



ConocoPhillips has funded FEED at its Willow NPR-A development

ConocoPhillips approved funding for front-end engineering and design, FEED, for its Willow project in the National Petroleum Reserve-Alaska earlier in December, ConocoPhillips Alaska spokeswoman Natalie Lowman told Petroleum News in a Dec. 29 email. The funding "includes gravel work for the 2021 winter season, and progress with detailed engineering based on the development plan approved in the ROD," she said.

The record of decision or ROD on the final environmental impact statement for the project was signed by the U.S. Department of the Interior on Oct. 26 (see story in Nov. 1 issue of PN). The FEIS for the project was released in August.

"A final investment decision is planned for late 2021," Lowman said.

see **WILLOW FEED** page 9

New integrated activity plan for NPR-A finalized; ROD is issued

The federal Bureau of Land Management has finalized a new integrated activity plan for the National Petroleum Reserve-Alaska, expanding acreage available for leasing to some 18.6 million acres. In a release on the Jan. 4 record of decision for the new IAP, BLM said it includes safeguards including no surface occupancy, controlled surface use, timing limitations and provides for new and emerging technologies to access subsurface resources while maintaining surface values.

BLM said the new IAP was signed by the secretary of the Interior Dec. 31.

In the record of decision BLM said the plan balances the responsibilities of the secretary of the Interior "to provide oil and

see **ACTIVITY PLAN** page 10

District court declines injunction against holding ANWR lease sale

The federal District Court in Alaska has declined to issue a preliminary injunction that would have prevented the Bureau of Land Management holding the Arctic National Wildlife Refuge oil and gas lease sale on Jan. 6. In a Jan. 5 court order Judge Sharon Gleason said that the plaintiffs in an appeal against the Bureau of Land Management's decision to hold the lease sale had failed to establish the likelihood of irreparable harm to ANWR before the court has ruled on the legitimacy of the lease sale program.

There are currently four cases in progress in District Court challenging the program. The rejection of the injunction relates to three of the cases, cases launched by several environmental organizations and organizations representing the

see **SALE INJUNCTION** page 12

Glacier files 56th North Fork plan ahead of Bob Gardes taking helm

On Dec. 29 Cook Inlet Energy, a Glacier Oil and Gas company, filed its latest plan of development for the Kenai Peninsula North Fork unit with Alaska's Division of Oil and Gas. The 56th POD runs from March 31, 2021, through March 30, 2022.

Glacier sold the North Fork unit to Gardes Holdings, parent of Gardes Energy LLC, which applied with the division to be the new operator and leaseholder of the field in early November. (Per a previous announcement by Glacier, the purchase agreement with Gardes was dated Oct. 13



BOB GARDES

see **NORTH FORK POD** page 6

LAND & LEASING

\$14M in ANWR sale

AIDEA takes 9 of 11 tracts receiving bids; only interest on western side

By **KRISTEN NELSON**

Petroleum News

It was a long-awaited event for many in Alaska — the first lease sale in the 1002 area of the Arctic National Wildlife Refuge.

But results were somewhat disappointing, as the U.S. Bureau of Land Management received just \$14.4 million in apparent high bids at its Jan. 6 lease sale.

For Alaska, this is a level of bidding more typical for developed areas with companies filling in leases around existing operations than for a widely anticipated area just opening.

Deputy Secretary of the Interior Kate MacGregor, who read the bids at the opening, said

"By acquiring these tracts, Alaska preserves the right to responsibly develop its natural resources." — AIDEA Executive Director Alan Weitzner

BLM received 16 bids on 12 tracts; after three bids were declared incomplete during the opening, the agency reported the total as 13 bids on 11 tracts, 552,802 acres.

BLM had offered 22 tracts, some 1.1 million acres, in the sale.

The sale followed passage of the 2017 Tax Cuts and Jobs Act which directed the secretary of the

see **ANWR SALE** page 8

FINANCE & ECONOMY

Saudis jolt ANS upward

Surprise Saudi cut: 1 M bpd cherry on top of OPEC+ steady production pact

By **STEVE SUTHERLIN**

Petroleum News

Alaska North Slope crude jumped 4.5% to close at a post-COVID high of \$53.71 per barrel Jan. 5 after Saudi Arabia made a surprise announcement that it would unilaterally cut oil production by 1 million barrels per day starting in February.

The Kingdom's move was in response to concerns that recent spikes in COVID-19 cases pose a threat to global oil demand in 2021.

"We do that willingly and we do that with the purpose of supporting our economy, and the economies of our colleagues," Saudi Minister of Energy Prince Abdulaziz Bin Salman said in a

The net result of the modifications raised February OPEC+ oil production by 75,000 bpd above January levels, according to a post-meeting OPEC release.

press conference. "We did not ask any country to come forward and do any cuts."

Prior to the Saudi announcement, oil prices had already moved sharply higher on news that the Organization of the Petroleum Producing Countries and its allied producing countries agreed to a deal to hold production steady in February,

see **OIL PRICES** page 11

FACILITIES

No quit in A2A plan

Proponents prepare to submit notice of intent for Alaska-to-Alberta railroad

By **GARY PARK**

For Petroleum News

With little fanfare, leaders of the Alaska-to-Alberta Railway Development Corp., A2A, continue across a broad front to assemble the pieces needed to submit the formal notice of intent for their planned massive transportation link to regulatory agencies in the U.S. and Canada.

Watched over by some doubters and coupled with strong hints from Canadian Prime Minister Justin Trudeau that he is ready to use existing leg-



MEAD TREADWELL



JUSTIN TRUDEAU

islation to block the US\$17 billion project, A2A has embarked on "informal discussions" to head off objections before it embarks on the permitting process.

Currently, A2A is pushing ahead with surveying along the 1,600-mile route, holding talks with Native and Tribal landowners in Alaska and Indigenous and Metis communities in Canada, and working with Alaska Railroad to identify a corridor.

Mead Treadwell, vice chair, Alaska, for A2A told Petroleum News that discussions are underway

see **A2A PROGRESS** page 4

● FINANCE & ECONOMY

Canadian oil sands regain financial favor

Emerge from behind fading shale shadow to find place on buy lists; Trudeau changes to clean fuel standard could aid heavy oil

By **GARY PARK**

For Petroleum News

As the United States turns its back on the shale industry that propelled the U.S. into the ranks of the world's biggest producers of oil and gas, the Canadian oil sands are emerging from the shale shadow, bolstered by upbeat outlooks from Wall Street equity analysts.

Depressed for years by high production costs and beaten up by environmental critics, most of the big oil sands players are suddenly on the buy lists of firms such as Morgan Stanley and Goldman Sachs. Adding to that positive note, the top bitumen producers, Suncor Energy, Canadian Natural Resources, MEG Energy and Imperial Oil, have forecast higher output in 2021.

Prime Minister Justin Trudeau's decision in early December to narrow the scope of Canada's Clean Fuel Standard by including liquid fossil fuel but leaving out solid and gaseous fuels is also seen as an encouraging prod for the Canadian heavy crude sector.

The eight largest oil sands producers by market value

The eight largest oil sands producers by market value posted a combined free cash flow of C\$1.4 billion in last year's third quarter compared with C\$163.7 million from the top eight U.S. exploration and production companies, based on data assembled by Bloomberg.

posted a combined free cash flow of C\$1.4 billion in last year's third quarter compared with C\$163.7 million from the top eight U.S. exploration and production companies, based on data assembled by Bloomberg.

In addition, BMO Capital Markets forecasts that exports of Mexico's Mayan heavy crude to the U.S. will decline by 70% over the next three years, narrowing the price gap of Western Canadian Select (the oil sands benchmark) and West Texas Intermediate to US\$5-\$7 a barrel this year from about US\$12 a barrel in late 2020 and recent record spreads of up to US\$30.

Goldman Sachs said demand for WCS climbed after

OPEC countries cut output of their heavier, higher-sulfur grades, extending another helping hand to Canadian bitumen.

But it's not all plain sailing for the oil sands, which face a continued and expanded buffeting from banks and investors which shunned the sector because of concerns over high carbon emissions.

Even there, however, some help is on the way according to a study by researchers at the University of Calgary, University of Toronto and Stanford University which says new techniques for producing bitumen from steam-based oil sands plants can reduce per-barrel carbon emissions by 14% to 19%.

The study was funded by Innovates and Emissions Reduction Alberta, two provincial government agencies, said oil sands greenhouse gas emissions are already 35% lower than previously reported, moving the sector down the road to its widely-held destination of net-zero emissions by 2050, or earlier. ●

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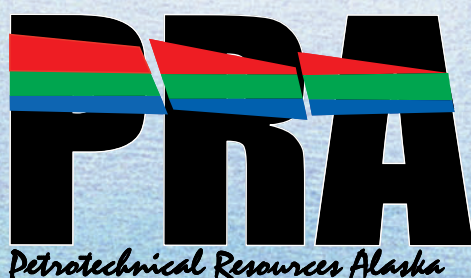
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● GOVERNMENT

Murkowski, Machin lead on energy act

Allocates \$850M for geothermal technology development, \$6.6B for modernizing nuclear plants and developing advanced reactors

By **KAY CASHMAN**
Petroleum News

The Energy Policy Act of 2020 signed into law as part of the omnibus package by President Donald Trump in December combines consensus provisions from the Senate’s American Energy Innovation Act (S. 2657) and the House’s Clean Economy Innovation and Jobs Act (H.R. 4447). It’s the first comprehensive modernization of the nation’s energy policies in 13 years and represents several years of hard work by the Senate Energy and Natural Resources Committee and the House’s Committees on Energy and Commerce and Science, Space, and Technology.

U.S. Sens. Lisa Murkowski, R-Alaska, and Joe Manchin, D-West Virginia, chairman and ranking member of the Senate Committee on Energy and Natural Resources respectively, led the multi-year effort to draft the legislation.

While the Alaska oil and gas industry came up short on gains from the act, renewable energy proponents and climate change activists benefited greatly from the \$35 billion legislation.

Democrats are calling the package a “down payment” on climate change action that will bolster the incoming Biden administration’s plans for aggressive efforts over the next four years, while Republicans see it as an investment in the next generation of energy technologies crucial to emissions reductions — but without government mandates, the Washington Examiner reported.

Breakdown of allocations

TecCrunch.com broke out the allocations in the spending package as follows:

- More than \$4.1 billion for new technology initiatives with the front-runners being photovoltaics, new transportation technologies and energy-efficiency technologies.
- \$1.5 billion set aside for new solar technologies and initiatives to expand solar manufacturing and recycling technologies.

- \$2.6 billion for transportation technologies.

- \$1.7 billion for reauthorization of the Weatherization Assistance Program.

- \$3.44 billion earmarked for energy-grid technologies with \$1.08 billion for short-term, long-term, seasonal and transportation energy storage technologies and \$2.36 billion tagged for smart utility and energy distribution technologies.

- \$625 million for new research, development and commercialization of onshore and offshore wind technologies.

- \$850 million dedicated to geothermal technology development.

- \$933 million for marine energy and hydropower technology.

- \$160 million for hydropower generator upgrades, and upgrades to existing federal infrastructure through \$180 million tagged for the Federal Energy Management Program.

- \$6.2 billion earmarked for carbon capture utilization and storage technologies at industrial and energy sites.

- \$447 million program for research and development for large-scale commercial carbon dioxide removal — with a \$100 million grant for direct air capture competition at facilities that annually capture at least 50,000 metric tons of carbon dioxide.

- \$6.6 billion for modernizing existing nuclear power plants and the development of advanced reactors.

- \$4.7 billion for basic and applied research investments in the emerging fusion industry.

- \$2.9 billion for Advanced Research Projects Agency-Energy, or ARPA-E, the energy advanced research arm of the government that was modeled after the U.S. military’s Defense Advanced Research Projects Agency, or DARPA, which helped create the internet. And “taking a page from the NASA playbook” which commercialized several tech-



LISA MURKOWSKI

nologies, the Office of Technology Transitions, or OTT, which serves as the central hub for technology transfer activities across the Department of Energy, is “being codified and supporting the kind of milestone-based projects that have been effectively used by the Air Force and the Department of Defense broadly,” TecCrunch.com reported.

“To cap it off, the new energy bill includes a directive to the Department of the Interior to target the generation of 25 gigawatts of solar, wind and geothermal production on public lands by 2025,” TecCrunch.com said.

•\$500 million set aside for stakeholders in industries such as iron, steel, aluminum, cement and chemicals as well as transportation businesses that want to decarbonize.

“By making these critical investments now, the Energy Act of 2020 will help reduce our nation’s greenhouse gas emissions, bring good-paying jobs back to the United States, and allow us to export these technologies to growing markets abroad for years to come,” a summary posted by Murkowski said.

Months in final negotiations

Murkowski and Manchin’s joint Dec. 21 press release about the Energy Policy Act said they had spent months negotiating with Rep. Frank Pallone, D-New Jersey, chairman of the House Energy and Commerce Committee, and Ranking Member Greg Walden, R-Oregon of the House Committee on Energy and Commerce, as well as with Chairwoman Eddie Bernice Johnson, D-Texas, and Ranking Member Frank Lucas, R-Oklahoma of the House Committee on Science, Space, and Technology, to reach a “six-corner” agreement on the final package.

“The Energy Act ... bipartisan package will foster innovation across the board on a range of technologies that are critical to our energy and national security, our long-term economic competitiveness, and the protection of our environment,” Murkowski said. ●

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EXPLORATION & PRODUCTION

US drilling rig count rises by 3 to 351

The Baker Hughes U.S. rotary drilling rig count continues to increase, up by three to 351 when the New Year's week count was released Dec. 30, but still down substantially, by 445, from a count of 796 a year ago.

When the count hit 244 in mid-August last year, it was not just the low for 2020, but the lowest the count has been since the Houston based oilfield 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 when it gained back 10 rigs.

The Dec. 30 count includes 267 rigs targeting oil, up three from the previous week but down 403 from 670 a year ago, 83 rigs targeting gas, unchanged from the previous week but down 40 from 123 a year ago, and one miscellaneous rig, unchanged from the previous week and down two from a year ago.

Twenty-one of the holes were directional, 313 were horizontal and 17 were vertical.

Alaska count unchanged

Texas (161), with the most active rigs in the country, was up by two from the previous week; Oklahoma (17) was up by one.

Rig counts were unchanged in the remaining states: Alaska (2), California (6), Colorado (6), Louisiana (43), New Mexico (65), North Dakota (11), Ohio (5), Pennsylvania (19), Utah (3), West Virginia (8) and Wyoming (4).

Baker Hughes shows Alaska with two active rigs Dec. 30, unchanged from the previous week and down six from a year ago.

The rig count in the Permian, the most active basin in the country, was up by two from the previous week at 175, and down 228 from a count of 403 a year ago.

—KRISTEN NELSON

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A2A PROGRESS

with Native and private landowners to “ensure that filings for public land adjacent to their lands do not catch them by surprise.”

“Our engagement process with these entities and private landowners along the route is moving along, though somewhat hampered by the restrictions of COVID-19.”

He said work is also proceeding under A2A's 2019 agreement with the Alaska Railroad relating to the 60% of the A2A route that traverses state-owned land.

Treadwell said the Alaska Department of Natural Resources has the authority to set aside state lands at the request of the Alaska Railroad and to transfer that land to the railroad after construction, when A2A would lease its corridor.

In the U.S. agencies would compile an environmental impact statement before major permits were issued by the Surface Transportation Board, the U.S. Army Corps of Engineers and others, he said.

Treadwell said progress is being made with affected landowners, communities and ports in Alaska, the Alaska Railroad and federal and state regulators, while a study is underway on the economics of a spur line to Valdez.

Parallel effort in Canada

The parallel effort in Canada involves developing a detailed proposal with the Impact Assessment Agency of Canada, IAAC, including regional studies in Alberta, the Northwest Territories and Yukon “so we can identify and fill gaps before the permitting process goes forward,” Treadwell said.

He noted that A2A has, over the last four years, briefed the Prime Minister's Privy Council (which advises the government on implementing its visions, goals and decisions), Members of Parliament and relevant government agencies. That work has gathered pace in the last three months since President Donald Trump issued a border-crossing presidential permit.

But for now, Trudeau shows a reluctance to budge from his stance on A2A, warning proponents against moving too far on procurement and investment for “something that is unlikely to pass.”

In early December he was pressed by Opposition Leader Erin O'Toole to give a definitive answer on whether the federal government would support the rail link.

Trudeau would only say his government would “look” at a detailed proposal, which Treadwell said will be available when A2A delivers a proposal to the IAAC for a project that “fits several major Trudeau administration goals as we understand them.”

Treadwell said that under Bill C-69 it is clear that Trudeau and his cabinet can stop a project, but he also believes that if A2A follows the assessment process “properly and thoroughly” Bill C-69 should not be a “game breaker.”

That list includes Indigenous reconciliation and economic diversification, development of the Northwest corridor and helping Canada's goods and resources become more competitive in Pacific markets.

To that end, A2A “would support Trudeau's trade efforts in the Indo-Pacific region as far away as India,” Treadwell said.

Bill C-69

Trudeau's apparent hard line on A2A stems partly from Bill C-69 — dubbed by Alberta Premier Jason Kenney as the “no more pipelines bill” — which sets up a new authority to assess major infrastructure projects such as pipelines, mines and highways, based on their impact on human health, the environment and local communities.

Treadwell said that under Bill C-69 it is clear that Trudeau and his cabinet can stop a project, but he also believes that if A2A follows the assessment process “properly and thoroughly” Bill C-69 should not be a “game breaker.”

“I do not believe the (Bill C-69) authority will be necessary or appropriate,” he said.

Treadwell said the proposed railroad is a multi-commodity link to “bring goods in and out of North America via a more efficient transportation route. It will support major growth in the Gross Domestic Product of the regions it passes through,” by reducing shipping times across the Pacific by two to four days.

Writing in the Globe and Mail, J.P. Gladu, A2A's Canadian president, said the project is “designed to end the economic isolation of the Northwest, create a shipping and development corridor to connect North American and Asian markets and to bring about transformative change to communities along the railway route.”

He said the founders have set a target of 49% Indigenous ownership, building in direct Indigenous representation on the board of directors, establishing commercial partnerships with Indigenous companies, offering training and employment programs and aggressively investigating economic opportunities available in the Northwest. ●

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• ENVIRONMENT & SAFETY

New Mexico begins public meetings on flaring rules

By **SUSAN MONTOYA BRYAN**
Associated Press

New Mexico oil and gas regulators on Jan. 4 kicked off a public hearing on proposed rules for managing venting and flaring by the industry, as environmentalists, residents and some religious leaders said the practices are affecting the environment and resulting in lost royalties and revenues for the state.

Oil and gas revenues underpin the state's budget, but Democratic Gov. Michelle Lujan Grisham has promised that her administration would adopt some of the toughest rules in the U.S. for cracking down on methane and other emissions. Under the proposal, operators would need to reduce their waste by a fixed amount every year to achieve an ultimate gas capture rate of 98% by December 2026.

Environmentalists are concerned about loopholes, saying the state should prohibit all venting and flaring.

Environmental, financial concerns

Nicholas King, pastor of a Mennonite church in Carlsbad — one of the southeastern New Mexico cities in the heart of the Permian Basin — told members of the Oil Conservation Commission during the online meeting that people in his community continue to see pollution from the industry and that new drilling permits should not be allowed if operators aren't following the rules.

"We all dislike more regulations but sometimes they're necessary," he said.

Teachers and retired educators also testified that the industry is important for funding New Mexico schools and that capturing more gas rather than venting it could result in millions of dollars more each year that could be funneled to classrooms.

Others talked about climate change and blamed the industry for more than half of the state's greenhouse gas emissions.

Democratic state Rep. Joanne Ferrary of Las Cruces echoed concerns about lost revenues and said climate change is affecting agricultural production in the state, particularly in her district in southern New Mexico.

New technology cited

Representatives of the oil and gas industry have argued that operations already are taking advantage of new technology to reduce emissions. Industry officials were expected to make opening statements Jan. 5 when the hearing continues.

New Mexico's effort to build a new regulatory system for methane pollution began nearly two years ago and involved a special committee of experts that hosted hours of discussion and technical presentations by scientists, environmentalists and other industry experts.

The rules being considered by the Oil Conservation Commission deal specifically with waste due to venting and flaring in oilfields. Separate rules drafted by the state Environment Department are

New Mexico's effort to build a new regulatory system for methane pollution began nearly two years ago and involved a special committee of experts that hosted hours of discussion and technical presentations by scientists, environmentalists and other industry experts.

aimed at oil and gas equipment that emits volatile organic compounds and nitrogen oxides. Officials say regulating these emissions also will result in reducing methane pollution.

The rules under consideration by the commission would prohibit routine venting and flaring and require operators to report emissions at every stage. Those who miss their targets could be prevented from drilling new wells and may face enforcement actions.

Environmentalists said Jan. 4 that enforcement of the rules, if adopted, would be key in holding operators accountable and that the state needs to strengthen its reporting requirements. Some also called for a quicker timetable for the industry to meet the requirements. ●

EXPLORATION & PRODUCTION

North Slope eastern coast open for travel

The eastern coastal area of the North Slope opened for winter off-road travel Jan. 5, having met criteria of 6 inches of snow and soil temperatures colder than minus-5 degrees C at 30 centimeters depth.

The Alaska Department of Natural Resources' Division of Mining, Land and Water said in its opening announcement that the opening applies only to operators with valid off-road vehicle travel permits to operate on state-owned lands on the North Slope.

The western coastal area opened for winter-season tundra travel Dec. 17.

The division said that while overall snow cover is good, it may be thin in some areas, and those areas should be avoided or special construction methods used to protect tundra surface.

The division's stipulations for winter off-road vehicle travel require adequate frost and snow cover and approval of individual routes of travel.

Site inspections will be conducted periodically to ensure compliance.

—PETROLEUM NEWS

Talitha drilling program plan approved

The Alaska Department of Natural Resources' Division of Oil and Gas has approved Great Bear Pantheon's plan of operations for the exploration phase drilling of the Talitha A well at the Talitha unit on the North Slope. The Dec. 28 approval was in response to an Oct. 7 request for approval of the operations plan for the exploration well some 8 miles west of Dalton Highway Milepost 386.7.

The plan approval follows a Nov. 12 division approval of formation of the 44,463-acre Talitha unit; the unit plan included an initial exploration plan (see story in Nov. 22 issue of PN). Working interest owners are Great Bear Petroleum, the operator, and Borealis Alaska.

There is a work commitment in the unit plan, including a \$3.3 million performance bond to be posted by Sept. 15, 2021, to ensure that a well is drilled within two years, or two wells within four years, or else the bond is forfeit and the unit terminated five years from the effective date.

Talitha A is planned for ADL 391658, with operations scheduled for this winter. A schedule submitted as part of the operations plan showed approximate dates of Jan. 15 to move the rig in, with the well to spud about Jan. 25.




The division said Great Bear Pantheon will use Nordic-Calista rig 3. The well is expected to be drilled to a depth of some 10,200 feet to test and evaluate multiple Brookian and Kuparuk formation targets.

—KRISTEN NELSON

Talitha A is planned for ADL 391658, with operations scheduled for this winter.

THE TEAM THAT DELIVERS

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NORTH FORK POD

and effective Nov. 2.)

Glacier's Cook Inlet Energy will remain the operator of the unit "during the transition process," which is expected to be completed in first quarter of this year, Glacier COO David Pascal said in the POD filing.

The document, which was signed by Pascal, includes an annual report listing what Cook Inlet Energy accomplished during North Fork's 55th POD period.

North of the city of Homer on the southern Kenai Peninsula, the North Fork

unit produced an average of 3,184 thousand cubic feet of natural gas per day in November, down 13.8% from a November 2019 daily average of 3,693 mcf.

Looking for bypassed gas

In a Nov. 6 interview with Petroleum News Bob Gardes, president of Gardes Holdings, said he's in the market for more gas properties in Southcentral and Interior Alaska and is aiming to be a top gas producer in the state.

"North Fork is just the first one of several we have been negotiating. ... We see the Cook Inlet basin as one of the four top gas regions in the world," Gardes said.

Gardes Holdings, which was registered in Nevada four years ago, is affiliated with his main firm Gardes Energy Services of Lafayette, Louisiana, incorporated in May 1977. All Gardes companies are privately owned.

"Natural gas is the fuel of the future. We hope to be gold star presence among oil and gas companies in Cook Inlet," Gardes said. "We plan on acquiring our service needs from local Alaskan companies."

"For the last 20 years we've been coming to Alaska," he said, noting his company was one of the early pioneers of coalbed methane in the Lower 48.

"There is a lot of bypassed gas here because the deposits weren't big enough" for the companies to bother with them, Gardes said. There also wasn't a market for it in Alaska. But eventually gas became the fuel of choice for heating buildings in much of Southcentral Alaska, while gas-fired generation became the favored source of electrical power.

"We think the future in the U.S. is gas. It burns 98% cleaner than oil and coal. It is a transformational resource," he said.

Accomplished under 55th POD

The annual report that Pascal filed included the "extent to which the requirements of the previously approved plan were achieved" in the period from March 31, 2020, through March 30, 2021.

The first requirement Cook Inlet Energy proposed in its 55th POD, which was approved by the division, was to enhance production from currently producing wells through infrastructure; specifically, additional compression and separation facilities.

The operator "partially completed a phase approached project" to enhance production by adding perforations to well NFU 24-26 in April 2020, increasing its output by 100 mcf per day. "The work was suspended due to outbreak of Covid-19," the annual report said.

The second requirement was to continue monitoring and analyzing production from the existing North Fork wells and optimize production accordingly. This was to include monitoring water volumes and if necessary, converting a depleted well for water disposal.

Per the annual report, Cook Inlet Energy did continue to monitor, analyze and optimize production and was able to extend the life of the wells by "modifying compression capabilities on-site to accept reduced incoming pressure from wells."

Glacier's Cook Inlet Energy will remain the operator of the unit "during the transition process," which is expected to be completed in first quarter of this year, Glacier COO David Pascal said in the POD filing.

The third directive of the 55th POD was to evaluate the possibility of drilling wells outside the current boundaries of the North Fork Gas Pool No. 1 participating area, but that requirement was not directly addressed in the annual report and no such drilling occurred, likely because of unfavorable economic conditions as mentioned in the next paragraph.

The fourth and fifth requirements noted in the annual report were to look for opportunities for small production improvements through "small ball" projects, including "perforating additional zones and setting plugs as necessary to control water intrusion," as well as doing "additional drilling," which would depend on favorable economic conditions, including negotiation of long-term gas sales contracts.

In response to these conditions, the annual report said the operator "was able to control water production and utilize offsite disposal effectively" preventing the need for a water disposal well on site and that it "was able to further plan work on a booster compression and identify major equipment and resources required for decreasing overall system pressure in the facility."

In regard to "actual operations that deviated from or did not comply with" the previously approved plan and an explanation of the deviation or noncompliance," the annual report said that "unfavorable economic conditions, lack of resources and effects of the pandemic" resulted in an inability to invest in "major capital investment projects that covered workover operations to new drills."

Plans for 56th POD period

As for the new owner and soon-to-be new operator Gardes' plans, Glacier said in its Dec. 29 filing that "all planned development activities anticipated" are based on "all data reasonably available at this time."

"Long-range proposed development activities" in the 56th POD, including plans to delineate all underlying oil or gas reservoirs, bring the reservoirs into production, and maintain and enhance production once it's established will involve the following:

- Enhance and extend production from currently producing wells through infrastructure improvements, including additional compression and separation facilities.

- Continue monitoring and analyzing production from the existing North Fork wells and optimize production accordingly, such as monitoring water volumes and, if necessary, converting a depleted well for water disposal:

- As economic conditions warrant, "analyze additional prospective Tyonek zones for perforation in existing wells which are currently shut in."

As "appropriate" and based on data review, market conditions and negotiation of long-term gas sales contracts, the operator plans to continue a development drilling program to fully delineate and develop all fault blocks within the current unit.

Further, the operator "will continue to evaluate the possibility of drilling wells outside of the current boundaries of the North Fork Gas Pool #1 PA."

—KAY CASHMAN

GOVERNMENT

5,000-well Wyoming field approved

U.S. officials have approved a 5,000-well oil and gas project spread across a huge expanse of eastern Wyoming that would generate thousands of jobs but has raised concerns over potential harm to birds of prey and other wildlife.

Five major oil and gas companies proposed the development on more than 2,300 square miles of land between Glenrock and Douglas. Drilling would occur year-round over a decade with each well expected to last about 30 years.

Federal officials say the oil and gas field would create more than 8,000 jobs and between \$18 billion and \$28 billion in revenue.

A previous government study noted that the project calls for exemptions to operate in sage grouse habitat and drill in areas where raptors such as hawks and owls nest. Of the 53,000 acres directly disturbed for pipelines, roads and pads, about 21,000 acres may be disturbed for the full life of the project, the study found.

The Bureau of Land Management manages most of the underground mineral rights in the area, but about 90% of the land is privately or state owned. Only about 6% of the project's 1,500 well pads will be built on bureau land.

Anadarko Resources, Chesapeake Energy, EOG Resources, SM Energy and Devon Energy are the partners on the proposal first made in 2014, when oil prices were much higher than they have been in 2020.

Republican elected officials in the state welcomed the federal approval, which comes on the heels of a major decline in natural resources that has strained Wyoming fiscally.

"It sets the framework for hundreds of jobs for Wyoming and ensures proper safeguards for the protection of our wildlife," Wyoming Gov. Mark Gordon said in a statement.

Opponents said more than 10,000 acres (16 square miles) in areas designated for sage grouse protections are now authorized for development.

Environmentalist Erik Molvar of the Western Watersheds Project said the government approval amounts to a "blank check" that will allow the oil industry to keep extracting fuels for decades at levels incompatible with long-term survival of sage grouse.

He said the administration of President-elect Joe Biden could impose stronger protections for sage grouse around drill sites, but that any attempt to reverse the Dec. 23 approval of the development plan could take years to accomplish.

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ANWR SALE

interior, through BLM, to conduct at least two areawide lease sales of not less than 400,000 acres each within the coastal plan of ANWR within 7 years with the first sale before Dec. 22, 2021, and the second sale before Dec. 22, 2024.

Half of the \$14.4 million in high bids, nine of 11 from the Alaska Industrial Development and Export Authority, goes to the state, MacGregor said.

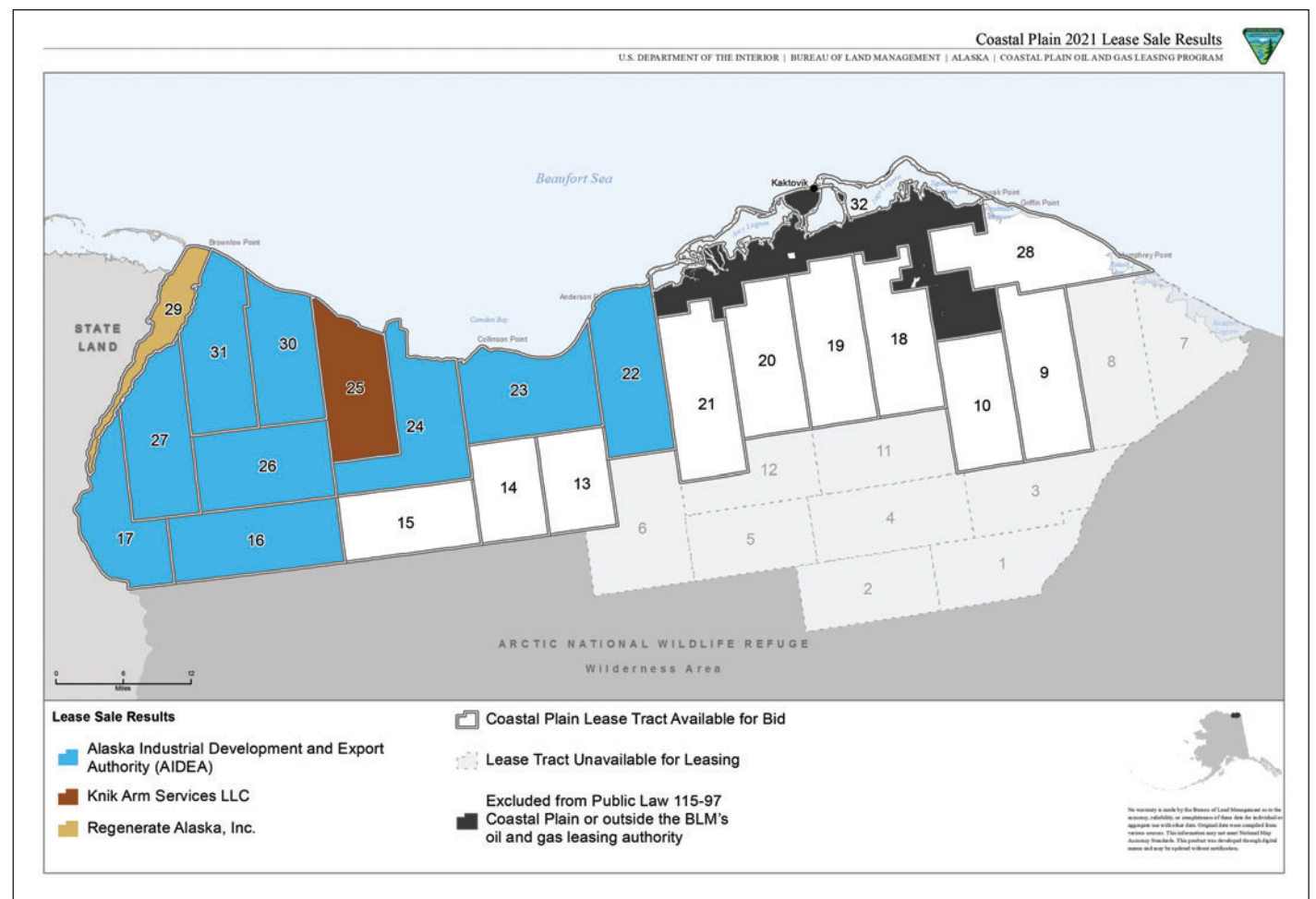
Knik Arm Services took a single tract and Regenerate Alaska took a single tract — in both cases outbidding AIDEA.

Bidder interest was all on the western side of the coastal plain; there were no bids on tracts on the eastern half of the sale. The western side of the sale abuts state acreage at Point Thomson, the farthest east production on the North Slope.

In a Dec. 18 amendment to the sale, 10 tracts were withdrawn — the farthest east and farthest south tracts on the coastal plain, in response to information BLM received in response to a Nov. 17 call for nominations and comments.

In a statement after the sale BLM said the substantive input was from Alaska Native Tribes, nongovernmental organizations and the Canadian government.

The tracts withdrawn totaled nearly 475,000 acres, the agency said. Substantive comments received “focused on the core calving area of the Porcupine Caribou Herd, and the importance of



polar bear and migratory bird habitat, in particular snow geese,” BLM said.

Tracts receiving bids

AIDEA took tracts 16, 17, 22, 23, 24, 26, 27, 30 and 31, paying the minimum

\$25 per acre. Its bids — including two on which it was not high bidder — were focused along the coast, with four bids on non-coastal tracts on the western side of the sale area, south of the coastal tracts on which it bid.

In a release after the sale, AIDEA listed the tracts it took. Its high bids totaled \$12,018,825.

“By acquiring these tracts, Alaska preserves the right to responsibly develop its natural resources. This will create new, good-paying jobs on the North Slope and generate revenue for the local economies of Alaska’s Arctic and the State’s general fund,” AIDEA Executive Director Alan Weitzner said.

Knik Arm Services took tract 25, on the coast in the middle of tracts receiving bids. The company bid \$1,622,260, \$33.38 per acre, the highest bid amount per acre in the sale as well as the highest bid on a tract.

Regenerate Energy, an Alaska operating subsidiary of 88 Energy, took tract 29, on the western edge of the coastal plain, bidding \$32.50 an acre, \$771,373 in total for the tract. The tract is an area where the state is disputing ownership. In its Nov.

17 sale notice, BLM said: “Tract number 29 covers the disputed Staines-Canning River area. It is currently under litigation with the State of Alaska. The BLM may elect to not offer this tract in the upcoming sale.”

The tract was offered and drew three bids: AIDEA, Regenerate and one of the three incomplete bids.

Responses to sale

Comments from Alaska’s congressional delegation reflected the long fight to open the 1002 Area.

U.S. Sen. Lisa Murkowski, R-Alaska, said it was “the result of many Alaskans’ tireless efforts over the course of decades.”

“The first lease sale in the non-wilderness 1002 Area did not occur under ideal conditions, but it will benefit Alaskans both in the short-term and well into the future,” she said.

U.S. Sen. Dan Sullivan, R-Alaska, said it “is a momentous and historic day for all Alaskans. After 40 years and extensive congressional and administrative

see ANWR SALE page 10

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WILLOW FEED

Gravel work permitted

The U.S. Army Corps of Engineers issued a permit for gravel work at Willow on Dec. 18. That permit is for the discharge of clean fill and associated work in waters of the U.S. for construction of the Willow master development project at portions of the Bear Tooth and Greater Mooses Tooth units in NPR-A.

After the Willow ROD was released in October Lowman told PN that it allowed the company to move forward with project planning. “A decision on moving into FEED (Front-End Engineering and Design) will be made later this year, but project construction could begin in 2021 subject to receiving regulatory approvals,” Lowman told PN in an October email.

ConocoPhillips made the Willow discovery in 2016 at its Bear Tooth unit in NPR-A, west of its producing units

Raptor protections in the Colville River Special Area “now apply to the entire NPR-A, so the Colville River Special Area is consequently eliminated because its associated protections are no longer unique to the Special Area.”

at Greater Mooses Tooth in NPR-A and Colville River on state acreage.

BLM said projected production at Willow is 160,000 barrels per day with a processing capacity of 200,000 bpd, with production estimated over 30 years to total 586 million barrels of oil.

In a press release on the record of decision, BLM said the ROD deferred a decision on portions of the proposal, including drill sites Bear Tooth 4 and Bear Tooth 5 and gravel roads and pipelines associated with those drill sites; these are the most northerly and southerly of the five drill sites proposed for the project.

BLM said the deferral was “to allow the Proponent to undertake additional consultation with stakeholders in the community of Nuiqsut to further address concerns some stakeholders have raised regarding potential impacts to caribou migration and subsistence hunting associated with these portions of the Project, prior to BLM addressing approval of these drill sites in a record of decision.”

The Willow project will extend an all-season gravel road from Greater Mooses Tooth southeast with gravel roads connecting all project gravel infrastructure including the Willow Processing Facility, Willow Operations Center and the drill sites.

“The access road alignment would provide direct gravel-road access from the existing gravel road network in the GMT and Alpine developments to the Project facilities,” BLM said, allowing for “additional operational safety and risk reduction by providing redundancies and additional contingencies for each development,” as well as providing support for “reasonably foreseeable future actions,” the agency said.

—KRISTEN NELSON



Oil Patch Bits

ASTAC brings 4G LTE service to Alaska’s Dalton Highway

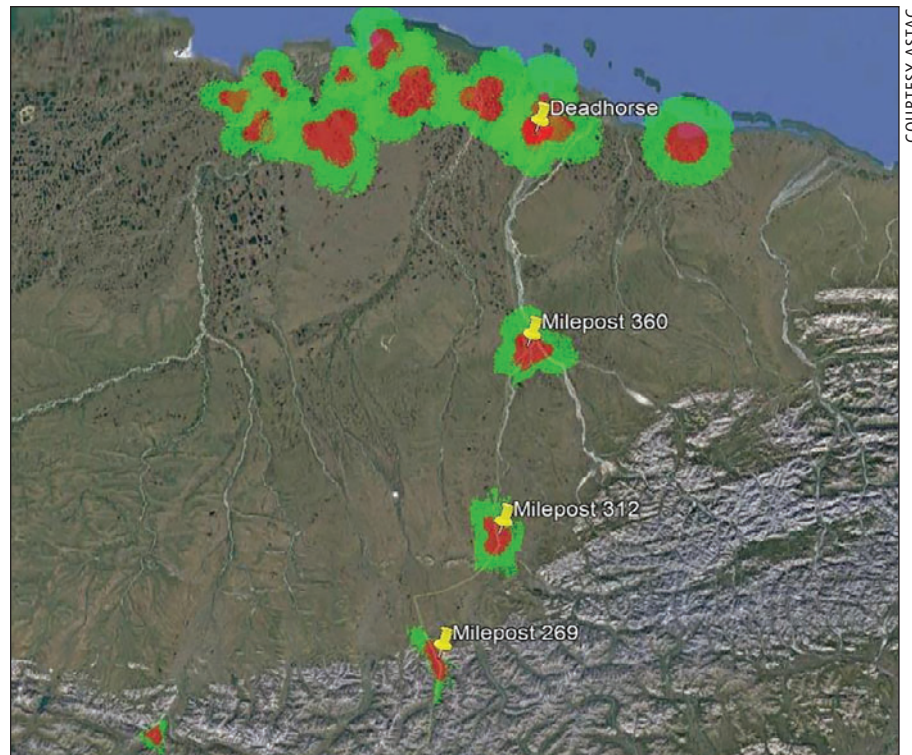
Arctic Slope Telephone Association Cooperative Inc. said Jan. 4 that it turned up three new 4G LTE sites this week making it the first telecommunications company to bring wireless coverage from the Brooks Range to Deadhorse where no other coverage had existed previously. These sites will improve safety and connectivity along this remote 414-mile critical Alaska corridor for both ASTAC and AT&T wireless customers. ASTAC has plans to turn up three additional sites on the Dalton Highway in 2021.

In October 2017, ASTAC turned up its first three 4G LTE wireless sites in Kuparuk and Deadhorse. The following September, ASTAC expanded 4G LTE coverage in Utqiagvik, Wainwright and Deadhorse, vastly improving wireless Internet speeds.

Quality 4G LTE wireless service is an essential part of many people’s lives. The ability to utilize and experience high-speed Internet in richer ways opens new possibilities for both people and businesses. From streaming videos to online classes at universities, the Internet of Things and improved oil field analytics, to the delivery of near instantaneous medical information, users will improve how they connect with the world by experiencing data speeds up to eight times faster.

“ASTAC is committed to closing the technology gap across the North Slope to enhance our members’ experiences and improve safety in some of the most remote places in Alaska. 4G LTE is a big part of that effort and a real game-changer in the region,” said Jens Laipenieks, ASTAC CEO/general manager.

ASTAC provides Broadband Ethernet and Internet, LTE wireless as well as local and long-distance services across the North Slope. Additionally, ASTAC offers a Nomadic WAN and Internet service using the North Slope’s only private LTE network covering the oil fields. For more information visit www.astac.net.



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ACTIVITY PLAN

gas leasing, exploration, and development consistent with the total energy needs of the nation and to protect and conserve the important surface resources and uses of the Reserve.”

The agency said the decision adopts the preferred alternative identified in the June 2020 final IAP/EIS with clarifications and modifications outlined in an appendix.

Approximately 18,581,000 acres are made available for leasing under the IAP, and all NPR-A land is “available for applications for pipelines and other infrastructure

necessary for potential owners of offshore leases in the Chukchi and Beaufort Seas to bring oil and gas across the NPR-A to the Trans-Alaska Pipeline System (TAPS) and similar gas related infrastructure that could be built in the years ahead.”

There are “performance-based required operating procedures and lease stipulations” in the IAP for all oil and gas activities, and in some cases for non-oil and gas activities within NPR-A.

Boundaries of the Teshekpuk Lake Special Area and the Utukok River Uplands Special Area are adjusted “based on the most current information about the distribution of important species in the NPR-A” and the Peard Bay and Kasegaluk Lagoon special

areas are maintained.

Raptor protections in the Colville River Special Area “now apply to the entire NPR-A, so the Colville River Special Area is consequently eliminated because its associated protections are no longer unique to the Special Area.”

The IAP also adopts decisions regarding visual resource management and off-highway vehicle use, with restrictions on some 9 million acres under VRM, and off-highway vehicle use allowed year-round to support subsistence activities, but casual or non-subsistence travel limited by weight of vehicle and “to times when frost and snow cover is sufficient to protect the tundra, and inter-village travel is limited to times when frost and snow cover is sufficient to protect the tundra.”

Statutory background

BLM’s responsibilities to manage NPR-A are under authority from the Naval Petroleum Reserves Production Act and the Federal Land Policy and Management Act of 1976, BLM said, and the NPRPA requires the secretary of the Interior “to conduct oil and gas leasing and development in the NPR-A.”

NPR-A is exempted from the preparation of resource management plans under a 1981 statute, BLM said, and because of that exemption and because “the NPRPA is a dominant-use statute, the IAP is not being developed as a resource management plan and does not consider sustained yield and multiple use” and “consistent with the NPRPA, the NPR-A IAP/EIS addresses a narrower range of management than a resource management plan,” and as such “makes no decisions on opening lands to hard rock or coal mining.”

Areas for leasing

There are some 22.8 million acres of subsurface managed by BLM in NPR-A, of which 18.6 million are being made available for oil and gas leasing, with some 132,000 acres in the northeastern part of NPR-A not available for leasing until 10 years after the signing of the ROD, when a 10-year deferral in the Teshekpuk Lake Special Area expires.

Under the new IAP, “new infrastructure would be allowable in over 13 million acres, including in much of the Teshekpuk Lake Special Area,” with limited new infrastructure allowed in some 5 million acres “along certain river corridors and in certain parts of the Special Areas.”

Most new permanent infrastructure is prohibited in some 4.3 million acres — the majority of the Utukok River Uplands Special Area and a small area around Teshekpuk Lake.

BLM said infrastructure prohibitions do not apply in some cases:

- Subsistence structures — camps and cabins;
- Community infrastructure such as roads, power lines, fuel pipelines and communications owned and maintained by or on behalf of the North Slope Borough, city government, the State of Alaska, a tribe or an Alaska Native Claims Settlement Act corporation;

- Single season ice infrastructure;
- Exploratory wells drilled and abandoned in a single season;
- Infrastructure in support of science and public safety; and
- Construction, renovation or replacement of facilities on existing gravel pads or previously disturbed sites. “New infrastructure at such sites may be permitted if the facilities will promote safety or environmental protection.”

Congressional delegation

Alaska’s congressional delegation welcomed the new IAP.

“This robust plan recognizes the purposes of the NPR-A and will restore reasonable access to one of the most promising areas on the North Slope, while also taking care to ensure adequate protection of ecologically sensitive areas,” U.S. Sen. Lisa Murkowski said in a Jan. 4 statement. “This strikes the right balance and fulfills the statutory purposes of the petroleum reserve — to produce energy for our state and country.”

“As we look to build back and achieve a strong economic recovery for Alaska, I welcome the new NPR-A IAP, which provides a great opportunity to fill the Trans-Alaska Pipeline, keep good-paying jobs for thousands of hard-working Alaskans, and support our energy security,” said U.S. Sen. Dan Sullivan. “Responsibly developing the vast oil and gas reserves on federal lands in our state will bolster our economic well-being while we also protect and preserve the environment we call home.”

“The final Integrated Activity Plan is welcome news for our state and the North Slope communities whose livelihoods depend on energy exploration,” said Congressman Don Young. “This roadmap will help pave the way toward greater upward mobility and economic opportunity, particularly in our Alaska Native communities.”

Opposition to new IAP

There was opposition.

Environmental groups — the Alaska Wilderness League, Defenders of Wildlife, Audubon Alaska, Earthjustice, National Audubon Society, Trustees for Alaska, Northern Alaska Environmental Center and Conservation Lands Foundation—issued a joint statement which said, among other concerns, that the new IAP “endangers the Teshekpuk Lake Special Area, one of the most productive wetland complexes in the world, by opening that entire area to oil and gas leasing.”

“This plan was adopted as part of a rushed process that prioritized oil and gas interests over public concerns,” the groups said.

“Multiple lawsuits have already been filed challenging the adequacy of the decision and BLM’s failure to protect sensitive resources and uses in the Reserve,” they said. Among suits filed, two in the federal District Court in Alaska challenge the legality of BLM’s FEIS for the new NPR-A integrated activity plan (see story in Sept. 6 issue of PN).

An earlier IAP, issued in 2013 under the Obama administration, made 11.8 million of NPR-A’s 23 million acres available for oil and gas leasing, and placed some large environmentally sensitive areas off limits, including areas around Teshekpuk Lake, Smith Bay and Admiralty, now thought to span an area particularly prospective for new oil discoveries. These areas — especially Teshekpuk Lake and the surrounding area — are important as breeding grounds for waterfowl and support Arctic wildlife such as caribou.

—KRISTEN NELSON

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ANWR SALE

consideration, we have finally achieved a lease sale for the 1002 Area of ANWR as Congress mandated in 2017.”

Rep. Don Young, R-Alaska, also called it “a monumental day for Alaska. After our fight of over four decades, the first lease sale in the 1002 area of ANWR is here. Securing drilling rights on the Coastal Plain has been one of my career’s highest priorities, and seeing the culmination of hard work by countless individuals, including our late Sen. Ted Stevens, is very special to witness,” Young said.

Although none of its members bid in the sale, the Alaska Oil and Gas Association’s President and CEO Kara Moriarty called the sale “a historic event, and decades in the making,” and thanked the state’s congressional delegation, present and past, for the years of work spent in achieving the lease sale.

“While the results may not have been as robust as we might have expected, industry still supports future

access to this area,” Moriarty said. “Today’s sale reflects the brutal economic realities the oil and gas industry continues to face after the unprecedented events of 2020, coupled with ongoing regulatory uncertainty.”

Opposition strong

There are ongoing lawsuits against the sale (see story in this issue) and a joint statement from multiple environmental and Indigenous organizations after the sale reflected the opposition.

“Today’s bids disregard the facts: oil and gas drilling on the Arctic Refuge coastal plain would threaten Indigenous rights, industrialize one of America’s last wild places, threaten imperiled wildlife, and exacerbate climate change.”

“The Trump administration railroaded this lease sale through amid a global pandemic and economic recession,” the groups said, “and absent any real evidence that pursuing Arctic Refuge oil would provide any significant federal returns.” ●

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OIL PRICES

after a 500,000-bpd hike in January.

Brent crude and West Texas Intermediate closed 4.6% higher Jan. 5 on the news. Brent ended the trading day up \$2.51 to \$53.60, while WTI gained \$2.31 to \$49.93. ANS gained \$2.43.

Oil prices had slipped Jan. 4, after the group, known as OPEC+, adjourned for the day its 13th OPEC and non-OPEC Ministerial Meeting without reaching an accord on production levels.

A handful of producing countries went into the meeting with hopes for moving production higher.

Russian Deputy Prime Minister Alexander Novak said at a Moscow press conference Dec. 25 that Russia would support a new supply increase beginning in February of 500,000 bpd. Reportedly, United Arab Emirates also favored the increase but most of the other OPEC+ members were in favor of standing pat in light of coronavirus worries.

When the OPEC group reconvened Jan. 5, it adjusted its allocations to free Russia and Kazakhstan to move their own production slightly higher in February and March, according to a table of voluntary production levels released by OPEC. UAE's production share was not modified.

The net result of the modifications raised February OPEC+ oil production by 75,000 bpd above January levels, according to a post-meeting OPEC release. In March, the group's production level will increase an additional 120,000 bpd over February levels.

Motives, opportunity; possible serendipity

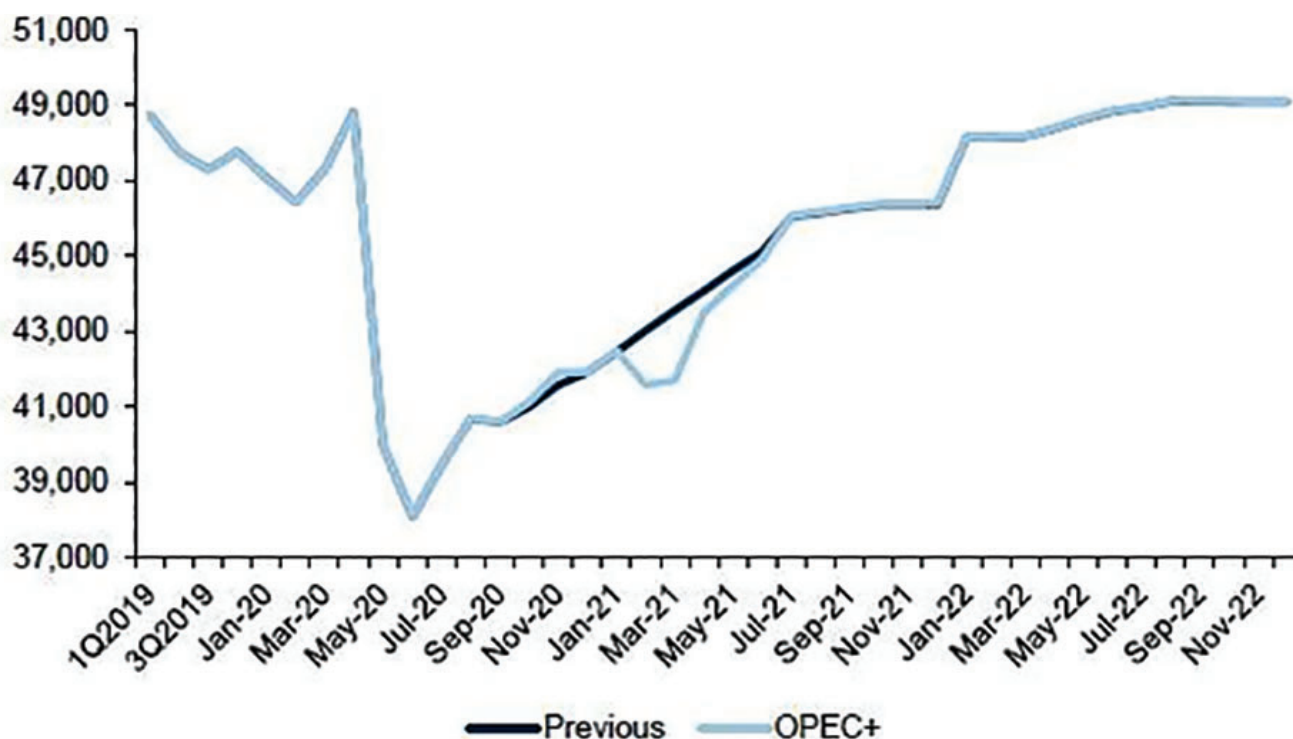
OPEC commended its Declaration of Cooperation participating countries for undertaking the largest and longest crude oil production adjustments in history in response to the pandemic, noting that high conformity levels contributed significantly to market rebalancing and stability.

The goal of the DoC, OPEC said, was a stable market in the mutual interest of producing nations; the efficient, economic and secure supply to consumers; and a fair return on invested capital.

But the cartel cautioned that rising infections, new stricter lockdown measures and growing uncertainties have resulted in a more fragile economic recovery that is expected to carry over into the new year.

"The meeting recognized that market sentiment has been buoyed recently by vaccine programs and improved asset

OPEC+ expected to hit Q3 2021 projections after challenging ramp-up in Q2



Source: IEA, OPEC, Reuters, OPEC, Goldman Sachs Global Investment Research

Russian Deputy Prime Minister Alexander Novak said at a Moscow press conference Dec. 25 that Russia would support a new supply increase beginning in February of 500,000 bpd. Reportedly, United Arab Emirates also favored the increase but most of the other OPEC+ members were in favor of standing pat in light of coronavirus worries.

markets, but underscored the need for caution due to prevailing weak demand and poor refining margins, the high stock overhang and other underlying uncertainties," OPEC said.

The cautionary tone of the OPEC meeting set the stage for — and likely reflected the thinking of — Saudi Arabia in announcing its unexpected production cut.

The Saudi move was bold; potentially risky; but opportune, according to Bjornar Tonhaugen, Rystad Energy head of oil markets.

"A proposed unilateral cut by Saudi Arabia from February is a groundbreaking statement that shows the oil giant is not only ready to bite the bullet and keep taps tight, but it also recognizes the short-term demand risk and is ready to protect its export prices by tightening supply," Tonhaugen said "However, it is indeed quite shocking that Riyadh is proposing to cut its output, as it could effectively mean that is willing to forego market share."

Tonhaugen said the Saudis risk losing credibility "to their harsh rhetoric in their one-for-all, all-for-one mantra" since the historic OPEC+ production cut deal was struck in April.

The Saudi cut may also be partially motivated to avoid an oversupplied market during the February and March period when refiners typically enter maintenance, he said.

Political implications may have factored into the thinking of the Saudis, according to Goldman Sachs analyst Jeff Currie.

"Look at the detente in the Middle East with the recent overtures between Saudi Arabia and Qatar — there's real reasons they want to support bringing these groups back together," Currie said Jan. 5, adding, "I think, more importantly than the motivation behind it is what does this mean for fundamentals?"

One, it neutralizes demand weakness in the first quarter, second, it sets OPEC up to "fall behind the curve" entering the second quarter, he said.

"You get these vaccinations pushing jet (fuel) demand up; they're now behind over 3 million bpd and they're going to be playing catch up over the course of the third quarter — so this really does tee up for a much tighter market as we go into second and third quarter."

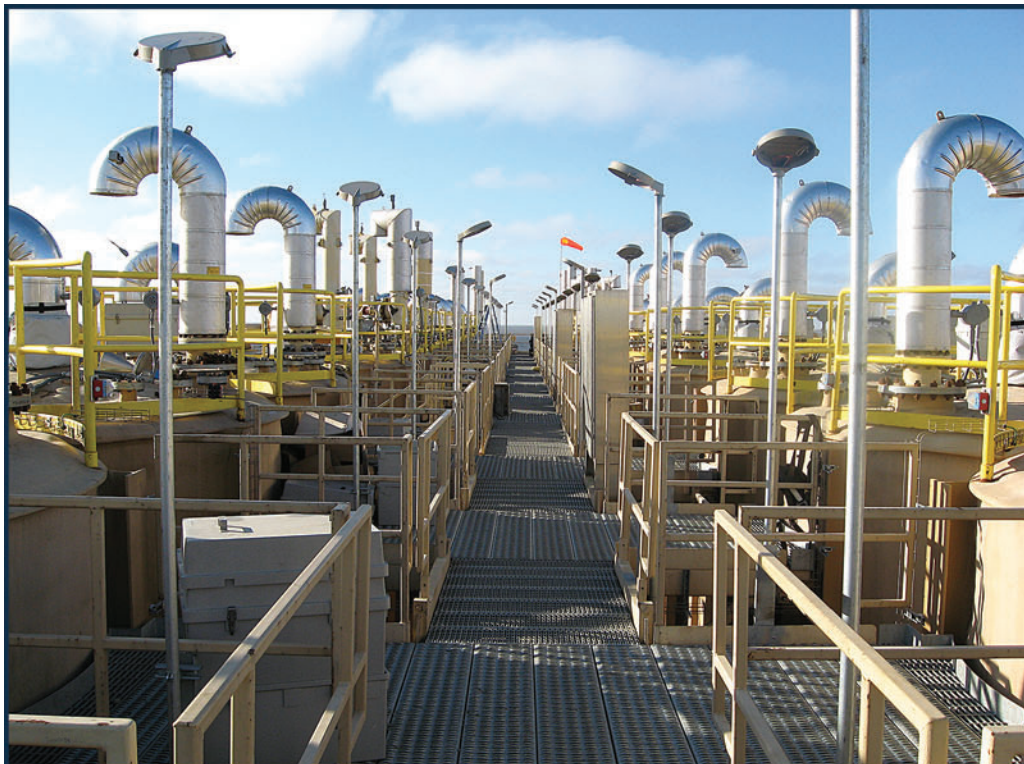
The setup is bullish for crude prices, Currie said, adding that Goldman Sachs maintains its \$65 per barrel price target for 2021.

Currie said oil may find itself riding a general commodity boom, to higher prices still.

"Look at copper, gold and the rest of the commodity complex and you have all the tell-tale signs of a commodity super-cycle, driven by this reflation feedback loop. It may mean a weaker dollar putting upward pressure on oil and commodities," Currie said. "Higher oil and commodity prices in turn lead to more global liquidity which increases demand in emerging markets and it just cycles between dollar, oil, and emerging market growth."

You see a feedback loop, he said. "It worked in the 2000s, it worked in the 70s, and going back since November it's been at play and that's reinforcing these higher prices we've been seeing." ●

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SALE INJUNCTION

Gwich'in people of Arctic Alaska. The fourth case was filed by 15 U.S. states.

The various lawsuits claim that the decision to hold lease sales in ANWR contravened several U.S. statutes, including the National Environmental Policy Act, the Administrative Procedures Act and the Alaska National Interest Lands Conservation Act.

Oral arguments

During oral arguments on Jan. 4 regarding the injunction petition, attorneys for the plaintiffs argued that the sale of leases on Jan. 6 would trigger activities such as seismic surveying that could cause irreparable damage to the refuge. Such activity would be incompatible with the purpose of the refuge, they said. In

particular, Kaktovik Inupiat Corp. has applied for a permit to conduct a seismic survey in the ANWR coastal plain this winter.

Attorneys also claimed that the issue of leases would, in itself, grant development rights to lessees. Even if a court later ordered BLM to redo its environmental analysis for the lease sale, the fact that leases have already been issued would impact BLM's revised decision making, said Kate Glover, attorney for the Center for Biological Diversity.

Paul Turcke, attorney for BLM, argued that congressional approval of the holding of lease sales for the ANWR coastal plain provides legal authority for the January lease sale and that the holding of a lease sale will not, in itself, have any environmental impact. Moreover, the approval of the lease sale did not entail the approval of seismic surveying — seismic surveying would require to be

permitted separately.

Should the court ultimately determine that the decision to conduct the lease sale was unlawful, BLM would have several options in responding to the court decision. Options could include suspending leases and conducting further environmental analysis, Turcke said.

"There will be no irreparable injury to the environment in the interim period," he said.

No imminent harm

In her order rejecting the requested injunction against the lease sale, Judge Gleason said that the plaintiffs had not established the likelihood of imminent irreparable harm in the absence of an injunction — the record of decision for the sale does not authorize any immediate on-the-ground activities. Although it is true that any leases obtained through the

lease sale would grant the right to engage in certain ground-disturbing activities, the plaintiffs have not shown that these activities are likely to take place before the court makes a final ruling in appeals against the lease sale, Gleason wrote. In addition, any future on-the-ground activities would require BLM environmental analysis and approval, she wrote.

The only ANWR exploration activity being actively considered for the near future is Kaktovik's proposed seismic survey. But, in the absence of an agency approval decision for this survey, there is no final permit decision for the court to review. Plaintiffs can, however, seek an injunction against approval of the survey, should the survey ultimately be allowed, Gleason wrote.

Because the plaintiffs have not demonstrated the likelihood of immediate and near-term irreparable harm to the refuge prior to the court issuing a decision in the lease sale appeals, the court is required to deny the request for a preliminary injunction, Gleason wrote. However, should BLM approve ground disturbing activities prior to a decision in the case, the plaintiffs may seek preliminary injunctive relief related to those activities, she wrote.

A multi-year controversy

The Jan. 6 lease sale follows decades of controversy over the pros and cons of potential oil and gas exploration in ANWR. ANWR, in its current form, was established in 1980 under the Alaska National Interest Lands Conservation Act. Although that act placed much of the 19.3 million acre refuge off limits to oil and gas development, the act did offer the possibility of at some time opening for development the northern strip of the refuge, on the eastern extension of the North Slope coastal plain. This part of the refuge, the 1.57 million acre 1002 area, is thought highly prospective for oil and gas, with a number of major features of the productive petroleum systems of the central North Slope extending east in the subsurface. But under the terms of ANILCA the 1002 area could only be opened for oil and gas exploration if the U.S. Congress passes an act authorizing the opening.

Following a multi-year debate and several efforts to persuade Congress to open the 1002 area, congressional approval eventually came as part of the Tax Cuts and Jobs Act of 2017. Clauses within this act required BLM to conduct at least two areawide lease sales in the ANWR coastal plain 1002 area by December 2024. Subsequently BLM moved forward with the development of an environmental impact statement for a lease sale program, and the scheduling of the first of the lease sales.

The lease sale decision

In its final EIS BLM opted for least restrictive of the lease sale options that it considered, opening the entire 1002 area for potential leasing, but with 359,400 acres having no surface occupancy restrictions. In August 2020 the agency issued its record of decision for conducting the lease sales and later scheduled the Jan. 6 sale. In December the agency withdrew about 475,000 acres of land tracts from the sale, in response to some environmental concerns expressed about this acreage.

The District Court lawsuits challenging the legality of BLM's lease sale record of decision were filed in August and September.

—ALAN BAILEY

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