

With material resource of 1B barrels, is Pikka undervalued?

Among the prospective oil projects today, Oil Search's Pikka Phase 1 development on Alaska's North Slope is in the top 25% for the lowest GHG intensity, per Wood Mackenzie's emissions benchmarking tool.

On schedule to come online in 2025 at a breakeven price of less than \$40 a barrel, a target development IRR of less than 20%, the first phase of the Pikka project will deliver 80,000 barrels of oil per day.

Independently verified 2C gross reserves for Pikka 1 are 413 million barrels; with total Pikka 2C gross resource at 768

see **PIKKA VALUATION** page 6



BRUCE DINGEMAN

9th Circuit says ConocoPhillips NPR-A exploration case moot

In an Aug. 24 order the U.S. Court of Appeals for the 9th Circuit declared moot a lawsuit challenging the legality of the Bureau of Land Management approval of ConocoPhillips exploration drilling in 2018-19 in the National Petroleum Reserve-Alaska. The court requires the federal District Court in Alaska to vacate the case.

The exploration in question involved the drilling of up to six exploration wells in or near the Bear Tooth unit, together with the construction of ice roads, ice pads, an airstrip and temporary accommodations. Environmental organizations and the village of Nuiqsut had appealed the approval of the exploration

see **COURT RULING** page 10

Line 3 to the rescue; Enbridge upgrades pipeline to Wisconsin

Canada is within months of achieving a rare objective — starting shipments of Alberta oil sands crude to U.S. customers.

Enbridge, North America's largest crude pipeline company, has astonished Canadian producers with a bold prediction that the upgrading of its aged Line 3 through the U.S. Midwest will — despite ongoing legal, regulatory and protest activities — be "full in service" in this year's final quarter.

If accurate, the forecast will see shipments of heavy crude from the Alberta oil sands grow to 760,000 barrels per day from 370,000 bpd, which Chief Executive Officer



JASON KENNEY

see **LINE 3** page 10

BC spurs hydrogen, rolls out strategy for decarbonization goals

The British Columbia government is joining a fast-expanding international movement to produce hydrogen through a newly released strategy it believes will provide the framework to scale back on the use of fossil fuels and set a path to net-zero carbon emissions by 2050.

But some environmental groups have expressed disappointment that the province is still embracing natural gas when climate change should be the overriding priority.

The strategy is designed to spur investment in what the government views as a clean alternative fuel, targeting a series of short- and long-term goals, including a framework for B.C. regulators to work with hydrogen industry players and regulations for hydrogen production.

see **HYDROGEN STRATEGY** page 7

FINANCE & ECONOMY

Badami not for sale

Good time to hang onto acreage with Armstrong, Eni strong on E. North Slope

By **KAY CASHMAN**

Petroleum News

On Aug. 23, Stephen Ratcliff, president of Glacier Oil and Gas, told Petroleum News that the Badami oil field is no longer for sale.

The eastern North Slope unit is operated by Savant Alaska, a Glacier company.

In November, Badami was posted for sale with BMO Capital Markets Energy Group, but a few months later it was taken down.

The next place Badami was listed was on Datasite.com under the site name Grizzly. It disappeared from that website at least two months ago.

One PN source said in his "humble opinion"



STEPHEN RATCLIFF

Glacier needed to "chill out" on a Badami sale as they were selling into a "super bad market. Oil could be \$100 a barrel a year from now."

Not to mention that Badami's 38,500 barrel-a-day processing plant, pipelines, airstrip and multiple access points could serve as a hub for the area.

Badami problematic for BP

BP brought the Badami oil field into production in August 1998. It was first in a "string of pearls," or new pipelines between undeveloped oil discoveries on Alaska's North Slope, to make their

see **BADAMI FIELD** page 9

GOVERNMENT

Willow field on hold

District Court upholds challenges to EIS & polar bear biological opinion

By **ALAN BAILEY**

For Petroleum News

The federal District Court in Alaska has upheld appeals challenging the validity of the environmental impact statement and the associated polar bear biological opinion for ConocoPhillips' Willow oil field development in the northeastern National Petroleum Reserve-Alaska.

The upshot is that ConocoPhillips will not be able to start any on-the-ground work to develop the field until the Bureau of Land Management has reworked and approved the EIS, and the Fish and Wildlife Service has reworked the associated biological opinion. ConocoPhillips had hoped to start gravel work and road construction for the project

in February of this year.

Rebecca Boys, media and advertising director for ConocoPhillips Alaska, told Petroleum News on Aug. 25 that the company is reviewing the court decision and evaluating the options for the Willow project.

A major Nanushuk development

Willow is planned as a major North Slope oil field, producing oil from the Nanushuk formation in the Bear Tooth unit, west of the Greater Mooses Tooth unit, where oil is already being produced. Oil production at Willow is projected at 160,000 barrels per day, with the field having production capacity of

see **WILLOW DECISION** page 8

FINANCE & ECONOMY

Oil snaps right back

7-day slide reversed in 3 days on dollar weakness and hopeful COVID news

By **STEVE SUTHERLIN**

Petroleum News

Alaska North Slope crude catapulted out of a seven-day-long losing streak on Monday Aug. 23, up more than 5% — a gain of \$3.51 — to close at \$68.46 per barrel. West Texas Intermediate jumped \$3.32 higher to close at \$65.64, while Brent added \$3.57 to close at \$68.75.

The price jump was underpinned by a 0.4% slide in the dollar index, which had hit its highest level in more than nine months Aug. 20.

Price gains were accelerated by a fire that broke out on a Pemex offshore rig in the Gulf of Mexico Aug. 22, taking 440,000 barrels of oil per day —

U.S. Energy information Administration reports released Aug. 25 showed that motorists were continuing to take to the roadways despite the delta variant breakouts.

almost one quarter of Mexico's production — offline. Five workers died in the blaze, six were injured, and two were missing.

The fire, in Pemex's most important oil development, Ku-Maloob-Zaap, idled 125 nearby wells that were dependent on the rig for gas and electricity.

see **OIL PRICES** page 11

GOVERNMENT

AOGCC fines Emerald over Umiat P&A work

Umiat 18 successfully plugged and abandoned, but Emerald House failed to follow commission requirements in completing the work

By KRISTEN NELSON
Petroleum News

Emerald House, a wholly owned subsidiary of 88 Energy, acquired the Umiat oil field in the National Petroleum Reserve-Alaska in early January.

This spring, Emerald House plugged and abandoned one of the existing wells at the field, completing the work April 2, but that work wasn't done according to requirements set out by the Alaska Oil and Gas Conservation Commission, which ensure the work is done properly, and AOGCC has fined the company \$40,000.

In a June 10 letter, AOGCC Chair Jeremy Price told Erik Opstad, vice president of Emerald House, that the company "failed to comply with the conditions imposed" in the work procedures it set out.

Four issues were cited:

"Mitigating circumstances include no injury to the public or the environment by the unapproved changes, and no history of noncompliance by Emerald House."
—AOGCC

•Cement pumping began into tubing and tubing-casing annulus of the well on March 22, but the cementing procedure was submitted to the commission March 24. Prior approval of the commission is required before beginning cementing operations.

•An attempt to pump cement into the ¼-inch chemical injection line on March 23 was not successful and cement plugs were pumped into the tubing and tubing-casing on March 22. The commission required cementing the chemical injection line before pumping cement plugs into

the tubing and tubing-casing annulus.

•Daily operation summaries were submitted to the commission on March 25 and April 1, 2 and 3, but plug and abandonment operations were begun March 20. The commission required daily reports once operations begin.

•The commission's regulations require reservoir cement plug verification before placing the cement plug. This procedure was changed without prior AOGCC approval and cement was pumped to the surface in both tubing and tubing-casing annulus "eliminating the required plug tag and pressure test verifications," the commission said.

Emerald House response

In a June 30 response to the commission, Opstad see **AOGCC FINE** page 3

contents

Petroleum News Alaska's source for oil and gas news

ON THE COVER

Badami not for sale

Good time to keep acreage with Armstrong, Eni strong in region

Willow field on hold

Court upholds challenges to EIS & polar bear biological opinion

Oil snaps right back

Slide reversed in 3 days on dollar weakness, hopeful COVID news

With material resource of 1B barrels, is Pikka undervalued?

9th Circuit says ConocoPhillips NPR-A exploration case moot

Line 3 to the rescue; Enbridge upgrades pipeline to Wisconsin

BC spurs hydrogen, rolls out strategy for decarbonization goals

EXPLORATION & PRODUCTION

4 US rotary rig count at 503, a gain of 3

FINANCE & ECONOMY

4 Alaska jobs up in July, just not O&G jobs

GEOLOGY

3 Passionate about drill cuttings

Underutilized samples can generate high quality digital datasets to assist in detailed understanding of sub-surface plays in Alaska

GOVERNMENT

2 AOGCC fines Emerald over Umiat P&A work

Umiat 18 successfully plugged and abandoned, but Emerald House failed to follow commission requirements in completing the work

4 Weiss, Michel named to AGDC board

PIPELINES & DOWNSTREAM

5 Conoco files for pads portion of project

Western North Slope Service Pipeline Replacement includes expansions of Kuparuk CPF2 pad, Colville River unit MIGI pad

exp.

Energy industry leader in pipeline engineering, project permitting, data integration, life-cycle asset integrity and compliance

let's explore the possibilities.

exp.com

Contact: Chris Humphrey - Vice President, Arctic Region | chris.humphrey@exp.com

TMI?

Petroleum News

This week's Mining News

Shell plan approved

Notley rattles industry

MEAs moves to new plant

MOST LIKELY.

To subscribe call: 907-522-9469
Or visit: **PetroleumNews.com**

● GEOLOGY

Passionate about drill cuttings

Underutilized samples can generate high quality digital datasets to assist in detailed understanding of sub-surface plays in Alaska

PETROLEUM NEWS

Drill cuttings are an invaluable source of quality organic and inorganic geological data and yet are often underutilized. Hundreds of thousands of cuttings are stored in warehouses and repositories across the length and breadth of the country, spanning decades of drilling activity.

Alaska's largest and most comprehensive archive of geologic samples — the Geologic Materials Center, or GMC — in Anchorage, stores approximately 500,000 cuttings from offshore and onshore wells on federal, state and private land across the state, covering decades of exploration and development. In addition, large oil and gas companies store additional proprietary cuttings samples.

The GMC is dedicated to helping geoscientists and the public understand Alaska geology through the acquisition and preservation of physical and digital collections.

“With the onset of new analytical technologies and AI driven software applications, all these samples could generate high quality digital datasets that will assist in detailed understanding of sub-surface plays at a fraction of the cost of drilling a new exploration well,” Dr. Guy Oliver, a 25 year-plus veteran in the upstream oil and gas sector and a fan of the GMC, told Petroleum News.

Standard techniques are now available to correctly and accurately depth-match fresh and historic samples to wireline log suites.

Preparation key

“The key to unlocking this digital data revolution from cuttings is to understand how to properly and consistently prepare each sample for analysis, and which types of analyses will yield valuable and correlatable data,” Oliver, who describes himself as passionate about cuttings, said.

“Reliable, accurate and consistent data is the key to unlocking or confirming regional and field specific reservoir/seal trends.”

—Dr. Guy Oliver

“Consistent sample preparation is key when trying to interpret and correlate data from samples acquired by different vendors/operators.”

Understanding “base mineralogy, potential organic richness and mud type are some of the important factors to consider when making sure a sample is properly prepared. Correct washing and drying procedures are fundamental for preserving mineral species and evidence of hydrocarbons,” Oliver said.

Once correctly washed and dried, “a base analytical workflow should be undertaken to ensure that every sample is consistently measured, thus allowing for confident correlations sample to sample, well to well, and both vertically and laterally across the basin/play/asset,” he said, noting that typically, this base workflow could consist of digital photography, grainsize and shape determination, digital color images (both white light and UV light) color averaging and elemental data.

Beyond this base workflow, on a case-by-case basis, “additional valuable data can be obtained, such as biostratigraphy, mineralogical data, and organic richness and maturity,” Oliver said.

All these collected digital data can be used to help “constrain rock physics models or as input to regional or field subsurface models. Reliable, accurate and consistent data is the key to unlocking or confirming regional and field specific reservoir/seal trends,” he said.

And with Big Data and AI technologies now readily available to all, Oliver said having access to these vast “integration ready” datasets will revolutionize the way we explore for, or appraise, our energy assets.

Cuttings can be a “relatively inexpensive but incredibly valuable dataset” that could help to unlock the future potential of our energy plays for years to come, he said.

“As an industry, we need to make the most of these datasets, by digitally unlocking their data potential and having the confidence to use these data in our subsurface evaluations,” Oliver said.

GMC’s mission

The mission of the GMC is to permanently archive, index, protect, and make available for public inspection, accessible geologic materials and related data to help advance exploration and knowledge of Alaska’s natural resources.

On its website the GMC lists the following statistics:

- 3,096 Alaska energy wells
- 26,500,000 feet of energy strata drilled
- 16,700,000 representative feet of energy core and cuttings
- 76,000 linear feet of energy core
- 22,000 Alaska minerals boreholes
- 766,000 feet of mineral rock drilled
- 617,000 representative feet of mineral core and cuttings
- 354,000 linear feet of mineral core
- 250,000 processed slides and thin sections
- 507,000 surface samples ●

Contact Kay Cashman at publisher@petroleumnews.com

continued from page 2

AOGCC FINE

enclosed a check for the \$40,000, but said: “Although somewhat imperfect in its procedural execution, it is hard for us to see given the extenuating circumstances and positive outcome how a \$40,000 penalty is warranted.” Opstad asked for reconsideration of the amount of the penalty.

Opstad said that after receiving the AOGCC’s June 10 letter, “Emerald House management conducted an internal review of the Umiat-18 field work. The elements of noncompliance revealed by that assessment, did not materially differ from those cited by the AOGCC in items 1 through 4 on page 2 of 3. In that regard, we concur with the Commission’s finding that Emerald House did violate the provisions of 20 AAC 25.507 (“Change of an approved program”) while performing abandonment operations at Umiat-18 and in accordance with that determination enclose herewith the civil penalty of \$40,000.00.”

In asking the commission to review the amount of the penalty, Opstad said.

“From our perspective, the deviations from the conditions of approval imposed by Sundry 321-114 were largely the result of some initial confusion on the part of the field team given the federal & state duopoly in NPRA, coupled with the unprecedented impact of required COVID-19 protocol compliance and a number of communication challenges posed by the Umiat-18 site itself that included: limited snow trail access, no cell phone coverage, poor satellite links, no line of sight radio tie in due to terrain issues, weather imposed access constraints, plus a host of other minor hurdles that made this site uniquely challenging.”

Commission decision

In a decision and order issued Aug. 19, the commission said it had already considered statutory mitigating circumstances.

“Emerald House’s lack of good faith in its attempts to comply with the imposed conditions, the potential seriousness of the violation, and the need to deter similar behavior in future operations are the factors which most heavily influenced AOGCC’s decision and the penalty being assessed.”

It said the conditions of approval for the work “were clearly written.”

“Verbal discussions occurred with Emerald House representatives responsible for plug and abandonment operations at Umiat-18 through the work planning and implementation. Mitigating circumstances include no injury to the public or the environment by the unapproved changes, and no history of noncompliance by Emerald House.”

The commission also noted it had not imposed per-day assessments, thus reducing the amount of the penalty.

In its findings the commission said: “Emerald House’s argument suggests that a technical success for the plug and abandonment operations should some-

how overshadow compliance with clear and specific regulatory requirements, including conditions of the Sundry approval.”

AOGCC said Emerald House violated regulations “by failing to obtain prior approval for changes to the approval conditions” for the work and said the company “has not provided any factual information that would warrant changing the penalty amount.”

The company has 20 days to request reconsideration. ●

Contact Kristen Nelson at knelson@petroleumnews.com

GEOLOG

Surface Logging Services
 Drilling Solutions
 Lab Studies
 Innovation Hub



20 years of Surface Logging excellence in Alaska

GEOLOG, servicing the energy industry’s pre- and post-digital cuttings needs

301 East 92nd Ave., Suite 2, Anchorage, AK 99515 | James R. Carson, Alaska District Manager | +1 907-227-3365 | j.carson@geolog.com

www.geolog.com

EXPLORATION & PRODUCTION

US rotary rig count at 503, a gain of 3

The Baker Hughes U.S. rotary drilling rig count was 503 the week ending Aug. 20, up three from 500 the previous week and up by 249 from 254 a year ago.

When the count dropped to 244 in mid-August 2020 it was the lowest the domestic rotary rig count has been since the Houston based oil-field services company began issuing weekly U.S. numbers in 1944.

Prior to 2020, the low was 404 rigs in May 2016. The count peaked at 4,530 in 1981.

The count was in the low 790s at the beginning of 2020, where it remained through mid-March, when it began to fall, dropping below what had been the historic low in early May with a count of 374 and continuing to drop through the third week of August 2020 when it gained back 10 rigs.

The Aug. 20 count includes 405 rigs targeting oil, up by eight from the previous week and up 222 from 183 a year ago, with 97 rigs targeting gas, down by five from the previous week and up by 29 from 59 a year ago, and one miscellaneous rig, unchanged from the previous week and down by one from a year ago.

Thirty of the rigs reported Aug. 20 were drilling directional wells, 454 were drilling horizontal wells and 19 were drilling vertical wells.

Alaska rig count unchanged

The Louisiana rig count (49) was up by two from the previous week.

New Mexico (80), North Dakota (22), Ohio (12) and Utah (11) were each up by a single rig.

Texas (231) and West Virginia (9) were each down one rig from the previous week.

Counts in all other states were unchanged, week-over-week: Alaska (4), California (6), Colorado (11), Oklahoma (30), Pennsylvania (19) and Wyoming (16).

Baker Hughes shows Alaska with four rigs active Aug. 20, unchanged from the previous week and up one from a year ago, when the state's count stood at three.

The rig count in the Permian, the most active basin in the country, was up by two from the previous week at 247 and up by 120 from a count of 127 a year ago.

—KRISTEN NELSON

Baker Hughes shows Alaska with four rigs active Aug. 20, unchanged from the previous week and up one from a year ago, when the state's count stood at three.

FINANCE & ECONOMY

Alaska jobs up in July, just not O&G jobs

Alaska's July job count was up 5.8% year-over-year, the Alaska Department of Labor and Workforce Development said Aug. 20, an increase of 17,700 jobs.

The 325,300 nonfarm jobs were still 30,100 fewer than the July 2019 count of 355,400.

While the statewide job count gained, there was no change in the number of oil and gas jobs, 6,800, the same as the June count, down 800, 7%, from a July 2020 count of 11,400, and down 3,100 from a July 2019 count of 13,700.

Alaska oil and gas employment peaked at 14,800 in 2014.

The industries which saw the largest employment gain were those hardest hit last year, although the department said few industries reached their pre-pandemic levels. Leisure and hospitality jobs were up 5,100 over last July, but still 10,800 below July 2019. Trade, transportation and utilities gained 5,200 jobs year-over-year, but that count was still 6,000 below 2019.

Labor said the local government job count was up 600, but still 2,900 lower than July 2019, while state government employment was up 100 from July 2020, but still down 1,100 from 2019. Federal employment was higher by 400 over 2020 and by 700 over 2019. Alaska's seasonally adjusted unemployment rate remained 6.6% in July, compared to the U.S. rate, which fell from 5.9% to 5.4%.

—KRISTEN NELSON

The industries which saw the largest employment gain were those hardest hit last year, although the department said few industries reached their pre-pandemic levels.

GOVERNMENT

Weiss, Michel named to AGDC board

Alaska Gov. Mike Dunleavy has named Janet Weiss and Dennis Michel to the Alaska Gasline Development Corp. board of directors, the governor's office said in an Aug. 23 press release.

Weiss, formerly president of BP Alaska, will fill a seat which is currently empty; her term begins Aug. 23 and runs through Dec. 1, 2025.

Michel will join the board Dec. 1 this year, with a term running through Dec. 1, 2026. The governor's office said Michel will fill the seat held by Doug Smith, who did not wish to be reappointed to the board. Smith is currently board chairman.

The governor's office said Weiss received her Bachelor of Science in Chemical Engineering from Oklahoma State University and has more than 35 years' experience in the oil and gas industry in various engineering and leadership roles for ARCO and BP, including president of BP's Alaska region for 7 years.

Michel received his Bachelor of Science in Business Administration from the University of Southern California, Marshall School of Business and his Master of Business Administration with a concentration in corporate finance from the University of Denver.

He has more than 17 years' experience in finance and information services in management and consulting.

No upcoming board meetings were posted on the AGDC website when this issue of Petroleum News went to press. The board most recently met in February; a June board meeting was cancelled due to lack of a quorum.

—KRISTEN NELSON

SUBSCRIBE

to Petroleum News

Call today: 281-978-2771

Petroleum
NEWS

www.PetroleumNews.com

| | |
|---------------------------------|-------------------------------|
| Kay Cashman | PUBLISHER & FOUNDER |
| Mary Mack | CEO & GENERAL MANAGER |
| Kristen Nelson | EDITOR-IN-CHIEF |
| Susan Crane | ADVERTISING DIRECTOR |
| Heather Yates | BOOKKEEPER |
| Marti Reeve | SPECIAL PUBLICATIONS DIRECTOR |
| Steven Merritt | PRODUCTION DIRECTOR |
| Alan Bailey | CONTRIBUTING WRITER |
| Eric Lidji | CONTRIBUTING WRITER |
| Gary Park | CONTRIBUTING WRITER (CANADA) |
| Steve Sutherlin | CONTRIBUTING WRITER |
| Judy Patrick Photography | CONTRACT PHOTOGRAPHER |
| Forrest Crane | CONTRACT PHOTOGRAPHER |
| Renee Garbutt | CIRCULATION MANAGER |

ADDRESS

P.O. Box 231647
Anchorage, AK 99523-1647

NEWS

907.522.9469
publisher@petroleumnews.com

CIRCULATION

907.522.9469
circulation@petroleumnews.com

ADVERTISING

Susan Crane • 907.770.5592
scrane@petroleumnews.com

Petroleum News and its supplement, Petroleum Directory, are owned by Petroleum Newspapers of Alaska LLC. The newspaper is published weekly. Several of the individuals listed above work for independent companies that contract services to Petroleum Newspapers of Alaska LLC or are freelance writers.



OWNER: Petroleum Newspapers of Alaska LLC (PNA)
Petroleum News (ISSN 1544-3612) • Vol. 26, No. 35 • Week of August 29, 2021
Published weekly. Address: 5441 Old Seward, #3, Anchorage, AK 99518
(Please mail ALL correspondence to:

P.O. Box 231647 Anchorage, AK 99523-1647)
Subscription prices in U.S. — \$118.00 1 year, \$216.00 2 years
Canada — \$206.00 1 year, \$375.00 2 years
Overseas (sent air mail) — \$240.00 1 year, \$436.00 2 years
"Periodicals postage paid at Anchorage, AK 99502-9986."

POSTMASTER: Send address changes to Petroleum News, P.O. Box 231647 Anchorage, AK 99523-1647.

Keeping you covered.

To advertise in Petroleum News,
contact Susan Crane
at 907.250.9769

Petroleum
NEWS

petroleumnews.com



BE SEEN • ENHANCED VISIBILITY FRC



ARIAT
WORK

carhartt FRC

Alaska
Textiles

alaskatextiles.com 907-265-4880

PIPELINES & DOWNSTREAM

Conoco files for pads portion of project

Western North Slope Service Pipeline Replacement project includes expansions of Kuparuk CPF2 pad and Colville River unit MIGI pad

By **KRISTEN NELSON**
Petroleum News

ConocoPhillips Alaska is continuing the process of permitting for its Western North Slope Service Pipeline Replacement project, which includes pipelines and pad expansions. A public notice on the applications for pad expansions was posted Aug. 19 by the Alaska Division of Oil and Gas. Expansions would occur at the Central Processing Facility 2 pad in the Kuparuk River unit and the Miscible Injection/Gas Injection pad in the Colville River unit. The division said in the public notice that the pad expansions will accommodate new modules and equipment in support of the WNS Project.

In its Aug. 2 application ConocoPhillips Alaska said expansion of the MIGI pad would add 0.7 acre on the northeast side, while the CPF2 expansion would add to the south and east sides.

“The existing MIGI pad is a wide area of the existing CD4 road, and the pad expansion is just north of CD4,” ConocoPhillips said.

The company said project work is expected to begin Nov. 1 and be completed by June 30, 2024.

CPF2 at Kuparuk

The CPF2 pad expansion will allow the company to install a new remote electrical and instrumentation module, and pump and pigging facilities for delivery of seawater and diesel to the Alpine Central Processing Facility. Existing infrastructure will be used during construction.

The CPF2 pad expansion will also accommodate a new diesel tank truck loading area and diesel storage tanks.

Some 13,000 cubic yards of clean gravel fill will be placed on 0.7 acres of wetlands and 0.3 acre of gravel pad sides on the south and east side.

ConocoPhillips said pipeline components of the project are being permitted separately with the State Pipeline Coordinator’s Section and include replacing the existing

In its Aug. 2 application ConocoPhillips Alaska said expansion of the MIGI pad would add 0.7 acre on the northeast side, while the CPF2 expansion would add to the south and east sides.

12-inch Alpine utility pipeline with a new 20-inch pipeline to transport seawater from CPF2 to the existing MIGI pad on a new pipe rack. The project also includes installation of a new 4-inch products pipeline to transport diesel and other products from CPF2 to ACF on a spare slot on the existing Alpine sales oil pipe rack.

Horizontal directional drilling will be used at the Colville River for both pipelines and “will require constructing two new HDD transition pipeline pads north of the existing Alpine HDD location on the east and west sides of the Colville River,” ConocoPhillips said.

The CPF2 project could begin as early as Aug. 1, 2022, and will be completed by Dec. 31, 2023, “when all supporting infrastructure at the CPF2 pad expansion is installed,” the company said.

MIGI at Colville River unit

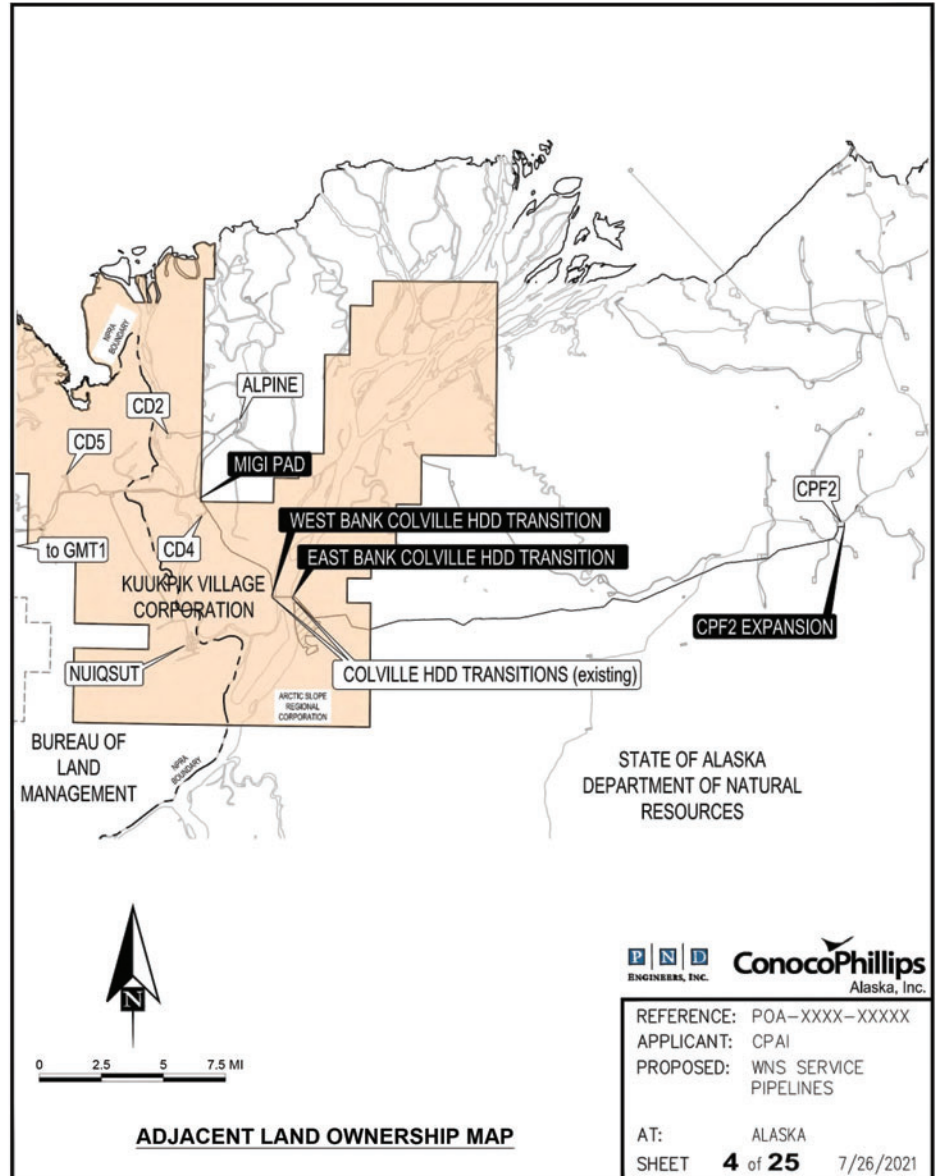
Expansion of the MIGI pad at the Colville River unit will require some 8,000 cubic yards of clean gravel fill. The MIGI pad is north of CD4 in the Colville River pad.

“The existing MIGI pad is a wide area of the existing CD4 road, and the pad expansion is just north of CD4,” ConocoPhillips said.

The expansion will allow for a new remote electrical and instrumentation module “and a pigging module to contain pigging receivers and launchers” in support of the WNS Service Pipeline Replacement project.

The company said the expansion will add some 180 feet by 195 feet to the existing pad. Gravel placement will be over one winter season. Gravel sources being considered are the ASRC Mine Site, the Willow Mine site or a mine site in the Kuparuk River unit.

“The permitted WNS Resupply Ice Road



will be used to support the project,” ConocoPhillips said, with other ice permitted through the North Slope Borough.

Pipelines

In an Aug. 2 application to the State Pipeline Coordinator for a right-of-way lease for a new Western North Slope 4-inch product line (see story in Aug. 22 issue of Petroleum News), ConocoPhillips said work on that project is expected to begin this November and be completed by June 2024 with a target startup for the pipeline as early as December 2023.

The 4-inch products line will “import diesel and other products” for use in the Colville River unit, the Greater Mooses Tooth unit and “eventually” at the Bear Tooth unit “for powering equipment, supporting well work operations, and for freeze protection of wells.” The 4-inch line will be placed in a spare slot on the existing Alpine Sales Oil pipe rack.

An application for the 20-inch utility line had not yet been posted when this issue of Petroleum News went to press. ●

Contact Kristen Nelson
at knelson@petroleumnews.com

NORTH SLOPE TELECOM, INC.
907-751-8200

connect your team ANYWHERE, ANYTIME

TELECOM, ENGINEERING, AND INSTALLATION.
Learn more at NSTIAK.com.

MOTOROLA SOLUTIONS
Platinum Channel Partner

SHIP BEYOND THE RAILS.
FROM RAIL TO SEA TO ROAD, WE DO IT ALL.

The Alaska Railroad does more than you might expect. We ship freight to and from anywhere in North America. Even places without rail access. And we handle all the logistics along the way. So whatever it takes to get it there - barge, train, truck - you only need to deal with one point of contact and one invoice. So, next time you need to ship, sit back, relax and let us handle all the weight.

Call for a free quote today: 800.321.6518 | alaskarailroad/freight

ALASKA RAILROAD

World class oil asset positioned for success



Established basin with significant undeveloped potential

- > Established oil province with mega discoveries
- > Significant existing infrastructure
- > Ability to transport production via open access, regulated pipelines with available ullage
- > O&G industry has provided an average of 80% of Alaskan State revenue since 1977



High calibre team

- > Alaska team has >1,300 years combined Alaska experience, 1,500 years of global oil and gas experience and 75% is hired within Alaska
- > JV partner brings ~10 years of North Slope Alaska experience



Material resource¹ (968 mmbbl 2C gross)

- > Total Pikka resource – 768 mmbbl 2C gross
- > Pikka Phase 1 share of 2C resource – 413 mmbbl 2C gross²



Key approvals secured from landowners and regulators

- > Land Use Agreement with Kuukpik Native Corporation
- > Permits received from US Army Corps of Engineers

1. Total Alaska gross (100% working interest) resource, before royalty.

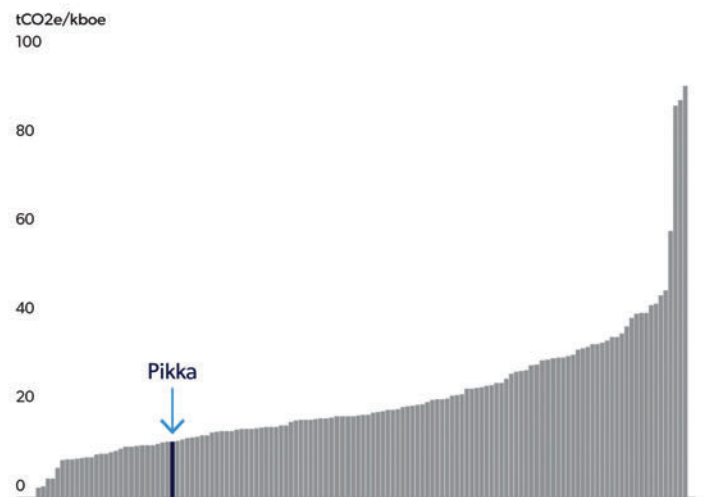
2. Not all 2C resources will necessarily convert to 2P. Booked 2P will depend on the economics at the time of booking, on treatment of royalties, and any changes due to moving from PRMS2007 to PRMS2018.

3. Source: Wood Mackenzie Emissions Benchmarking Tool (average total GHG intensity in tCO₂e/kboe to 2045).

2021 HALF YEAR RESULTS 24 AUGUST 2021

Amongst prospective oil projects today, Pikka Phase 1 is within the top quartile for lowest GHG intensity

GHG Intensity of Probable/Under Development Oil and Gas Projects³



20

continued from page 1

PIKKA VALUATION

million barrels, and the material resource at 968 million barrels.

Some investors are questioning the value of Oil Search's proposed \$14 billion merger with competitor Santos, which will include Pikka and other nearby major oil discoveries in Alaska. Under the current non-binding indicative merger proposal, Oil Search shareholders

would own 38.5% of the merged company as compared with the 61.5% share for Santos shareholders.

But the merger is far from complete. The next steps are critical:

- Each company must complete its due diligence on the other, which is anticipated to conclude in early September.
- During the due diligence period, the parties negotiate a merger implementation deed which, if agreed to, is entered when the due diligence is satisfactorily complete.
- Oil Search must prepare and send to its shareholders

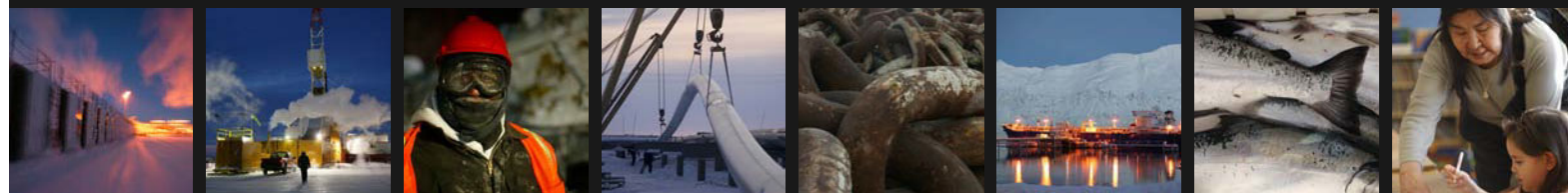
a Scheme Booklet containing information on the proposed transaction.

- An Independent Expert Report must be done. Grant Samuels & Associates has been retained to do it. If they conclude the merger is in the best interests of Oil Search shareholders (and that no superior proposal has been received), their report will be included in the Scheme Booklet to shareholders.

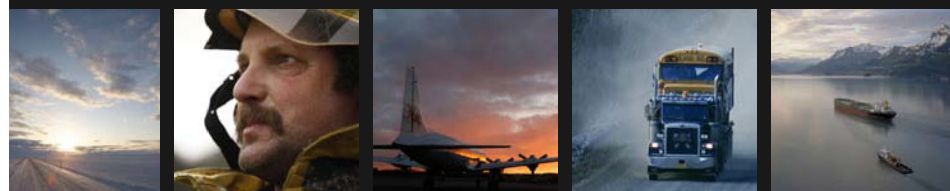
- The report and Oil Search's due diligence must

see **PIKKA VALUATION** page 7

WHATEVER



WHENEVER



WHEREVER

Creative photography for the oil & gas industry.
judypatrickphotography.com
907.258.4704

JUDY PATRICK
PHOTOGRAPHY

continued from page 1

HYDROGEN STRATEGY

Previous peak in 2000

A previous wave of excitement in hydrogen fuel peaked in 2000 when Ballard Power Systems based in Metropolitan Vancouver received financial backing from the B.C. government and attracted global investment.

However, the company's tests of its hydrogen technology from 2009 to 2014 on 20 city buses were abandoned, scuttling talk of a "hydrogen highway" from B.C. to California.

But Ballard has quietly continued to pursue its objectives by developing hydrogen fuel cells, holding out hopes that B.C. will make at least 10 hydrogen stations available to motorists by the end of this year.

Bruce Ralston, B.C.'s Minister of Energy, Mines and Low Carbon Innovation, conceded that hydrogen has "gone through some peaks and valleys over the past 25 years."

"But I think the difference this time is that it's recognized widely by a number of countries, research institutions and established clean-tech companies as a fuel that will enable different countries to achieve the decar-

bonization goals that they want."

Earlier this year, Ralston announced a program to provide discounted rates for BC Hydro (a provincially owned utility) to industrial customers that build or expand clean energy projects.

Not completely pollution free

But it is understood that hydrogen is not a completely pollution-free fuel.

The process of producing hydrogen emits varying amounts of carbon, depending on the process that is used.

"Green" hydrogen relies on low-emitting renewable electricity, while "blue" hydrogen is derived from natural gas by a process that captures and stores the carbon dioxides that would otherwise be released into the atmosphere.

But "green" hydrogen has manufacturing costs that are at least triple those associated with the "blue" version.

Karen Tam Wu, B.C. director of the Alberta-based Pembina Institute, a clean energy think tank, said she was disappointed that the B.C. government will continue to embrace natural gas as the underpinning of its hydrogen production.

Because the government has failed to give priority to "green" hydrogen it will "miss an opportunity to build a hydrogen economy on a renewable energy foundation rather than on fossil fuels," she said.

Ballard Chief Executive Officer Randy McEwen did not agree with Wu's position, saying a "comprehensive hydrogen strategy for the province will send a strong signal to investors, boosting economic growth and local jobs, while positioning B.C. as a leader in the hydrogen economy."

Hydrogen plans

Currently, a number of European Union countries, Oman, Saudi Arabia, Western Australia and Alberta have committed tens of billions of dollars to produce hydrogen.

Air Products and Chemicals said in July that it plans to open a C\$1.3 billion facility near Edmonton in 2024, while Suncor Energy and Atco are working on joint production of "blue" hydrogen in Alberta, setting 2028 as their target date to bring a facility online.

—GARY PARK

Contact Gary Park through publisher@petroleumnews.com

continued from page 6

PIKKA VALUATION

include an appraisal of the company's value — including the worth of its Alaska acreage, which some investors and observers say is currently undervalued.

• An Oil Search shareholders meeting must be held to consider the scheme (expected to happen by the end of the year). In order to proceed, the merger with Santos must be approved by 75% or more of the votes cast.

• Assuming shareholder approval is obtained, and that all regulatory approvals are in hand, shareholders will be able to exchange Oil Search shares for the new shares in Santos.

In its half year results presentation on Aug. 24, Oil Search acting chief executive Peter Fredricson said the board would consider competing propositions but was not actively seeking a better offer.

"I noticed that we were asked by a shareholder today if we had gone out and knocked on the doors of everybody else. But when we're in a process like you're in, you sign non-disclosure agreements and typically they'll include 'no shop, no talk' type restrictions. And we're in that environment today." But, Fredricson added, "if something else was to come in the door that led to a better outcome, then we have the ability to step away from the Santos transaction."

Slow Alaska sell-down

Fredricson said the Santos deal might slow down a third partner buying into Pikka because of the uncertainty surrounding the process.

The sell-down is underway by which Alaska operator Oil Search and its partner Repsol would sell up to 30% (likely 15-15 each) of their interest in Pikka, and possibly nearby acreage to a third party. This is part of de-risking the project and a common practice for major oil and gas developments on the North Slope and around the world. Oil Search is the lead on the sell-down process and has said they are dealing with/have talked to several parties.

Given the favorable coverage Pikka has received worldwide in industry publications — and by independent project analysts — it's not surprising there is interest. For example:

—Independent Project Analysis: "As of June 2021 ... the Pikka Phase 1 Project has been defined to the best level for a project at this stage" (IPA is a benchmarking, research, and consulting organization devoted to the empirical research of capi-

"If something else was to come in the door that led to a better outcome, then we have the ability to step away from the Santos transaction." —Peter Fredricson

tal projects and project systems.)

—Ryder & Scott: "The Front-end Loading (FEL) is well-planned for a major project of this nature, and, in our opinion, the Project is set up for success." (Oil and gas engineering and geological consultants known worldwide for quality, reliability and integrity.)

In the meantime, it is business as usual for Oil Search operations in Alaska and elsewhere.

"Transactions ... don't always run full course and get approved, so our focus is on continuing to run the business," Fredricson said Aug. 24 on the heels of Oil Search reporting an almost six-fold rise in its core profit to \$139 million for the first half the year.

In the meantime, the process that is designed to bring Pikka 1 online is moving forward.

Dingeman: Alaska progress

In their presentations and the Q&A that followed, Oil Search Alaska President

Bruce Dingeman and Fredricson said the FEED, or front-end engineering and design, phase of development for Pikka is nearing completion.

The Santos deal withstanding, in support of efforts toward the final investment decision by Oil Search and Repsol, the current summer field program is nearing completion. Work is focused on final preparation of the Pikka 1 gravel roads and pads, initially installed in the winter of 2019-20, for use during the next phase of construction.

With the technical aspects of the Pikka project tracking well to schedule and FEED nearing completion, Oil Search and Repsol are focused on ensuring appropriate risk allocation and funding is in place prior to taking FID.

They continue to pursue a range of funding options, including the sell-down of up to a 30% equity interest, the sale of midstream infrastructure and other non-recourse debt funding options.

When asked about the dollar value of monetizing their midstream infrastructure, Fredricson said that monetizing midstream infrastructure around globe has become very popular. The difference with Pikka is because it will all be new infrastructure with much of it yet to be built.

"The value of the build in Phase 1," Fredricson said, is a total of "\$2.6 billion

with \$1.1 billion allocated to drilling and \$1.5 billion for infrastructure. We've talked between \$900,000 and \$1.2 billion for infrastructure downstream as the opportunity."

Dingeman touted the fact that most of the 700 permits and approvals needed for the project are in hand; in particular two key approvals — the Land Use Agreement with Kuukpik Native Corp. and the permits from the U.S. Army Corps of Engineers.

When asked about the recent negative court decision on the Willow project's EIS, Dingeman said Oil Search couldn't comment on behalf of ConocoPhillips. He also noted that Oil Search's circumstances were different with Pikka, because the project is on state, not federal land, and that the Pikka EIS was "already established, we've already put gravel in place." And while not impossible, a court challenge was therefore "less likely" at this stage.

"Pikka is ... poised to play an important role in improving Oil Search's GHG emissions intensity," Fredricson said. "The Pikka project is aligned with the objectives of the Paris Agreement."

—KAY CASHMAN

Contact Kay Cashman at publisher@petroleumnews.com

Cruz
CONSTRUCTION, INC.
• ALASKA •

BUILDING ALASKA FOR OVER 40 YEARS

- Heavy Civil
- Oil Field
- Marine Transportation
- Camps

PALMER: 907.746.3144 | DEADHORSE: 907.670.2506 | KENAI: 907.283.1085 | ONLINE AT CRUZCONSTRUCT.COM

continued from page 1

WILLOW DECISION

200,000 bpd. Total cumulative production over 30 years is projected to be 586 million barrels. Field development would involve the construction of up to five drill sites, a central processing facility, an operations center pad, up to 37 miles of gravel roads and an airstrip, as well as the installation of necessary pipelines.

Alaska's congressional delegation slammed the court decision.

"This District Court order vacating key approvals and permits for Willow is just plain wrong," said Sen. Lisa Murkowski. "In partnership with communities on the North Slope, ConocoPhillips Alaska has been responsibly producing oil from the NPR-A region for decades under the highest environmental standards and this proposed project will be no different. Although this is a setback for Willow, it is not the end. Even the Biden administration has come to understand what Alaskans have always known — that the Willow project must move forward."

"Yet again another devastating decision by this federal judge that promotes

Gleason acknowledged the comprehensive nature of the analyses that BLM and FWS had conducted. But she said that there are some serious errors in the documents — these errors render the documents invalid under the applicable statutes.

the interests of Lower 48 radical environmental groups waging their unrelenting war on Alaska's economy, working families, and Native communities," said Sen. Dan Sullivan. "This decision won't do one thing to help the environment. To the contrary, it further delays one of Alaska's most strategic energy development projects, which will benefit our adversaries that produce oil, like Russia, Venezuela and Iran, whose environmental standards are some of the worst in the world."

"Let me be very clear: Judge Gleason's decision is terrible for Alaska, our energy sector, and the countless families it supports," said Rep. Don Young. "The Willow project has immense potential for our state, and in the wake of the economic damage caused by the pandemic, we need

it now more than ever. Alaskans have been responsibly developing our resources for decades; we do it right."

Two related appeals

The court decision applies to two appeals raised by several environmental organizations and Sovereign Inupiat for a Living Arctic. Under the National Environmental Policy Act an EIS is required for a project of the scale of the Willow development. And, because polar bears found in the region are protected under the Endangered Species Act, FWS has to prepare a biological opinion, to ensure that any impacts on the bears will be allowed under the provisions of the ESA and the Marine Mammal Protection Act.

Gleason acknowledged the comprehensive nature of the analyses that BLM and FWS had conducted. But she said that there are some serious errors in the documents — these errors render the documents invalid under the applicable statutes.

Foreign GHG emissions

Gleason found the EIS to be invalid, in part, because it failed to include foreign

The court decision applies to two appeals raised by several environmental organizations and Sovereign Inupiat for a Living Arctic.

greenhouse gas emissions, rather than just U.S. emissions, as part of the evaluation of the Willow field's potential environmental impacts. In reaching this viewpoint Gleason referenced a ruling over the same issue by the 9th Circuit Court, when in December 2020 that court upheld an appeal against the EIS for Hilcorp Alaska's planned Liberty field development in the Beaufort Sea. In the case of Willow, BLM had argued that an individual field development would have a negligible impact on global greenhouse gases and that there is insufficient reliable data for foreign emissions. BLM should have either provided a quantitative estimate of greenhouse gas emissions from the overseas consumption of Willow oil, or explained more specifically why this was not possible, together with a more thorough discussion of how foreign oil consumption might alter the carbon dioxide emissions analysis, Gleason wrote.

Alternatives analysis

The second issue over which Gleason found the EIS to be invalid related to BLM's analysis of different alternatives for the Willow development. Essentially, the agency had "acted contrary to law" by basing its analysis on a view that, as a leaseholder, ConocoPhillips had the right to extract all possible oil and gas from its leases, Gleason wrote. A number of public comments on the draft EIS had urged the consideration of more development alternatives, rather than just the ones considered in the EIS. The BLM leases do not allow the lessee to drill wherever it chooses, nor do they preclude BLM from considering alternative development scenarios, Gleason wrote.

The third issue over which BLM had contravened the law was the manner in which the agency had failed in its alternatives analysis to meet a statutory directive to give maximum protection to surface values in the Teshekpuk Lake Special Area, Gleason wrote. Essentially, BLM had not provided an adequate explanation for its lack of a more detailed study of a possible development alternative with modified or no infrastructure in the special area, she wrote. The Center for Biological Diversity, a plaintiff in one of the appeals, argued that there should have been alternatives prohibiting permanent infrastructure in the Teshekpuk Lake and Colville River Special Areas, or only allowing drilling during the winter in these areas.

Polar bear mitigation measures needed

Gleason said that the polar bear biological opinion is invalid because it lacks specific mitigation measures that would need to be taken to protect the bears. Essentially, the opinion relies on mitigation measures required under the Marine Mammal Protection Act, including as yet unknown MMPA mitigation measures that will be specified in the future. Moreover, while on the one hand the biological opinion states that there would be some "hazing" of bears to deter bears from entering worksites or raising safety issues, the opinion also makes the contradictory statement that there would be no non-lethal take of the bears, Gleason wrote. ●



Safer. Smarter.



Better.

Our CDR2-AC rig reflects the latest innovations in Arctic drilling to provide our customers with incident free performance and operational and technical excellence.

CDR2-AC is the first Arctic rig designed and built by Nabors specifically for Coil Tubing Drilling operations. The rig was built to optimize CTD managed pressure drilling to provide precise control of wellbore pressures for improved safety, decreased costs, and increased wellbore lengths.

Combining safety and environmental excellence with greater efficiency means CDR2-AC can deliver the high value results customers have come to expect from Alaska's premier drilling contractor.

Learn more about Nabors' new drilling technologies at Nabors.com.



NABORS – MISSION TO ZERO
Safer, Smarter - Incident Free

Contact Alan Bailey
at abailey@petroleumnews.com

continued from page 1
BADAMI FIELD

way east from Pump Station 1 of the trans-Alaska oil pipeline at Prudhoe Bay to the border of the ANWR 1002 area, a total of about 70 miles as a goose flies.

From nearly the beginning, the Badami sands reservoir's complex geology — compartmentalized into multiple, discrete sand bodies — rendered the Badami unit challenging to produce.

Starting early in the field's life, oil output declined so severely that BP suspended production on several occasions, with one suspension lasting for two years. Field suspension allowed the Badami sands reservoir pressure to recharge, as subsurface oil slowly migrated between the various sand units.

By August 2007 production had fallen to 876 barrels a day.

Badami was a big disappointment for BP, which had built a 38,500 barrel-a-day capacity processing plant for the field.

In mid-2008, BP brought in Savant as a partner and operator, eventually selling out to the small independent.

While Savant has been more successful with oil production from the Badami sands with only one multi-month shutdown (due to the 2020 oil price crash), the company has also looked outside the Badami participating area for new sources of oil.

Savant's first discovery was in early 2010 with the B1-38 well, followed by the Starfish prospect's B1-07 well which was drilled after Savant became part of Glacier. Both the discoveries were in the shallow Cretaceous Killian sands, a Brookian interval, although B1-38 in the Red Wolf



Savant Alaska drilled the B1-07 exploration well with Nabors Rig 27E and made its second Killian oil discovery.

prospect also had oil in the deeper Kekiktuk formation that contains the oil reservoir for the Endicott field to the west.

As a result of these successes and well work, Savant was able to keep Badami oil production relatively steady. In May, output averaged 1,143 barrels per day.

E. North Slope hot spot

And if the company can hold out, the future of the eastern North Slope looks promising.

Eni is rumored to be planning an eastern Slope exploration project on its 350,000 undeveloped acres.

When Eni purchased the acreage from Caelus in 2018, it said it planned to "apply its business model and experience," involving "fast-track exploration" and "a short time to market" for the "potential new discoveries."

Containing 124 state leases in two blocks, the acreage is relatively unexplored and close to Badami.

Bill Armstrong's company, Lagniappe Alaska, and 50-

50 partner Oil Search, hold some 275,000 acres south of Badami, which they expect to be drilling in the next year or two. That alone will increase Badami's value, especially if they find what they expect to. And so far, their track record for finding oil on the North Slope has been excellent.

But a potential merger between Oil Search and Santos could slow things down.

Still, a few months ago Armstrong told Petroleum News in a series of texts that he was very excited "about our Lagniappe play ... We are essentially taking our learnings from the Pikka/Horseshoe/Mitquq/Stirrup play (all significant discoveries) in the west to east of Prudhoe Bay."

The play concept "is very similar. Multiple zones, onshore, good gravity oil, reasonably close to infrastructure," he said.

"The targeted objectives are slightly younger than what we have at Pikka et al but with better reservoir qualities — porosity and permeability — even though they are slightly deeper," Armstrong said.

There have been very few wells drilled in the Lagniappe area, he continued, "and the few wells that have been drilled were not pursuing the zones that we are. Yet almost all wells had good oil and gas shows. We are using 3D seismic. We know what we are looking for due to our big success to the west."

Armstrong said Lagniappe and its partner "are pursuing stratigraphic traps, which are subtle, but now that we know what they look like, they are identifiable on 3D seismic. Real big targets."

Plus, all the Lagniappe acreage is on state leases, he noted more than once. ●

Contact Kay Cashman
at publisher@petroleumnews.com



Oil Patch Bits

AOGA announces 2021 scholarship award winner

The Alaska Oil and Gas Association announced Aug. 23 that Anna DeVold, age 16, of Soldotna, Alaska, is the winner of its annual \$2,500 college scholarship.

DeVold was selected for her impressive community involvement, as well as her response to AOGA's essay question, which asked applicants to explain what role oil and gas will play in the future as renewable energy sources become more widely available.

DeVold is a homeschooled eleventh grader within the Kenai

Peninsula Borough School District. She created the award-winning educational program Promote Our Pollinators, which provides education about the need for healthy pollinators, especially bees. DeVold also teaches ballet at Encore Dance Academy and received the President's Volunteer Service Award two years in a row.

Because of her love of art, photography and writing, she plans to pursue a degree in communications.

DeVold was selected by a panel with professional backgrounds in oil and gas and education.

She will be formally recognized at AOGA's annual conference on Jan. 12, 2022, in Anchorage.



COURTESY AOGA

Companies involved in Alaska's oil and gas industry

| ADVERTISER | PAGE AD APPEARS | ADVERTISER | PAGE AD APPEARS | ADVERTISER | PAGE AD APPEARS |
|--|-----------------|---|-----------------|--|-----------------|
| A | | | N-P | | |
| Acuren | | Construction Machinery Industrial (CMI) | | Nabors Alaska Drilling | .8 |
| AES Electric Supply, Inc | | Cook Inlet Tug & Barge | .11 | NANA Worley | |
| Afognak Leasing LLC | | Cruz Construction | .7 | Nature Conservancy, The | |
| Ahtna, Inc. | | Denali Universal Services (DUS) | | NEI Fluid Technology | |
| Airport Equipment Rentals | | Doyon Anvil | | Nordic Calista | |
| Alaska Dreams | | Doyon Associated | | North Slope Borough | .11 |
| Alaska Frontier Constructors (AFC) | | Doyon Drilling | | North Slope Telecom | .5 |
| Alaska Fuel Services | | Doyon, Limited | | Northern Air Cargo | |
| Alaska Marine Lines | | EEIS Consulting Engineers, Inc. | | Northern Solutions | |
| Alaska Materials | | EXP Energy Services | .2 | Oil Search | |
| Alaska Railroad | .5 | F. R. Bell & Associates, Inc. | | PND Engineers, Inc. | |
| Alaska Steel Co. | | Flowline Alaska | | PRA (Petrotechnical Resources of Alaska) | |
| Alaska Textiles | .4 | Frost Engineering Service Co. – NW | | Price Gregory International | |
| Alaska West Express | | G-M | | | |
| Arctic Controls | | GCI | .10 | Q-Z | |
| ARCTOS Alaska, Division of NORTECH | | GeoLog | .3 | Resource Development Council | |
| Armstrong | | GMW Fire Protection | | SALA Remote Medics | |
| ASTAC (Arctic Slope Telephone Assn. Coop, Inc) | | Greer Tank & Welding | | SeaTac Marine Services | |
| AT&T | .12 | Guess & Rudd, PC | | Security Aviation | |
| Avalon Development | | HDR Engineering, Inc. | | Shoreside Petroleum | |
| B-F | | | | Soloy Helicopters | |
| Bombay Deluxe | | ICE Services, Inc. | | Sourdough Express | |
| BrandSafway Services | | Inlet Energy | | Strategic Action Associates | |
| Brooks Range Supply | | Inspirations | | Tanks-A-Lot | |
| Calista Corp. | | Judy Patrick Photography | .6 | US Ecology Alaska | |
| Caltagirone Legal, LLC | | Little Red Services, Inc. (LRS) | | Weston Solutions | |
| ChampionX | | Lynden Air Cargo | | Wolfpack Land Co. | |
| Coffman Engineers | | Lynden Air Freight | | Yukon Fire Protection | |
| Colville Inc. | | Lynden Inc. | | | |
| Computing Alternatives | | Lynden International | | | |
| CONAM Construction | | Lynden Logistics | | | |
| | | Lynden Transport | | | |
| | | Maritime Helicopters | | | |
| | | Matson | | | |

All of the companies listed above advertise on a regular basis with Petroleum News

continued from page 1

COURT RULING

program in the District Court. After the District Court rejected the appeal in January 2020, the appeal was elevated to the 9th Circuit.

Relied on integrated activity plan EIS

At the core of the appeal was an argument that BLM should have prepared an environmental impact statement for the exploration program, rather than conducting an environmental assessment linked back to the EIS for BLM's NPR-A integrated activity plan, completed in 2012. That IAP envisaged the possibility of oil exploration activities in the region where ConocoPhillips conducted its drilling. Apparently the Bear Tooth exploration environmental assessment had also made reference to the supplemental EISs for ConocoPhillips' nearby drilling in the Mooses Tooth unit. BLM had also argued that it had conducted a separate evaluation of impacts on subsistence uses and needs under the terms of the Alaska National Interest Lands Conservation Act.

BLM and ConocoPhillips had both argued that the case was moot, given that the exploration in question had been completed, with a few small surface well caps being

the only remaining evidence of exploration activities.

However, at issue was a question of whether this case could set a precedent for future court decisions in similar cases. Should an exploration project of this nature require its own EIS, rather than relying on the EIS for the IAP?

Legal criteria

In concluding that the case is indeed moot the 9th Circuit panel of judges considered two legal criteria, both of which would need to apply were the case to continue: whether the duration of the exploration program being challenged was too short to allow full litigation before completion of the program, and whether there is a reasonable expectation of the same legal challenge in the future. The court determined that, given that the exploration program in question only lasted five months, the first of these criteria applied. However, the second criterion failed because of several new circumstances that have arisen since the District Court's decision in January 2020, the 9th Circuit said.

Firstly, in 2020 the Council of Environmental Quality issued new regulations for implementing the National Environmental Policy Act. And in January 2021 President Biden directed a review of this new rule. As a consequence it is now unclear whether future challenges

to NPR-A exploration would be adjudicated based on the old regulations or the new regulations. Moreover, use of the new regulations would require BLM to use a different method than previously for the approval of future exploration projects.

New IAP for NPR-A

Secondly, in 2020 BLM issued a new IAP for NPR-A, thus rendering obsolete the 2012 IAP referenced in the lawsuit. In addition, although BLM says that it is continuing to tier environmental reports for the region at issue to one of the Mooses Tooth supplemental EISs, that particular project represents a different development stage from an exploration project — this would preclude using this approach for an environmental assessment for future exploration, the 9th Circuit panel said.

"The panel concluded that this was a unique case where mootness was not based on a single factor, but on a multitude of new circumstances, which, together, showed that the 'capable of repetition, yet evading review' mootness exception did not apply," the panel wrote in its Aug. 24 order.

—ALAN BAILEY

Contact Alan Bailey
at abailey@petroleumnews.com

continued from page 1

LINE 3

Al Monaco told shareholders will launch a "critical integrity project that will improve safety and further reduce environmental risks, while driving significant incremental (earnings) growth." The Calgary-based company, which expects to carry a record total averaging 2.8 million bpd in Canada and the U.S. this year, said it filed procedural regulatory documents with the Canada Energy Regulator and the U.S. Federal Energy Regulatory Commission in mid-August to allow for tolling surcharges on Line 3 within as little as 30 days.

Sept. 15 effective date

It wants the tolls to be effective on Sept.

Line 3 is critical for Alberta, where crude output has surpassed existing pipeline capacity in recent years, resulting in sharp discounts for Alberta's heavy crude against U.S. blends and the loss of billions of dollars in government royalties.

15, ending a seven-year struggle to complete the C\$9.3 billion project from Alberta to Wisconsin.

The major delays have occurred in Minnesota, where Enbridge has faced and mostly overcome its sternest opposition that continued on Aug. 19 when an estimated 300 protesters shut down Duluth's Aerial Lift Bridge for about 30 minutes while they

hung a "Stop Line 3" banner across the span.

The protesters dispersed when asked by police and no arrests or injuries were reported.

In contrast to its scuttling of TC Energy's Keystone XL pipeline and refusal to endorse Enbridge's Line 5 upgrading in Michigan, the administration of President Joe Biden has supported permits for Line 3 in the face of relentless opposition.

Jake Sullivan, Biden's national security adviser, lashed out earlier in August at the refusal by OPEC and allies to boost their oil output to tackle rising U.S. gasoline prices which he said that "if left unchecked, risks harming the ongoing global economic recovery."

Kenney joins chorus

Alberta Premier Jason Kenney has joined the chorus in Canada, which has labelled Biden as "hypocritical, stupid, pathetic, embarrassing" and other epithets for favoring OPEC oil over the North American resources as his disposal.

"The same U.S. administration that retroactively cancelled Keystone XL is now pleading with OPEC and Russia to produce and ship more crude oil (to the U.S.). This comes just as Vladimir Putin's Russia has become the second largest exporter of oil to the U.S. (trailing only Canada)," he said.



SONYA SAVAGE

Line 3 is critical for Alberta, where crude output has surpassed existing pipeline capacity in recent years, resulting in sharp discounts for Alberta's heavy crude against U.S. blends and the loss of billions of dollars in government royalties.

Alberta Energy Minister Sonya Savage said her government was "excited" by the prospect of Line 3 coming into service.

"Every credible forecast of future world energy consumption sees strong oil and gas demand continuing for several decades and pipelines will be critical to enabling Alberta to help meet the world's energy needs," she said.

U.S. Congressman from Texas, Dan Crenshaw, said Biden's move to give greater priority to OPEC oil than U.S. oil was "reaching a whole new level of stupid ... not just stupid but anti-American."

Savage made no attempt to pull her punches, suggesting Biden's initiative contained "irony and hypocrisy all over the place," first by cancelling Keystone XL, then six months later asking OPEC to replace the 830,000 bpd lost by burying KXL then by talking about "rapidly transitioning off fossil fuels in the U.S. by 2035, including any electricity generated by fossil fuels and phasing out the international combustion engine."

Other critics suggested Biden should be celebrating high oil and gas prices because that should reduce consumption, thus lowering greenhouse gas emissions.

Instead, they observe, Biden is on his hands and knees begging the OPEC dictatorships who fund terrorism against the West and Western interests.

—GARY PARK

Contact Gary Park through
publisher@petroleumnews.com

ALASKA'S MOST ADVANCED NETWORK

provides the only redundant fiber-optic
network to the North Slope.



gci.com/business | 800.800.7754

continued from page 1

OIL PRICES

On the demand front, fears were quelled by a report from China's National Health Commission that the country had no new locally transmitted COVID-19 cases on Aug. 23, for the first time since July.

Oil traders had been rattled by a breakout of the highly contagious delta variant of the virus discovered July 20 in the city of Nanjing, which exploded into the worst outbreak in China since 2020.

In the United States, the Food and Drug Administration announced Aug. 23 that it had granted full approval to the first COVID-19 vaccine.

The vaccine, approved on an emergency basis as the Pfizer-BioNTech COVID-19 Vaccine, will be marketed as Comirnaty, for the prevention of COVID-19 disease in individuals 16 years of age and older, the FDA said in a release.

The vaccine will continue to be available under emergency use authorization for individuals 12 through 15 years old, and for the administration of a third dose in certain immunocompromised individuals, the FDA said.

The approval cleared the way for the Pentagon to broadly require the shots for military personnel and will likely lead to additional vaccine requirements in the workplace. Health officials are hopeful that FDA approval will allay fears among vaccine-hesitant individuals as well.

Some analysts have postulated that increased vaccine use will lead to a surge in business related travel in the fall and winter.

Losses reversed

Gains continued Tuesday Aug. 24, with ANS and Brent both closing above \$70.

ANS gained 62 cents Aug. 25, to close at \$71.03, WTI gained 82 cents to close at

Some analysts are calling for oil to settle into the \$60s, but Jeffrey Currie, Goldman Sachs head of commodities research continues to call for oil to reach \$80 in the fourth quarter.

\$68.36, and Brent gained \$1.20 to close at \$72.25. In three days, the indexes turned in a gain of about 10%, essentially recovering losses incurred over the seven-day slide that ended Aug. 20 with ANS had closing below \$65.

U.S. Energy information Administration reports released Aug. 25 showed that motorists were continuing to take to the roadways despite the delta variant breakouts.

U.S. crude supplies dipped to a level not seen since January 2020 and gasoline inventories surprised analysts with a robust drop.

U.S. commercial crude oil inventories for the week ending Aug. 20 decreased by 3.0 million barrels from the previous week to 432.6 million barrels, about 6% below the five-year average for this time of year, the EIA said.

Total motor gasoline inventories

decreased by 2.2 million barrels for the period, putting them about 3% below the five-year average for this time of year, it said.

Goldman Sachs remains bullish

Early on Aug. 26, Pemex CEO Octavio Romero told Mexican journalist Carmen Aristegui that Pemex had so far recovered 71,000 bpd of production shut in from the platform fire, and the company expected to add an additional 110,000 bpd later in the day, according to a Reuters report.

Brent and WTI were just above 0.5% below Wednesday's close, in early trading as Petroleum News went to press.

Some analysts are calling for oil to settle into the \$60s, but Jeffrey Currie, Goldman Sachs head of commodities research continues to call for oil to reach \$80 in the fourth quarter.

In a note published Aug. 23, Currie said that the selloff was overdone in part because supply has stayed low, and because producers are investing too little in new projects to catch up to future demand growth, Barron's reported.

Currie said the delta variant "will prove to be a transient event, and that U.S. producers will retain their newfound discipline, as

the drivers of our bullish view shift from cyclical demand impulses to the structural binding constraints of underinvestment in supply that were only accelerated by Covid-19."

Goldman Sachs said in a note that appeared on Forex Live that delta and China are currently overshadowing a tightening market.

"We believe the micro — steadily tightening commodity fundamentals — will trump these macro trends as we move towards autumn, pushing many markets like oil and base metals to new highs for this cycle," Goldman said, adding that the pace of growth has likely peaked, something that could dampen other risk trades, but for commodities it's overall demand that matters.

Tracking mobility, Goldman said that the hit to Chinese demand is only 0.7 million bpd and that overall global demand remains near 98 million bpd with demand strong outside of Asia.

Globally, Goldman sees a 1.5 million bpd deficit in the past month and "precariously low" storage levels in emerging markets excluding China. ●

Contact Steve Sutherlin at ssutherlin@petroleumnews.com



Keep On Tuggin'

COOK INLET TUG & BARGE

For more than 97 years, Cook Inlet Tug & Barge has been providing exceptional marine transportation services along the Arctic coastline. With our experienced team and fleet of high-quality tugs, we will continue to support the needs of Alaska's industries.

www.cookinlettug.com
Email: info@cookinlettug.com



NORTH SLOPE BOROUGH GRAVEL MINE SITES

Foundation of the Future



MINE SITE F ★ PUT 23 MINE SITE
MINE SITE 3 ★





Quality & Convenience

FOR SALES INFO CALL (907) 852-0320



FORTIFY

your business

with a centralized security dashboard and insights from a global intelligence team

FORTIFY your business with AT&T Cybersecurity.
Learn more at att.com/cybersecurity

©2020 AT&T Intellectual Property. All Rights Reserved.



AT&T
Business