



## Although Statoil left Alaska, it still invests in Arctic elsewhere

ONE OF THE MAJOR OIL COMPANIES that left Alaska in recent years, Norway-based Statoil, continues to invest in northern oil and gas fields elsewhere in the world, including Norway and Canada. (See “Norway pushes for more Arctic drilling: Offers drilling incentives, auctioning 136 blocks for frontier area oil exploration, including 125 Barents blocks once off-limits” in the July 5 issue of Petroleum News.)

Statoil, which changed its name to Equinor in 2018, is in fact looking for a drilling rig for a new exploration venture it operates in the northern Barents Sea. Wisting is the first oil

see INSIDER page 12

## Hilcorp does aerial survey over Doyon land in Yukon Flats basin

Aaron Schutt, president and CEO of Doyon Ltd., updated the attendees of the Sept. 17 Resource Development Council’s meeting on the Native corporation’s oil and gas exploration agreement with Hilcorp Alaska in the Yukon Flats sedimentary basin (see map in the print and pdf versions of this story).

Entered into in late 2019, the agreement covers 1.6 million acres of Doyon-owned mineral rights in the Yukon Flats subregion where the corporation has long seen oil and gas potential. (There are more than 10 million acres in the greater

see YUKON FLATS page 10

## DOE office supporting Arctic research reestablished at UAF

The U.S. Department of Energy announced Sept. 17 that it is re-establishing its Arctic Energy Office in the campus of the University of Alaska Fairbanks. U.S. Sen. Lisa Murkowski, R-Alaska, had been pushing for the funding of the AEO — the office was originally established in 2001, but was reduced to two part-time contractors with no designated physical space in 2010, according to Murkowski’s office. Under a new federal appropriation the re-established AEO will have three suitably qualified interim staff.

The office will drive coordination and collaboration on DOE Arctic activities, including the pursuit of international cooperation on Arctic issues; methane hydrate research; and the development of advanced electrical micro grids, potentially

see ARCTIC RESEARCH page 11

## Trans Mountain aims high, cites record volumes, producer support

Those directing Canada’s Trans Mountain pipeline and the construction of an expansion to triple crude capacity on the system to 890,000 barrels per day have apparently decided that their best defense is offense.

In a rare public challenge to critics of the pipeline’s hopes, Ian Anderson, chief executive officer of Trans Mountain, owned since last year by the Canadian government, said earlier in September he “remains bullish” on the outlook for Trans Mountain, which is

see TMX OUTLOOK page 12



### EXPLORATION & PRODUCTION

# Badami restarting

Glacier Oil conducts facility turnaround at unit pad, resuming production

By KAY CASHMAN  
Petroleum News

Savant Alaska LLC, a Glacier Oil and Gas company, is completing a facility turnaround at the eastern North Slope Badami unit pad and expects to restart oil production early in the week of Sept. 27, Glacier President Stephen Ratcliff told Petroleum News in a Sept. 23 interview.

He said all the wells that had been producing when the field was placed in warm standby in early May would be brought back online.

“This is a big win for us,” Ratcliff said. “We’re very excited about it.”



STEPHEN RATCLIFF

When the wells are first put back online Ratcliff anticipates “a little bit of a bump” in production before returning to normal levels. According to production data from the Alaska Oil and Gas Conservation Commission Badami produced an average of 1,308 barrels of oil per day in April, the last full month of operations.

Alaska’s Division of Oil and Gas had approved a suspension of operations for Badami that ran from May 4 through July 15, 2021. When Glacier Vice President of Operations

see BADAMI RESTART page 11

### FINANCE & ECONOMY

# Murky demand picture

Refiners mix surplus jet fuels into maritime fuel; spending cuts to reverse in '21

By STEVE SUTHERLIN  
Petroleum News

In choppy trading, West Texas Intermediate crude rose briefly up into the \$40s early Sept. 23, as Brent and Alaska North Slope prices meandered along the lower depths of a \$40 to \$45 per barrel trading channel that has loosely bounded the major indexes for weeks.

Brent flirted with the \$42 mark Sept. 23, and ANS closed above \$40 Sept. 23, but prices remained subdued by muddy forward visibility as traders nervously eye coronavirus headlines, fearing new demand destruction.

The indexes resisted positive oil inventory data from the U.S. Energy Information Administration,

and a surge in natural gas futures, which rose more than 19% Sept. 23 from a seven-week low set in the previous session.

Commercial crude inventories fell by 1.6 million barrels, while U.S. oil demand improved to 18.4 million barrels per day, besting demand of 17 million bpd from the week prior, the EIA said Sept. 23 in its weekly petroleum status report.

The EIA said gasoline demand rose on the week but remained down about 9% year over year. Jet fuel consumption remained 45% below 2019 levels.

The jet fuel glut was underscored by a Sept. 21 Bloomberg report which revealed that refiners have been blending normally premium priced passenger

see OIL PRICES page 8

### FINANCE & ECONOMY

# A seat at the table

Six Alberta First Nations get loan guarantee for stake in gas-fired power plant

By GARY PARK  
For Petroleum News

A pledge last year by Alberta Premier Jason Kenney to promote First Nations equity stakes in natural resource development has turned into action.

Acting through the Alberta Indigenous Opportunities Corp., AIOC, the government will provide a C\$93 million loan guarantee for six First Nations to join the C\$1.5 billion Cascade Power Project, now under construction near Edson in west-central Alberta.

The natural gas-fired generating facility is



JASON KENNEY



ALICIA DUBOIS

viewed by its partners as the foundation for eventually producing 8% of Alberta’s average electricity demand.

It is currently scheduled to start operations at 900 megawatts in 2023.

“This marks the beginning of a new era of Indigenous partnership and economic development,” said AIOC

Chief Executive Officer Alicia DuBois.

But she noted that the recipients of loan guarantees have an obligation to prove that their projects are viable.

see EQUITY STAKES page 9

## ● FINANCE &amp; ECONOMY

# State looks for interest in royalty oil

By KRISTEN NELSON

Petroleum News

The Alaska Department of Natural Resources' Division of Oil and Gas is asking for expressions of interest from companies interested in bidding on the state's North Slope royalty-in-kind crude oil.

The non-binding solicitation of interest was published Sept. 18; written responses are due by Nov. 2 to division Director Tom Stokes.

This is for some or all of the state's North Slope RIK crude which may become available for sale when the current RIK supply contract obligations terminate in the third and fourth quarters of 2021 or any additional royalty volumes the state chooses to take as RIK.

The state takes some royalties in value as a means of calibrating oil pricing and for other purposes, taking the royalty percentage of the wellhead value of oil sold by the producers. When it takes royalties in kind the state makes money by itself selling the oil.

The state currently has RIK contracts with Tesoro Refining and Marketing Co., effective in 2016, and with

*The state takes some royalties in value as a means of calibrating oil pricing and for other purposes, taking the royalty percentage of the wellhead value of oil sold by the producers.*

*When it takes royalties in kind the state makes money by itself selling the oil.*

Petro Star Inc. effective in 2017. The five-year Tesoro contract is for 20,000 to 25,000 barrels per day of royalty oil. When that contract was considered by the Legislature in 2016, DNR estimated that the Tesoro contract would result in additional state revenues of \$45 million to \$56 million over the life of the contract, compared to revenues the state would have received from royalties in value. The in-state refining of the oil was also expected to help the Alaska economy, DNR said at the time.

The state's Petro Star contract began with a one-year contract, effective Jan. 1, 2017, for 18,800 to 23,500 bpd; a four-year contract went into effect Jan. 1, 2018, and is for up to 23,500 bpd, estimated to decline to some

10,500 bpd over the four years of that contract. The four-year Petro Star contract was estimated to provide an additional \$22 million to \$27 million over what the state would have received for RIV paid by North Slope producers.

## Non-binding solicitation

DNR said it received an inquiry from a potential buyer for a multiyear RIK contract. By state statute, sales of the state's RIK oil must be by competitive bid unless the DNR commissioner determines that the best interest of the state does not require competitive bidding — or that no competition exists.

The current solicitation is to determine if other companies may be interested in RIK oil and if so whether they would be interested in participating in a competitive sealed bid auction.

"This is an informal, non-binding inquiry and your response will not create any kind of commitment by you or your company," DNR said.

Comments are requested on a number of proposed

see **ROYALTY OIL** page 3

## contents

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### ON THE COVER

#### Badami restarting

Glacier Oil conducts facility turnaround, resuming production

#### Murky demand picture

Refiners mix jet surplus into maritime fuel; spending cuts to reverse

#### A seat at the table

Six Alberta First Nations get loan guarantee for stake in power plant

#### Oil Patch Insider: Although Statoil left Alaska, it still invests in Arctic elsewhere

#### Hilcorp does aerial survey over Doyon land in Yukon Flats basin

#### DOE office supporting Arctic research reestablished at UAF

#### Trans Mountain aims high, cites record volumes, producer support

### ENVIRONMENT & SAFETY

4 Minimum Arctic ice extent for this year

### EXPLORATION & PRODUCTION

3 Hilcorp adds 4 wells to Milne Point POD

5 US rig count stays steady, up by one to 255

6 CIE Glacier files Redoubt suspension report

### FINANCE & ECONOMY

2 State looks for interest in royalty oil

### GOVERNMENT

3 \$10,000 fine for failure to file report

### LAND & LEASING

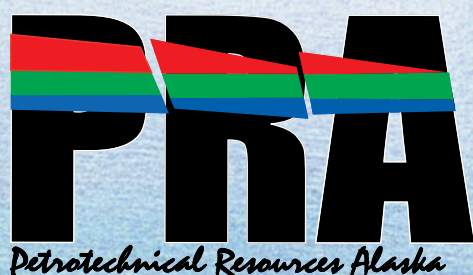
6 State issues call for new lease sale information

### NATURAL GAS

5 Groups seek review of AKLNG decision

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## EXPLORATION & PRODUCTION

### Hilcorp adds 4 wells to Milne Point POD

The Alaska Department of Natural Resources' Division of Oil and Gas has approved a proposal by Hilcorp Alaska to drill up to four additional development wells at its Milne Point unit J pad. These wells are in addition to the 28 new wells the company said it planned to drill when it filed the 38th plan of development for Milne last fall; that plan did not include any new J pad wells. The 38th POD is for the period Jan. 13 through Jan. 12, 2021.

The POD was approved in December; the current approval, dated Sept. 21, is an amendment to the POD.

The division said Hilcorp had requested authorization for the wells and associated infrastructure, which would be at new locations within the northern portion of an existing well row.

Doyon 14 or the Hilcorp Innovation rig would be used for drilling and completion, with all proposed activities planned to occur within the existing J pad footprint.

Alaska Oil and Gas Conservation Commission data for July, the most recent available, show 11 production wells at J pad, with six in production in July.

—KRISTEN NELSON

## GOVERNMENT

### \$10,000 fine for failure to file report

The Alaska Oil and Gas Conservation Commission has fined Eni US Operating Company Inc. \$10,000 for failure to file a report on completed workover operations within 30 days of work completion.

Eni is the 100% working interest owner and operator at the Nikaitchuq unit on Alaska's North Slope. The well in question, SD37-DSP1, is a Class I waste disposal well.

When it issued a proposed enforcement action notice in August the commission proposed a \$20,000 fine: \$10,000 for failure to obtain prior approval before performing well work and \$10,000 for failure to complete a required sundry report within the required time.

The commission said in a Sept. 20 decision and order that the proposed action was issued because Eni failed to submit and get approval prior to doing well work and then failed to file a report on completion of workover operations within 30 days.

Eni subsequently told the commission that it did not do a workover on the well, having decided to shut the well in and attempt a workover in December or January.

AOGCC said in its September order that since no workover was attempted, and Eni shut in the well, that commission approval was not required — the basis for one of the proposed \$10,000 fines.

But Eni was required to file a report of sundry well operations within 30 days after completion of operations in November 2019. The commission said that required sundry report was only submitted in August, some eight months later.

The commission has fined the company \$10,000 for that violation.

In its August proposal AOGCC told Eni to provide a detailed description of its process for applying for sundry approvals and filing sundry reports "with an explanation of the root cause of these violations, as well as corrective actions undertaken by Eni to assure the violation will not recur" and provide the missing report on the completed work.

"Eni has committed to an increased level of oversight and review of established training and process protocols for employees governing sundry operations," AOGCC said in its September order. It said it "finds Eni's implementation of the proposed actions to be satisfactory to help prevent further occurrence of these violations."

—KRISTEN NELSON

continued from page 2

## ROYALTY OIL

bidding terms, including:

- Priority bidders — preference for in-state commercial petroleum processors, with conditions.

- Sealed bid auction of RIK oil lots — eight lots of 5,000 bpd each, offered independently for each year from 2022 through 2026.

- Reservation fee — to compensate the state for allowing flexibility for buyers to take less than the maximum volume in a lot.

- Bid process — if DNR holds a bid process, there will be a 30-day period to submit bids and required documentation.

- State's RIK nomination — state will make commercially reasonable efforts to

nominate, with procedures basically unchanged.

- Volumetric limits, proration — quantity may be lower than nominations and DNR reserves right to limit total sale oil quantity.

- Price — calculated as a simple net-back price (formula described in notice).

- Contract term — for one year or multiple years not to exceed five years.

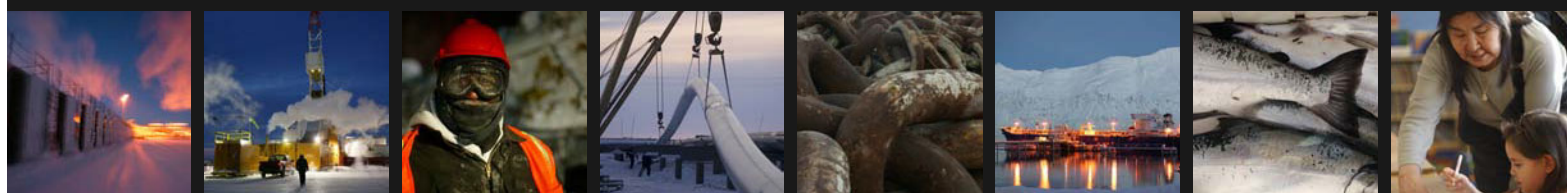
- Security arrangements — stand-by letter of credit or parent guarantee, if buyer not parent, and opinion letter by financial analyst.

- Special commitments — may be required (examples provided in notice).

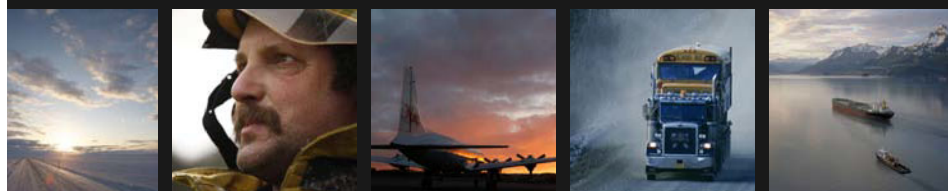
See full notice at: <https://dog.dnr.alaska.gov/Newsroom/>. ●

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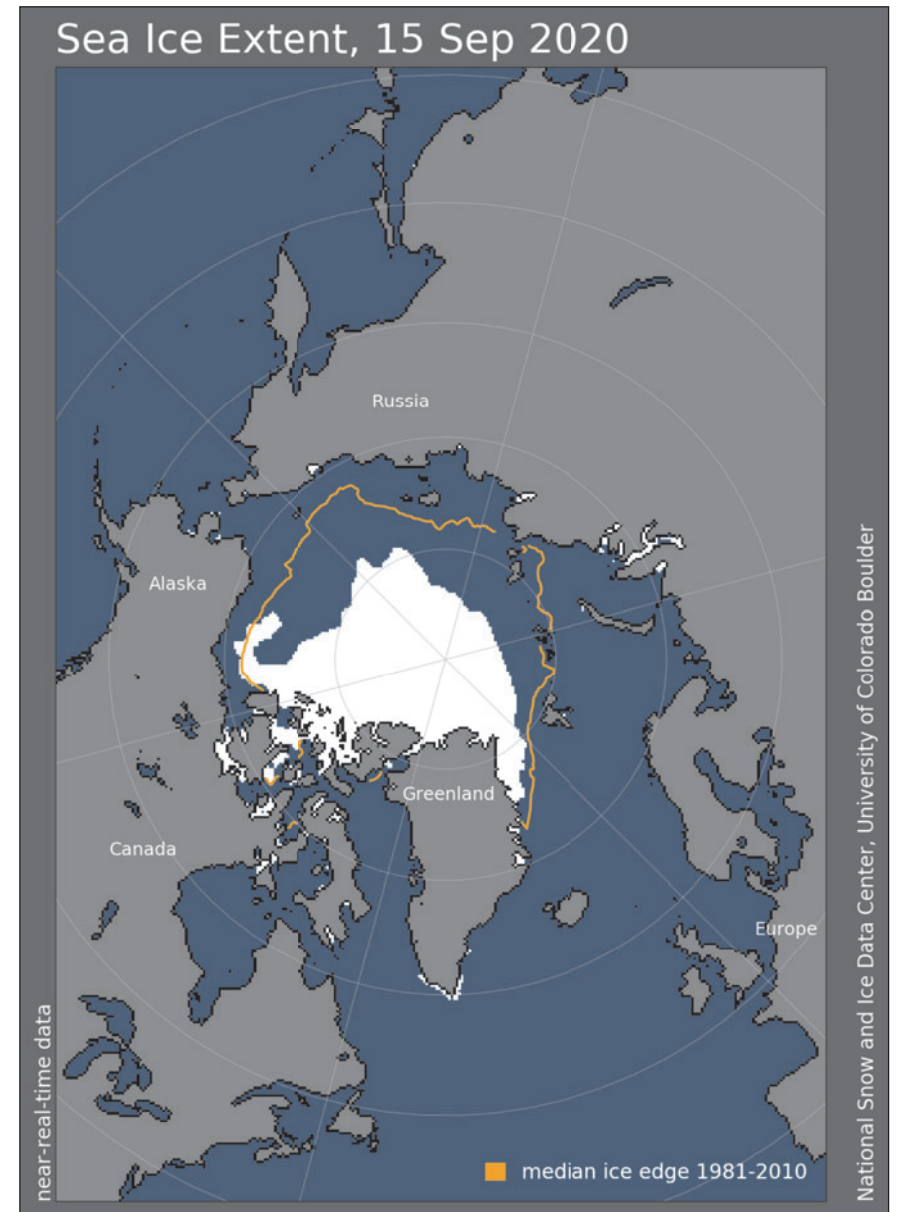



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## ENVIRONMENT & SAFETY



This year's Arctic sea ice minimum extent (white) compared with the average extent on the same day, 1981 to 2010 (orange line)

### Minimum Arctic ice extent for this year

The Arctic sea ice has probably reached its minimum extent for this year, the National Snow and Ice Data Center has announced. The likely minimum extent of 1.44 million square miles, reached on Sept. 15, is the second lowest since satellite records began in 1979, NSIDC said.

"It's been a crazy year up north, with sea ice at a near-record low, 100-degree (Fahrenheit) heat waves in Siberia, and massive forest fires," said Mark Serreze, director of NSIDC. "The year 2020 will stand as an exclamation point on the downward trend in Arctic sea ice extent. We are headed towards a seasonally ice-free Arctic Ocean, and this year is another nail in the coffin."

In the Antarctic, on the other hand, the sea ice extent is well above average and lies within the range of the 10 largest ice extents on record, NSIDC reported, adding that the Antarctic extent demonstrates the high year-to-year variability in the ice extent in the region.

*In the Arctic, the 14 lowest sea ice extents have happened in the last 14 years. This year's minimum was 135,000 square miles more than the lowest minimum extent, recorded on Sept. 17, 2012.*

see **ICE EXTENT** page 5

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**U.S. BUREAU OF OCEAN ENERGY MANAGEMENT (BOEM)**

### Notice of Public Scoping

The U.S. Bureau of Ocean Energy Management is preparing an Environmental Impact Statement (EIS) to analyze the environmental effects of a potential 2021 oil and gas lease sale in the federal waters of Cook Inlet.



BOEM has opened a public comment period to help determine the scope of the issues to be addressed in the EIS, and to help identify significant issues related to the proposed action.

If you would like to learn more about what is being proposed and how you can participate in the process, go to:

[www.boem.gov/CookInlet2021](http://www.boem.gov/CookInlet2021)

The comment period closes Oct. 13, 2020.

## EXPLORATION & PRODUCTION

### US rig count stays steady, up by one to 255

The Baker Hughes U.S. rotary rig count grew by one, rising to 255 the week ending Sept. 18, up marginally from the 2020 low of 244 set the week of Aug. 14, the lowest the rig count has been since the Houston based oilfield services company began issuing a weekly U.S. rig count in 1944. Prior to this year, the low was 404 rigs in May 2016. The count peaked at 4,530 in 1981.

The Sept. 17 count was down by 613 from a year ago when it was at 868.

At the beginning of the year the count was in the low 790s, where it remained through mid-March, when it began to fall, dropping below what had been the historic low in early May with a count of 374 and continuing to drop through the third week of August when it gained back 10 rigs.

This week's count includes 179 rigs targeting oil, down one from the previous week and down 540 from a year ago, 73 rigs targeting gas, up two from the previous week and down 75 from a year ago and three miscellaneous rigs, unchanged from the previous week and up two from a year ago.

Twenty-three of the holes were directional, 215 were horizontal and 17 were vertical.

#### Alaska count unchanged

The rig counts in Louisiana (38), Texas (106) and West Virginia (8) were each up one from the previous week.

New Mexico (43) was down by three rigs.

Counts in all other states remained unchanged from the previous week: Alaska (3), California (4), Colorado (5), North Dakota (9), Ohio (5), Oklahoma (12), Pennsylvania (18) and Wyoming (1).

Baker Hughes shows Alaska with three active rigs Sept. 17 unchanged from the previous week and down by five from a year ago.

The rig count in the nation's most active basin, the Permian (123), was down by one from the previous week.

—KRISTEN NELSON

## NATURAL GAS

### Groups seek review of AKLNG decision

Conservation groups have asked a federal appeals court to review a regulatory decision authorizing a mega liquefied natural gas project in Alaska.

The Center for Biological Diversity and Sierra Club asked the U.S. District Court of Appeals District of Columbia Circuit to review the decision by the Federal Energy Regulatory Commission earlier this year.

The Alaska gas project, which has gone through various iterations over the years, is far from a done deal. For example, it still needs investors, funding and customers.

Kristen Monsell, a senior attorney for the Center for Biological Diversity, called the project a "massively terrible idea" that will harm wildlife. It will lead to more drilling in the Arctic and "exacerbate the climate crisis," she said, adding that FERC failed in the level of review it did.

FERC does not comment on matters in litigation, Tamara Young-Allen, a FERC spokesperson, said by email Sept. 21.

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continued from page 4

## ICE EXTENT

In the Arctic, the 14 lowest sea ice extents have happened in the last 14 years. This year's minimum was 135,000 square miles more than the lowest minimum extent, recorded on Sept. 17, 2012. At this year's minimum there was more ice in the Beaufort Sea, but somewhat less ice in the Laptev and East Greenland seas than was observed in 2012, NSIDC said.

In terms of the downward trend in the Arctic ice extent, the NSIDC now recognizes three distinct time periods: 1979 to 1992, 1993 to 2006, and 2007 to 2020. During the first of these periods the sea ice area decline rate trended at 6.4% per decade. The second period showed the fastest decline rate, at 13.3% per decade. And the third, running through to this year, has been showing a decline rate of 4% per decade.

—ALAN BAILEY

Contact Alan Bailey  
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## LAND & LEASING

### State issues call for new lease sale information

The Alaska Department of Natural Resources' Division of Oil and Gas has issued a call for new information for the Cook Inlet and Alaska Peninsula areawide oil and gas lease sale areas. Sales for those areas are tentatively scheduled for spring.

The division said that based on information it receives it will either issue supplements to the findings or issue decisions of no substantial new information.

Findings are generally good for 10 years.

The most recent Cook Inlet final best interest finding was issued in 2018 and a supplement was issued in 2019. The most recent Alaska Peninsula final BIF was issued in 2014 and no supplements have been issued.

The division said it generally considers "substantial new" information to be published research, studies or data directly relevant to matters listed in Alaska statute and that have become publicly available over the last year.

Details are available on the division's website: .

The deadline for new information is Oct. 27 at 5 p.m.

—PETROLEUM NEWS

## E&P

### CIE Glacier files Redoubt suspension report

On Sept. 9 Cook Inlet Energy, a Glacier Oil & Gas Corp. company, filed its first quarterly suspension of operations and production report with Alaska's Division of Oil and Gas for the Redoubt Shoal oil field in Cook Inlet. Redoubt produces from the Osprey platform and uses the onshore Kustatan production facility.

The division had granted Glacier a suspension of production covering May 4 through April 30, 2021, based on low global oil prices combined with reduced demand (see story in June 7 issue of Petroleum News).

In its approval of the suspension, the division said the company had committed to keeping Redoubt facilities appropriately staffed and under continuous monitoring, and that the suspension would "protect the public interest and CIE-Glacier by conserving the hydrocarbons until more favorable market conditions persist."

Redoubt was put in warm standby in May, resulting in an average of 187 barrels per day as compared to April when the offshore field averaged 1,676 bpd.

In its Sept. 9 quarterly report, which runs from June 1 through Aug. 31, Glacier said the Redoubt wells and platform had been shut in and the Alaska Oil and Gas

see **SUSPENSION REPORT** page 8



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continued from page 1

## OIL PRICES

plane fuel into typically cheaper shipping fuel.

Straight-run kerosene — usually processed into jet fuel — is going into very low-sulfur fuel oil for the maritime industry, along with higher than normal amounts of diesel and vacuum gas oil, the report said.

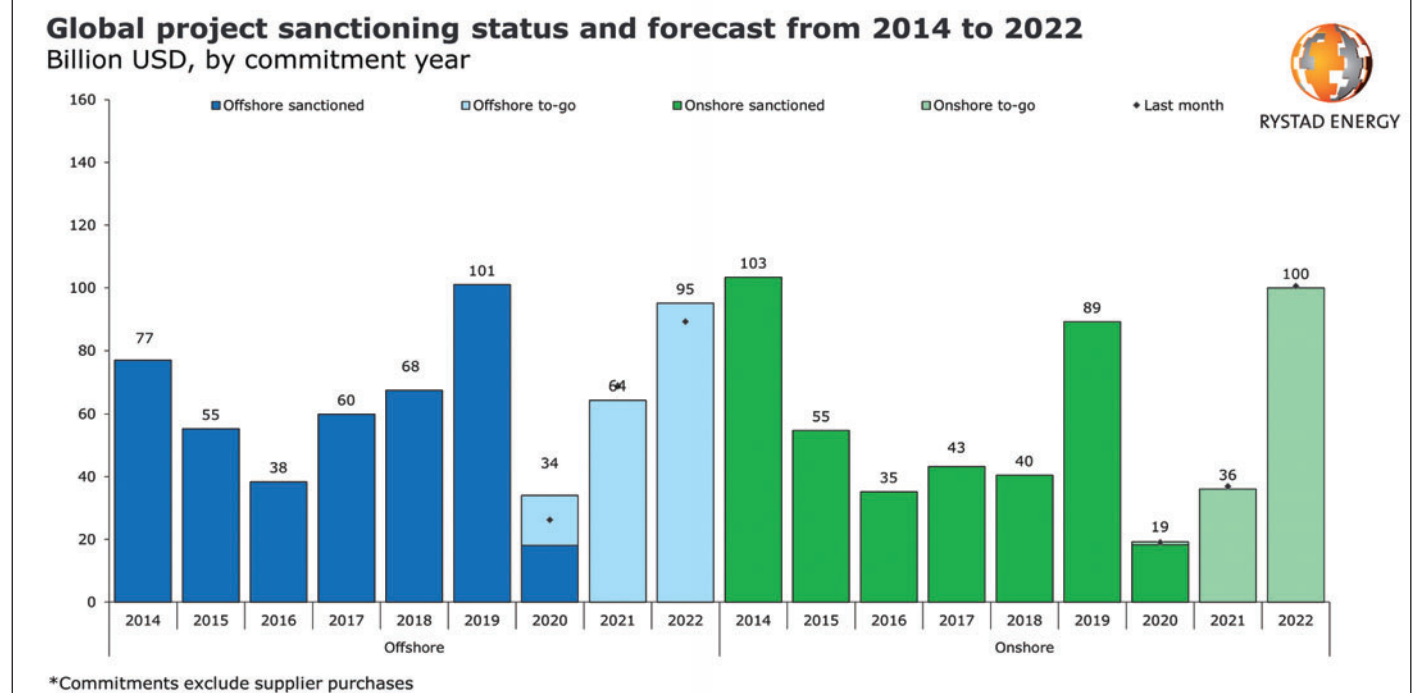
“Only in a situation where the economy is in complete tatters, do we see usually more expensive components heading straight into VLSFO,” said Eugene Lindell, a senior analyst at consultant JBC Energy GmbH.

Refiners typically mix a variety of fuel oil and distillates into fuel for ships, but the use of jet fuel has a limiting factor. Too much jet fuel in the mix is risky for ships.

“Jet fuel grades can have a far lower flash point, or temperature at which it ignites, than what’s required for shipping fuels,” Tim Wilson, principal specialist for fuels, lubes and emissions at Lloyd’s Register, told Bloomberg.

Going forward, oil demand from China and India is uncertain after both nations stockpiled crude at lower prices earlier in the year.

China’s current inventory and even its storage capacity are largely unknown out-



side of the country.

India purchased 16.71 million barrels of crude during April and May, filling its three Strategic Petroleum Reserves at Vishakhapatnam, Mangalore and Padur, India’s Ministry of Petroleum & Natural Gas said in a Sept. 21 statement.

“The average cost of procurement of crude oil was US\$19 per bbl as compared to US\$60 per bbl prevailing during January

2020, thus resulting in saving of US\$685.11 million,” the ministry said.

Fuel demand in August posted its biggest decline since April as local lockdowns inhibited economic activity and transportation, the ministry said. Petroleum product sales fell in August, down 7.5% over the previous month and 16% from a year earlier.

On the supply side, the spectre of a

return of Libyan crude looms over the market. Libya’s national oil company plans “260,000 barrels a day of supply already next week, around 150,000 b/d higher than what has been typical over recent months,” analysts at Vienna-based JBC Energy said.

### O&G industry spending set for rebound

Postponed spending by oil and gas companies due to the COVID-19 crisis will cause the total worth of final investment decisions to double next year and exceed pre-pandemic levels in 2022, Rystad Energy said.

Total 2020 committed spending will drop to \$53 billion from 2019’s \$190 billion, Rystad said, adding that offshore commitments are expected to reach \$34 billion in 2020 — down from 2019’s \$101 billion, while onshore sanctioning is likely to fall to \$19 billion this year from \$89 billion last year.

Rystad said it expects total sanctioning to bounce back to around \$100 billion in 2021, primarily supported by offshore projects — forecast at \$64 billion for the year. Onshore expenditures are projected to account for \$36 billion in 2021.

In 2022, onshore projects will jump to \$100 billion, it said, topping the expected \$95 billion in 2022 offshore commitments.

Rystad said it revised its 2020 offshore sanctioning total from \$26 billion to \$34 billion, driven by the Mero-3 sanctioning by Petrobras in Brazil — estimated to cost \$2.5 billion to first oil. It also expects commitments by ExxonMobil and its partners worth \$3.6 billion in 2020, related to the Payara development off Guyana. ●

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continued from page 6

## SUSPENSION REPORT

Conservation Commission consulted. The company also said Redoubt’s subsea pipeline and process piping had been protected and de-inventoried of all fluids.

Furthermore, Glacier reported that the Osprey platform had been placed on onshore-generated electric power from the Kustatan production facility’s diesel generators and that the Brucker (escape capsule) inspections had been completed on the platform.

Currently, the company told the division, “efforts are underway to freeze protect the camp and the platform for the winter.

The report was signed by Glacier COO David Pascal.

—KAY CASHMAN

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continued from page 1

## EQUITY STAKES

Under the agreement, the six First Nations will acquire an undisclosed stake in the Cascade project.

Kenney said “it’s a critical imperative for Alberta that we see First Nations playing a real leadership role with an equity stake in resource projects if there’s going to be a vital future for our resource industries.”

### Reconciliation goal

He believes full participation by Indigenous people in the Alberta economy should be the ultimate goal of reconciliation between the ruling governments and First Nations.

“What we’re witnessing is the long overdue Indigenous liberation from unemployment and poverty, which must be the moral cause of our time,” Kenney said.

AIOC is weighing a number of other possible deals as it chooses targets for allocating C\$1 billion for various forms of support up to a maximum of C\$250 million per project.

Calgary-based Kinetico Resources is developing and will operate Cascade joined by Ontario-based pension

*“What we’re witnessing is the long overdue Indigenous liberation from unemployment and poverty, which must be the moral cause of our time.” —Alberta Premier Jason Kenney*

fund OPTrust, along with Axiom Infrastructure and DIF Capital Partners.

Kinetico has said Cascade will be the most efficient power plant in Alberta, producing 60% less greenhouse gas emissions than the coal-fired plants that have dominated Alberta’s power supplies for decades.

A report by investment dealer Peters & Co. said Cascade and a new co-generation project by Suncor Energy will create new competition in the power market, adding 1,700 megawatts of new capacity in Alberta over the next few years.

Chief Tony Alexis of the Alexis Nakota Sioux Nation — also a partner in Cascade — said he hopes the deal will become “a national blueprint for how major energy projects, like the Trans Mountain pipeline and other projects, can be structured and financed and on commercial terms to include Indigenous people.”

The Canadian government has previously hinted it

will consider an Indigenous ownership share in Trans Mountain once the expanded crude pipeline is sold back to the private sector after completion of work to triple capacity to 890,000 barrels per day of bitumen is completed in late 2023.

### Climate change challenge

However, against that ray of hope clouds are building as the government of Prime Minister Justin Trudeau develops a strategy for tackling climate change, which some fear could undermine efforts to advance natural resource development.

Heather Exner-Pirot, research adviser to the Indigenous Resource Network, said 38 Indigenous reservations currently produce oil and gas and 108 have agreements with producing companies, which have generated C\$1.29 billion in direct royalties over the last decade, while aboriginal people account for almost 8% of those who work in extraction.

“The path to Indigenous economic self-determination runs inevitably through resource extraction and business development,” she said. ●

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## Oil Patch Bits



### PND Engineers Inc. welcomes new hires to its team

PND Engineers Inc., in Anchorage, said Sept. 9 that it is pleased to welcome three new hires in recent months. It’s tough enough to start a new job. Try stepping in just in time to go into lockdown, in response to COVID-19 guidelines. PND’s latest staff additions are undeterred and have embraced their new roles with aplomb. We’re lucky to have them, the company said.

Tanner Stephens earned his Bachelor of Science in civil engineering with a minor in mathematics from the University of Alaska Anchorage in 2019. He joined PND’s civil team in Anchorage in March — just days before staff began working at home due to the COVID-19 pandemic — following a year as a project engineer with the Alaska Department of



TANNER STEPHENS



ADDISON YANG

Natural Resources Office of Design and Construction. At PND, he has been working on the California Creek fish passage and connecting Anchorage trails projects.

Addison Yang, born and raised in Anchorage, earned his Bachelor of Science in civil engineering from the University of Alaska Fairbanks in 2015 and is currently completing his master’s degree remotely.

Previously a project engineer and design engineer for the Alaska Department of Transportation, Yang’s projects since joining PND have included a Washington Department of Transportation project with Kiewit to replace a culvert under the I-5 highway with a fish passage, while minimizing impact to motorists and the local community.

Obadiah “Obi” Dawson, EIT, grew up in Juneau and attended the University of Alaska Anchorage, earning his Bachelor of Science in civil engineering this past spring. He is interested in structures and previously interned in transportation and civil site development. His recent assignments include structural calculations for the Wendell Avenue temporary trestle.



OBADIAH DAWSON

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continued from page 1

## YUKON FLATS

Yukon Flats area, most under federal ownership as part of the Yukon Flats National Wildlife Refuge.)

"This summer Hilcorp ran an aerial gradiometry program over the entire portion of the basin, including over the federal lands between our lands from Fort Yukon all the way west to Stevens Village," Schutt said.

"I want to recognize them for that work. As you know, with COVID it is extremely difficult to get equipment and personnel across borders and into Alaska, and especially doing work in rural Alaska. We were really excited they were able to get that program done," he said.

Hilcorp is in the process of analyzing the results from the airborne survey: "We know that they did get great data in the sense that they got all the data they wanted, and it was high quality."

"We're really excited to see what comes next with the program as Hilcorp moves forward with their plans," Schutt said.

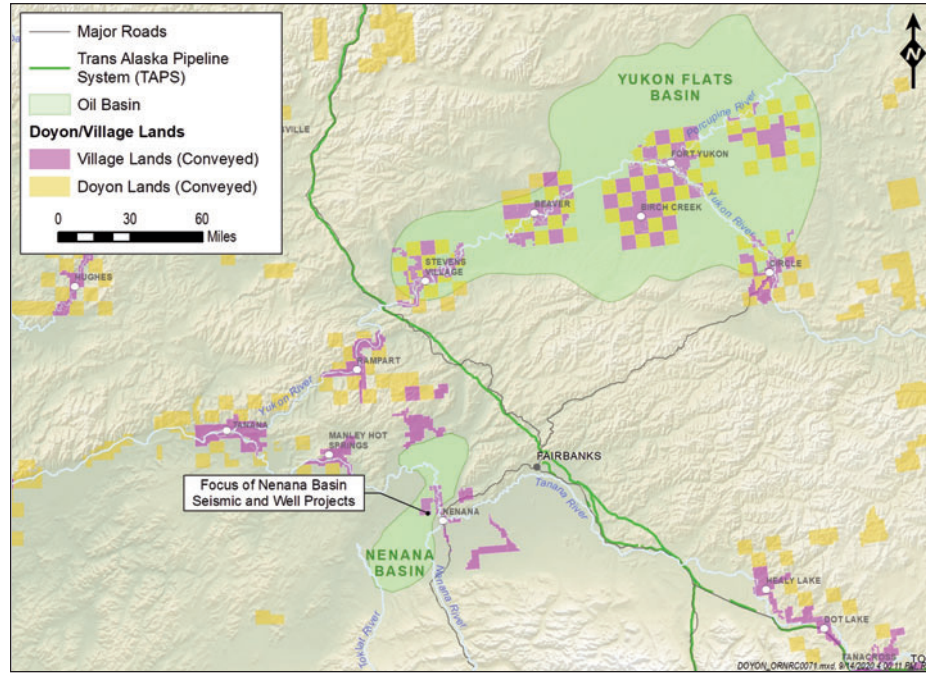
### Birch Creek area

When Doyon, the Native regional corporation for Interior Alaska and the largest private land owner in the state, first announced the deal with Hilcorp they said the airborne gravity survey would be followed by the opportunity for seismic and a drilling program, with the initial focus of exploration in the Birch Creek area.

The airborne gravity survey and data analysis, to be done in 2020-21, was to be the first phase and involve a grid flown over the 1.6 million acres of Doyon land to define opportunities by measurement of subsurface rock properties.

Phase 2, a seismic survey in 2022-23, depended on data gathered and analyzed in phase one, with the areas of interest near Birch Creek, Fort Yukon, Beaver and Stevens Village.

Pending results from the first two phases, exploration was to take place near Birch Creek in the third phase, with



the agreement designed to provide maximum participation from the village corporation to provide economic benefits to the area. Doyon said it had also signed a cooperation agreement regarding a joint pursuit of service contracts and shareholder training and hire with Tihtect' Aii, the Birch Creek Alaska Native village corporation.

### First exploration work

Referencing the Yukon Flats map in his Sept. 17 RDC virtual presentation, Schutt said the green portion of the map was the sedimentary portion of the Yukon Flats basin. The purple and yellow squares are Doyon lands, he said, with the purple where Doyon shared the acreage with the local village corporations and the yellow where Doyon owned the surface and subsurface.

"So, within the 10 million acre sedimentary basin ... we own a couple million acres," he said, noting the land is "pretty close to the trans-Alaska pipeline and the Dalton Highway."

There has been work in the basin before, Schutt told Petroleum News in a Sept. 22 email.

"Texaco gathered seismic data in the Yukon Flats in the early 1970s; their focus was 2D. Louisiana Land and Exploration, LLE, went into the Kandik

area adjacent to Yukon Flats in the '70s as well (Doyon pushed them over to that basin although their primary interest was the Yukon Flats)," he said.

Exxon came in, in the 1980s joined by Amoco. "Their focus was on the perimeter of the basin looking for source rocks including shallow core drilling. Exxon's primary interest was near Birch Creek," Schutt said.

"Exxon negotiated on a concurrent basis (1) an exploration lease option agreement with Doyon for oil and gas rights, (2) separate surface use agreements with the three villages, and (3) a surface use agreement with Doyon for its surface acreage which ended up mirroring the village agreements on commercial terms."

In the winter of 1988-89, "Exxon gathered approximately 280 miles of 2D helicopter-supported Poulter type seismic along several widely spaced lines. Between 20-30 percent of the data was gathered on federal refuge lands. There was significant shareholder hire over the course of the program," Schutt said.

In March 1989 the Exxon Valdez oil spill "resulted in Exxon and Amoco withdrawing from Yukon Flats exploration and pretty much all Exxon wildcat efforts in Alaska for over a decade," he said.

### Doyon work begins in 2008

The next exploratory activity was done by Doyon starting in 2008, with the most accomplished in 2010 and as late as 2012, when a 2D seismic program was conducted.

"All of that was done near Stevens Village which is in the farthest west part of the Yukon Flats basin," Schutt said in his RDC presentation, whereas "Exxon and Amoco were really focused around the central part of the basin, so the Birch Creek, Beaver, and Fort Yukon blocks ... right in the middle of that green blob" on the map.

### Land swap, USGS survey

Doyon's Yukon Flats program was delayed for five years as the corporation and the U.S. Fish and Wildlife Service tried to negotiate a land swap in the region. That effort failed; meanwhile new geologic data, including the results of a USGS gravity survey in the basin, pointed to some existing Doyon land as being more prospective than the Native corporation had originally thought and, in fact, threw into question the value of the land swap plan.

In particular, the gravity survey indicated the presence of a series of subbasins within the overall Yukon Flats basin, with most of these subbasins having depths in excess of 8,000 feet.

A subsequent oil and gas assessment by Petrotechnical Resources of Alaska, or PRA, estimated the possible existence of 300 million to 1 billion barrels of oil in the basin, and perhaps 1 trillion cubic feet of natural gas, an assessment that opened the possibility of an oil field equivalent in size to the North Slope Alpine field under the forests and marshes of the Yukon Flats.

And with some of the prospective subbasins not too distant from the trans-Alaska oil pipeline, Doyon is now focusing on oil and gas exploration opportunities in its existing Yukon Flats lands, working with Hilcorp and the communities that support development.

—KAY CASHMAN

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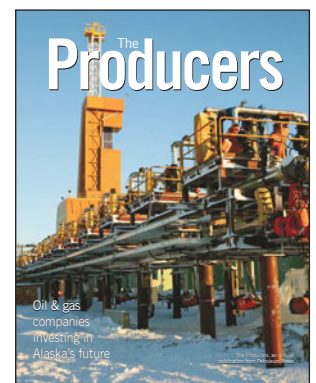
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continued from page 1

## ARCTIC RESEARCH

including small nuclear reactors, DOE says.

“The United States is an Arctic nation, and the region continues to play an essential role in meeting our nation’s energy needs, as well as those of our friends and allies,” said Secretary of Energy Dan Brouillette. “DOE’s Arctic Energy Office will grow to strengthen and coordinate our work in energy, science, and national security and help build an Arctic future of prosperity and increased opportunity.”

### Murkowski expresses satisfaction

Murkowski expressed her satisfaction with the new funding arrangements. She had worked with Senate Energy and Water Appropriations Subcommittee Chairman Lamar Alexander, R-Tenn., in each of the last two fiscal years, to request a revival of the Arctic Energy Office. She also encouraged the re-establishment of the AEO during the nomination hearings for Brouillette and Deputy Secretary of Energy Mark Menezes.

“The United States is an Arctic nation because of Alaska, and the re-establishment of the Arctic Energy Office in Fairbanks will ensure greater collaboration between our state’s innovators and the Department of Energy’s cutting-edge researchers,” Murkowski said. “I have prioritized this office in the appropriations process because I know it will help facilitate the development of advanced energy technologies that benefit resource-rich Alaska and the country. I thank Secretary Brouillette, Deputy Secretary Menezes, and their teams for working with us to re-establish this important office.”

U.S. Sen. Dan Sullivan, R-Alaska, also commented on the new AEO funding.

“Realizing America’s role as an Arctic nation involves bringing more vessels,

more research, more ports, and more personnel to the region — to Alaska — and the reestablishment of the Arctic Energy Office is an important development as we work to make that vision a reality,” Sullivan said. “I commend Secretary Brouillette and Sen. Murkowski for their work to bring this Arctic office back to life, and I look forward to the vital scientific research and coordination that will serve Alaskans, the nation, and our global partners as a result.”

### Fits into UAF

UAF already houses the Alaska Center for Energy and Power, the Cold Climate Housing Research Center operated by the National Renewable Energy Laboratory and the Permafrost Tunnel Research Facility maintained by the U.S. Army Corps of Engineers.

“The Arctic Energy Office’s focus aligns well with UAF’s academic and scientific expertise,” said UAF Chancellor Dan White. “Our deep regional knowledge and international partnerships make UAF a strong partner in advancing America’s security and prosperity by addressing the challenges in the Arctic. I look forward to welcoming the Arctic Energy Office to the UAF Troth Yeddha’ campus in Fairbanks.”

Prior to being wound down in 2010, the AEO had been involved in a number of Alaska activities, including North Slope research into potential natural gas production from methane hydrate deposits. The office participated in projects involving the drilling of methane hydrate test wells on the Slope, and an investigation into the possible impact of methane hydrates on gas production from gas fields near Utqiagvik.

—ALAN BAILEY

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continued from page 1

## BADAMI RESTART

David Pascal submitted the suspension application, he told the agency: “The present global condition of low crude oil prices, combined with a lack of demand, obligates Glacier to act as a prudent operator and suspend operations until demand and market price have sufficiently recovered to justify the resumption of production operations.”

During the time Badami was in warm standby, Pascal said “a reduced complement of employees would monitor the facilities” and continue to operate the Badami Pipeline, which delivers production from Point Thomson to Endicott.

### Significant turnaround, inspection

A few months later Glacier notified the division it planned to initiate a significant turnaround operation and inspection of the Badami unit process equipment and facility with the intension of resuming production in the Sept. 15-30 time-frame.

“The scope of this work is extensive and there are tanks and equipment that have not been inspected and serviced since installation,” Ratcliff wrote a couple of weeks later in an Aug. 11 letter to division Director Tom Stokes. “During the period of non-production this work schedule is facilitated since there are no active processes to suspend.”

In a Sept. 23 letter, Stokes officially approved Glacier’s plan, which amounted to an amendment of the Badami unit’s plan of operations. It was an after-the-fact approval, he said, noting the actual work

had begun on Aug. 10.

### Pandemic impacts worker numbers

In his Sept. 23 interview with PN, Ratcliff said Glacier’s employee number had shrunk due to the reduced demand and oil price impact of COVID-19.

Today, the company’s total employees number around 50, with four to five of those being contractor employees.

“We have been focused on survival,” he said. “Getting production restarted at Badami is a positive step in the right direction.”

The seven-lease Badami unit is about 32 miles east of Deadhorse. It began production in late August 1999 under the original developer and operator, BP Exploration (Alaska) Inc.

### Four units in Alaska


Created in early 2016, Glacier is solely focused on oil and gas fields in Alaska. In addition to Savant it owns Cook Inlet Energy, which operates the West McArthur River and the Redoubt Shoal units in Cook Inlet, as well as the North Fork unit on the southern Kenai Peninsula.

Whereas the Badami, Redoubt and West McArthur units mainly produce oil, North Fork is a natural gas field.

A suspension of operations is still in effect for Redoubt and West McArthur River (including the Sword participating area).

In requesting those suspensions Glacier cited global low prices combined with a lack of demand (see story in June 7 issue of Petroleum News). ●

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continued from page 1

## INSIDER

field discovered in the Hoop-Maud basin of the Barents. It is estimated to contain between 200 million and 500 million barrels of oil equivalent in a shallow reservoir 820 feet below the seabed.

The latest international news from Equinor, which employs 21,000 people in 30 countries, is that another former Alaska player, BP, is spending \$1.1 billion to buy a 50% ownership from the Norwegian oil company in two Northeast U.S. offshore wind projects for what the partners call “a strategic partnership for future growth.”

Despite investments in wind and solar energy, Equinor remains one of the world’s largest offshore oil and gas operators and the largest operator on the Norwegian continental shelf.

Following are some of the new northern fields where the company is active:

- Bay du Nord 2013 oil discovery in the Flemish Pass offshore

Newfoundland, where work is ongoing to assess options for development. The Bay du Nord project holds as estimated 300 million barrels of recoverable oil.

- The Johan Castberg (formerly Skrugard) field is approximately 62 miles north of the Snøhvit field in the Barents Sea. The Johan Castberg development project’s resource base consists of the three oil discoveries — Skrugard, Havis and Drivis — that hold between 400 and 650 million barrels of proven oil. Johan Castberg is expected to come

on stream in 2023 and produce for 30 years.

- The gigantic Johan Sverdrup oil and gas field went online Oct. 5, 2019. It’s Norway’s third largest oil field — ever. One of the partners in the field is BP. Johan Sverdrup currently produces more than 300,000 barrels per day and has recoverable reserves of 2.7 billion barrels of oil equivalent.

- The Mariner oil field, which went onstream in August 2019, is Equinor’s first operated development in the UK North Sea. It is expected to produce more than 300 million barrels of oil over the next 30 years and is one of the largest industrial projects in the UK in recent years, supporting more than 700 long term jobs.

### Statoil followed Shell

After nearly eight years in Alaska, Statoil followed Shell’s example in 2015 and relinquished its stake in its federally managed leases in the Chukchi Sea.

Like Shell, Statoil (now Equinor) is no longer an operator in Alaska but unlike Shell, which continues to hold leases that it allows partners to operate, Statoil completely left the state.

On Nov. 17, 2015, Statoil Executive Vice President for Exploration Tim Dodson said that Statoil would leverage its experience in Alaska’s Arctic to improve its future operations in other “northern environments” around the world.

—KAY CASHMAN

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continued from page 1

## TMX OUTLOOK

expected to complete its expansion work in 2023.

That optimism is based on the current performance of the existing line from the Alberta oil sands to a tanker terminal in the Greater Vancouver area.

In August, Canada’s main export link to markets beyond North America carried record volumes averaging 350,000 bpd (50,000 bpd above the nominal peak) and has operated at capacity during the COVID-19 period.

Anderson also noted that the expansion — better known as TMX — is now backed by long-term shipping commitments for 80% of the designed volume, bolstering his confidence that producers share his view of future oil demand.

“They remain just as bullish as they ever were,” he said. “Their commitments are not in question.”

He is not troubled by new forecasts, notably by BP’s assessment that fossil fuel consumption is on the verge of shrinking for the first time in modern history.

Under a business-as-usual case, BP forecasts that oil demand will plateau early this decade and slide by 10% by 2050. Other scenarios based on the assumption of global caps on greenhouse gas emissions are betting oil consumption will drop by 55% to 80% over the next 30 years.

### Timeout order requested

Another curve ball was aimed at TMX by a group of 100 Canadian economists and resource policy specialists, who sent an open letter to Prime Minister Justin Trudeau urging the federal government to order a timeout on the project and undertake an independent cost-benefit analysis to determine if the C\$12.6 billion expansion remains financially viable and in the public interest.

They said such a move would allow the government to direct billions of dollars into “more reliable forms of stimulus and job creation.”

For now, Anderson refuses to cave in to that kind of pressure, arguing “we have decades ahead of us (for fossil fuel consumption). If we’re in a long-term trajectory toward less consumption then our producing community and the basin (in Western Canada) will be resilient in adapting to the future.”

### Kenney sees supply crunch

Amid the gloomy reports, Alberta Premier Jason Kenney insists that when global demand recovers from the pandemic in 2022, the world will face a “global supply crunch” stemming from the lack of

Anderson also noted that the expansion — better known as TMX — is now backed by long-term shipping commitments for 80% of the designed volume, bolstering his confidence that producers share his view of future oil demand.

investment in oil exploration and production.

Given the long-term reserves in the oil sands and improved efficiency levels, he predicted Alberta is poised to succeed “as long as we get pipelines built.”

Tim McMillan, president of the Canadian Association of Petroleum Producers, told the Calgary Herald that meeting global demand of 100 million bpd would require investment of US\$600 billion a year.

“There are a lot of projections out there ... all of them show dramatic global investment for a long time in oil and gas,” he said.

Peter Tertzakian, executive director of Calgary-based ARC Energy Research Institute, said it’s a “bit early to make the call that we have reached peak oil,” although he did not reject the notion that peak oil demand is only about 10 years away.

He also raised a concern that projections by BP and others could hinder the industry’s ability to attract future investment.

Noting that pipelines such as TMX open the door for oil sands producers to diversify their markets beyond North America, he said Canada should aim to “maximize the revenue we get from our oil.”

To that end, Anderson insists TMX, which currently delivers to the three U.S. Pacific Coast states and some small global buyers in Asia, remains crucial infrastructure.

“We will provide flexibility into markets where shippers will be able to take advantage of where demand still exists. We’re confident that for decades to come we’re going to be in a good position,” he said.

Testing new markets, oil sands producer Cenovus Energy sent a tanker load from the Trans Mountain terminal in Vancouver through the Panama Canal to Irving Oil’s refinery in New Brunswick.

The company described the shipment covering 7,400 miles from June 18 to July 14 as a “one off” trial.

Cenovus said it was “pleased with the economics of this transaction” with Irving and would be open to working with another producer to “create significant value” for both companies.

—GARY PARK

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