Sheppard offers hope for OPEC oil price bailout later this year

In a recent Markets Insights piece in the Financial Times, the publication’s energy editor David Sheppard offered hope for an OPEC bailout due to Saudi Arabia’s urgent need for higher oil prices.

Following is an abbreviated look at that article. To read the entire piece go to https://www.ft.com

Reminding readers that Saudi Arabia’s energy minister, Khalid al-Falih, the OPEC kingpin, has “long vowed to do ‘whatever it takes’ to uphold oil prices,” Sheppard predicted the minister will try to convince OPEC members and their allies to make deeper cuts when they meet in December.

Saudi Arabia, he said, has already “sharply reduced production” over the past seven months, dragging along non-member Russia and OPEC allies such as the United Arab Emirates in restricting output. …

Admitting the strategy has “not really worked,” with oil prices recently dipping below $60, Sheppard said the main

ANWR FEIS in a couple of months, NPR-A draft plan out in October

It appears there will be no new seismic work in the Arctic National Wildlife Refuge coastal plain done before a planned federal lease sale later this year.

Chad Padgett, BLM’s Alaska area manager, said his agency has proposals for both ground-based and airborne geophysical surveys in ANWR’s coastal plain but that no action can be taken until the U.S. Fish and Wildlife Service completes a review of how the activities would affect polar bears in the area, which are threatened.

The agency has also received no new information from the companies proposing the work, Padgett said Aug. 13, in a briefing on BLM’s Alaska activities.

That won’t affect the overall timing for the lease sale, however.

The final environmental impact statement for the coastal plain sale is expected to be published “in next couple of

In quest of cleaner energy; Shell posts major Canada CCS milestone

After years of being poked and prodded, Royal Dutch Shell has partly answered its critics by reporting a series of benchmark successes at its carbon capture and storage facility near Edmonton.

The Quest plant, which sequesters carbon dioxide emissions from Shell’s Scotford Upgrader, sequestered 4 million metric tons of CO2, about six months ahead of schedule, at a lower cost than expected, aided by better-than-expected reliability.

The plant started operations in November 2015 and has since run ahead of its goal to capture 1 million metric tons of carbon a year, according to a project advisor, who said performance has been aided by less unscheduled maintenance and a more efficient performance.

It has now stored CO2 underground, the most of any onshore CCS facility in the world with dedicated geological storage.

Anne Halladay, a geophysicist, said the success so far could open the door to using sequestered carbon for industrial purposes such as fertilizer, pharmaceuticals and enhanced oil recovery, see ANWR FEIS page 4

Furie files Ch. 11

Assets $50 million, debt $450 million; Cook Inlet E&P goes on market

By STEVE SUTHERLIN

Furie Operating Alaska LLC, head-quartered in Anchorage, filed a voluntary petition for Chapter 11 in the U.S. Bankruptcy Court for the District of Delaware Aug. 9, listing about $450 million in debt. The company said it plans to sell its assets, which it listed on its petition with an estimated value of less than $50 million, by early January 2020. The company said it had fewer than 49 creditors.

Furie listed two affiliates on the petition — its parent company Comnocopia Oil and Gas Co. LLC and Corsair Oil and Gas LLC.

Furie petitioned the court to approve “superpriority” senior secured postpetition financing in the form of a multiple-draw term loan credit facility in an aggregate principal amount of up to $15 million.

Judge Laurie Selber Silverstein granted Furie and its affiliates access to the first $7 million of the interim debtor-in- possession financing Aug. 12, clearing the way for the company to use this $3 million for its interim budget needs, according to a report by Law360. Silverstein warned the company that key provisions of the financing remain subject to confirmation, particularly provisions directing $4 million of the loan budget to pay fees incurred by prepetition lenders.

New bonding reg criticized

Field operators say AOGCC retroactive bonding increase illegal, deters investment

By RAY CASHMAN

The comments “making it retroactive is illegal” and “will hurt oil and gas investment in Alaska” and “the new regulation favors big companies, hurts small companies, and overlaps with DNR, BLM bonding” best sum up the majority of remarks received in a survey about the increase in bonding levels for Alaska wells that was enacted in April by the Alaska Oil and Gas Conservation Commission, or AOGCC.

Petroleum News conducted the survey of oil and gas operators in Alaska on Aug. 13 and 14, including some with fields soon-to-be-online.

Two other comments often repeated using similar

Juggling indigenous rivals

Alberta offering aid for pro-resource of First Nations groups v American funding

By GARY PARK

Alberta Premier Jason Kenney marked his first 100 days in office by launching a new phase of his Fight Back Strategy against those who challenge natural resource development.

His government has set aside $10 million to pick up the legal tabs of First Nations who defend pipelines and other resource projects.

Separately, the most telling test of government willingness to open a new phase for aboriginal equity participation in major projects has been accelerated by word that the Canadian government has sent letters to 129 indigenous communities that might have an interest in securing a stake in the Trans Mountain pipeline expansion.

Canadian Finance Minister Bill Morneau said that with government approval of the expansion “we can begin discussions with the many communities that may be interested in becoming partners in getting Canada’s natural resources to market. Our government looks forward to moving the

See INDEPENDENT RIVALS page 12

See SHELL MILESTONE page 10

See INSIDER page 8

See BONDING REG page 7

See INDIGENOUS RIVALS page 12
BOEM approves Hilcorp’s Cook Inlet survey

By KRISTEN NELSON
Petroleum News

The federal Bureau of Ocean Energy Management said Aug. 14 that it has approved Hilcorp Alaska’s request to conduct a geophysical survey in federal waters of Cook Inlet. BOEM said the area to be surveyed is west of Kachemak Bay in lower Cook Inlet.

The agency said the company expects to begin the survey in late summer or early fall and will have 60 days to complete it, with the exact length of the survey to depend on weather and any schedule adjustments needed to protect marine mammals.

In a letter to Hilcorp Alaska Senior Vice President David Wilkins, BOEM’s Megan Carr, regional supervisor resource evaluation, said the activity will be conducted for Hilcorp by Polarcus U.S Inc., with operations proposed to begin on or after Aug. 31 and be completed on or before Oct. 31.

Hilcorp Alaska spokeswoman Lori Nelson told Petroleum News in an Aug. 15 email that the work is expected to begin in early September.

The letter notes that the National Marine Fisheries Service issued Hilcorp incidental take regulations for whales and pinnipeds on July 31, and the U.S. Fish and Wildlife Service issued ITPs for sea otters Aug. 1. “Hilcorp applied for and received Letters of Authorization from NMFS and USFWS covering permit activity,” BOEM said.

On Aug. 6, BOEM issued an environmental assessment of the proposed action and a finding of no significant impact. The agency said it received no comments from the general public; the U.S. Fish and Wildlife Service provided comments as a SURVEY APPROVED page 3

EXPLORATION & PRODUCTION

2 BOEM approves Hilcorp’s Cook Inlet survey

4 US drilling rig count drops by 8 to 934

GOVERNMENT

3 New Endangered Species Act regulations out
Changes are from Interior, Commerce (Fish and Wildlife, National Marine Fisheries Service); those opposed say they plan to sue

PIPLINES & DOWNSTREAM

5 Enbridge says gap opens beneath pipeline

SIDEBAR, Page 5: Agency readies decision on pipeline supports

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New Endangered Species Act regulations out

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By KRISTEN NELSON
Petroleum News


In a press release the Department of the Interior called the changes “improvements to the implementing regulations of the ESA designed to increase transparency and effectiveness and bring the administration of the Act into the 21st century.”

Secretary of the Interior David Bernhardt said the best way to uphold the ESA “is to do everything we can to ensure it remains effective in achieving its ultimate goal — recovery of our rare species. … An effectively administered Act ensures more resources can go where they do will the most good: on-the-ground conservation.”

The American Petroleum Institute praised the changes for “the reduction of duplicative and unnecessary regulations that ultimately bog down conservation efforts.”

Among benefits API cited in an Aug. 12 statement was amendment of “the definition of ‘physical or biological features’ for lands under consideration as critical habitat for a species to confirm that lands do have the features essential to a species at the time of designation.”

The release also drew opposition.

A statement from Defenders of Wildlife said the new regulations “weaken implementation” of the ESA and said the changes “undermine the conservation of threatened and endangered species.”

Jamie Rappaport Clark, president and CEO of Defenders, said the world is “facing a sixth extinction crisis, but the Trump administration is focused on weakening the world’s most successful law to conserve imperiled species.” The changes “will result in fewer protections for species and their habitat,” the organization said.

Reduction of regulatory burden

“The revisions finalized with this rulemaking fit squarely within the President’s mandate of casing the regulatory burden on the American public, without sacrificing our species’ protection and recovery goals,” U.S. Secretary of Commerce Wilbur Ross said in the Aug. 12 release.

Regulations revised include those of Interior’s Fish and Wildlife Service and Commerce’s National Marine Fisheries Service and apply to sections 4 and 7 of the ESA. Among other things, Interior said, section 4 deals with adding species to or removing them from the Act’s protections and designating critical habitat, while section 7 covers consultations with other federal agencies.

The department said that determinations to add or remove a species from threatened or endangered status is “based solely on the best available scientific and commercial information, and these will remain the only criteria on which listing determinations will be based.”

Defenders of Wildlife said the changes “will open the door for the economic impacts of listing a species to be evaluated and presented in the listing rules.”

Interior said revisions clarify that delisting and reclassification consider the same five statutory factors as are considered when a species is initially listed, ensuring “that all species proposed for delisting or reclassification receive the same careful analysis to determine whether or not they meet the statutory definitions of a threatened or endangered species as is done for determining whether to add a species to the list.”

Praise, criticism

The changes drew praise and criticism. Congressional support included a statement by Congressman Don Young, R-Alaska.

“As the only currently serving Member of Congress who voted for the original Endangered Species Act of 1973, I can say with great confidence that the courts have turned it into a bureaucratic nightmare that could not have been anticipated.”

—Congressman Don Young, R-Alaska

Efficiency was another focus of laudatory comments.

“Today’s actions will help achieve actual species recovery while providing much-needed clarity and stability to those who are too often held hostage by the ESA,” said U.S. Sen. Steve Daines, R-North Dakota.


“Today’s actions will help achieve actual species recovery while providing much-needed clarity and stability to those who are too often held hostage by the ESA,” said Interior said in its release that this change rescinds the FWS “blanket rule” which “had automatically given threatened species the same protections as endangered species unless otherwise specified.”

The National Marine Fisheries Service had no such blanket rule, “so the new regulations bring the two agencies into alignment,” the Department said.

Only future threatened species’ listings or reclassifications from endangered to threatened are impacted, Interior said, and FWS will craft specific “rules for each future threatened species determination as deemed necessary and advisable for the conservation of the species, as has been common practice for many species listed as threatened in recent years.”

Critical habitat

Interior said the administration recognizes the value of

continued from page 2

SURVEY APPROVED

cooperating agency.

BOEM said the seismic survey covers some 375 square miles of outer continental shelf waters. Hilcorp acquired 14 OCS blocks in federal OCS lease sale 244 in June 2017, the agency said. The survey covers 42 OCS blocks in lower Cook Inlet, eight of which are leased by Hilcorp.

In its Aug. 14 press release, the agency said the survey will involve one seismic acquisition vessel and two support vessels, with the acquisition vessel towing the air gun array and streamers and the support vessels providing general provisions for the source vessel, including supplies, crew changes, etc. Support vessels will also monitor the hydrophone array and maintain a safety perimeter around the streamers.

Trained protected species observers will be deployed on the vessels throughout the survey program, the agency said.

BOEM said the Hilcorp survey will be the first geophysical survey in Cook Inlet since a July 2005 survey conducted by Ventus DG.

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Critical habitat

Interior said the administration recognizes the value of
US drilling rig count drops by 8 to 934

On Aug. 9 the number of rigs drilling for oil and natural gas in the U.S. was down eight from the previous week to 934. Houston oilfield services company Baker Hughes said, and down 123 from 1,057 active rigs a year ago.

In its weekly rig count, the company reported that 764 rigs targeted oil (down six from the previous week) and 169 targeted natural gas (down two). One miscellaneous rig was active (unchanged).

The company said 65 of the U.S. holes were directional, 817 were horizontal and 52 were vertical.

New Mexico was up two rigs from the previous week.

The rig count in most states was unchanged from the previous week, including California, Colorado, North Dakota, Ohio, Pennsylvania, Utah, West Virginia and Wyoming.

Texas, which at 454 has the most active rigs in the country, was down one rig from the previous week. Louisiana and Oklahoma were each down two rigs from the previous week; Alaska was down four.

Baker Hughes showed Alaska with eight rigs active for the week ending Aug. 8, up from seven a year ago.

The U.S. rig count peaked at 4,530 in 1981. It bottomed out in May 2016 at 404.

Baker Hughes reported its July international rig count on Aug. 7. The company said the international rig count (excluding the U.S.) was 1,162, up 24 from 1,138 counted in June and up 165 from 997 in July 2018. The international offshore rig count was 255 for July, up nine from 246 in June and down 83 from 204 in July 2018.

The worldwide rig count (including the U.S.) for July was 2,238, up 17 from 2,221 in June and down 13 from 2,251 in July 2018.

Baker Hughes showed the U.S. rig count for July at 955, down 14 from June, and down 95 from July 2017.

---KRISTEN NELSON

continued from page 1

ANWR FEIS

months,” Padgett said, which would allow the race to decide to be issued within 30 days and signed. That would allow time for the lease sale, most likely in December. Lawsuits are expected to be filed by conservation groups that could delay the sale, however.

Lack of new seismic

Lack of access to new seismic is not necessarily a disadvantage for the Interior Department in having a successful sale, however. Roger Herrero in a$retired BP geologist familiar with ANWR. “It’s sometimes better for companies to go into a lease sale almost blind to new data so that every bidder is on equal footing,” Herrero said in a past interview. “If only a few companies have access to the data it can create a feeling of an ‘insider’ group among bidders, which can discourage companies who don’t have access to the information,” he said.

There’s also the chance that the results of the new seismic could downstage the prospectivity of an area, he said.

Lack of access to new seismic means bidders in the ANWR lease sale will have only data from a 1980s-era “group shoot” sponsored by several companies that was done with two-dimensional seismic using technology now considered obsolete. Two companies — BIP and Chevron — also drilled an exploration well in the early 1990s in an enclave in the refuge that is privately owned by the nearby Inupiat village of Kaktovik. Results of the well, KIC No. 1, continue to be held confidential.

DEIS for NPR-A

Meanwhile, in another development the Interior Department will publish a draft environmental impact statement in October on changes to its land management plan in the National Petroleum Reserve-Alaska, BLM officials said in the briefing.

continued from page 3

NEW ESA REGS

of designating critical habitat, “in some cases, designation of critical habitat is not prudent” and said while the revisions “identify a non-exhaustive list of such circumstances” those will continue to be “rare exceptions.”

“When designating critical habitat, the regulations reimpose the requirement that areas where threatened or endangered species are present at the time of listing be evaluated first before occupied areas are considered,” reducing the poten-
Enbridge says gap opens beneath pipeline

By JOHN FLESHER
AP Environmental Writer

Erosion has created a gap beneath an underwater pipeline in a key Great Lakes channel that’s wider than allowed under an agreement with the state of Michigan, oil transport company Enbridge Inc. said Aug. 7.

The Canadian company said the opening between the pipe and the bottom of the Straits of Mackinac poses “no safety or integrity risk,” an assessment that state regulators said they couldn’t immediately confirm. But the Michigan attorney general’s office said the development reinforces the need to decommission Enbridge’s Line 5, which carries 23 million gallons of oil and natural gas liquids daily between Superior, Wisconsin, and Sarnia, Ontario.

A segment more than 4 miles long divides into two pipes when crossing the straits, which connect Lakes Huron and Michigan. An easement granted by the state when the pipes were laid in 1953 requires that gaps beneath them not exceed 75 feet in width.

Enbridge reported to state agencies Aug. 7 that one such opening had reached 81 feet.

Application for anchors

The company said it had applied 16 months ago to install screw anchors that would provide additional support and had obtained a permit from the state but was awaiting one from the U.S. Army Corps of Engineers.

“We’re kind of on hold until we get that,” spokesman Ryan Duffy said. “We have a crew at the straits ready to go. They have the screw anchors and as soon as they get the permit, they can install one in the place that’s been an issue in two days.”

Lynn Rose, spokeswoman for the Army Corps district office in Detroit, said the agency sent Enbridge a letter in July relaying concerns about the proposal that had been raised during a public comment period. Rose said the Corps was waiting for Enbridge to respond, although Duffy said the company had already done so.

Environmental groups contend the aging pipeline is increasingly likely to leak and devastate hundreds of miles of Great Lakes waters and shorelines. The company says repeated tests and inspections have shown it’s in good shape.

Enbridge reached an agreement with former Gov. Rick Snyder’s administration last year to replace the underwater segment with a new pipe that would be enclosed in a tunnel drilled through bedrock beneath the lakebed.

Faster timeline demanded

Gov. Gretchen Whitmer, who succeeded Snyder in January, demanded a faster timeline for the $500 million tunnel project than Enbridge said was possible. After they failed to reach a deal, Attorney General Dana Nessel filed a lawsuit in June to shut down the pipeline.

Enbridge has installed 147 supports in recent years to stabilize the pipes as the strait’s swirling currents have washed sediments from beneath them. The Michigan Department of Environment, Great Lakes and Energy approved Enbridge’s latest request to add 54 anchors, including one at the location of the 81-foot gap, early this year.

Duffy said engineers previously had concluded the pipeline could withstand gaps twice as wide as the 75-foot limit, which he described as “conservative.” The state environmental department has yet to determine whether that’s correct, spokeswoman Jill Greenberg said.

But Kelly Rossman-McKinney, spokeswoman for Nessel, said the erosion makes the pipeline “increasingly vulnerable to anchor strokes and potential ruptures.”

The National Wildlife Federation urged Whitmer to revoke Enbridge’s easement and shut down Line 5.

“Now that more wildlife violations, near misses and warning signs do we need before our leaders fully protect the Great Lakes?” spokeswoman Beth Wallace said.

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Scientists: polar bear encounters increase

Alaska scientists say the chances of a polar bear encounter have increased after research reveals the bears are arriving on shore earlier and staying on land longer, a report said.

Scientists at the U.S. Geological Survey found changes in sea ice habitat have coincided with evidence that polar bears’ use of land is increasing, the Anchorage Daily News reported Aug. 10. The polar bears come to land from the Beaufort Sea during the ice-melt season, when the sea ice breaks up in the summer and refreezes in the fall, scientists said.

The average duration of the ice-melt season has increased by 36 days since the late 1990s, researchers said.

The bears are arriving “a little bit ahead of schedule,” said Todd Atwood, a research wildlife biologist leading the U.S. Geological Survey’s polar bear research program.

Polar bears usually come to shore in mid-August, but residents have reported sightings as early as May in Kaktovik, a small town about 640 miles north of Anchorage, biologists said.

“The main issue is that bears in the southern Beaufort are now using land to an extent they haven’t used it historically,” Atwood said.

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Some small existing operators will either stop drilling new wells or will be forced to close as consequent to this egregious bonding burden,” another respondent said.

Duplication between agencies
“The concerns that the AOGCC may be attempting to address with the bonding changes are already being addressed by the DNR (Alaska Department of Natural Resources) through the DR&R requirements associated with oil and gas leases. Duplicating these efforts with massive increases in the AOGCC bonding requirement is redundant and contrary to Alaska’s economic health. The State of Alaska may have different budgets for different departments and entities. But macroeconomically, State government is one large entity that exists for the benefit of the citizens of Alaska. Duplicating protections across various divisions of State government is not in the best interest of Alaska’s economy or its citizens,” one respondent pointed out.

Another operator said he supported the Alaska Oil and Gas Association’s recommendation to AOGCC of “a holistic approach to modifications of current regulations in conjunction with other state agencies, private landowners, large and small producers and all other stakeholders.”

Another respondent said, “The existing regulations have been in place for many years and worked well. In our view, the regulations have been in place for many years and worked well. In our view, the regulations definitely favor larger companies indiscriminately — i.e., without consideration for the respective company’s credit. It also bothers me that the State requires that I deal with two agencies on this issue (DNR and AOGCC).”

Another respondent said he supported the Alaska Oil and Gas Association’s recommendation to AOGCC of “a holistic approach to modifications of current regulations in conjunction with other state agencies, private landowners, large and small producers and all other stakeholders.”
reason for oil’s latest nosedive is the U.S.-China trade war and related economic fears of a coming surplus, as well as the continued increase of U.S. shale oil.

The “obvious conclusion,” Sheppard wrote, is that OPEC has to remove another 1 million barrels of oil from the market if it is to have “any chance” of supporting a price floor of $60 a barrel. “Given OPEC’s policy of supply side price management it would seem probable they will take further action,” Bernstein analysts were quoted as saying.

Sheppard pointed out that other analysts disagree, not a “macro” factors for oil are supportive of a higher price, such as “slowly tightening inventories and early indications that the US shale juggernaut might finally be slowing, if not reversing.”

These analysts contend that “macro” factors such as fear of a recession and the weakening of China’s currency are what recently negatively impacted the price of oil. If economic growth turns out to be brighter, they say, oil prices will rally.

Another respondent said, “In court damages could be collected from each and every commissioner. One operator said. “In court damages could be collected from each and every commissioner. One operator said, “In court damages could be collected from each and every commissioner. One operator said, “In court damages could be collected from each and every commissioner.

Conversely, there are many examples of small Independents that have grown into larger successful oil and gas companies (e.g., Hilcorp).” One respondent said, “It is our view that these proposed regulations would create a risk to the State by way of impeding new business development. Specifically, smaller companies will be disproportionately disadvantaged. These smaller companies are the ones that have predominantly led the change in changing legacy views in relation to the exploration potential in the State.”

Another respondent said, “This bonding is punitive. It is not only punitive to a normal operator like me but also clearly violates the terms that the United States government made with Alaska homesteaders prior to statehood. They said, if the homesteader proved up on their acreage in two years, they would own the surface and all the oil and gas below the surface. But as a practical matter they don’t because oil cannot convert into an asset until reaches the surface — it must be drilled and then it converts to the homesteader’s ownership. Obviously, AOGCC’s new bonding clearly prohibits him from ever doing that. The average homesteader can’t put his hands on $400,000 just to get permission from one agency to drill his own well, above and beyond what he must pay out for other bonding and the actual cost of drilling the well. He is tragically prohibited from developing his homestead and all the assets it has.”

Exceeds levels in other states Several respondents mentioned the new AOGCC bonding levels “far exceeded” those in other states, often citing what they knew of bonding in other locations, as well as DNR Deputy Commissioner Sara Longan’s statement published in the Aug. 11 issue of Petroleum News.

One even mentioned a 1996 survey that he had conducted, and which clearly illustrated the difference between Alaska and other states.

Independent.Amarq had given AOGCC in his comments prior to enacting the new regulation a chart that showed the difference in costs between states (see pfd of this issue in which chart appears). As for Longan, she had said, “Current Alaska bonding requirements already parallel, or exceed other states. For example, New Mexico gives its operators AOGCC has a law similar to Alaska’s which allows producers to provide a ‘blanket plugging financial assurance’ not to exceed $250,000. Texas is also similar to Alaska. It has a three-tiered bonding schedule which is capped at $250,000 for producers with more than 100 wells. North Dakota requires a blanket bond for all wells of $100,000.”

Lawsuits in the making Quoting two different state statutes, three operators said they were in the early stages of preparing lawsuits against AOGCC and its members.

“I am financially capable and willing to take this all the way to the U.S. Supreme Court if necessary. My counsel assures me I have a 59 percent chance of winning,” one operator said. “Other operators could be collected from each and every commissioner jointly and severally.”

Contact Kay Cashman at <pubsales@petroleumnews.com>
Wolfpack Land Company is Offering 4,761 Acres of Prime Mineral Interest Ownership in the Kenai, Alaska Area for Oil and Gas Leasing

**Beaver Loop Road Area**

Township 5 North, Range 11 West (Surveyed)
Section 1, Lots 6-8, 10, 14, S1/2NE1/4, N1/2SE1/4, NE1/4SW1/4;
Section 2, Lots 3 and 6, S1/2NW1/4;
Section 11, Lots 1, 8, 9, W1/2NE1/4, NW1/4SE1/4, NE1/4SW1/4;
Section 12, Lots 1-13, NE1/4SW1/4, SE1/4NE1/4, NW1/4SE1/4;
Section 1, Lots 6-8, 10, 14, S1/2NE1/4, N1/2SE1/4, NE1/4SW1/4;
Section 2, Lots 3 and 6, S1/2NW1/4;
Section 11, Lots 1, 8, 9, W1/2NE1/4, NW1/4SE1/4, NE1/4SW1/4;
Section 12, Lots 1-13, NE1/4SW1/4, SE1/4NE1/4, NW1/4SE1/4.
Containing 1,063.51 acres, more or less.

Township 6 North, Range 10 West (Surveyed)
Section 29, SW1/4, S1/2NW1/4
Section 30, Lots 3 & 4, E1/2SW1/4, SE1/4, S1/2NE1/4
Section 31, Lots 1 & 2, NE1/4NW1/4, SE1/4NW1/4
Section 32, NW1/4NW1/4
Containing 947.98 acres, more or less.

Township 6 North, Range 11 West (Surveyed)
Section 25, E1/2SE1/4, E1/2SW1/4SE1/4
Section 35, NE1/4NE1/4, N1/2S1/2NE1/4, N1/2S1/2S1/2NE1/4, SE1/4NW1/4, E1/2SW1/4SW1/4, E1/2SW1/4SW1/4, W1/2SW1/4SW1/4SE1/4, S1/2SE1/4, S1/2SW1/2NE1/4, S1/2NW1/2SE1/4, S1/2NW1/2SE1/4.
Section 36, All
Containing 1,105 acres, more or less.

**Robinson Loop Road Area**

Township 5 North, Range 9 West (Surveyed)
Section 6, Lots 2, 3, 5-7, SW1/4NE1/4, E1/2SW1/4, SE1/4;
Section 7, Lots 1, 2, E1/2NW1/4, NE1/4, NE1/4SE1/4;
Section 8, W1/2NW1/4, NW1/4SW1/4.
Containing 926.23 acres, more or less.

Township 5 North, Range 10 West (Surveyed)
Section 1, Lots 1, 2, S1/2NE1/4, SE1/4;
Section 12, E1/2, E1/2NW1/4.
Containing 718.96 acres, more or less.

Aggregating 1,645.19 acres, more or less.

These fee mineral rights have significant known hydrocarbons on or very near them. This prospect is not in a remote area. Everything is road accessible, winter and summer, with easy access to oilfield suppliers. Seismic data available.

Terms: $3,000/acre, 25% royalty.

For more details contact Wolfpack Land Company, Houston, Texas, at jim5thgn@outlook.com, jim@applecapital.net, or (907) 394-9148.
SHELL MILESTONE

while significantly lowering CO2 emissions.

Quest cost about C$3.5 billion to build, of which C$865 million was received from the Canadian and Alberta governments. Unfortunately, she said, it is not possible to report on progress for another 12 capture and storage projects that Alberta has endorsed.

Halladay said the focus is now on more carbon capture utilization and storage for markets that can use CO2.

But she believes the technology will be part of a strategy to reduce greenhouse gas emissions and combat climate change.

Shell is involved in a slate of CCS projects worldwide, including its role as a partner in the Chevron-led Gorgon LNG project in Australia, while taking a share in a technology center in Norway.

Globally there are 43 commercial large-scale CCS facilities, 18 in operation, five under construction and 20 in various stages of development, capturing close to 40 million metric tons a year of CO2.

“Quest continues to show the world that (CCS) is working, its costs are coming down and that Canadians are leaders in CCS,” said Michael Crothers, Shell’s president and country chair in Canada.

“In Quest were to be built today, we estimate it would cost about 20 percent to 30 percent less to construct and operate. With our know-how, strong regulatory frameworks and idea geology, Canada is uniquely positioned to capitalize on CCS technology.”

Tim McKay, president of Canadian Natural Resources, said Quest’s achievement “reinforces the significant opportunity that CCS projects have in ongoing responsible development of Canada’s energy resources as part of a lower carbon emissions future.”

—GARY PARK

Contact Gary Park through pubisher@petroleumnews.com

Airframes Alaska voted #1 fastest growing company in Alaska

Airframes Alaska said Aug. 13 that Heather Montgomery, a life-long Alaskan and CEO of Alaska Tent & Tarp, Airframes Alaska, Alaska Bushwheels and Reeve Atwood, has successfully grown the umbrella of business for more than seven years and is expanding its manufacturing capabilities in Alaska to supply customers around the world.

Montgomery held the previous positions of COO and CFO. With her exceptional entrepreneurial skills, she currently leads a team of 80 employees.

In 2015, Airframes Alaska was voted as one of the fastest-growing companies in INC 5000 and was ranked No. 1 in Alaska.

The company’s new focus is on integrating its latest acquisition of Alaska Tent and Tarp, which took place on Jan. 1. The Anchorage location has moved to Merrill Field at 2424 5th Ave. The newly remodelled showroom encompasses Alaska Tent & Tarp and aviation under one roof, a complementary fit, as Alaska aviators love to explore “Life beyond Runways” and accessing their “True Wildlife” with the latest gear options and innovative advancements with technology.

For over 60 years, Alaska Tent & Tarp has provided the oil and gas industry with commercial fabric, pit liners, custom covers and installation for customers across Alaska and around the world.

With retail and manufacturing stores located in Fairbanks and Anchorage, the company has a solid presence in the Alaska market. Alaska Tent & Tarp’s products are custom designed, handmade for arctic conditions, and are suitable for commercial, recreational and personal use.

The company continues to follow the message communicated by its mission: to design, fabricate and sell commercial, industrial, military, and recreational fabric products for all environments.


Lynden maintains No. 1 ranking in quest for quality awards

Lynden Transport said Aug. 13 that it has maintained its top spot among carriers by earning a seventh consecutive No. 1 ranking and its 22nd overall award in the 36th annual Logistics Management Quest for Quality Awards.

The company received the highest scores among less-than-truckload western regional carriers in the on-time performance and information technology categories and earned the highest overall weighted score.

“Although this is our seventh award in seven years, it is still exciting and gratifying to be recognized by our customers for the work we do each day,” says Lynden Transport President Paul Grimaldi. “Our industry is rapidly changing with the demands of e-commerce and the pressure of quicker delivery expectations. This award lets us know that we are not only keeping pace with industry changes, we are doing it while providing exceptional customer service. As always, credit goes to our hard-working drivers, customer service representatives, support staff and the entire Lynden Transport team.”

For more than 30 years, Logistics Management’s Quest for Quality Award has been regarded as the highest measure of customer satisfaction and performance excellence in the transportation and logistics industry. This year, 4,975 ballots were cast by readers for the “best of the best” in service excellence across a number of criteria including on-time performance, equipment and operations, value, information technology and customer service. To be a winner, a company had to receive at least 5% of the category vote.

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.

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### Companies involved in Alaska’s oil and gas industry

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All of the companies listed above advertise on a regular basis with Petroleum News.
continued from page 1

FURIE BANKRUPTCY

According to the petition, “after any administrative expenses are paid, no funds will be available to unsecured creditors.”

Furie cited uncertainty with Alaska state tax credits as one of two reasons historically received, years of liquidity issues and breaches of credit facilities, construction delays, and cost overruns, according to a first-day declaration of Chief Operating Officer Scott M. Pinsonnault.

Cook Inlet operations

Furie holds a majority working interest in 35 competitive oil and gas leases in Cook Inlet where it operates a wholly owned offshore natural gas production platform, the declaration said. The facility can accommodate a total of six wells and a production crew of up to 28 workers. As of the petition date, Furie is operating four wells on the production platform. The platform is connected to subsea pipeline that delivers natural gas directly to an onshore processing facility.

Furie’s largest debt is $368 million owed on a secured term loan facility administered by private equity entity Energy Capital Partners Mezzanine Opportunities Fund A LP, followed by $75 million owed on a tax credit term loan facility administered by ING Capital LLC.

The company owes $1 million in pre-petition royalty obligations, and $8 million in trade debt, the declaration said.

Furie listed its largest unsecured creditor as the U.S. Department of Justice, owed $7.2 million from a 2017 settlement agreement, arising from a lawsuit Furie brought challenging a U.S. Customs and Border Protection determination that the company — then named Escopeta Oil — violated the Jones Act in 2011 when it brought a jack-up rig to Cook Inlet from Texas.

Customs initially fined the company $15 million, which Justice said was the largest Jones Act penalty levied in history. The parties ultimately settled the case for $10 million.

Escopeta went on to make a large natural gas find in late 2011, which led to the installation of Furie’s offshore natural gas production platform in 2015.

Installation of the production platform, however, stressed the company’s finances.

It was scheduled to be installed — and it did arrive — in Cook Inlet in 2014, but it arrived too late in the season thus installation was delayed. The company was forced to transport the platform component package back to Seattle, to sit on the back of its transport barge until a return to Alaska in 2015.

The heavy lift vessel for placing the platform on the seafloor also arrived in Cook Inlet in 2014, but it too had to leave and re-deploy to Alaska in 2015.

The field went online in December 2015. Instead of producing first gas in late 2014 as planned, Furie instead spent $7.2 million from a 2017 settlement of its failure to conduct any new development.

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While the state did appropriate 100% of the funds which were required by statute to be deposited in the tax credit reimbursement fund in 2015 and 2016, Furie and other companies had become accustomed to cashing their credits in the queue awaiting purchase.

In 2018, lender ECP started foreclosure proceedings against the owners of the Kitchen Lights unit, scheduling a sale for April 13 of that year, but the sale was canceled by ECP when a new agreement was presumably reached with the owners.

Under Pinsonnault — using a fresh round of financing from its lenders — Furie completed its planned 2018 drilling program, curing a 2017 default with the Alaska Department of Natural Resources’ Division of Oil and Gas.

In December, the company’s new plan of development for the Kitchen Lights unit was approved.

But in early January, Furie ran into problems when hydrate plugs at its onshore processing facility and in the 15-mile subsea pipeline from the offshore production platform slowed natural gas delivery to a trickle later that month and put Furie’s contract with utility Enstar Natural Gas in jeopardy. Gas output fell from 739,023 thousand cubic feet to 1,886 mcf in February.

In a Feb. 20 email, Pinsonnault told Petroleum News that his company was “prepared to open up production very shortly after restoring pipeline utility and going through the proper safety inspection.”

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Health Fairs + Blood Tests!
Screenings, Wellness Resources & More for Your Team

Eagle Spirit’s council has opened a GoFundMe campaign to help fund a legal fight against the Canadian government’s Bill C-48 banning tankers from the B.C. northern coast but has so far raised only half of its C$100,000 goal.

Funding to oppose derailling projects

INVITE ALASKA HEALTH FAIR, INC. TO ORGANIZE A WORKSITE HEALTH FAIR FOR YOU!

Health Fairs + Blood Tests! Screenings, Wellness Resources & More for Your Team

 Invite Alaska Health Fair, Inc. to organize a Worksite Health Fair for you!

Blood Tests

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For those 18 and older

More tests & schedule updates https://www.AlaskaHealthFair.org

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continued from page 11

FURIE BANKRUPTCY

tions.” He added that Furie had “mobilized a vast array of human and physical resources to address the issues. “We take precautions and have procedures in place to mitigate this on a daily basis, but sometimes variables occur outside normal operating parameters that we cannot control, such as climate conditions,” Pinsonmaul said.

Natural gas output from Furie’s platform in April rose to 347,919 thousand cubic feet versus 68,651 mcf in March, according to the Alaska Oil and Gas Conservation Commission — far short of the 535,410 mcf in November 2018, prior to the field going down because of hydrate plugs.

Also in April, a public notice of a foreclosure sale auction was posted by EPC in the Anchorage Daily News, and in Hart Energy’s Industry Voice. The sale was later postponed.

**Fast track to January sale**

Under the provisions of the petition, Anchorage will be retained “to represent and assist the authorized officers and the company to carry out their duties under the Bankruptcy Code,” and also to carry out the duties under the March 23, 2018 engagement letter.

If all goes according to plan, the asset sale close will be Jan. 6, 2020. The sale schedule, as set forth in the declaration is as follows:

**Bidding Procedures and Bidding Protections Objective Deadline: 5:00 p.m. (prevailing Eastern Time) on August 29, 2019**

- **Hearing to consider entry of the Bidding Procedures Order. 10:00 a.m. (prevailing Eastern Time) on September 5, 2019**
- **Deadline to Approve the Bidding Procedures Order: No later than thirty-five (35) calendar days after the Petition Date**
- **Deadline for Debtors to file Motion for Assumption and Assignment Notice: Within five (5) Business Days after entry of the Bidding Procedures Order**
- **Stalking Horse Objective Deadline (if any). Not later than seven (7) calendar days after service of a Stalking Horse Approval Notice (if any)**
- **Assumption and Assignment Objective Deadline: 5:00 p.m. (prevailing Eastern Time) on October 2, 2019**
- **Bid Deadline**
- **Sale Objective Deadline: 5:00 p.m. (prevailing Eastern Time) on October 4, 2019**
- **Auction (if necessary) to be held at the offices of McDermott Will & Emery LLP, 340 Madison Avenue, New York, New York 10173: 10:00 a.m. (prevailing Eastern Time) on October 7, 2019**
- **Sale Hearing: 10:00 a.m. (prevailing Eastern Time) on October 25, 2019**
- **Adequate Assurance Objective Deadline: The earlier of (i) 10:00 a.m. (prevailing Eastern Time) on October 25, 2019 or (ii) 5:00 p.m. (prevailing Eastern Time) on the day that is fourteen (14) days after service of the Notice of Auction Results**
- **Sale Closing: Not later than one hundred fifty (150) calendar days after the Petition Date**

Contact Steve Sathourn at steven@alaskaenergylaw.com

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do not edit

INDIGENOUS RIVALS

project forward in a way that reflects our commitment to reconciliation (between First Nations and the Canadian government).” The letters say the government will host discussions with First Nations in August in Ottawa, Victoria, Vancouver and Edmonton to determine what economic participation could look like.

GoFundMe campaign to help fund a legal fight against the Canadian government’s Bill C-48 banning tankers from the B.C. northern coast but has so far raised only half of its C$100,000 goal.

Eagle Spirit’s council has opened a GoFundMe campaign to help fund a legal fight against the Canadian government’s Bill C-48 banning tankers from the B.C. northern coast but has so far raised only half of its C$100,000 goal.