's Alaska manager of oil and gas developments told the Alaska Support Industry Alliance Sept. 26, the company competes for investment dollars with projects worldwide, and while Cook Inlet has the resources, access and market, it is not competitive worldwide in permitting and in incentives.

Exploration success, plans

Marathon has had recent exploration success, announcing a gas discovery at Ninilchik in January with project partner Unocal Alaska Resources.

"This discovery was the realization of a focused exploration effort which Marathon initiated in late 1994 when our Wolf Lake and Sterling Deep discoveries were made," Taimuty said. Unocal joined Marathon in the Ninilchik exploration effort in late 2000: Marathon is operator and holds a 60 percent working interest; Unocal holds the remaining 40 percent.

Two additional wells have been drilled and tested since the discovery announcement, he said: "The discovery well and the two follow-up wells tested at a combined rate of 30 million cubic feet per day and proved up sufficient gas to justify commercial development."

Taimuty said testing of the fourth well has just been completed.

"While I can't comment on the results of the fourth well, I can confidently say that Marathon and Unocal are very encouraged by the results of the entire Ninilchik program so far."

Marathon has also applied to the state to form a Kasilof exploration unit on offshore state leases between Kenai and Ninilchik and is working on budget plans to drill in 2003. The well would be drilled from an onshore pad.

"The first well will likely be world-class in nature, as the reach required to access the structure from onshore is significant," he said. If commercial gas is found at Kasilof, development would take place over several years and the Kenai-Kachemak Pipeline

would bring that gas to market.

Gas pipeline planned

Marathon and Unocal are partners in the Kenai Kachemak Pipeline LLC, and will construct a 33-mile 12-inch gas transmission pipeline from Ninilchik to the Kenai gas field. The gas pipeline, an open-access transportation system, will carry gas from

Ninilchik to Kenai, Taimuty said, and with capacity of more than 120 million cubic feet a day has "ample un-contracted capacity" for either firm or interruptible gas transportation. Permitting for the gas pipeline is under way, he said, and the companies plan to begin construction next year.

"Marathon believes that KKPL may also stimulate other natural gas developments south of Kenai," he said.

Technology to reduce costs

To continue to work what it sees as opportunities in the Cook Inlet basin the company has used technology to help make exploration and development economic.

In 2000, Taimuty said, Marathon commissioned its Glacier No. 1, a truck-mounted drilling rig, and has since drilled over 139,000 feet of new hole. The rig "is state of the art when it comes to environmental stewardship," he said, equipped with hospital-quiet mufflers and providing up to four levels of containment for drilling fluids. Because the rig is truck mounted, it can "move from one location to another very quickly and cost effectively compared to the other drilling rigs available in the Cook Inlet."

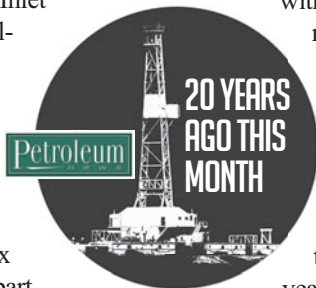
In 2001, the company began using the Excape technology, designed and developed by Marathon for production wells in the Kenai gas field, to "fracture stimulate multiple ... gas reservoirs in as little as two days," work which, "without Excape... could take over two weeks and would be most likely uneconomic," Taimuty said.

Focus on Cook Inlet natural gas

Marathon is focused on Cook Inlet natural gas, he said. In addition to gas at Ninilchik, Kenai and Kasilof, Marathon is also developing satellite fields at Swanson River in conjunction with Unocal. A draft environmental impact statement is out for public comment. These satellites will be tied into the Swanson River infrastructure — as Marathon's earlier Wolf Lake satellite was tied into Beaver Creek. Production at Wolf Lake began last November, and like Wolf Lake, Taimuty said, the Swanson River satellites are on lands in the Kenai National Wildlife Refuge where the subsurface oil and gas mineral rights are owned by Cook Inlet Region Inc.

Permitting a problem

Marathon believes that there is more gas to be developed in Cook Inlet, and both access for leasing and a market exist. Prices for gas have been low in Cook Inlet, Taimuty called it "historically a distressed gas price environment," but recent utility



FINANCE & ECONOMY

Chugach AK names Hickel president

Chugach Alaska Corp. recently appointed Josie Hickel president.

In her role, Hickel is responsible for leading Chugach's Alaska Native Claims Settlement Act, or ANCSA, land management and resource development strategy, strengthening community relationships and resources within the Chugach region, and protecting and preserving Chugach's cultural heritage, the company said in a Sept. 27 press release.

In her prior position as executive vice president, ANCSA and community affairs, "Hickel was instrumental in executing groundbreaking land development opportunities for the corporation," including the carbon credit offset project and Bering River coal rights transaction. She also spearheaded a massive effort to distribute Chugach's more than \$24 million in federal Coronavirus Relief Funds to shareholders, shareholder-owned businesses, and community organizations within just a few months, Chugach said.

Most recently, Hickel has been "a steadfast advocate" for continued progress on the Chugach Lands Study Act, which opens the door for a potential land exchange for Chugach.

"As Chugach has evolved, we recognize the importance of a leadership role that can focus solely on nurturing our relationship with our ANCSA lands, our communities, and our culture," Board Chair Sheri Buretta said.

"As a shareholder, Josie has a deep personal connection to the Board's 100-year vision of Intergenerational Prosperity, and professionally she has an understanding of what it will take to achieve what Chugach leaders put in motion many years ago — a just land exchange for our shareholders," Buretta said.

Hickel is a lifelong Alaskan with more than three decades of leadership experience at a range of commercial companies.

Prior to joining Chugach, she served as chief administrative officer for Petro 49 Inc., where she directed administrative functions for its petroleum distribution and marine transportation operations throughout Alaska and the Yukon Territory.

She is an active board member and volunteer for several nonprofits, including the Alaska Sealife Center, Prince William Sound Regional Citizens Advisory Council and the Resource Development Council of Alaska.

Hickel was inducted into the Athena Society in 2012 for outstanding leadership in both business and community service.

In the coming months, Chugach will be recruiting for a chief executive officer to lead the growth of Chugach's business enterprises and oversee Chugach's Corporate Services departments.

Chugach is one of the 13 Alaska Native regional corporations established in 1971 by ANCSA. For 50 years, Chugach has represented the Chugachmiut, Alutiiq (Sugpiaq), Eyak (Athabaskan) and Tlingit people from the Kenai Peninsula and the coast of Prince William Sound region.

Chugach has a portfolio of complementary businesses and investments across a range of industries.

For more information, visit www.Chugach.com.



JOSIE HICKEL

—KAY CASHMAN

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EXPLORATION & PRODUCTION

US rotary rig count up by 1 to 764

The Baker Hughes' U.S. rotary drilling rig count was 764 on Sept. 23, up by one from the previous week and up 243 from 521 a year ago.

When the count dropped to 244 more than two years ago, in mid-August 2020, it was the lowest the domestic rotary rig count had been since the Houston based oil-field 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, where it remained through mid-March, 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 Sept. 23 count includes 602 rigs targeting oil, up by three from the previous week and up 181 from 421 a year ago, with 160 rigs targeting natural gas, down by two from the previous week and up 61 from 99 a year ago, and two miscellaneous rigs, unchanged from the previous week and up by one from a year ago.

Forty-six of the rigs reported Sept. 23 were drilling directional wells, 693 were drilling horizontal wells and 26 were drilling vertical wells.

The rig count in New Mexico (111) was up three from the previous week. Louisiana (66), Oklahoma (65) and Pennsylvania (24) were each up by a single rig week over week.

Texas (362) was down two rigs from the previous week. Kansas (0), North Dakota (37) and West Virginia (12) were each down by a single rig.

Rig counts in other states were unchanged from the previous week: Alaska (10), California (7), Colorado (21), Ohio (11), Utah (13) and Wyoming (20).

Baker Hughes shows Alaska with 10 rotary rigs active Sept. 23, unchanged from the previous week and up by five from a year ago, when the state's rig count stood at five. Nine of the rigs in Alaska were onshore and one was offshore, unchanged from the previous week.

The rig count in the Permian, the most active basin in the country, was up by one from the previous week at 344 and up by 84 from 250 a year ago.

—KRISTEN NELSON

EXPLORATION & PRODUCTION

Pantheon's Alkaid 2 well work advances

By KAY CASHMAN

Petroleum News

In a Sept. 26 operations update on the Alkaid 2 well on Alaska's North Slope, Pantheon Resources plc said operator Great Bear Pantheon, or GBP, completed stimulation of the horizontal well and that a workover rig was enroute to the well ahead of flow testing.

Only one hiccup in the company's plans to flow test Alkaid 2 in early October has occurred and that was when GBP's Aug. 22 request to do nine months of flaring gas associated with long-term testing of the well resulted in the Alaska Oil and Gas Conservation Commission deciding that because of the unusual length of the flaring, a public hearing was necessary.

In its Sept. 26 update Pantheon said the hearing "is part of the normal process for a long-term pilot production test as the AOGCC must determine when the project is considered to transition from testing a new formation to entering regular production."

In a public notice issued Sept. 14, Jeremy Price, then-AOGCC chair and commissioner, said typical requests for flaring authorization for testing are for a few weeks and GBP's request was for longer than any approval the commission has ever granted.

"Due to the unique nature of the request the AOGCC has decided to hold a public hearing on this matter before rendering a decision."

The hearing will be Oct. 27 at 10 a.m. in the commission's Anchorage offices.

In the Aug. 22 request, Michael Duncan, GBP's chief operating officer, said that "Great Bear intends to conduct a long-term pilot production test to determine if the well, and more specifically the target formation, will be capable of producing at sufficient sustained volumes to support a development program of the target formation." (See story

Pantheon said the work by Schlumberger was "advancing well ... and will also be included in the data room which Pantheon intends to reopen subsequent to the completion of flow tests, in order to consider possible farm out partners for future project advancement."

titled "GBP needs lengthy Alkaid 2 flare approval; AOGCC schedules hearing" in the Sept. 25 issue of Petroleum News.)

Pantheon confident

In its Sept. 26 update Pantheon said the hearing "is part of the normal process for a long-term pilot production test as the AOGCC must determine when the project is considered to transition from testing a new formation to entering regular production. AOGCC regulations state that gas flaring is permitted during testing but must be limited during regular production operations. The hearing is not anticipated to delay or curtail planned testing operations."

Pantheon also said that the workover rig is expected to arrive on location over the next week to 10 days to install production tubing prior to commencing flow testing operations. A significant amount of fluid was introduced into the well during stimulation procedures which will return first during the "clean-up phase," prior to the subsequent commencement of oil production later in October, if successful, the company said.

Pantheon had contracted with Schlumberger several months ago to complete a detailed dynamic 3D subsurface visualization of its various North Slope projects.

In its Sept. 26 operations update, Pantheon said the work by Schlumberger was "advancing well. The information obtained will be used by the Company for its own analysis and will also be included in the data room which Pantheon intends to reopen subsequent to the completion of flow tests, in order to consider possible farm out partners for future project advancement."

In regard to GBP's completion of the stimulation program for Alkaid 2, Pantheon CEO Jay Cheatham said: "This is the second of two very important milestones for Pantheon this year and a significant step toward potential commercialization of our discoveries on the North Slope. Pantheon has now drilled a horizontal well exceeding 5,000 feet through our target formation from a gravel pad along the Dalton Highway and successfully executed 30 stimulation treatments over that horizontal length.

"Our intention with the long-term pilot production test is to maximize our data collection which, coupled with the upcoming Schlumberger report, will be invaluable to our understanding of the Alkaid interval as well as our wider portfolio of projects. We look forward to updating the market with the initial results of the flow test in due course," Cheatham said.

Pantheon has a 100% working interest in all of its oil projects spanning some 153,000 acres adjacent and near to transportation and pipeline infrastructure on Alaska's North Slope. ●




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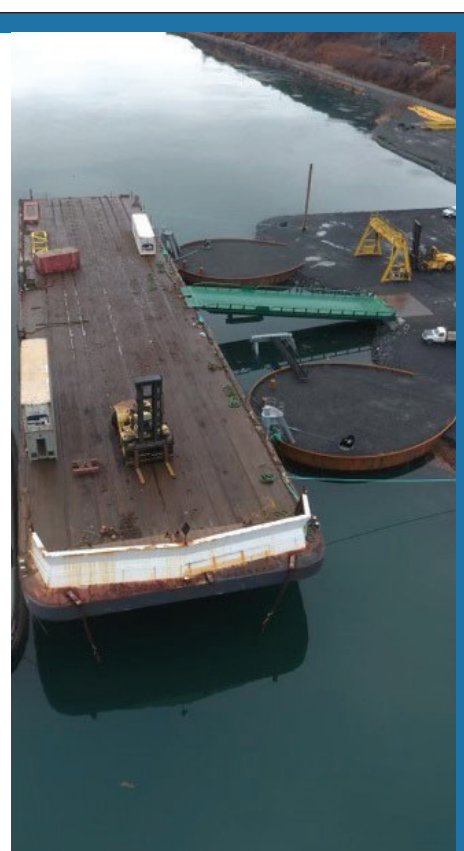
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PIKKA IN DETAIL

Deadhorse Yard.

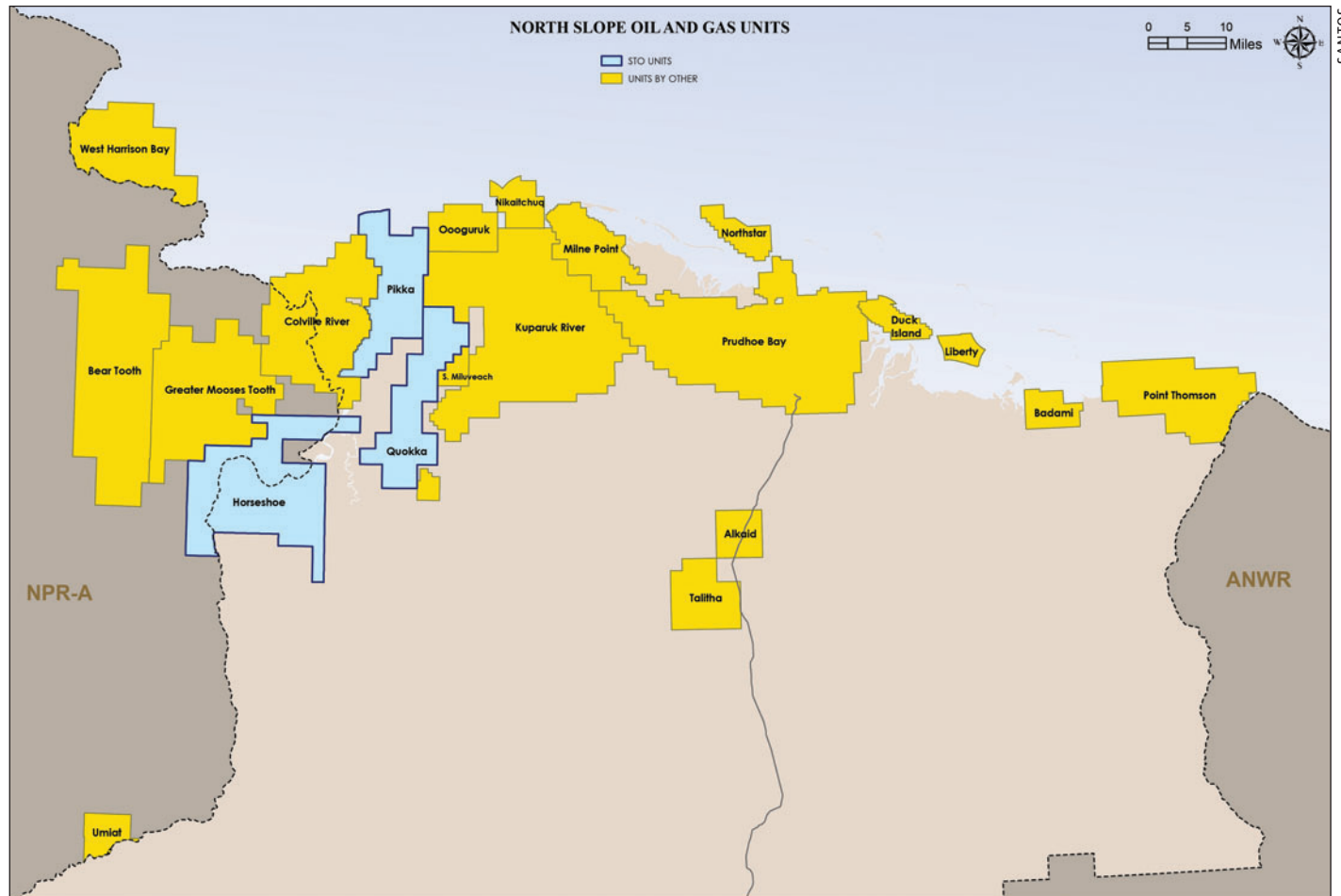
“We anticipate moving that drill rig out to the ND-B pad around April or May of this coming year in 2023 and we’ll spud that first well in mid-2023,” Fencil said.

Following are some of Fencil’s remarks that were also not included in part 1 of this story.

First oil from Pikka, Phase 1, is in mid-2026: “Pipelines ... by our timeline, should be ready by mid-2026 and that’s when we would anticipate first oil. Drilling is an ongoing process. We’ll have enough wells at first oil to fill the facility. We’ll continue to drill the remainder of the wells through 2028,” he said.

In the next slide, “that 80,000 barrels a day of production will generate direct income to the state of roughly \$7 billion over the life of the project ... \$3 billion in property and production, business taxes inclusive of the North Slope Borough and \$4 billion in state royalties inclusive of the Alaska Native landowners companies, ASRC and landowner Kuukpik,” Fencil said.

see **PIKKA IN DETAIL** page 10



continued from page 5

HISTORY

agreements have been at higher prices, so return to companies is improving.

There are, however, two problems that Marathon sees when it tries to compete worldwide for investment dollars.

The first, Taimuty said, “is a reasonable and predictable regulatory and permitting environment.” In this area, “Marathon has significant concerns... As an example, to permit an onshore exploration well in Alaska normally takes a minimum of six to eight permits or clearances... This is easily two to three times what might be required elsewhere in the United States.”

Permitting in Alaska involves “numerous stakeholders with very specific yet often redundant — or worse yet contradictory — requirements.”

“In a number of instances, the permitting agencies cannot even agree as to what is actually required, making it highly unlikely that the companies can be assured that they can fully understand the requirements,” he said.

And stipulations for permits have gone — over the last several years — from two to three on a permit to as many as 20.

“And this is despite the fact that many of our normal operating procedures are aimed at compliance plus — that is, over and above regulatory requirements of most permits.”

Lack of incentives

Marathon is also concerned about the lack of fiscal stability in Alaska, Taimuty said, and would like to see incentives for companies to reinvest in the state.

Marathon has tried for three years to get the state Legislature to pass an investment tax credit for oil and gas exploration and development, but with no results, he said.

“At this time Marathon is uncertain whether it will continue to fight this effort alone.”

And, he said, Alaska’s “fiscal environment (is) more of a risk to success than a benefit.” Marathon will continue to do business in Alaska, Taimuty said.

“However,” he said, “our Alaska projects need to compete internally for future investment dollars and the risks uncovered here are real considerations in how companies decide how to allocate their capital resources.” ●

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continued from page 1

LEASE SALES

Management will make a decision on how to proceed, and after the sale is approved a final notice of sale will be published in the Federal Register at least 30 days prior to the public bid reading.

BOEM said it will offer up to 224 blocks from roughly Kalgin Island in the north to Augustine Island in the south.

BOEM issued a draft environmental impact statement for the sale in October 2021 and will publish a final EIS and record of decision later this fall.

The agency said it is considering removing 17 outer continental shelf blocks in the northern portion of the Cook Inlet planning area from the sale, 10 which overlap with beluga whale designated critical habitat areas and seven that overlap with northern sea otter designated critical habitat.

The agency said it is considering removing 17 outer continental shelf blocks in the northern portion of the Cook Inlet planning area from the sale, 10 which overlap with beluga whale designated critical habitat areas and seven that overlap with northern sea otter designated critical habitat.

Leases issued as a result of the sale will be for a primary term of 10 years, with a minimum bonus bid of \$25 per hectare or fraction thereof. There will be an annual rental rate of \$16 per hectare or fraction thereof until the start of year eight of the primary lease term or a discovery of oil and gas, whichever occurs first, then an annual rate of \$24 per hectare or fraction thereof.

The royalty rate is 18-3/4% and proposed minimum royalty is \$24 per hectare or fraction thereof per year.

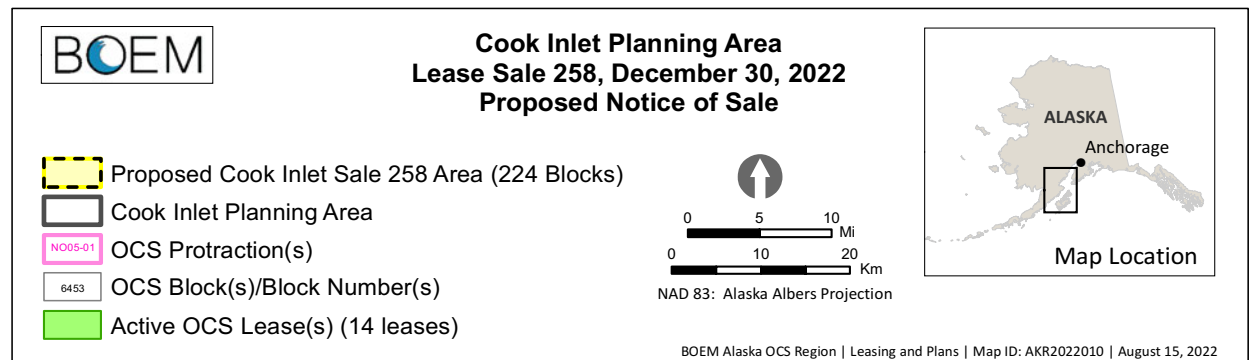
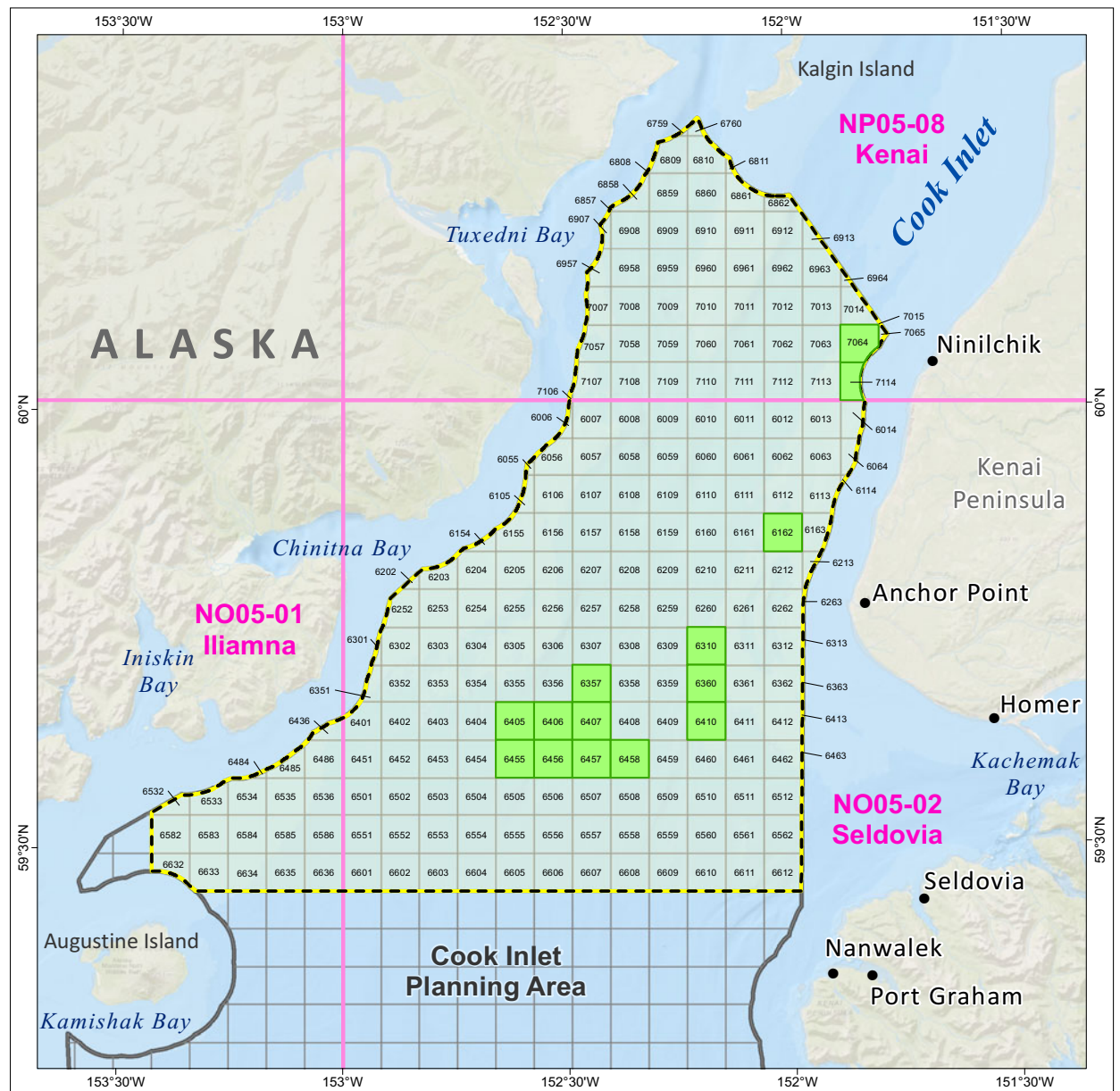
A geophysical data and information statement is required as part of the bid, including "lists of blocks bid on that used proprietary data and those blocks bid upon that did not use proprietary data"; a table listing required data about each proprietary survey; and live trace maps for each proprietary survey that is identified in the GDIS statement and table.

BOEM said that to ensure the U.S. Government receives fair market value, the agency "will evaluate high bids in accordance with its bid adequacy procedures that are effective on the date of the sale."

State sale

Derek Nottingham, director of the Alaska Division of Oil and Gas, issued a decision of no substantial new information for the 2022 and 2023 Cook Inlet areawide lease sales Sept. 26.

The division said in the decision that a call for new information was issued Aug. 24 "regarding the proposed winter 2022 and spring 2023 Cook Inlet areawide oil and



gas lease sales."

Previously, the state held one Cook Inlet areawide sale, in the spring.

Department of Natural Resources Deputy Commissioner John Crowther told PN in May that DNR was considering additional Cook Inlet leases later this year and in other years, as part of an effort to find additional

sources of energy for powering utilities. He said the state has been working with Railbelt utilities, providing "technical support on the future of Cook Inlet supply."

—KRISTEN NELSON

Contact Kristen Nelson
at knelson@petroleumnews.com

Charles Gilbert "Gil" Mull Field Camp Scholarship

In memory of Gil Mull (1935-2021), family and friends are raising funds for the **Charles Gilbert Mull Field Camp Scholarship** intended for geology students at the University of Alaska Fairbanks (UAF). The scholarship will allow students to attend a geology field course of their choice.

OUR GOAL: Build a minimum endowment of \$25,000, which will provide a UAF scholarship in perpetuity

DONATIONS: For contribution by mail, please note the **Charles Gilbert Mull Field Camp Scholarship** in your correspondence, and address to:

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You may also contribute online with the UA Foundation (<https://engage.alaska.edu/>), by selecting Designation "Other", and writing in: **Charles Gilbert Mull Field Camp Scholarship** and completing the online form.

Please contact Prof. Michael Whalen with any questions (mtwhalen@alaska.edu)

Here's to remembering a giant of Alaska geology!

continued from page 1

SEA ICE EXTENT

the area of the ice. In a previous report NSIDC said that microwave imagery had shown that a patch of fairly thick ice had separated from the main ice pack in the East Siberian Sea, and that a smaller thick ice patch had been observed in the Beaufort Sea.

NSIDC also said that both the Northern Sea Route around northern Russia and the Northwest Passage around northern Canada were open for shipping.

Between Sept. 1 and Sept. 18 air temperatures over most of the North American side of the Arctic at an altitude of about 2,500 feet were 2 F to 7 F above 1991 to 2020 levels, but up to 13 F above average over the Greenland ice sheet, NSIDC reported. Low atmospheric pressure over eastern Canada coupled with high pressure over southern Greenland led to southerly winds and the high average temperatures over northern Greenland. Those relatively high temperatures related to an early September ice melt over the ice sheet, NSIDC said.

—ALAN BAILEY

Contact Alan Bailey
at abailey@petroleumnews.com

Sea Ice Extent, 18 Sep 2022



The Arctic sea ice extent on Sept. 18

continued from page 1

RAILBELT ERO

sumably be able to develop a regional strategy for the appropriate use of renewable energy sources.

Senate Bill 123

In 2020 the state Legislature passed Senate Bill 123, giving the RCA regulatory authority over EROs in Alaska and requiring the formation of an ERO for the Railbelt. Under the resulting statute, if an organization had not been certified as a Railbelt ERO by Sept. 23 of this year, the RCA would itself would have had to form an ERO. The RRC was the only entity that applied for certification.

The RRC made its formal certificate application to the RCA in March and the commission subsequently opened a docket for the application and held a hearing into the matter. On Aug. 16 the commission issued a preliminary decision, requiring some changes to the RRC's governing documents before certification could be granted. On Sept. 14 the RRC filed amended documentation. The RCA's Sept. 23 order accepted the amendments.

A need for balance

One of the most difficult issues in managing an ERO revolves around ensuring an appropriate balance between the various stakeholders in the electrical system when making decisions over how the system should be developed and operated. For example, while individual utilities have their own power generation facilities, independent power producers may seek access for supplying power to the system. And the electricity consumers that the electricity system serves obviously have a keen interest in both the cost of the power that they use and the supply reliability.

Consequently the RCA regulations include specific rules for what the agency will approve as an acceptable ERO board structure.

The RRC board structure has 13 voting directors, plus two non-voting directors. There are eight distinct stakeholder classes, including the electric utility cooperatives, independent power producers and three categories of electricity consumer. Of the voting directors, one is independent of any stakeholders while the remainder represent various stakeholder classes. In its Sept. 23 order approving the RRC certification the RCA said that the RRC board does comply with the regulations, given that the board can be characterized as a combination independent and balanced board.

Several committees will provide support to the board.

The RRC structure

The RRC plans involve the employment of a chief executive officer, who will report to the board and supervise a Technical Advisory Council. Reporting to the CEO will be four senior engineers: a senior standards engineer, a senior studies engineer, a senior compliance engineer and a senior planning engineer. The senior engineers will participate in the Technical Advisory Council. And the organization also requires the usual business functions such as human resources, finance, regulatory affairs and public affairs.

The senior planning engineer would be responsible for the development of an integrated resource plan, or IRP, for the future evolution of the Railbelt electrical system — the Technical Advisory Council would be involved in plan development, together with opportunities for public participation and comment. The RRC anticipates board approval of an initial IRP by June 30, 2026, with RCA approval of the plan anticipated by September of that year. The expected cost of developing the plan is \$12.7 million. Apparently a need to first adopt some planning reliability standards will delay the start of work on the plan itself, a factor that impacts the estimated completion date of the plan.

Concerns about costs

Most of the questions raised during the hearing related to

concerns about the anticipated costs of operating the RRC — the RRC's operating costs will be recovered from the electricity rates in the region via RRC surcharges to the utilities. However, the expectation is that over time these costs will be more than offset by cost savings from improved system efficiency.

Some utilities questioned the number of staff engineers or subject matter experts that the RRC might retain and thus incur significant costs. The state's Office of the Attorney General Regulatory Affairs and Public Advocacy Section said that 55% of the RRC's proposed budget related to the hiring of staff engineers and SMEs. The RRC's original documentation included, for example, the possibility of individual directors on the RRC board independently engaging SMEs.

Consequently, in its August preliminary decision the RCA required the RRC board to approve rules that would limit the number of SME's that the RRC can use. The RCA also required the RRC board to pass resolutions prohibiting any changes to bylaws designed to comply with state statutes until the first ERO certificate renewal in six years time. The board also had to pass a resolution ratifying all statements made on behalf of the RRC in the RRC certification docket. The commission now says that the RRC's Sept. 14 filing fully complies with the requirements of the preliminary decision.

Separate tariff filing

In conjunction with its ERO certificate application, the RRC filed an initial tariff, describing its operations, services, budget and initial surcharges to the Railbelt utilities. However, the commission has not approved this tariff as part of the certification docket and requires the RRC to separately file its initial budget and tariff for approval. ●

Contact Alan Bailey
at abailey@petroleumnews.com



Oil Patch Bits



ASTAC awarded \$30,970,030 USDA ReConnect grant

Arctic Slope Telephone Association Cooperative Inc. said Sept. 22 that it has been awarded \$30,970,030 in funding for a transformational broadband project in remote Alaska. The grant will provide ASTAC with the means to expand its terrestrial network to provide customers in Point Lay and Anaktuvuk Pass with access to high-speed broadband by way of Point Hope and the Dalton Highway.

Funding is being provided through the U.S. Department of Agriculture's rural utilities service ReConnect grant program. Upon completion both projects will allow for high-speed broadband at or above 100 Mbps in each community. Both villages have traditionally been served by satellite bandwidth, which is prohibitively expensive, and has limited capacity

and very high latency.

"We are thrilled the USDA has awarded ASTAC the funding to make a broadband transformation in the final two ASTAC service communities," said ASTAC General Manager/CEO Jens Laipeniek. "At the direction of our Board of Directors, it has been our goal to connect all nine ASTAC markets to high-quality, terrestrially served broadband. Upon completion, Point Lay and Anaktuvuk Pass will follow Utqia vik, Point Hope, Wainwright, Nuiqsut, Deadhorse, and Atkasuk as fully fiber-connected communities. This grant will be instrumental in achieving that goal and further closes the digital opportunity gap between remote and urban Alaska."

ASTAC anticipates the project to begin in 2023, with a projected in-service date of mid-2025. For more information, visit www.astac.net.

Companies involved in Alaska's oil and gas industry

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Alaska West Express		Flowline Alaska		PND Engineers, Inc.	6
Arctic Controls		Frost Engineering, a division of PumpTech LLC		PRA (Petrotechnical Resources of Alaska)	
ARCTOS Alaska, Division of NORTECH		G-M			
Armstrong	3	GCI		Price Gregory International	
ASTAC (Arctic Slope Telephone Assn. Coop, Inc)		GeoLog		Q-Z	
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Coffman Engineers		Lynden Inc.		US Ecology Alaska	5
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INSIDER

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A nonprofit trade association, the Alliance is made up of more than 500 businesses, organizations and individuals that provide products and services to the oil, gas and mining industries, and represent more than 35,000 Alaskan workers.

—KAY CASHMAN

Harcharek to lead Voice of the Arctic Iñupiat

THE VOICE OF THE ARCTIC Iñupiat said Sept.

23 that Nagruk Harcharek will serve as the organization’s new president. The Voice Executive Committee vote on his selection was unanimous.

Formerly the Ukpeaġvik Iñupiat Corp. vice president of private equity and arctic development, Harcharek will work with the Voice’s 24 member organizations to advance the organization’s four major goals:

1. Address and participate in legislation, regulations and government programs to protect Iñupiat culture.
2. Increase communication and information sharing amongst organizations of the North Slope.
3. Ensure the development of North Slope natural resources in a safe and responsible manner.
4. Promote Iñupiat stewardship of the North Slope and stimulate the North Slope economy.

“There is so much opportunity for us on the North Slope, and to help realize that opportunity is something I am looking forward to taking on. I am ready to jump in with the Board and Executive Committee to



NAGRUK HARCHAREK

start tackling issues head on,” said Harcharek on his new role. “I am humbled by the Board and Executive Committee’s confidence in me and by the support I’ve already received from across the North Slope.”

“I am excited for Nagruk to lead the Voice as part of a new generation of leaders who will move our region forward,” said Rex A. Rock Sr., ASRC president and CEO and Voice of the Arctic Iñupiat Board chairman.

Justina Wilhelm, Iñsaġvik College president and Voice of the Arctic Iñupiat Board vice president, said, “We welcome Nagruk to his role as president and are excited to reconnect with all of our members as we continue the great work serving our region.”

Voice of the Arctic Iñupiat was formed in 2015 as a 501(c)(4) nonprofit corporation, creating a communication network amongst Arctic Slope communities to establish a unified voice for their region and people. Today, their 24 member organizations work together to ensure that their collective voice is heard and respected — locally, regionally and nationally.

—KAY CASHMAN

Contact Kay Cashman
at publisher@petroleumnews.com

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PIKKA IN DETAIL

Future project phases

“And then with ... the success of our Phase I, we see continued opportunity for development. We have already ... permitted access to our ND-A and ND-C, we don’t have gravel down for that,” Fencil said. “(On this slide — see map in part 1 of the Pikka story in the Sept. 25 issue of Petroleum News.) You can see ND-A and ND-C kind of very lightly colored in the left-hand side. Those are permitted, those would be subsequent phases after successful completion of Phase 1. They have the potential of doubling the production from the Pikka Unit (80,000 barrels of oil per day from Phase 1 to 160,000 barrels per day), he said.

“We would obviously need to put in additional gravel roads and pads, additional bridge to support those subsequent phases,” Fencil said.

He also notes from another slide that the company is constructing more Pikka gravel infrastructure “this winter, which is going to be a boat ramp for the community of Nuiqsut.”

Hiring for Phase 1

Fencil also said Santos is now the 20th largest oil and gas company in the world.

“Globally, we have about 3,500 employees, and here in Alaska, we have roughly 150 batched employees and contractors and we are continuing to grow as we ramp up in the project,” he said.

“What have we done so far? So we have the majority of our gravel infrastructure in place. That was during the 2019/2020 winter season.

“We have installed over 11-1/2 miles of gravel road, four pads totaling around 56 acres.

“We upgraded the Mustang Road, about 5 miles of it,” Fencil said. He also said that they had installed the Miluveach River Bridge.

“And then during that season, all of the ice roads and ice pads that were required to have a successful season.

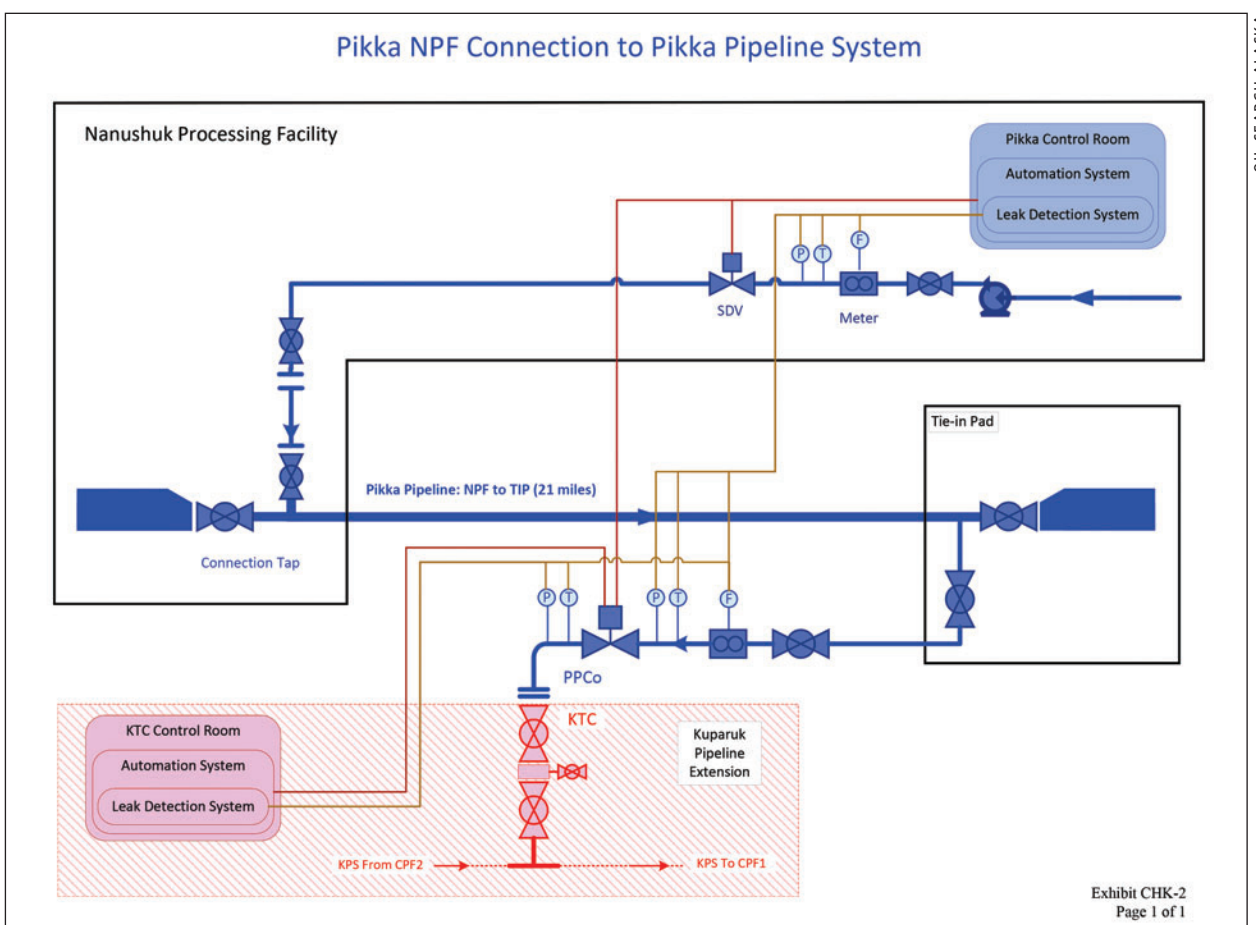
“The ND-B pad, that is the drill site, and then (looking at the map in part 1 of this story) at the bottom right-hand corner ... will be our operations center pad where the camp and the maintenance facilities will be housed,” Fencil said.

Commissioner: investment certainty?

In the Q&A segment, where the RCA commissioners were able to ask questions and members of the public were encouraged to call in with questions (none did), RCA Chairman Keith Kurber II asked about the certainty of funding from Santos and Repsol for the Pikka Project, Phase 1, which includes things such as the Pikka Sales Oil Pipelines, etc. in OSU’s various applications to RCA.

“Did that investment decision, can we consider that ... it’s been formalized, actually not just as an announcement from Santos to support that as well as Repsol, but also within your company, has Santos formalized a decision with as Oil Search (USA) that they are going to fund this project?”

“The short answer to that is yes,” Fencil replied. “Both Santos board of directors voted to approve the funding of this project as did the Repsol board of directors in mid-August.”



Issue with ConocoPhillips

Commissioner Daniel A. Sullivan asked: “Finally, I know there was reporting about challenges with your neighbors regarding an access road with ConocoPhillips, has that all been worked out?”

“We currently have all of the needed permits and agreements in place to proceed with road access,” Fencil replied.

Re 160,000 bpd

Commissioner Janis W. Wilson asked for clarification on “an answer that you gave earlier and that is with respect to the possible increase to 160,000 barrels per day. I was not quite sure whether the answer was that the possibility of raising the throughput in the pipeline would come from the Pikka Unit or whether it would be coming from the Quokka or Horseshoe unit.”

“The ... potential for the increase to 160,000 barrels a day would come from development within the Pikka Unit,” Fencil replied. “Developments in Quokka or Horseshoe will continue to be evaluated in terms of ... the best place to process that oil, if you will. So currently though, that increase, for clarification, to 160,000 would come from such drill sites as ... NDA, NDC. We have other developments in the north too that we would continue to explore to solidify the resource and that could be tied into the process and facility as well.”

Quality of the oil

Wilson also asked about the quality of the oil that OSU expects out of the Pikka Unit: “Mr. Anglen has testified that it’s 37 degrees API gravity and so, I’m just wondering if you can be more specific with respect to the quality as it will go through the quality banks in the Kuparuk

Pipeline and TAPS?”

Ben Anglen, lead pipeline engineer for Pikka Unit operator Oil Search (Alaska) and acting secretary and technical manager of the Pikka Sales Oil Pipeline construction project for OSU, replied “I can’t be much more specific than that off the top of my head. It will meet the S&W requirements of TAPS and of the Kuparuk pipeline extension and the Kuparuk Pipeline, which I believe is less than a percent of sentiments and water “

Wilson: “Is it a sweet crude?”

Anglen: “Yes, it is. ... We do not expect there to be H2S in the crude oil.”

Commissioners comment

At the end of his questions, Wilson said: “I would like to thank Mr. McLaughlin (Michael McLaughlin from Guess & Rudd P.C. in Anchorage, OSU’s attorney) and everyone at Oil Search for your complete application and your responsiveness to our inquiries, which Oil Search has answered thoroughly and promptly. It’s important for us to have a complete and comprehensive application and we appreciate your prompt supplementation of financial statements as they became available. And we — that just makes our job a lot easier and I would really to thank you for that.”

“Well, I will echo Chairman Kurber’s comments that this is very exciting for Alaska; obviously the most important piece of infrastructure in the state is the trans-Alaska pipeline and anything we can do to increase the throughput and do so in a responsible and safe manner is welcome news to Alaska,” Sullivan said. ●

Contact Kay Cashman
at publisher@petroleumnews.com

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OIL PRICES

time of year.

Over the same period, the SPR was drawn down by 4.6 million barrels as part of a Biden administration scheme to sell down the nation's emergency oil supply to lower gasoline prices for consumers. The program was scheduled to end at the end of October, but the administration announced Sept. 19 that an additional 10 million barrels of crude would be sold in November.

The SPR stood at 422.6 million barrels as of Sept. 23. On Sept. 24, 2021, the SPR held 618.7 million barrels.

Sept. 28 gains came on the heels of rally begun the previous day.

After a brutal sell-down — which took ANS into the lower \$80s for a day Sept. 26 — ANS gained \$1.75 Sept. 27 to close at \$86.09, WTI gained \$1.79 to close at \$78.50 and Brent jumped \$2.21 to close at \$86.27.

ANS lost \$2.23 Sept. 26 to close at \$84.34, WTI lost \$2.03 to close at \$76.71 and Brent lost \$2.09 to close at \$84.06.

Those losses came atop a jagged down-draft Sept. 23, that carried ANS \$4.57 lower to close at \$86.57, while WTI plunged \$4.75 to close at \$78.74 and Brent slid \$4.31 to close at \$86.15.

Prices notched a small rally Sept. 22. ANS rose 59 cents to close at \$91.14, WTI rose 55 cents to close at \$83.49, and Brent rose 63 cents to close at \$90.46.

But that rally was not enough to overcome losses Wednesday, Sept. 21. ANS fell 87 cents to close at \$90.55, WTI fell \$1.51 to close at \$82.94 and Brent fell 79 cents to close at \$89.83.

From Wednesday to Wednesday, ANS lost \$1.11, closing at \$89.44 Sept. 28 versus the \$90.55 close Sept. 21.

The Sept. 28 ANS closing price was \$11.92 below the Aug. 31 close of \$101.36. ANS had managed to close above \$100 on the bulk of days over the summer, but its price fell below that level Sept. 1 and did not break the \$100 level again.

OPEC+ supply cut under discussion

Oil prices, which have been caught up in a risk-off sentiment that has cooled a broad array of financial assets, have experienced support from reports that the Organization of the Petroleum Exporting Countries and its associated producing countries are considering a major crude supply cut to bolster prices. Leading OPEC+ members have initiated discussions about an oil output reduction, which could be instituted at the group's next production meeting Oct. 5, Reuters said in a report released early Sept. 29 as Petroleum News went to press.

WTI and Brent edged higher in early trading.

An OPEC source said a cut was "likely," and two other OPEC+ sources said key members had spoken on the matter, Reuters said.

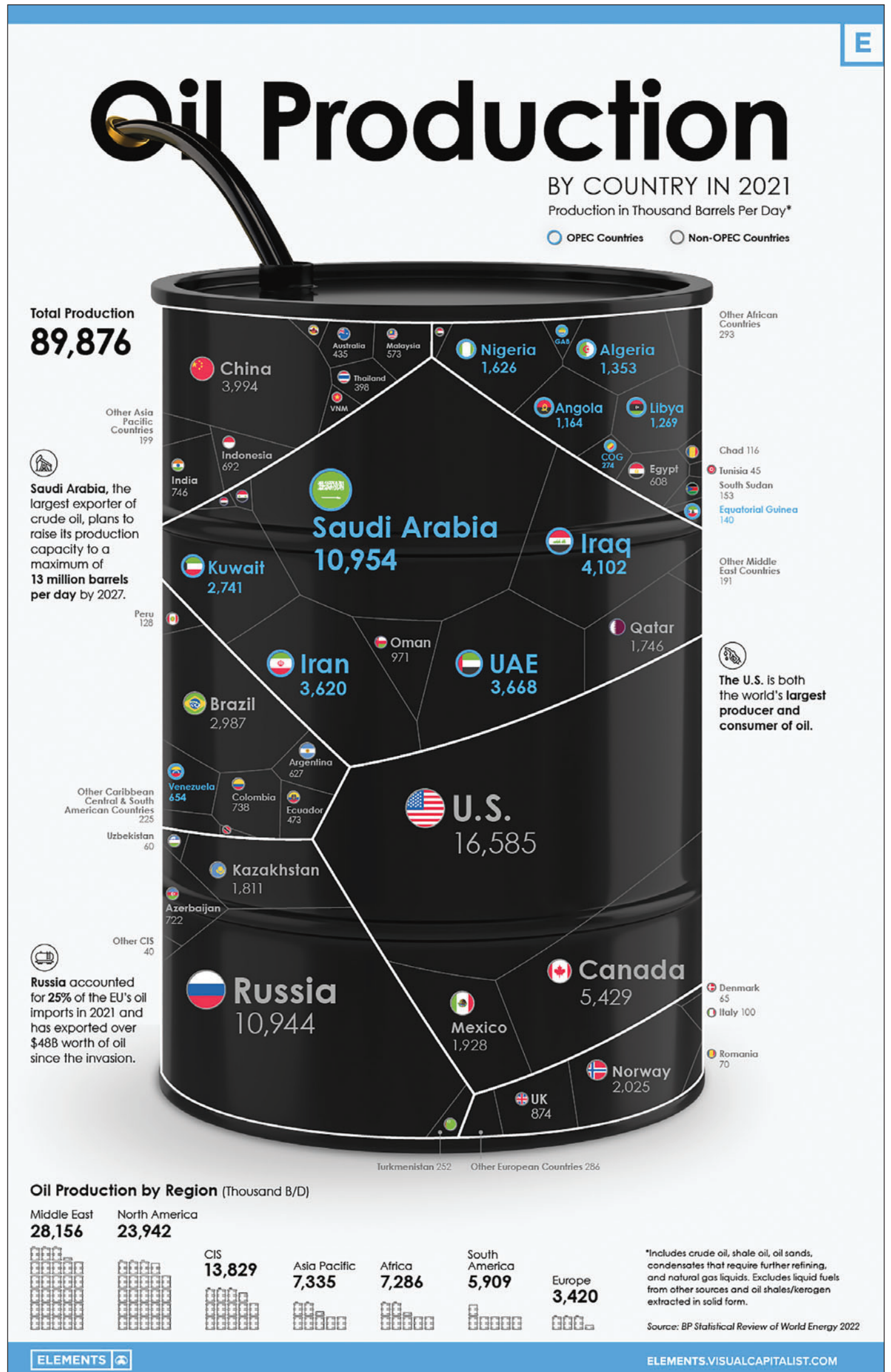
Reuters, in an earlier report Sept. 27, said Russia was prone to propose a 1 million barrel per day cut at the October meeting, citing "a source familiar with the Russian viewpoint."

OPEC+ will be paring back production by 100,000 bpd in October, clawing back a 100,000 bpd increase it put in place for the month of September.

The announcement was made at the 32nd OPEC and non-OPEC Ministerial Meeting Sept. 5.

"The OPEC and non-OPEC Ministerial Meeting noted the adverse impact of volatility and the decline in liquidity on the current oil market and the need to support the market's stability and its efficient functioning," OPEC said in a release following the meeting.

OPEC said higher volatility and increased uncertainties required continuous



assessment of market conditions and readiness to make immediate adjustments to production, if needed.

"OPEC+ has the commitment, the flexibility, and the means within the existing mechanisms of the Declaration of Cooperation to deal with these challenges and provide guidance to the market," it said.

Hurricane Ian shuts in production

The Bureau of Safety and Environmental Enforcement estimates that 9.12% of current oil production and 5.95% of natural gas production in the Gulf of Mexico was shut-in as a precaution as Hurricane Ian approached the area Sept. 27, it said in its final update on shut-in production statistics Sept. 28.

BSEE said post-hurricane inspections of Gulf facilities were underway.

Based on data from offshore operator reports, personnel have been evacuated from 11 production platforms, 2.11% of the 521

manned platforms in the Gulf of Mexico, BSEE said.

Personnel were evacuated from five non-dynamically positioned rigs, equivalent to 35.71% of 14 such currently operating rigs which include offshore drilling facilities including jack-up rigs, platform rigs, all submersibles and moored semisubmersibles, BSEE said.

Three dynamically positioned rigs moved off location out of the storm's path as a precaution, representing 15.79% of the 19 DP rigs currently operating in the Gulf, BSEE said, adding that personnel remained on board and will return to the original location once the storm has passed.

"Once all standard checks have been completed, production from undamaged facilities will be brought back online immediately," BSEE said. "Facilities sustaining damage may take longer to bring back online."

Jet fuel demand to roar back

Global aviation fuel demand is expected to fully recover to pre-pandemic levels of 300 million tons per year in the next one to two years, Shell Aviation President Jan Toschka said Sept. 27.

Demand in the United States has returned to 2019 levels while European consumption has regained 80% of 2019 levels and is on track for full recovery in 2023, Toschka told Reuters at the 38th Asia Pacific Petroleum Conference.

"Asia has been a bit more of a bumpy road with markets opening up and closing down but mostly we expect Asia in particular, in the next year, to come back, but it might take another year before we see the full potential of the market," he said. ●

Contact Steve Sutherland at ssutherland@petroleumnews.com

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