



BP makes offshore oil discovery, AK reform orders; nukes to moon

ON AUG. 4, BP SAID it has made an oil discovery at the Bumerangue prospect in the deepwater offshore Brazil. According to a Reuters report it's a major discovery for the British company following its strategic shift away from renewable energy to refocus on fossil fuels.

BP drilled exploration well 1-BP-13-SPS at the Bumerangue block, located in the Santos Basin, 218 nautical miles from Rio de Janeiro, in a water depth of 2.7 miles. The well was drilled to a total depth of 3.6 miles.

The well penetrated an estimated 0.32 miles of gross hydrocarbon column in high-quality pre-salt carbonate reservoir with a large aerial extent.

"Brazil is an important country for BP, and our ambition is to explore the potential of establishing a material and advantaged production hub in the country," Gordon Birrell, BP's production and operations chief, told Reuters.

"Although we cannot extrapolate as it is too early, and each well and each reservoir is different, we believe the data



see **INSIDER** page 8

Chugach Electric signs geothermal deal with GeoAlaska for electricity

On Aug. 4, GeoAlaska LLC said that Chugach Electric Association Inc. has provided GeoAlaska with a non-binding letter of interest to acquire geothermal-sourced electricity pursuant to a long-term power purchase agreement, or PPA.

Chugach's non-binding letter says that Chugach is interested in working with GeoAlaska to determine the most cost-effective and efficient means to extend transmission infrastructure to connect and deliver baseload geothermal power to the Railbelt grid.

GeoAlaska, with its partner company, Ignis Energy Inc., is exploring for sustainable baseload geothermal power at Augustine Island and Mount Spurr — both on the west side of Cook Inlet.

Augustine Island is in the southwest portion of Cook Inlet,

see **GEOTHERMAL DEAL** page 5



PAUL CRAIG

Division approves work at Point Thomson to drill grassroots well

The Alaska Department of Natural Resources' Division of Oil and Gas has approved a unit plan of operations amendment for Point Thomson work including a grassroots well and temporary cuttings pit. The Aug. 1 approval of a request by Point Thomson unit operator Hilcorp Alaska includes installation of a conductor and header; construction of a temporary cuttings pit; drilling of one grassroots development well; installation of facility piping, electrical lines and instrumentation lines tying into the existing production infrastructure; and closing and backfill of the temporary cuttings pit.

The division said the anticipated start date for the project was Aug. 1.

A June 30 approval covered other work related to drilling of the new well, to be drilled with the Doyon 15 rig:

- Installation of a new 30-foot by 19-foot transformer skid at Central Pad "at the proposed PTU 19 well location to provide power to the well."

see **GRASSROOTS WELL** page 6

EXPLORATION & PRODUCTION

Watch for it!

Major Pikka phase 1 milestone achieved, early start-up end 2025 likely

By **KAY CASHMAN**

Petroleum News

On the evening of July 30, in an ASX release Santos Ltd. announced a major milestone for its Pikka phase 1 project in northern Alaska with the arrival of key processing modules by barge at Oliktok Point on the Beaufort Sea.

This was a complex operation beginning from the Hay River Marine Terminal, Canada, transiting 1,086 miles along the Mackenzie River system to Tuktoyaktuk on the Beaufort Sea and 380 miles via sea barge from Tuktoyaktuk to Oliktok Point.



KEVIN GALLAGHER

The remaining processing modules are being mobilized from the Pacific Northwest and are scheduled to arrive at site during August.

The Seawater Treatment Plant, or STP, fabricated in Batam, Indonesia, is currently on tow to Alaska.

The processing modules and STP will be installed, integrated and then commissioned together with already installed facilities in readiness for first oil.

In March, Santos Executive Vice President and President Alaska Bruce Dingeman said the company is in a good position to pursue acceleration to first

see **PIKKA UPDATE** page 7

FINANCE & ECONOMY

ANS price retreats

Traders question impact of secondary tariffs on buyers of Russian crude

By **STEVE SUTHERLIN**

Petroleum News

Alaska North Slope crude slipped below \$70 Aug. 5 — off \$1.10 to close at \$69.75 per barrel. It was the first foray into the \$60s for the Alaskan benchmark since its June 5 close of \$68.98. West Texas Intermediate dropped \$1.06 Aug. 5 to close at \$65.23, and Brent dropped \$1.08 to close at \$67.68.

The fall for ANS from the mid-\$70s was swift. In the five trading days leading to Aug. 5, ANS dove \$5.82 from its July 29 close of \$75.57 to \$69.75 Aug. 5.

Worries over demand resiliency coupled with a

If India stops buying Russian oil and Russia is unable to divert supply to other buyers, it puts as much as 1.7 million barrels of supply at risk, ING said.

production boost by members of the Organization of the Petroleum Exporting Countries and its allied exporters put pressure on prices.

Crude's losses continued Aug. 6. WTI fell 81 cents to close at \$64.35, and Brent fell 75 cents to close at \$66.89, both notching a fifth straight session of losses.

The specter of higher U.S. tariffs on India for

see **OIL PRICES** page 8

FINANCE & ECONOMY

Nicolai royalty reduction

Division publishes preliminary finding reducing small gas field royalty rate

By **KRISTEN NELSON**

Petroleum News

The Alaska Department of Natural Resources has released Commissioner John Boyle's preliminary findings and determination favoring a royalty reduction for Amaroq Resources' Nicolai Creek, a small west side Cook Inlet natural gas field.

The deadline for public comments on the Aug. 5 preliminary findings and determination is 4:30 p.m. Sept. 5. After close of the comment period DNR will issue a written decision approving or denying the application.

DNR said Amaroq began engaging with the



JOHN BOYLE

department in October 2022 on requirements of an application, submitted a draft application in July 2024 and based on feedback from DNR, submitted its application Sept. 3, 2024.

Alaska statutes allow royalty modification under three scenarios: to allow production for an oil or gas field that has not previously produced oil or gas for sale; to prolong the economic life of oil or gas as the price decreases or costs increase "sufficient to make future production no longer economically feasible"; or to allow reestablishing shut-in production "from the zones previously produced by now non-producing wells."

see **NICOLAI ROYALTY** page 6

● EXPLORATION & PRODUCTION

Permitting continues for W Harrison Bay

Narwhal Exploration gets land use permit from DO&G; files oil discharge prevention, contingency plan for exploration with DEC

By **KRISTEN NELSON**
Petroleum News

Narwhal Exploration is moving ahead with permitting for planned winter 2026 exploration drilling at its West Harrison Bay unit off the National Petroleum Reserve-Alaska on the North Slope.

The Alaska Department of Natural Resources’ Division of Oil and Gas approved the West Harrison Bay unit in November 2024.

A July 31 approval by the division is for a land use permit requested by Narwhal in July for summer marine surveys and studies on state lands and waters. The project includes federally managed lands in the National Petroleum Reserve-Alaska, but only state lands are considered in the permit. The division said NPR-A lands would be used to stage equipment, materials and fuel.

Narwhal’s state application was for side scan sonar, sub-bottom profiling and sediment sampling in the summer of 2025, with activities on state waters and tidelands within the Narwhal unit and adjacent state oil and gas leases.

The division said only one public comment was received during a July 15-July 29 public comment period.

That comment, from ConocoPhillips Alaska, was related to Oliktok Point. Narwhal had said it might mobilize from Oliktok Point and possibly stage equipment there from Aug. 1 through Dec. 31, 2025.

ConocoPhillips said Oliktok Point, which is in the Kuparuk River unit, was critical to its operations at Kuparuk and in the Bear Tooth unit in NPR-A, telling the division that Narwhal’s work was planned at what would be an extremely busy time for ConocoPhillips at Oliktok Point and along Narwhal’s planned mobilization route crossing ConocoPhillips leases in and around where ConocoPhillips had Willow construction and significant exploration planned.

ConocoPhillips asked that the division require, as part of its permit, that Narwhal obtain letter of non-objection from ConocoPhillips

The division did not require the letter of non-objection as a condition of the permit.

In its decision the division said it “understands that Narwhal no longer intends to use Oliktok Point for the summer activities described, and that Narwhal and CPAI are currently engaged in discussions regarding the concerns above related to coordination of activities within the Oliktok Pint area for activities this winter and beyond. Narwhal will work with CPAI to obtain a letter of non-objection and ensure that activities do not unreasonably or unnecessarily interfere with CPAI operations in the project area.”

Narwhal has applied to the Alaska Department of Environmental Conservation for an exploration oil discharge prevention and contingency plan, DEC said in a notice announcing a public comment period on the proposal

from July 23 through Aug. 22, with an Aug. 21 deadline for requests for additional information.

The company’s approved unit plan calls for two exploration wells this winter. In the plan it submitted to DEC, Narwhal said it could drive up to five exploration wells at West Harrison Bay from January to April 2026.

Narwhal said it would conduct the winter exploration program with coastal sea trail access to West Harrison Bay from Oliktok Point, using existing gravel road infrastructure from Deadhorse to Oliktok Point and constructing a freight transfer pad at the beginning of the coastal sea ice trail.

All-terrain vehicles will transport equipment and materials along the coastal sea ice trail and ice trails or ice roads will be built to connect the sea ice trail to each of the ice pads for drilling operations.

There will be a temporary airstrip some 3,000 feet long on grounded ice for personnel and small freight transport, with the airstrip expected to be expanded after initial construction to almost 5,000 feet to support a Hercules C-130 aircraft “as a contingency for daily operations or if needed to support incident response.”

Narwhal said its exploration program will be multi-year, and drilling may occur simultaneously at multiple sites during the program. ●

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● PRODUCERS PREVIEW

Barrow gas field could grow — at a cost

2025 Producers’ Preview story: Far north natural gas fields in North Slope Borough entering fifth decade of local use

By **ERIC LIDJI**
For Petroleum News

The Barrow Gas Transfer Act of 1984 might be the most underappreciated piece of federal legislation in Alaska oil patch history. Although rarely discussed today, the law changed the way one Alaska community accessed natural resources for local benefit.

The Naval Petroleum Reserves Production Act of 1976 is best remembered today for transferring the National Petroleum Reserve-Alaska to the Department of Interior and launching a second wave of exploration in large tract of North Slope property. The statute also required the Department of Interior to supply gas to Utqiagvik at fair rates.

Once the federal NPR-A exploration program was finished in the early 1980s, the Barrow Gas Transfer Act was proposed to “get Interior out of the utility business by transferring the gas fields and facilities to that village,” according to a 1984 memo from John Roberts, who was a White House Counsel at the time. In the memo, Roberts argued that the move essentially privatized a government function, consistent with administration policy.

Shepherded through Congress by Rep. Don Young and Sen. Frank Murkowski, and signed by President Ronald Reagan in July 1984 amid a presidential campaign, the law gave 19 wells in the three Barrow gas fields and associated subsurface rights to the North Slope Borough. As much as \$30 million in appropriated exploration funds would be redirected to the North Slope Borough to cover maintenance activities at the field.

The bill also gave associated sand and gravel rights to the Ukpeaġvik Inupiat Corp. And the law made various changes to existing statutes and regulations to give those entities the ability to produce from existing wells and to expand development.

While one can argue whether transferring gas fields from federal to local control constitutes “privatization,” the bill effectively moved the project off the federal books and created a model for local control of energy resources — a perpetual Alaska subject.

Discovery

The federal government discovered the Barrow gas fields as part of post-war exploration campaigns in the National Petroleum Reserve-Alaska to improve domestic energy security. With the 1984 transfer, the South Barrow, East Barrow and Walakpa fields have since provided affordable and predictable energy for the city of Utqiagvik for decades.

Even with these benefits, the full impact of the legislation remains unfulfilled. The law empowered the North Slope Borough to deliver natural gas to surrounding villages.

Utqiagvik had nearly 3,000 people when the law passed, while the villages of Wainwright and Atkasuk combined for some 600 people. Today, Utqiagvik has more than 5,000 people and the other two cities combined have nearly 1,000 people. Adding the village of Point Lay could potentially bring another 350 or so customers onto the grid.

Pipeline opportunity

In its most recent comprehensive plan looking forward through 2039, the North Slope Borough noted this opportunity. “Developing pipelines from Utqiagvik to nearby communities of Atkasuk, Point Lay, and Wainwright is consistent with the Barrow Gas Field Transfer Act and would provide a sustainable source of energy,” the report wrote.

Of course, all North Slope construction is easy to describe and hard to execute. Extending the current Utqiagvik grid to include Atkasuk, Wainwright, and Point Lay could require perhaps 250 miles of pipeline, costing hundreds of millions or even billions of dollars.

To date, the biggest intervention at the Barrow gas field came in 2011, when the North Slope Borough launched a \$92 million program to improve production and deliverability.

The program included the Savik 1 and 2 wells at the East Barrow field and the Walakpa 11, 12 and 13 wells at the Walakpa field. By improving deliverability at those two fields, the city of Utqiagvik can now rely on natural gas for its energy needs even during cold snaps or during maintenance activities, instead of switching to diesel as an alternative.

In terms of cost, a pipeline system along the coastline would be several orders of magnitude greater than the 2011 program but could potentially yield wide benefits.

Beyond the direct assistance to nearly 1,350 people living in these remote communities, a regional pipeline system could improve the economics of development in the National Petroleum Reserve-Alaska by pushing the existing grid far beyond its western extent.

A half-century of step-out development on the North Slope has the pipeline grid to the Greater Mooses Tooth unit. Hundreds of miles of NPR-A lie beyond it. Through the decades, companies have drilled promising wildcats in western Alaska, only to abandon the projects in the face of the impossible economics of remote Arctic development.

With a pipeline system connecting villages along the Chukchi Sea coastline, step-out development could potential proceed in two directions through the NPR-A.

South Barrow

The U.S. Navy discovered the South Barrow field in

1948. Drilling continued through 1987 with 13 new wells and one deepened well, according to the Alaska Oil and Gas Conservation Commission. The field came online in November 1981 at 3.5 million cubic feet per day and continued consistently from 1950 through 1990, at which point operators began to suspend production sporadically. The field was shut-in with increasing regularly through the 2000s, often being used only to increase supplies in winter. South Barrow experienced dramatic production swings in recent years: 56.1 million cubic feet in 2020, 99.3 mmcf in 2021, down to 37.5 mmcf in 2022, up to 61.4 mmcf in 2023, down to 49.7 mmcf in 2024. AOGCC reports suggest the field has been offline since June 2024.

Cumulative production at South Barrow is more than 24.2 billion cubic feet, according to the AOGCC. Early forecasts had estimated 32 billion cubic feet in lifetime production.

East Barrow

The U.S. Geologic Survey discovered the East Barrow field in 1974. Drilling continued through 1990, with eight wells total, followed by the 2011 rejuvenation campaign.

The East Barrow field has also reported some dramatic production swings in recent years: 139.1 mmcf in 2020, down to 47 mmcf in 2021, up to 99.3 mmcf in 2022 and down to 83.1 mmcf in 2023. The field was taken offline in mid-2023, according to the AOGCC, but came back online in December 2024 and produced 73.3 mmcf through June 2025.

Cumulative production through June 2024 was more than 10 billion cubic feet, well above the original gas-in-place estimate of 6.2 billion cubic feet for East Barrow. The city of Utqiagvik attributes the productivity to the presence of methane hydrates at the field.

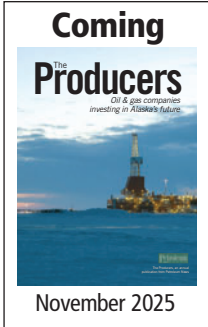
Walakpa

Working under a U.S. Navy contract, Husky Oil discovered the Walakpa field in the 1980s. The field was included in the 2011 rejuvenation campaign. Walakpa is the most extensive and productive of the three Barrow gas fields, producing from 11 wells.

The Walakpa field produced some 1.45 billion cubic feet of natural gas in 2024, up from 1.34 bcf in 2023, 1.388 bcf in 2022 and 1.413 bcf in 2021, according to the AOGCC. Cumulative production through June 30, 2025, was more than 41.4 billion cubic feet.

The South Barrow and East Barrow reservoirs have a stratigraphic setting similar to the Alpine oil field. Walakpa is in the Pebble Shale unit, a major North Slope source rock. ●

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ENVIRONMENT & SAFETY

Flash fire at Alpine during maintenance

There was a flash fire on Aug. 1 at ConocoPhillips Alaska’s Alpine Central Facility. The company said in a statement that three contract workers were injured. The three “were performing planned maintenance during an equipment outage.”

Work in the area was immediately stopped. The injured workers were treated initially at the Alpine Medical Clinic and then flown to Anchorage for further assessment and treatment. The company said one of the workers was released from the hospital Aug. 2 and the other two reported in stable treatment and receiving treatment.

ConocoPhillips said a planned maintenance shutdown at the Alpine Central Facility started Aug. 1 and was expected to continue through Aug. 10.

“Our primary concern is for the safety and well-being of personnel who have been affected by this incident. The company is providing and will continue to provide, support and assistance to affected personnel.”

The company said an investigation into the cause of the incident is being conducted.

The Alpine Central Facility processes crude from ConocoPhillips’ Colville River unit and from its Greater Mooses Tooth unit in the National Petroleum Reserve-Alaska. The most recent production data from the Alaska Oil and Gas Conservation Commission is for June and shows average production of 32,593 barrels per day, some 7% of North Slope production for the month.

—KRISTEN NELSON

• EXPLORATION & PRODUCTION

Baker Hughes US rig count down 2 to 540

By KRISTEN NELSON

Petroleum News

Baker Hughes’ U.S. rotary drilling rig count was 540 on Aug. 1, down by two from the previous week — a return to decreases in the rig count after a gain of seven rigs, all targeting natural gas, two weeks ago. Over the past 14 weeks, only one week had an increase, with the overall count down 44 over the period. The count was down by 48 from 588 a year ago and down four from two weeks ago. This is the lowest the rig count has been since October 2021.

A drop of 17 to 731 on May 12, 2023, was the steepest weekly drop since June of 2020, during the first year of the COVID-19 pandemic, when the count also dropped by 17 to 284 on June 5, following drops as steep as 73 rigs in one week in April. The count continued down to 251 at the end of July 2020, reaching an all-time low of 244 in mid-August 2020. For 2024, the count peaked March 1 (and again March 15) at 629, hitting its low point June 28 at 581. In 2023 the count peaked early in the year at 775 on Jan. 13, bottoming out Nov. 10 at 616.

When the count dropped to 244 in mid-August 2020, it was the lowest the domestic rotary rig count had 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 prior to the COVID-19 pandemic, where it remained through mid-March of that year 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. 1 count includes 410 rigs targeting oil, down by five from the previous week and down 72 from 482 a year ago, with 124 rigs targeting natural gas, up two from the previous week and up 26 from 98 a year ago, and six miscellaneous rigs, up one from the previous week and unchanged from a year ago.

Fifty-four of the rigs reported Aug. 1 were drilling directional wells, 483 were drilling horizontal wells and 15 were drilling vertical wells.

Alaska rig count unchanged

New Mexico (96) was up three rigs from the previous week.

Texas (245) was down four rigs week over week, while Louisiana (34) and Oklahoma (41) were each down one rig.

Rig counts in other states were unchanged from the previous week: Alaska (9), California (6), Colorado (12), North Dakota (29), Ohio (11), Pennsylvania (18), Utah (10), West Virginia (7) and Wyoming (15).

Baker Hughes shows Alaska with nine rotary rigs active Aug. 1, unchanged from the previous week and down by one from a year ago when the state’s count was 10.

The rig count in the Permian, the most active basin in the country, was down by one from the previous week at 259 and down by 44 from 303 a year ago.

International rig count up by 1 in July

Baker Hughes’ monthly international rig count for July, issued Aug. 1, is up by one from June at 914 and down 20 from a count of 934 in July 2024, with land rigs down 10 to 720, month over month, and offshore rigs up 11 194.

Baker Hughes began providing a monthly international rig count in 1975. The international count excludes North America, which is included in the company’s worldwide figures.

The Middle East accounted for the most rigs in the international totals for July, 334, followed by Asia Pacific with 207, Latin America with 143, Europe with 129 and Africa with 101.

The U.S. rig count averaged 541 in July, down by 13 from 554 in June, and down 46 from July 2024, while the Canadian count for July averaged 167, up 34 from 133 in June and down 26 from July 2024.

Worldwide the rig count averaged 1,621 in July, up 22 from 1,600 in June and down 92 from 1,713 in July 2024. ●

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continued from page 1

GEOTHERMAL DEAL

immediately south of the Iniskin Peninsula. The island has emerged as GeoAlaska's leading prospect with an expected power generation capacity of 200+ MW.

Chugach is a member-owned cooperative and Alaska's largest electric utility, providing safe, reliable and affordable electric service to more than 90,000 members in Southcentral Alaska. Chugach's strategic priority is to diversify and decarbonize its future power with an ongoing focus on reliability and affordability.

GeoAlaska's mission is to provide sustainable baseload geothermal power for the benefit of Alaska's economy and its long-term energy security.

"GeoAlaska welcomes the opportunity to collaborate with Chugach Electric Association to provide sustainable geothermal energy to its members," said GeoAlaska CEO Paul L. Craig.

"GeoAlaska is poised to help improve Alaska's energy security. By generating baseload geothermal power at Augustine Island and delivering it to the Railbelt grid, Alaskans will be able to use our dwindling Cook Inlet gas reserves for the important task of heating our homes and businesses.

"People keep asking me, 'Did President Trump destroy the geothermal industry with the Big Beautiful Bill?' The answer is a resounding 'NO.' H.R. 1 — aka 'The Big Beautiful Bill' — materially enhanced tax credits for geothermal. Previous administrations have differentially subsidized solar and wind projects. Geothermal was the stepchild of green energy. Geothermal is no longer a stepchild thanks to H.R. 1."

Craig's experience

"I have been in the energy business since 1993 when I participated in the Cook Inlet lease sale in which ARCO acquired its leases for 'The Sunfish' prospect. GeoAlaska's progress at Augustine Island is more exciting than anything in which I have been involved during the past three decades," Craig told Petroleum News.

"GeoAlaska's prospects are poised to become a major player in the geothermal industry. Augustine is one of the hottest prospects in the world — pun intended," Craig said.

The company's recent success at the Augustine Island lease sale more than doubled its acreage at that prospect.

"GeoAlaska and its consultants used very conservative parameters when developing the P50 power production potential of 204 MW. With the increased acreage and using more optimistic parameters, significantly more power may be proven and produced at Augustine Island," Craig added.

Almost perfect

"There are many attractive qualities to geothermal power. It is sustainable and can produce power in perpetuity once the production and injection wells are functioning in synchrony. There is not a decline curve like we see in oil and gas reservoirs. Another attraction is that geothermal generates baseload power rather than intermittent power as is the case with solar and wind. Even hydroelectric power can be somewhat intermittent in Alaska because water freezes in the winter which reduces flow rates in many drainages during the dark months of winter when power is most needed.

"There is no perfect source of power, but geothermal is pretty close to it. Geothermal power has a small footprint

Chugach's non-binding letter says that Chugach is interested in working with GeoAlaska to determine the most cost-effective and efficient means to extend transmission infrastructure to connect and deliver baseload geothermal power to the Railbelt grid.

per MW as compared with most other sources of green energy such as wind and solar farms. All it took for me was one trip driving around Iceland to convince me how economically beneficial and environmentally friendly geothermal power can be," Craig said.

GeoAlaska's geothermal journey on Augustine Island began when its first prospecting permit was issued by DNR in 2022

High bidder

In an April 22 press release GeoAlaska said it was pleased to announce it was the apparent high bidder on all six tracts in the 2025 state of Alaska Augustine Island competitive geothermal lease sale.

GeoAlaska bid on 100% ownership in the following six tracts: AI0010, AI0011, AI0012, AI0019, AI0023, and AI0024 on ADL 394387, 394388, 394389, 394390, 394391, 394392.

The acquisition added 11,991 acres to the company's growing geothermal portfolio.

In addition, effective April 1, DNR converted GeoAlaska's geothermal prospecting permits covering the southern half of Augustine Island into seven geothermal leases with 10-year terms. These leases secure rights to an additional 10,330 acres, for a total of 22,321 acres at Augustine Island for the company.

Founded in May 2020 and majority-owned by Alaskans, GeoAlaska partnered in 2023 with Ignis Energy Inc., a Houston-based international geothermal exploration and production company.

After conducting a gravity and audio-magnetotelluric survey in 2023, the two-year exploration permit was extended for a third year. This survey was followed by an expanded magnetotelluric survey on Augustine Island in 2024.

These subsurface surveys have identified three shallow geothermal reservoir targets and a deeper reservoir target above the island's magma storage system locat-

ed about 2 km subsurface.

Power modeling based on conservative volumetric and enthalpy models supports a P50 estimate of 224 MW.

Exploratory drilling is the next phase to further de-risk the project and to refine the P50 power model, GeoAlaska said in its press release.

Richard Calleri, CEO of Ignis Energy, told Petroleum News Aug. 5: "From Türkiye to Alaska, we build partnerships and pursue progress grounded in local energy needs and geology. We develop geothermal projects with a pragmatic, region-first, and technologically-flexible approach — prioritizing early-stage risk reduction and local momentum over speculative tech bets."

Marcus Oesterberg, chief operating officer of Ignis Energy had this to say: "We are proud to unlock geothermal energy potential by streamlining early-stage exploration and development, Mount Augustine is a valuable addition to Ignis' enabling a diverse portfolio of commercially viable projects across geographies and technologies."

—KAY CASHMAN

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NICOLAI ROYALTY

DNR said Amaroq is seeking royalty modification based on increasing costs per unit produced making the field no longer economic and to reestablish production from zones previously produced in wells not currently producing.

Nicolai Creek

There are 471 unitized acres in the Nicolai Creek unit, originally formed by Texaco in 1968, and operated by that company until 1977 when production was shut in. Union Oil Company of California and Marathon Oil Co. acquired the unit in 1988 but were unable to restore production. Aurora Gas took over the leases in 2000, restarting production in 2001 and producing gas from the field until that company's bankruptcy in 2018.

Amaroq acquired Nicolai Creek in 2018.

Current sustained production began in 2001, DNR said, peaking in 2012 at annual production of 1.2 billion cubic feet. From 2001 to 2024 production averaged 0.4 bcf annually.

There are three onshore pads and six active wells, one a disposal injection well, with only three of the five producers currently online, averaging 380 thousand cubic feet per day, as of May, for annual production of 0.1 bcf.

Application

DNR said Amaroq's application is for royalty modifications on all five leases in the unit. The current state royalty rate is 12.5%, and the leases have overriding royalty interests ranging from 1.5% to 6.5%, with the average total royalty burden of 17.28% for the five leases.

Amaroq told DNR that since it

Amaroq had a third-party review done by Petrotechnical Resources of Alaska of potential reserves under the two wells currently offline, a report which confirmed proven and probable reserves that could be economically recovered with more favorable economic conditions.

acquired Nicolai Creek in 2018 it has operated at a negative cash flow as its attempts to revitalize the field have not been successful and said the field would continue to generate negative cash flows, even with an updated contract price of \$10 per thousand cubic feet.

The company also said royalty reduction was justified to reestablish production from two currently shut-in wells, NCU 3 and NCU 10, work which would not be economically feasible without royalty modification.

DNR said Amaroq "clearly showed" in its application that future production would not be economically feasible without royalty modification, as operating expenditures do not change with lower production rates and minimum general and administrative costs do not change with lower volume.

Amaroq had a third-party review done by Petrotechnical Resources of Alaska of potential reserves under the two wells currently offline, a report which confirmed proven and probable reserves that could be economically recovered with more favorable economic conditions.

Extended life

Amaroq told DNR that at a 3% royalty rate — the lowest allowed by statute — the economic life of the field would be

extended by at least 12 months, and with additional work to bring the two offline wells back online, 10 additional years could be added.

"Granting royalty modification would provide Amaroq the ability to sustain operations while planning additional well work to maintain and restore any production from existing wells and implement additional development of the NCU acreage," DNR said.

Amaroq proposed a reduction to 3% until the field showed annual positive cash flows and profitability, but DNR said it found this was not optimal. The commissioner's preliminary determination calls for royalty modification based on cumulative gross revenues "driven by the price and volume of gas sold."

DNR's proposed terms are a royalty rate of 3% per month until gross revenue from the unit, beginning Sept. 1, 2024, reaches a cumulative amount of \$25,300,000, after which the royalty rate would return to 12.5%.

Economic modelling by DNR shows an expected end of field life of September 2026 if there is no modification of the royalty.

At the 3% rate, but with no development drilling, field life would end in September 2027.

DNR's expected case for development drilling shows a field life end in 2030.

Benefits to the state include the expected field life extension, increased gas production and increase in direct revenues to the state.

Indirect benefits to the state include continued local gas production, which is less expensive than displacing local gas with imported liquefied natural gas. ●

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EXPLORATION & PRODUCTION

Kuparuk, Milne work approved by division

The Alaska Department of Natural Resources' Division of Oil and Gas has approved unit plan of operations amendments for work at the ConocoPhillips Alaska-operated Kuparuk River field and at Hilcorp Alaska's Milne Point.

At Kuparuk, ConocoPhillips applied in June for an airport taxiway addition and upgrade at the Kuparuk Landing Area.

In its July 28 approval the division said the Kuparuk Landing Area would be expanded to add a new taxiway, adding some 10,300 cubic yards of gravel on 0.8 acres of tundra, with the new gravel area trenched to install a power cable on either side of the gravel addition, allowing for safety lighting along the taxiway, reducing aircraft congestion and improving operational safety for both passenger and cargo aircraft traffic with additional access to the airstrip.

Work was expected to begin Aug. 1 and include laying gravel; installing culvert; trenching new gravel area and installing power cable; and installing taxiway safety lighting.

The Kuparuk Landing Area is directly north of the Kuparuk Operation Center, 29 miles northwest of the Deadhorse Airport.

At Milne Point, Hilcorp Alaska applied in June to expand the pad and install a heater system at the existing Tract 14 Pad, with the expansion measuring some 140 feet by 280 feet and covering some 0.6 acres of wetlands.

The work will include installation of 54 vertical support members, a heater with air intake, vessel, shell and tube heater exchange and associated electrical components and piping, with the heater power by gas from connections to Tract 14 facilities.

The division said in its July 31 approval that pad expansion is necessary for placement of the heater system while maintaining a safe area for facility maintenance, field related transportation and rig moves.

Work was scheduled to begin Aug. 1 and includes gravel laying; installation of VSMs for heater and listed facility equipment; and placement of heater and listed facility equipment.

—KRISTEN NELSON

The Kuparuk Landing Area is directly north of the Kuparuk Operation Center, 29 miles northwest of the Deadhorse Airport.

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GRASSROOTS WELL

•A 13.8 kV power cable to originate from Mod 105; it will connect to the transformer and be in an 810-foot-long trench, 4 feet deep.

•Screeding and dredging around the Central Pad Service Pier in the summers of 2025 and 2026 to allow for barging of modules, equipment and supplies to support future drilling. The division said screeding and dredging is to "ensure safe water depths for barging heavy equipment to Central Pad," with some 3.53 acres of subtidal floor subject to screeding and dredging.

•A 48-mile-long ice road will be constructed between Endicott and the PTU Central Pad, with off-road travel and ice construction to be permitted separately.

Single well

Point Thomson produces from the PTU 17 well on the West Pad; the PTU 15 and PTU 16 wells on the Central Pad are used for gas reinjection.

In its 2024-2025 plan of development Hilcorp said production from PTU 17 has been declining since the field began production. "The current operable wellstock at Point Thomson is unable to cycle 200 MMSCFD gas and fill the IPS facilities to capacity. Additional wells would be required to fill the IPS to capacity. Hilcorp will continue to evaluate drilling opportunities during the 2024-2025 POD Period," the company said.

Point Thomson plans of development cover two calendar years.

The company planned to convert injector PTU 15 to production, "pending results of internal review," Hilcorp said in October 2023.

Alaska Oil and Gas Conservation Commission records show PTU 15 was put on production in September 2023, but results evidently were not satisfactory, as the company returned PTU 17 to production the following month and it has continued as the field's only producer.

—KRISTEN NELSON

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PIKKA UPDATE

oil around the end of 2025. This, he said at the time, will be “dependent on logistics and weather allowing for the mobilization of key production models by barge up the Hay River.”

Until the company has more certainty, guidance remains unchanged with first oil in mid-2026, Dingeman said.

It appears that certainty has been achieved.

In the recent ASX announcement dated July 30 if you’re in Alaska and July 31 if you’re in Australia, Santos Managing Director and CEO Kevin Gallagher said the Pikka phase 1 project continues to make excellent progress: “Our highly capable team that delivered early completion of the pipeline in just two winter seasons followed by a successful river-lift of key processing modules, has created the opportunity for early startup and production from Pikka.”

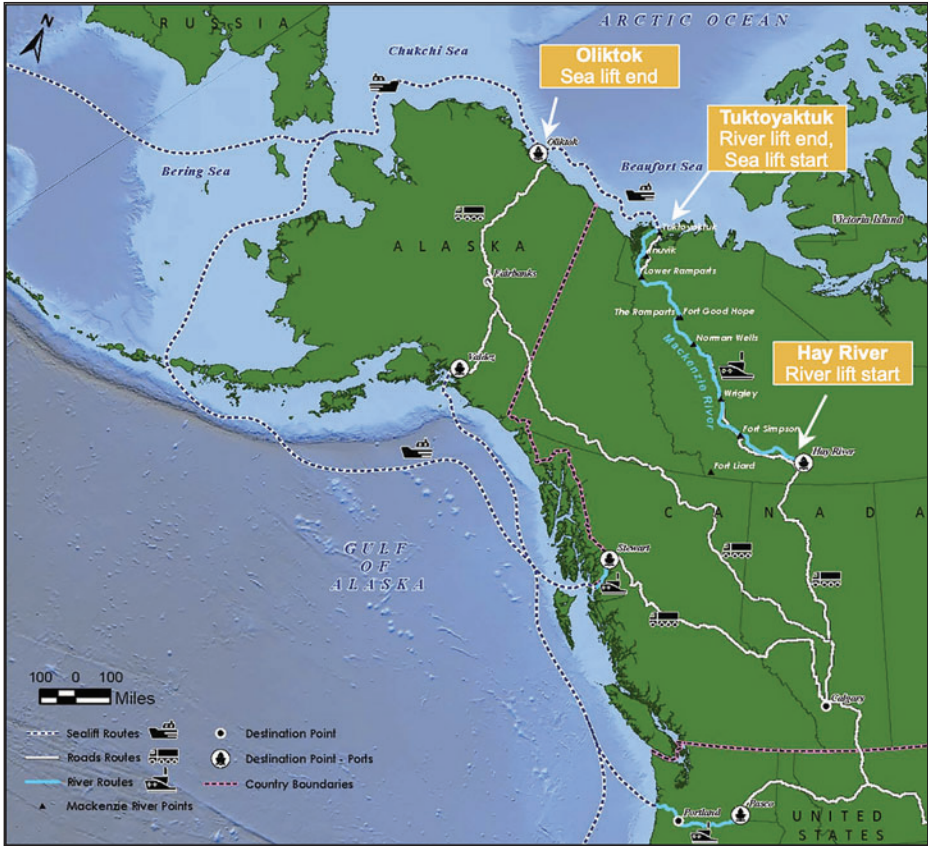
With Pikka phase 1 almost 90% complete the company is currently drilling its 21st well.

Santos subsidiary and operator in Alaska, Oil Search (Alaska), continues to test wells at Pikka, which is not yet in production. For example, in June two wells (producing for a combined total of six days) contributed an average of 541 barrels of oil per day to Alaska North Slope crude production.

The company began testing wells at the field in September 2023.

Buy-out in works

Speaking of Gallagher, the June 22 issue of Petroleum News reported Santos



said on June 16 that it had received a non-binding indicative proposal from a consortium led by XRG P.J.S.C., a subsidiary of Abu Dhabi National Oil Co., or ADNOC, which is looking to grow a global gas business. ADNOC, through its investment arm XRG, with Abu Dhabi Development Holding Co. and U.S.-based private-equity firm Carlyle, made the US\$18.7 billion proposal for the acquisition of all of the ordinary shares on issue in Santos. The cash offer of US\$5.76 per share, represented a 28% premium to the Australian company’s close on June 13.

The Santos board confirmed that, subject to reaching agreement on acceptable

terms of a binding scheme implementation agreement, or SIA, it “intends to unanimously recommend that Santos shareholders vote in favor of the potential transaction, in the absence of a superior proposal and subject to an independent expert concluding, and continuing to conclude, that the potential transaction is fair and reasonable and in the best interests of Santos shareholders.”

The offer was preceded by two confidential, non-binding and indicative proposals from the XRG Consortium to acquire all of Santos’ shares on March 21 for US\$5.04 in cash per share and on March 28, for US\$5.42 cash per share.

“Our highly capable team that delivered early completion of the pipeline in just two winter seasons followed by a successful river-lift of key processing modules, has created the opportunity for early startup and production from Pikka.” —Kevin Gallagher

“Credit to Gallagher for extracting such a premium offer — he will have earned the payout of his ensuing incentives in doing so,” Saul Kavonic, an energy analyst at MST Marquee, said in a note. “Gallagher has found his escape parachute and it’s made of gold.”

The proposal is subject to the satisfactory completion of confirmatory due diligence by the XRG Consortium and the negotiation and execution of an SIA with Santos on customary terms and conditions, Santos said in its June 16 release.

Goldman Sachs and JB North & Co are acting as financial advisers to Santos; Rothschild & Co. is acting as independent board adviser. Herbert Smith Freehills Kramer is acting as legal adviser to Santos.

Implementation of the scheme under the SIA would be conditional on (among other things) customary approval from the Foreign Investment Review Board, Australian Securities and Investments Commission, National Offshore Petroleum Titles Administrator, PNG Securities Commission, PNG Independent Consumer and Competition Commission and Committee on Foreign Investment in the United States. ●

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Michael Colombie to retire

Michael Colombie recently announced his retirement as president of CONAM Construction Co. after 42 years in the Alaska oil and gas industry. His Alaska career started in 1981 when he decided to pioneer his way to Alaska from Connecticut, looking for a job as an electrical engineer. The lure of Alaska paid off, and soon after arriving, H. C. Price hired Colombie to work on a North Slope contract for British Petroleum, modifying oil processing modules in the

Prudhoe field. From that point on, he worked successfully in several oil and gas project management positions, spending his last 13 years with Price/CONAM in upper management. Colombie left an impression on all who had the pleasure of working with him. Beyond his professional accolades, Colombie’s humor and camaraderie made work feel less like work and more like a shared purpose with people who matter. Colombie’s leadership will be missed, but he’ll enjoy his well-deserved retirement with his wife, Jody, flying and fishing around Alaska.



MICHAEL COLOMBIE

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- Western Pacific Crane & Equipment

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INSIDER

... provides support that the potential scale for this 100% BP discovery could be a game changer,” Birrell told Reuters.

Results from the rig site analysis indicate elevated levels of carbon dioxide. BP will now begin laboratory analysis to further characterize the reservoir and fluids discovered, which will provide additional insight into the potential of the Bumerangue block. Further appraisal activities are planned to be undertaken, subject to regulatory approval, the company said.

Governor issues two admin orders

ON AUG. 4, ALASKA Gov. Mike Dunleavy announced the signing of two new Administrative Orders designed to ensure Alaska’s government operates more efficiently, transparently and effectively while creating a regulatory environment that supports growth, investment, and job creation.

The first order establishes a Government Efficiency Review, requiring the Office of Management and Budget to lead an annual review of all executive

branch agencies. The review will identify cost savings, streamline operations, modernize processes, and ensure every public dollar is spent wisely. Initial areas of focus will include grants to non-state entities and accounts payable. Agencies will also be required to use technology and artificial intelligence to improve transparency and accountability in how public money is spent.

“Alaskans expect their government to deliver essential services in the most efficient and responsible way possible,” Dunleavy said.

The second order launches a comprehensive Regulatory Reform Initiative, replacing previous regulatory directives with a new framework to reduce unnecessary burdens on Alaskans and businesses. The order requires state agencies to review and streamline existing regulations, guidance documents, and materials incorporated by reference. Agencies must reduce regulatory requirements by 15% by the end of 2026 and 25% by the end of 2027.



MIKE DUNLEAVY

Key elements of the order include the following:

- Streamlining permitting processes across the Department of Natural Resources, Department of Environmental Conservation, and Department of Fish and Game.

- Establishing clear permitting timelines with automatic approval if deadlines are missed.

- Posting all agency guidance documents on the Alaska Online Public Notice System.

- Compiling a State Unified Regulatory Plan each year to ensure consistency and transparency across agencies.

“Alaska must compete on the world stage,” Dunleavy said. “This order eliminates unnecessary red tape, modernizes permitting, and promotes accountability — while maintaining strong protections for our people and environment.”

Both orders take effect immediately and apply to all executive branch agencies, boards, commissions, and public corporations.

Fly nukes to the moon

ON AUG. 5 the Washington Examiner reported the following:

‘FLY NUKES TO THE MOON’: The Trump administration confirmed today

that it plans to fast-track a nuclear reactor to the moon to beat out China in the race to build settlements on the lunar surface and power missions to Mars.

The details: Transportation Secretary and Interim NASA administrator Sean Duffy revealed that the administration is looking to power U.S. lunar operations with both solar and nuclear power. The nuclear fission reactor is expected to have an output of 100 kilowatts, roughly the same amount of energy used by a 2,000 square foot home every three and a half days.

“We’re not talking about massive technology,” Duffy said in the Washington Examiner’s report. “We’re not launching this live...but again, energy is important. And if we’re going to be able to sustain life on the moon to then go to Mars, this technology is critically important.”

The administration is seeking proposals for the reactors within 60 days and plans to award two companies with contracts within six months. It is aiming to launch the reactor by 2030, around when China is hoping to put men on the moon.

—Oil Patch Insider is compiled by Kay Cashman

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OIL PRICES

buying Russian crude, and a drawdown of U.S. crude stocks were not enough to overcome the downward momentum.

“All the crude oil moving pieces were bullish in today’s report,” Mizuho analyst Robert Yawger said in a note quoted in an Aug. 6 update by Dow Jones Newswires.

Yawger said the additional 25% tariff on Indian goods is due to start in 21 days, which “allows some wiggle room for three-way negotiations between Russia, India and the U.S. that could possibly keep the oil flowing.”

Whether India continues to purchase Russian oil is key, ING said in an Aug. 7 note, adding, “Reducing or stopping Russian oil purchases makes more sense.”

“Countries facing this potential secondary tariff must weigh the benefits of buying discounted Russian crude against the potential cost to trade with the U.S.,” ING said. Indian exports to the United States total \$87 billion, while India’s savings from purchasing discounted Russian crude are “in the region of \$6 billion.”

If India stops buying Russian oil and Russia is unable to divert supply to other buyers, it puts as much as 1.7 million barrels of supply at risk, ING said.

“This would wipe out the surplus that we expect over the next three quarters and leave the market largely balanced, assuming OPEC+ doesn’t bring the next tranche of supply cuts back onto the market,” ING said.

Total motor gasoline inventories fell 1.3 million barrels for the period to 227.1 million barrels — 1% below the five-year average for the time of year, the EIA said. Distillate fuel inventories fell 0.6 million barrels last week to 113.0 million barrels — 16% below the five-year average for the time of year.

“If these tariffs stick, it could see Brent averaging around \$75 per barrel over 2026, compared to our base case forecast of \$57.”

Futures slid lower on a New York Times report that President Trump will meet in person with Russian President Vladimir Putin over the next week or so, and follow it up with a meeting between himself, Putin and Ukrainian President Volodymyr Zelenskiy.

U.S. special envoy Steve Witkoff met with Putin in Moscow Aug. 6, two days before a deadline Trump set for Moscow to halt the war in Ukraine, Bloomberg reported.

Russian media reported that the Kremlin called the meeting “constructive,” and the two sides exchanged “signals” over the conflict.

“Uncertainty over the outcome of the U.S.-Russia summit, possible additional tariffs on India and China — key buyers of Russian crude — and the broader impact of U.S. tariffs on the global economy are prompting investors to stay on the sidelines,” Hiroyuki Kikukawa, chief strategist of Nissan Securities Investment told Reuters Aug. 6.

US crude inventories fall

U.S. commercial crude oil inventories for the week ended Aug. 1 plunged by 3 million barrels from the previous week to 423.7 million barrels — 6% below the five-year average for the time of year, the U.S. Energy Information Administration said in its petroleum report Aug. 6.

Analysts answering a Reuters poll had projected a 591,000-barrel draw.

Total motor gasoline inventories fell 1.3 million barrels for the period to 227.1 million barrels — 1% below the five-year average for the time of year, the EIA said. Distillate fuel inventories fell 0.6 million barrels last week to 113.0 million barrels — 16% below the five-year average for the time of year.

ANS plummeted \$2.26 Aug. 4 to close at \$70.85, while WTI fell \$1.04 to close at \$66.29 and Brent fell 91 cents to close at \$68.76.

Prices fell sharply across the board Aug. 1. ANS plunged \$2.43 to close at \$73.10, WTI plunged \$1.93 to close at \$67.33 and Brent plummeted \$2.86 to close at \$69.67.

On July 31, ANS fell 87 cents to close at \$75.53, WTI fell 74 cents to close at \$69.26 and Brent fell 71 cents to close at \$72.53.

ANS rose 83 cents July 30 to close at \$76.40, as WTI added 79 cents to close at \$70.00 and Brent added 73 cents to close at \$73.24. ●

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