

**page 2** Hilcorp gets BOEM approval for Cook Inlet 3D geophysical survey

## 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 in 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

see **INSIDER** page 8

## 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



**CHAD PADGETT**

see **ANWR FEIS** page 4

## 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 CO<sub>2</sub>, 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 adviser, who said performance has been aided by less unscheduled maintenance and a more efficient performance.

It has now stored CO<sub>2</sub> 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 **SHELL MILESTONE** page 10

### FINANCE & ECONOMY

# Furie files Ch. 11

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

By **STEVE SUTHERLIN**

Petroleum News

**F**urie Operating Alaska LLC, headquartered 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 Cornucopia Oil and Gas Co. LLC and Corsair Oil and Gas LLC.

Furie petitioned the court to approve "superpri-



**SCOTT PINSONNAULT**

ority 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 \$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 challenges, particularly provisions directing \$4 million of the loan budget to pay fees incurred by prepetition lenders.

see **FURIE BANKRUPTCY** page 11

### GOVERNMENT

# New bonding reg criticized

Field operators say AOGCC retroactive bonding increase illegal, deters investment

By **KAY CASHMAN**

Petroleum News

**T**he 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

"On a per well basis, the changes in 20 AAC 25.025 are clearly biased against small Independents. The drilling of one shallow gas well requires a \$400,000 bond. A company operating 2,000 deep oil wells is required to post a bond in the amount of \$15,000 per well."

language were, "the state of Alaska already has a reputation of being untrustworthy; this new regulation confirms it in the eyes of the worldwide petroleum industry."

That said, there was one operator who commended

see **BONDING REG** page 7

### GOVERNMENT

# Juggling indigenous rivals

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

By **GARY PARK**

For Petroleum News

**A**lberta 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 C\$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



**JASON KENNEY**



**BILL MORNEAU**

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 **INDIGENOUS RIVALS** page 12

## ● EXPLORATION &amp; PRODUCTION

# 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 opera-

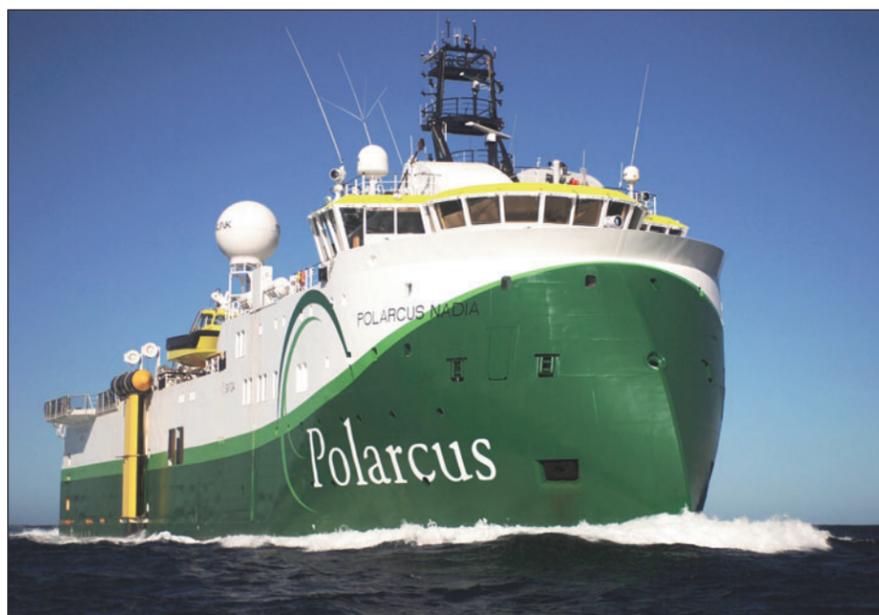
tions proposed to begin on or after Aug. 31 and be completed on or before Oct. 31.

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 ITRs 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

see **SURVEY APPROVED** page 3



COURTESY POLARCUS

Polarcus seismic source vessel

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● GOVERNMENT

# 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

By KRISTEN NELSON  
Petroleum News

On Aug. 12 the U.S. Department of the Interior and the U.S. Department of Commerce signed off on revised regulations for the Endangered Species Act. As this issue of Petroleum News went to press the regulations had not yet appeared in the Federal Register.

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 rarest species. ... An effectively administered Act ensures more resources can go where they will do 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 easing 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

“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

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. With these new rules, the Department of the Interior is helping to reign in the ESA and bring it closer to its Congressional intent.”

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. Kevin Cramer, R-North Dakota.

U.S. Sen. Steve Daines, R-Montana said: “This is a win for Montana and the West, and will help restore commonsense, science-based decision making when it comes to the Endangered Species Act.”

Congressman Dan Newhouse, R-Washington said in his state, “we have seen firsthand how arcane restrictions from an outdated Endangered Species Act have tied the

hands of local governments and conservationists.”

On the opposing side, The Washington Post reported that within hours of the announcement, state attorneys general in California and Massachusetts had joined Defenders of Wildlife in declaring the changes to be illegal and vowing court challenges.

“You can anticipate that we will see many states join this action,” The Washington Post quoted Maureen Healey, attorney general of Massachusetts. “The way this was done was illegal under federal laws, and this is an administration that needs to be held accountable,” Healey said.

The Hill quoted Sen. Tom Udall, D-New Mexico, as saying “ESA has been a pillar of environmental protection in this nation” for more than 40 years, with undeniable success and support. “But this administration’s determination to dismantle bedrock environmental laws, turn a blind eye to science, and roll over for special interests apparently knows no bounds.”

California Attorney General Xavier Becerra, a Democrat, was quoted by The Hill as saying Congress, not the administration, has the power to change the ESA, and that the review process for the regulations has not followed the Administrative Procedures Act.

## Matching regulations

One of the changes in the regulations is from the Fish and Wildlife Service which is revising its “regulations related to threatened species to remove the prior default extension of most of the prohibitions for activities involving endangered species to threatened species,” FWS said in documents prepared for the Federal Register listing.

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

see NEW ESA REGS page 4

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 in-water equipment and maintain a security 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 Veritas DGC. ●

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## EXPLORATION & PRODUCTION

### 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 shows 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 shows the U.S. rig count for July at 955, down 14 from June, and down 95 from July 2018.

—KRISTEN NELSON

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### ANWR FEIS

months,” Padgett said, which would allow the record of decision 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 Herrera is 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, Herrera 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 downgrade the prospectivity of an area, he said.

Lack of access to new seismic means companies bidding 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 — BP and Chevron — also drilled an exploration well in the early 1980s 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.

The land plan, called the NPR-A Integrated Activity Plan by BLM, will revise an existing plan in 2013 by former Interior Secretary Ken Salazar that greatly expanded areas restricted from leasing and drilling near coastal areas of the petroleum reserve that are considered to have high oil potential by state and federal geologists.

One of the purposes of the revised plan will be to revisit the expanded protected areas set by Salazar and also to revisit the boundaries of coastal areas specified to be off limits in the 1975 Naval Petroleum Reserve Production Act, BLM’s Alaska spokeswoman Lesli Ellis-Wouters said.

“The 1975 act never defined the boundaries of the protected areas,” along the coast, Ellis-Wouters said.

In practice the BLM has withheld areas of sensitive wetlands, such as around Teshekpuk Lake, from leasing or at least from surface entry over the years, but industry and state officials objected to Salazar’s order expanding the protected zone south, away from the coast, into areas of upland tundra not particularly sensitive but which still hold good potential for discoveries.

“The effect of Salazar’s action was to put the best acreage off limit,” said Richard Garrard, an industry exploration geologist familiar with the NPR-A, in past interviews.

A draft EIS is typically followed the final EIS and the record of decision issued within 30 days of the final document. The ROD then allows Interior to publish the revised plan.

While this will be too late to include areas of high potential in an upcoming federal lease sale in the petroleum reserve planned in December the revised plan would allow the acreage to be in a 2020 lease sale. BLM holds lease sales annually in the NPR-A.

—TIM BRADNER

*Tim Bradner is copublisher of the Alaska Economic Report and Alaska Legislative Digest*

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### 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 reinstate the requirement that areas where threatened or endangered species are present at the time of listing be evaluated first before unoccupied areas are considered,” reducing the poten-

tial for “additional regulatory burden that results from a designation when species are not present in an area,” the department said.

The department said that existing standards require what unoccupied habitat which is designated as critical be “essential to the conservation of the species,” with the addition in the revisions that the area must, “at the time of designation, contain one or more of the physical or biological features essential to the species’ conservation.” ●

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• PIPELINES & DOWNSTREAM

# Enbridge says gap opens beneath pipeline

By JOHN FLESHER

AP Environmental Writer

Erosion has created a gap beneath an oil 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

## Agency readies decision on pipeline supports

The U.S. Army Corps of Engineers says it's preparing to decide whether to let Canadian oil transport company Enbridge install supports for its underwater oil pipeline in Michigan's Straits of Mackinac.

Enbridge disclosed Aug. 7 that erosion had opened a gap beneath one of two Line 5 pipelines in the channel linking Lakes Huron and Michigan. The gap is about 6 feet wider than allowed under a state easement.

The company says the pipe's integrity isn't threatened. But it wants to install more than 50 screw anchors for greater stability.

Michigan has granted a permit. Enbridge says it's been waiting 16 months for the Army Corps to do likewise.

Spokeswoman Lynn Rose said Aug. 8 the Corps recently received information it needed from Enbridge to make a decision, which will come soon.

—ASSOCIATED PRESS

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 straits' 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 have 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.

"How many more 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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## ENVIRONMENT

### 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.

—ASSOCIATED PRESS

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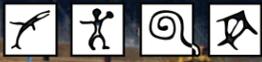


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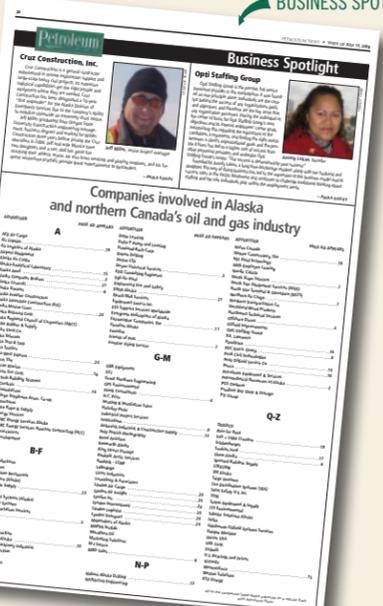
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COMPANY PROFILES



WEB ADS



continued from page 1

## BONDING REG

AOGCC's new regulation and the work that went into it on the part of the agency, saying the commission appeared to have created a workable logical, tiered approach to bonding.

Two of the members involved in enacting the new regulation are no longer serving on the three-person independent commission, prompting queries as to whether AOGCC will rescind or revise its new bonding reg.

AOGCC's geologist seat is held by Dan Seamount, appointed in 2000 by former Gov. Tony Knowles, reconfirmed in 2006 by former Gov. Frank Murkowski, and again in 2012 by former Gov. Sean Parnell, and yet once again in 2018 by former Gov. Bill Walker.

Also commissioners when the new bonding reg was approved were Hollis French in the public seat, who had been appointed by Walker, and Cathy Foerster in the petroleum engineer seat. She was appointed by Murkowski and reappointed by Parnell.

Current Alaska Gov. Mike Dunleavy dismissed French Feb. 26, alleging neglect of duty.

On March 7, Jessie Chmielowski was named to the commission to fill the petroleum engineer seat vacated by Foerster.

As reported in the Aug. 11 issue of Petroleum News, "AOGCC's new bond levels still under fire; Longan dissatisfied," the commission appears to have no intention of rescinding or revising its new bonding regulation.

And any question about whether the new bonding regulation was retroactive was put to rest when well owners began receiving certified notices that they owed upwards of \$1 million in additional bonding for wells drilled in past years that had not been plugged and abandoned.

All survey respondents are anonymous (whether they wanted it or not), so no companies are named in this article. Also, specifics were removed from comments so that the company could not be identified.

### Poor use of funds

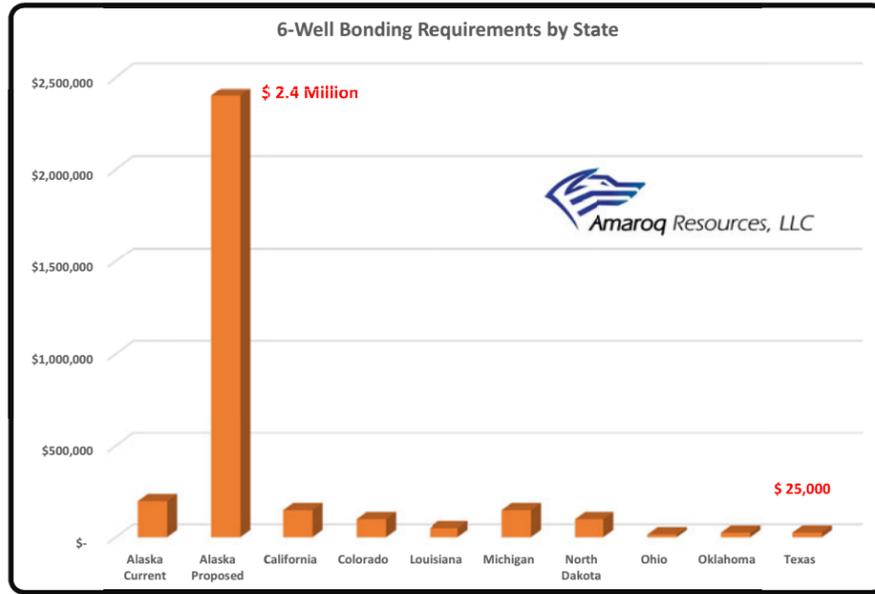
"The changes in 20 AAC 25.025 is bad public policy for Alaska and its citizens. It creates an immediate and dramatic economic risk to an already sputtering economy," one respondent said, calling additional bonding of several million dollars a poor use of "our hard-earned money — money that should be spent on exploration and development."

"The owners of our company, which have an active field up here and is interested in doing more drilling, will probably vote to close shop."

His firm's counsel has advised "that imposition of an arbitrary and capricious new bonding requirement of this magnitude on a small Alaskan-owned company causing the operating company to close meets the legal parameters of an 'administrative taking.' ... A 2,000% increase in bonding requirements for a small independent is not in the interest of the State of Alaska, its citizens, or the investors who have placed their capital at risk in operations on an oil and gas lease issued by the State of Alaska."

Another respondent said, "Small companies will need to post cash, and this will be money that sits in an account versus being invested in development. ... Fewer small companies will come to Alaska, more will go bankrupt, less money will be invested in oil and gas development resulting in less royalties and more headaches for the State."

The AOGCC has created a "much larger and more immediate risk of reducing the commercial attractiveness of Alaska as a venue for oil and gas companies to operate.



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 var-

ious divisions of State government is not in the best interest of Alaska's economy or its citizens," one respondent pointed out.

Another operator wrote in an email, "Some of my answer depends upon how much accommodation the AOGCC provides for duplicative DNR (and in some cases EPA) bonding already in-place. I am supportive of the need for companies to demonstrate their financial wherewithal to address their expected abandonment costs, but 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 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 DR&R requirements used by DNR cover the concerns that the AOGCC may be trying

see **BONDING REG** page 8



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continued from page 1

## INSIDER

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, per Bernstein analysts, 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, noting the "micro" 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.

"These are all sound reasons," Sheppard said, but "when it comes to Saudi Arabia's next decision, there are good reasons to believe Bernstein is right. Saudi Arabia knows it needs to do more than just manage inventory levels when deciding whether to make deeper cuts," reminding readers U.S. President Donald Trump's focus "is shifting towards his 2020 re-election campaign. Given that low gasoline prices are one of Mr. Trump's big pitches to voters," Saudi Arabia knows "the window for aggressive action in the oil market is narrowing if it wants to escape his wrath."

Meanwhile, Sheppard said, the long-term outlook for oil is not in Saudi Arabia's favor, referring to forecasts from the International Energy Agency that the oil market will face another surplus in 2020.

If Saudi Arabia wants to keep a \$60 a barrel oil price floor, "it needs to start planning now," he said. Making "small tweaks at the margin of supply would be risky,

given the political difficulty of coming back for a bigger cut next year as America gears up for elections."

It's better to reduce production too much this year, Sheppard said. "and then loosen the taps if necessary, rather than trying to scramble" to organize a deep cut during the presidential election — especially since Saudi Arabia is "heavily invested" in Trump winning.

Cutting production more deeply in 2019 "would also allow OPEC to get ahead of any further slowdown in oil demand, with the US and China appearing to bed down for a long struggle over trade."

Another factor for Saudi Arabia is the "reinvigoration of its long-delayed plans to list a portion of state oil giant Saudi Aramco." It continues to publicly say that an initial offering will occur within the next two years.

"Investment bankers are flocking back to Riyadh with dollar signs in their eyes," Sheppard said, but if Saudi Aramco is to "get anywhere close to the \$2tn valuation placed on the company by the kingdom's powerful crown prince ... an oil price north of \$60 a barrel is a must."

—COMPILED BY KAY CASHMAN

continued from page 7

## BONDING REG

to address with this increase in bonding. Changes to the existing regulations and implementation of the proposed bonding requirements will have a direct impact on our forward operations in Alaska and our capital requirements. We urge the AOGCC to reconsider implementation of these new bonding requirements and leave the existing bonding regulations in place. Alternatively, implement a coordinated and collaborative review, with industry and other State bodies prior to considering changes to the existing regulations."

Another operator said, "There needs to be a more common-sense approach to these bonding requirements if the people of Alaska are going realize the long-term benefits of being a major oil producing state."

### Alaska untrustworthy

"Alaska has a way of moving the goal posts that is, inevitably, to the detriment of smaller operators. Whether that be via broken promises at the government level, in relation to paying down the tax credits, or by changing the tax system itself or through introduction of new regulations or legislation. ... It is the little guys that get stepped on. And what happens when the little guys get edged out? The big guys have the sand-box all to themselves again," said an operator.

Another said "The AOGCC regs will have the same effect as recent changes in the production tax system. They will increase costs for smaller and new operators, while not affecting the big producers. By increasing the bonding by \$400K for each well up to 10, it will, by its very structure, increase the cost of each new well. The State should establish a bonding pool that can spread the risk of an unfunded P&A

across the entire industry."

### More on unfairness to smaller companies

One operator said AOGCC's new bonding regulation "creates economic hardship" and will "possibly force some out of business ... resulting in orphaned wells."

Further hardship is "created by the unreasonably short implementation timeframe of 90 days," noting that his company's insurance company said it would be "highly unlikely" his company could secure the additional bonding given the 90-day limit.

Posting a new \$\_\_\_-multi-million bond instead of his current AOGCC \$200,000 bond currently in place is an "unwise use of exploration and development funds" for his firm and would be better invested in states such as "California, Colorado, North Dakota, Louisiana and Texas" where "bonding rates are much lower."

Another respondent said, "The State of Alaska Constitution has one of the clearest and most unambiguous equal protection clauses found in any jurisdiction worldwide. On a per well basis, the changes in 20 AAC 25.025 are clearly biased against small Independents. The drilling of one shallow gas well requires a \$400,000 bond. A company operating 2,000 deep oil wells is required to post a bond in the amount of \$15,000 per well."

AOGCC "could argue that there is a greater risk of a small independent going bankrupt than a major. Therefore, differential bonding requirements are appropriate and necessary. I would like to remind the AOGCC that BP entered very dire financial circumstances during and after the Macondo blowout debacle in the Gulf of Mexico. Bankruptcy was a serious possibility at that time. Beyond BP, Texaco's 1987 bankruptcy is proof positive that big oil and gas companies can become bankrupt.

Conversely, there are many examples of small Independents that have grown into larger successful oil and gas companies (e.g., Hilcorp)."

Another respondent said, "It is our view that these proposed regulations would create 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 charge in changing legacy views in relation to the exploration potential of the State.

Another operator said, "This bonding is punitive. It is not only punitive to a normal operator like me but it clearly violates the terms that the United State 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 to 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 put 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 exceed" 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 Amaroq had given AOGCC in its comments prior to enacting the new regulation a chart that showed the difference in costs between states (see pdf 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's counterpart to 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 99 percent chance of winning," one operator said. "In court damages could be collected from each and every commissioner jointly and severally."

Another said, "I've had enough of this sh\_\_\_. I'm not giving up just because they think they can push us around. Someone has to stand up to them. I can pay the legal bills, so I am going to do it."

Another respondent said, "it's time for a class action lawsuit," although he intends to sue with or without others. ●

Contact Kay Cashman  
at publisher@petroleumnews.com



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# Wolfpack Land Company is Offering 4,761 Acres of Prime Mineral Interest Ownership in the Kenai, Alaska Area for Oil and Gas Leasing

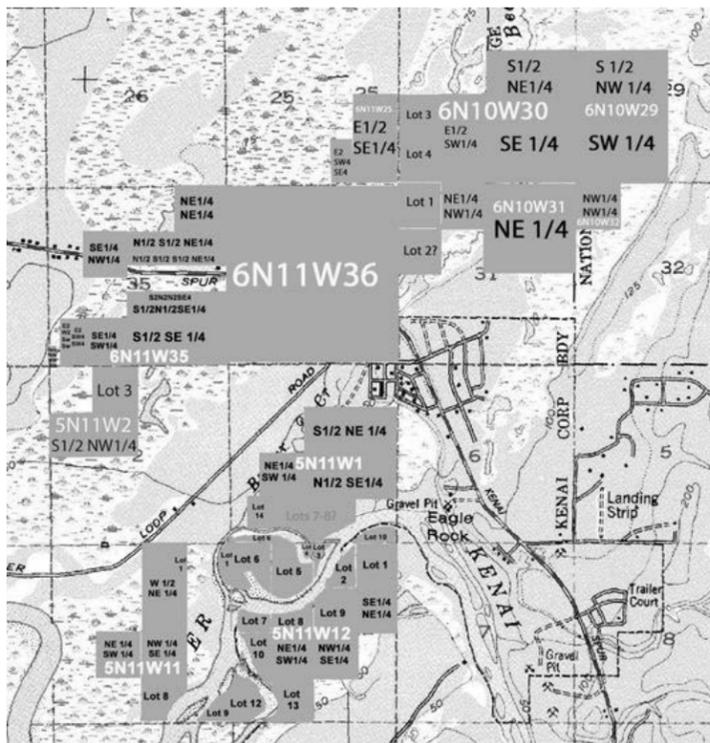
## Beaver Loop Road Area

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,  
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 Containing 1,063.51 acres, more or less.

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 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, NE1/4NW1/4NE1/4  
 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,  
 E1/2W1/2SW1/4SW1/4,  
 W1/2SW1/4SW1/4SW1/4, SE1/4SW1/4,  
 S1/2SE1/4, S1/2N1/2N1/2SE1/4,  
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 Containing 1,105 acres, more or less.

Aggregating 3,116.49 acres, more or less.

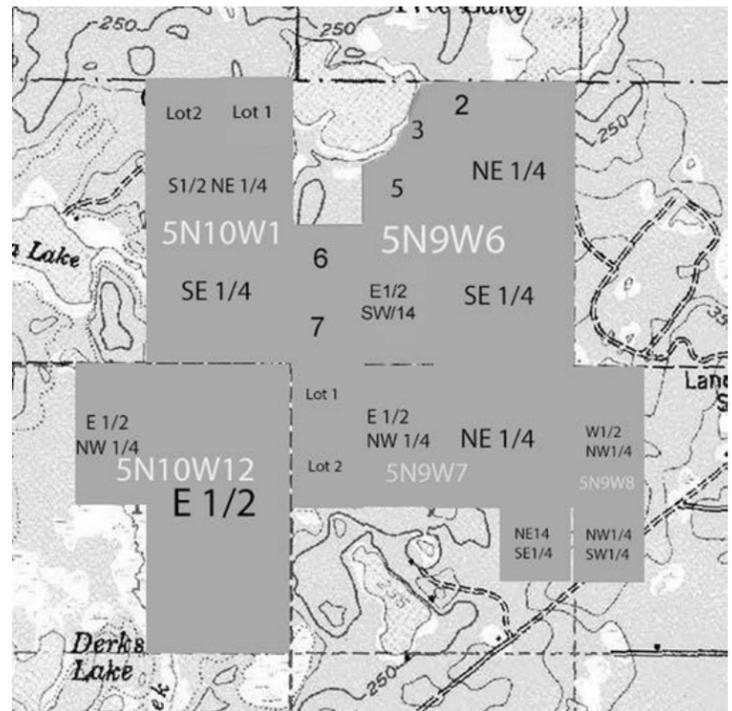


## Robinson Loop Road Area

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 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;  
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 Containing 718.96 acres, more or less.

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continued from page 1

## SHELL MILESTONE

while significantly lowering CO2 emissions.

Quest cost about C\$1.35 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 cli-

mate change.

Shell is involved in a slate of CCS projects worldwide, including its role as a partner in the Chevron-led Gordon 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.

“If 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 publisher@petroleumnews.com

# Petroleum news

## Oil Patch Bits



### 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 Airmotive, 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.



HEATHER MONTGOMERY

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 remodeled showroom encompasses Alaska Tent & Tarp and aviation all under one roof, a complementary fit, as Alaska aviators love to explore “Life beyond Runways” and accessing their “True Wilderness” 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. For more information [www.alaskatent.com](http://www.alaskatent.com) or [www.airframesalaska.com](http://www.airframesalaska.com).

earning a seventh consecutive No. 1 ranking and its 23rd 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.*



COURTESY LYNDEN

### 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

# 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

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## 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 credit reimbursements it has 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 compo-



The Furie Julius R. platform

nent 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 suffered substantial cost overruns on the project.

### Wave of debt builds up

In July 2014, private equity firm Energy Capital Partners Mezzanine Opportunities Fund committed \$160 million to Furie for the development of its Cook Inlet gas field.

By 2015, Furie was saddled with debt and no production income to pay it, when an unforeseen development added to Furie’s woes. Gov. Bill Walker surprised Furie and other operators with a veto of \$200 million from a \$700 million legislative appropriation to purchase state oil and gas tax credits from companies that had no tax liabilities to the state. In 2016, Walker vetoed an additional \$430 million from the reimbursement program.

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 each year. When Furie scrapped its 2017 drilling program it blamed state fiscal policy.

In a plan of development submitted to state officials in October 2017, Furie said its failure to conduct any new development or exploration drilling at the Kitchen Lights unit in 2017 was due to “the lack of any meaningful appropriation to the oil and gas tax credit fund for the purchase of Alaska oil and gas production tax credit certificates.”

“Furie has invested hundreds of millions of dollars in exploring and developing the KLU (Kitchen Lights unit) and

has a very substantial amount of tax credit certificates in the queue awaiting purchase by the state,” the company said in the plan. “These certificates are a key component to funding further exploration and development activities in the KLU and were relied on by Furie when putting together its work program and budget.”

### Regime change instituted

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.

On March 23, 2018, Ankura Consulting Group LLC was retained to assist Furie and its affiliates “with interim management and financial advisory services,” Pinsonnault said in the first-day declaration.

Pinsonnault, a senior managing director at Ankura, was then installed as interim COO of Furie.

“At Ankura, I focus primarily on restructuring in the energy sector,” Pinsonnault said. “My past experiences

**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.**

include leading the energy restructuring and advisory practices for two national consulting firms, serving as the chief restructuring officer for multiple oil and gas companies, and acting as the advisor to numerous companies in the energy sector in connection with various restructuring transactions.”

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.”

see **FURIE BANKRUPTCY** page 12

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## 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,” Pinsonnault 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 853,410 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, Ankura 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 on the duties under the March 23, 2018 engagement letter.

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

- Bidding Procedures and Bidding Protections Objection 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 Potential Assumption and Assignment Notice: Within five (5) Business Days after entry of the Bidding Procedures Order

- Stalking Horse Objection Deadline (if any): Not later than seven (7) calendar days after service of a Stalking Horse Approval Notice (if any)

- Assumption and Assignment Objection Deadline: 5:00 p.m. (prevailing Eastern Time) on October 2, 2019

- Bid Deadline

- Sale Objection 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 Objection 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 ●

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continued from page 1

## 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.

However, Morneau pointed out that having taken over Trans Mountain the government has an obligation to benefit all Canadians, not just aboriginals, and that the expansion will be built and operated on a commercial basis.

**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.**

### Funding to oppose derailing projects

On the downside, Kenney has argued that some well-funded First Nations have used the courts to derail projects such as the Trans Mountain expansion, stifling those indigenous groups who support such projects.

“For too long, pro-development First Nations have been ignored in the debate over resource development,” he told a news conference.

He said the Alberta government is now prepared to write checks to cover court action by indigenous communities, as well as corporations or nonprofit groups with indigenous involvement, to file countersuits or intervene in existing cases.

Indigenous entrepreneur Calvin Helin — who is president and chair of Eagle Spirit Energy Holdings which has proposed a C\$16 billion oil pipeline from the oil sands to a tanker port on the northern British Columbia coastline — said the litigation fund is an “excellent idea.”

“You have First Nations people who often are natural resource rich, but cash poor. They don’t have money (to cover litigation initiatives). How do we compete against American foundations,” which have been accused of covering the legal bills of anti-development organizations?

Helin said Eagle Spirit, a council of 35 chiefs and mayors along the proposed

**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.**

pipeline right of way are fed up with environmental groups telling indigenous communities how they should look after their people.

He said First Nations have been steward of their traditional lands for thousands of years, but now must find ways to fund social programs and ease economic hardship.

“They really resent ... these fly-in celebrities entering their territories and interfering in their communities by basically hiring local people to be props and puppets for their opposition to most developments.”

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.

“In a lawsuit against the cashed-up federal government, that’s not going to take you very far,” Helin said.

He said First Nations that are part of the Eagle Spirit proposal were not consulted about Bill C-48, despite court rulings that require governments to engage indigenous people in consultation.

Chief Leah George-Wilson, of the British Columbia Tsleil-Waututh Nation, which is the lead plaintiff in a case against Trans Mountain, brushed off the Alberta litigation fund.

“It doesn’t matter who is on the other side,” she said. “I still have those aboriginal rights and title and Canada still has a duty to consult and accommodate.”

Canadian Senator Murray Sinclair, Manitoba’s first indigenous judge, said Kenney’s approach is nothing new.

“It is very typical of the way governments have approached the issue of indigenous people ... that is to foment division and to ensure those who are on the side of whatever government policy is at issue or whatever corporate interest is at play are the ones that get corporate or government money,” he said. ●

Contact Gary Park through  
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