

### EXPLORATION & PRODUCTION

## Alyeschem reaches FID; working on loan papers for petrochemical plant

On Feb. 29, the Alaska Industrial Development and Export Authority, or AIDEA, and Alyeschem LLC announced a major milestone in the monetization of Alaska's North Slope stranded gas through the advancement of Alyeschem's petrochemical plant at Prudhoe Bay, the first petrochemical facility in the U.S. Arctic. The project could be a trigger for economic growth in the region.

AIDEA could ultimately invest as much as \$70 million in the facility that would convert natural gas into two products that oil companies currently have to import to the North Slope: methanol and low-sulfur diesel.

In a recent interview with Petroleum News, Alyeschem CEO JR Wilcox said "AIDEA's board approved a term sheet and commitment letter for this loan late last year, contingent upon Alyeschem securing its equity funding. We have now achieved FID and are working with AIDEA to finalize the loan documents and close the loan."

Wilcox expects the loan to close by the end of June.

see **ALYESCHEM PLANT** page 5

## Hilcorp to begin pilot polymer injection in Milne Ugnu formation

The Alaska Oil and Gas Conservation Commission has approved a request from Hilcorp Alaska to extend enhanced recovery injection order No. 7 for the Milne Point unit Ugnu pilot project through Dec. 31.

The order, ERIO 7, was issued April 14, 2022, and expired in 24 months (April 14, 2024) if injection had not begun.

In its request for extension, Hilcorp said it submitted an annual report to AOGCC March 4 indicating that it planned to begin injection operations in 2025, and on March 14 submitted an application to begin polymer injection in the Ugnu at the Milne Point Unit S-203 well in early June.

The company said it had relied on wording in the ERIO which says the order would expire 3 years after injection activity begins, unless extended by the commission, and said it had only recently become aware that the commission's regulations say an ERIO expires if injection has not begun within 24 months of the date of the order.

In its extension order the commission said the ERIO 7 "rule was not written clearly so there is ambiguity as to when ERIO 7

see **UGNU PILOT** page 4

## Division approves PODs for Ivan River, Lewis River, Pretty Creek

Derek Nottingham, director of the Alaska Department of Natural Resources' Division of Oil and Gas, has approved 2025 plans of development for three Hilcorp Alaska units in the Cook Inlet basin: Ivan River, Lewis River and Pretty Creek. These small gas fields are on the west side of Cook Inlet, northeast of the Beluga River field.

All approvals are for June 1 through May 30, 2026.

### Pretty Creek

Pretty Creek is currently seeing the most work, with a new well planned from the existing pad and permitting underway for a new pad on the northern edge of the unit with drilling from that pad. The unit was formed by Union Oil Company of California in 1997. Hilcorp became the operator on Jan. 1, 2012. The unit currently as 4,660 acres.

Production from the field ceased in August 2019, the division said, and Hilcorp began work to restore it, completing a coil tubing cleanout of the PCU-02 well in 2021. While production was

see **POD APPROVALS** page 4

# New gas from inlet

Multi-year \$50 million revolving credit line signed by AIDEA, HEX CI

By KAY CASHMAN

Petroleum News

**H**EX Cook Inlet, whose wholly owned subsidiary Furie Operating Alaska is operator of the Kitchen Lights unit in Cook Inlet, expects to have its two new natural gas wells online before August. Furie is currently drilling the wells using the Spartan 151 jack-up for its 2025 \$40 million program.

The rig belongs to Hilcorp Jack-Up Rig Co. Furie took delivery of the jack-up on April 10.

"Together with Hilcorp, we are demonstrating that Alaskans working together can develop more critically needed energy from the Cook Inlet



JOHN HENDRIX

basin," John Hendrix said after signing the jack-up agreement.

In a recent interview with Petroleum News, Hendrix, president and CEO of HEX Cook Inlet, said, "All we have to do is drill. We already have the platform."

That's the Julius R platform. And he also has a 15-mile subsea gathering line and an onshore natural gas processing facility at Nikiski on the Kenai Peninsula.

So getting natural gas to Southcentral Alaska is that much quicker for Furie versus companies that do not have infrastructure in place.

Born and raised in Alaska, Hendrix is the owner

see **HEX CREDIT LINE** page 6

### FINANCE & ECONOMY

# China budge ups ANS

ANS premium to Brent jumps as China trade, economic news bolsters crude

By STEVE SUTHERLIN

Petroleum News

**P**ositive news on U.S./China trade talks and China's domestic economic stimulus took crude futures higher in Asian trade May 8 as Petroleum News went to press.

Alaska North Slope crude slid \$1.32 May 7 to close at \$64.31 per barrel, as the Federal Reserve struck a wait-and-see posture on interest rate cuts, concerned that President Trump's tariffs might stoke inflation while choking growth. West Texas Intermediate fell \$1.02 to close at \$58.07 on the day and Brent fell \$1.03 to close at \$61.12.

The U.S. dollar gained against other currencies, adding pressure on crude, because a stronger dollar

**Increased China oil demand raises prices for Pacific tanker cargoes, which can translate to higher prices in West Coast markets where most ANS is sold.**

makes the dollar-denominated commodity harder to afford for buyers that must convert local currencies to purchase crude.

May 7 losses came on the heels of surging crude prices May 6 as China and U.S. officials hinted that trade talks were in the works between the countries.

ANS catapulted \$2.14 higher May 6 to close at

see **OIL PRICES** page 7

### NATURAL GAS

# Legislators have concerns

AGDC addresses issues including confidentiality, Glenfarne, state obligations

By KRISTEN NELSON

Petroleum News

**A**laska Gasline Development Corp. officials and board members have been spending a fair amount of time in Juneau this session addressing concerns of legislators on plans to move the Alaska LNG Project forward.

The Legislature was heavily involved in earlier incarnations of plans to move North Slope natural gas to market.

Then the Legislature turned the project, and a lot of the Legislature's previous oversight, over to a corporation of the state, the Alaska Gasline Development



FRANK RICHARDS

Corp., AGDC, authorized in 2013 with House Bill 4 and in 2014 with Senate Bill 138.

Frank Richards, AGDC president, has been leading the presentations to legislators, seconded by Matt Kissinger, AGDC's venture development manager, with AGDC board Chair Warren Christian, Vice Chair Janet Weiss and Director Mike Chenault also presenting at some of the hearings.

AGDC's authorities as established under HB 4 and SB 138 have been the focus of considerable attention, and the Legislative Budget and Audit Committee heard a review of those

see **LNG PROJECT** page 8



● EXPLORATION & PRODUCTION

# Baker Hughes US rig count down 3 at 584

International rig count for April is down by 8 from March at 891, with land rigs down 4 at 705 and offshore rigs down 4 to 186

By **KRISTEN NELSON**  
*Petroleum News*

**B**aker Hughes’ U.S. rotary drilling rig count was 584 on May 2, down by three from the previous week, down by 21 from 605 a year ago and down by one from two weeks ago. Over the last eight weeks the rig count was up in three weeks, down in four and unchanged in one with a combined loss of 13 against a gain of five.

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

*Baker Hughes shows Alaska with 10 rotary rigs active May 2, unchanged from the previous week and up by one from a year ago when the state’s count was nine.*

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 May 2 count includes 479 rigs targeting oil, down by four from the previous week and down 20 from 499 a year ago, with 101 rigs targeting natural gas, up by two from the previous week and down one from 102 a year ago, and four miscellaneous rigs, down by one from the previous week and up by four from a year ago.

Forty-six of the rigs reported May 2 were drilling directional wells, 523 were drilling horizontal wells and 15 were drilling vertical wells.

### Alaska rig count unchanged

Louisiana (33) was up three rigs from the previous week, while Ohio (9) and Texas (271) were each down by three.

Rig counts in other states were unchanged from the previous week: Alaska (10), California (6), Colorado (8), New Mexico (100), North Dakota (32), Oklahoma (55), Pennsylvania (18), Utah (11), West Virginia (8) and Wyoming (21).

Baker Hughes shows Alaska with 10 rotary rigs

active May 2, unchanged from the previous week and up by one from a year ago when the state’s count was nine.

The rig count in the Permian, the most active basin in the country, was down by two from the previous week at 287 and down by 29 from 316 a year ago.

### International rig count down by 8 in April

Baker Hughes’ monthly international rig count for April, issued May 2, is down by eight from March at 891 and down 87 from a count of 978 in April 2024, with land rigs down by four at 705, month over month, and offshore rigs down four at 186.

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 April, 335, followed by Asia Pacific with 203, Latin America with 130, Europe with 126 and Africa with 97.

The U.S. rig count averaged 586 in April, down by six from 592 in March, and down 31 from April 2024, while the Canadian count for April averaged 138, down 56 from 194 in March and down eight from April 2024.

Worldwide the rig count averaged 1,616 in April, down 70 from 1,685 in March and down 110 from 1,726 in April 2024. ●

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## contents

### ON THE COVER

#### New gas from inlet

Multi-year \$50 million revolving credit line signed by AIDEA, HEX CI

#### China budge ups ANS

ANS premium jumps as China trade, economic news bolsters crude

#### Legislators have concerns

AGDC addresses gasoline confidentiality, Glenfarne, state obligations

#### Alyeschem reaches FID; working on loan papers for petrochemical plant

#### Hilcorp to begin pilot polymer injection in Milne Ugnu formation

#### Division approves PODs for Ivan River, Lewis River, Pretty Creek

## Petroleum News

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### EXPLORATION & PRODUCTION

#### 2 Baker Hughes US rig count down 3 at 584


International rig count for April is down by 8 from March at 891, with land rigs down 4 at 705 and offshore rigs down 4 to 186

### FINANCE & ECONOMY

#### 3 EIA forecasts crude price down, gas up


Agency sees oil demand dropping, supply increasing, while domestic natural gas demand up on LNG exports, supply not increasing

#### 5 Energy service jobs remain steady



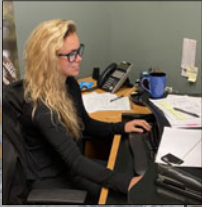

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● FINANCE & ECONOMY

# EIA forecasts crude price down, gas up

Agency sees oil demand dropping, supply increasing, while domestic natural gas demand up on LNG exports, supply not increasing

By KRISTEN NELSON

Petroleum News

In its May Short-Term Energy Outlook, released May 6, the U.S. Energy Information Administration said it expects the Brent spot oil price to average \$66 per barrel this year, down from \$81 in 2024, dropping to \$59 per barrel in 2026.

Brent averaged \$68 per barrel in April, the agency said, forecasting that increasing oil production will outpace annual demand growth, with inventories increasing globally. Brent is expected to average \$62 per barrel in the second half of this year.

Global liquid fuels production is forecast to increase by 1.3 million to 1.4 million barrels per day this year and next, led by countries outside OPEC+, with OPEC+ expected “to increase production somewhat in the coming months,” although remaining below the organization’s current target path.

The Henry Hub spot price for natural gas fell to \$3.44 per million British thermal units in April, down 68 cents from the March average, on relatively warmer weather in March and early April in the Lower 48, leading to higher-than-expected injections into storage.

EIA expects domestic natural gas prices to rise in the coming months as more liquefied natural gas is exported and demand for natural gas from the electric power sector increases seasonally, with Henry Hub forecast to average nearly \$4.20 per million Btu in the third quarter, nearly double the price from the same period in 2024.

## Global oil

EIA said Brent’s fall to \$68 per barrel in April, down \$5 from March, the third consecutive month that crude oil prices have fallen, was “driven primarily by expectations of lower global oil demand growth following the implementation of new tariffs from the United States and its largest trading partners.”

Crude oil prices so far this year have been lower than EIA expected in January, largely reflecting “lower expectations for global oil demand growth both among market participants and in our forecast.” The agency said it has reduced its expectations for global oil demand by 0.5 million barrels per day since January and lowered its forecast for Brent by some \$8 per barrel.

Oil inventories have risen as less oil is consumed, with an estimated 0.3 million bpd put into inventory through April — in contrast to EIA’s view in January, when it expected inventories to fall by more than 0.2 million bpd over that period.

“Perceptions of oversupply among oil market participants also reflect production growth from non-OPEC producers, along with announced production increases from OPEC+,” EIA said.

Global oil inventories are expected to increase this year, up by an average of 0.5 million bpd in the second quarter and growing to 0.7 million bpd in the fourth quarter, averaging 0.4 million bpd this year, with growth accelerating to an average of 0.8 million bpd in 2026.

Brent is expected to decline this year and next, falling from an average of \$76 per barrel in the first quarter to an average of \$61 per barrel in the fourth quarter and then averaging \$59 per barrel in 2026.

EIA said there is significant uncertainty in its price forecast, based on uncertainties around the impact of new or additional tariffs on global economic activity and oil demand.

## Production and consumption

Global liquid fuels production is forecast to increase this year and next on the OPEC+ scheduled production increase and growth from non-OPEC countries, with production increasing by 1.4 million bpd this year and 1.3 million bpd in 2026, growth led by countries outside OPEC+, up 1.2 million bpd this year and 0.6 million bpd in 2026, primarily the United States, Canada, Brazil and Guyana.

Oil consumption, however, continues to be below the pre-pandemic trend, increasing by 1 million bpd this year and 0.9 million bpd in 2026, both volumes lower than the January forecast, EIA said.

## Natural gas

U.S. natural gas demand growth is primarily driven by exports, EIA said.

Plaquemines LNG Phase I and Corpus Christi Stage 3 started production last December. Golden Pass and Plaquemines

*Oil inventories have risen as less oil is consumed, with an estimated 0.3 million bpd put into inventory through April — in contrast to EIA’s view in January, when it had expected inventories to fall by more than 0.2 million bpd over that period.*

LNG Phase 2 are expected online within the next 2 years.

Based on those facilities, EIA said it is forecasting LNG exports to increase by 22% this year and by 10% in 2026.

Pipeline exports are also forecast to increase by 8% this year and by 7% in 2026.

Combined, the increase is expected to be 3.4 billion cubic feet per day this year and 2.1 bcf per day in 2026.

U.S. LNG exports averaged 12 bcf per day in 2024, are forecast to average 15 bcf per day this year and 16 bcf per day in 2026.

Natural gas prices decreased in March

and April on steady demand, EIA said, with increased exports offset by warmer-than-normal early spring weather, lowering levels of residential and commercial demand. Relatively high levels of production also contributed to lower gas prices.

Moving prices up are several factors, including lower than normal expected injection for the remainder of the injection season, resulting in higher natural gas prices, with the \$4.10 per million Btu now forecast for this year and \$4.80 for 2026 between 80 cents and \$1 higher per million Btu than forecast in January.

Both domestic and export demand are now expected to be higher than was forecast in January, while a drop in crude prices has reduced the agency’s expectations for U.S. crude production growth, which means there will be less associated natural gas production than forecast in January. ●

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continued from page 1

## UGNU PILOT

actually expires.” It clarified the language in the ERIO and granted Hilcorp’s extension request.

### Ugnu polymer injection

When Hilcorp applied for pilot enhanced oil recovery at Ugnu in November 2021, it told the commission it was proposing polymer injection at the Milne Point S Pad and said polymer was not currently approved for EOR for that area, noting that prior temporary administrative approval for water and gas injection into the Ugnu had expired.

Hilcorp said the project built on work begun by BP in 2003 and was designed to “gather the data necessary to determine the appropriate spacing for paired Ugnu producer and injection wells at S-pad. If the pilot proves successful, potential exists to justify a project throughout the field, including the establishment of formal pool and area injection rules for the MPU Ugnu sand.”

Hilcorp said two horizontal injectors would be used to support the existing S-203 which was drilled and brought online in 2010. That well is producing but “requires

pressure support from injection wells,” Hilcorp said.

The company said the pilot would “test the economic viability of waterflooding and polymer flooding in the Ugnu sand.”

With polymer injection, total recovery is expected to reach some 9.25% of Ugnu original oil in place, the company said, compared with 4-8% OOIP recovery with primary depletion.

Hilcorp said an existing horizontal well, S-22, would be converted to an injector during the pilot program. The company also said it planned to drill a new injector, S-204, to offset the S-203 producer opposite the S-22.

AOGCC data show S-204 was permitted on April 4 of this year.

Hilcorp is already using polymer injection at Milne Point for Schrader Bluff recovery.

In its 2022 approval of the ERIO for polymer injection use in the Ugnu formation, the commission noted that injection began at Schrader Bluff in 2018, with Hilcorp projecting that it expected polymer to increase Schrader recovery from 10-15% of oil in place at Milne to as much as 50%.

—KRISTEN NELSON

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continued from page 1

## POD APPROVALS

restored in 2023, it again declined.

Hilcorp restored production in November 2024 after drilling and completing the PCU-02A sidetrack. In March, the most recent month for which Alaska Oil and Gas Conservation Commission production data is available, Pretty Creek averaged 1,424 thousand cubic feet per day.

During the 2024 POD, Hilcorp drilled the sidetrack, targeting Sterling and Beluga sands. In preparation for the sidetrack, the division said Hilcorp “completed flowline, separator, production header, and produced water header work.”

The company also did a workover on PCU-02 in preparation for drilling the sidetrack and expanded the existing Pretty Creek Pad in preparation for 2025 drilling activities.

For the 2025 POD period, Hilcorp’s plans include:

- Construction of the new Diamond Pad to the north of the existing Pretty Creek Pad, and a road to the new pad;
- Drilling two exploration/delineation wells from the new pad to test sand presence and hydrocarbon charge;
- Drilling one development well from the existing Pretty Creek Pad, targeting Sterling and Beluga sands;
- Installation of flowlines, line heaters, separators, production headers, glycol dehydration, produced water tanks, micro-turbine generators and a compressor to support drilling activities; and
- Evaluating work on existing wells to maintain and increase productivity, including up-hole recompletes, perforation adds and rig workovers.

### Ivan River

The Ivan River unit was formed in 1967 by Standard Oil Company of California; Hilcorp took over as operator from Union Oil Company of California Jan. 1, 2012. The unit currently has 2,295.34 acres.

The field averaged 1,178 mcf per day in March according to AOGCC production data.

During the 2024 POD, Hilcorp did a rig workover, coil cleanout and perforations

*Pretty Creek is currently seeing the most work, with a new well planned from the existing pad and permitting underway for a new pad on the northern edge of the unit with drilling from*

on IRU 44-36 and coil cleanouts and perforations on IRU 11-06 and IRU 241-01. The company began work on a pad expansion required for a grassroots well, work which will continue into the 2025 POD.

For the 2025 POD, Hilcorp’s plans include:

- Evaluation of well recompletions, perforation adds and rig workovers;
- Review and evaluate delineation well opportunities in the Sterling-Beluga and Tyonek participating areas;
- Conduct pad and facility work to support drilling efforts for a potential 2026 POD grassroots well;
- Install piping and infrastructure for the produced water building;
- Do well tie in and pad expansion contingent on 2026 well planning and regulatory approval planning; and
- Do necessary routine repairs and replacement of facilities.

### Lewis River

The Lewis River unit was formed in 1977 by Cities Service Oil Co. Hilcorp took over as operator from Union Oil Company of California Jan. 1, 2012. The unit currently has 620 acres.

AOGCC data show Lewis River averaged 2,470 mcf per day in March.

The division said Hilcorp did not do any well work or workovers during the 2024 POD period, but did add perforations to two wells. The company had planned to install a coalescer but deferred the project to the 2025 POD.

2025 POD period plans include:

- Evaluation of potential coil cleanout operations and additional Sterling or Beluga perforations; and
- Installation of additional compression at the Lewis River Pad and a coalescer for the existing compressor.

—KRISTEN NELSON

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FINANCE & ECONOMY

Energy service jobs remain steady

In early May the Energy Workforce and Technology Council released its April jobs report, indicating a steady employment trend in the United States “despite broader market transitions and ongoing global trade uncertainty.”

Total U.S. energy service jobs reached 639,378 in April, a minor month-over-month dip of 388 positions from March. Alaska was number 11 among the states with 9,910 jobs.

The numbers were based on preliminary data from the Bureau of Labor Statistics and Energy Workforce analysis.

Nationwide the U.S. economy added 177,000 jobs in April.

The national unemployment rate remained at 4.2%, unchanged for March and April.

Workforce President Molly Determan said, “The workforce remains strong and we’re confident in the long-term outlook for domestic energy production and the critical role our sector plays in strengthening the U.S. economy.”

—PETROLEUM NEWS



COURTESY AIDEA

During the Feb. 29 AIDEA Board meeting in Juneau, key documents were signed by, from left to right, Geoff Johns, AIDEA’s chief investment officer; Alyeschem CEO JR Wilcox, and Randy Ruaro, AIDEA’s executive director.

ALYESCHEM PLANT

The minute that happens, he said, Alyeschem’s contractor for the modular petrochemical plant is ready to start fabrication.

During the Feb. 29 AIDEA Board meeting in Juneau, Wilcox and AIDEA Executive Director Randy Ruaro signed key documents, including a cost reimbursement agreement and a loan promissory note, marking a significant step toward project fruition. Reaching FID is another major step.

This project represents several groundbreaking achievements for Alaska:

- First industrial manufacturing plant on the North Slope, pioneering industrial development in the region.
- Monetization of Alaska’s stranded natural gas, unlocking economic potential and resource utilization.
- Job creation as Alyeschem’s modular plant is expected to generate approximately 150 construction jobs and 15-20 full-time operational positions.
- Reduced traffic and infrastructure benefits in that the petrochemical plant is expected to remove some 4,000 trucks from the Haul Road, extending road life and

reducing maintenance costs.

- Reduced environmental impact, in that it’s anticipated to reduce 45,000 tons of CO2 emissions annually.
- Economic benefits because the facility is estimated to raise \$5 million in annual tax revenue for the state and boroughs.
- Enhanced energy and oil production by providing natural gas for oil production, energy generation, and the production of low-sulfur diesel essential for oil operations.
- Support for the Trans-Alaska Pipeline by ensuring a reliable supply of critical resources for pipeline transport.
- Increased state revenue by generating manufacturing-based tax revenue to support further development.

“AIDEA was created to support projects just like this, and we are proud to see it moving forward,” said Ruaro. “With strong backing from the North Slope Borough and a robust market for the methanol produced at this facility, we anticipate Alyeschem’s success for decades to come.”

Dana Pruhs, AIDEA Board Chair said “AIDEA’s partnership in the project will generate revenue to support future development investments.”

—KAY CASHMAN

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continued from page 1

## HEX CREDIT LINE

of HEX, the parent of HEX Cook Inlet.

HEX Cook Inlet is the only 100% Alaskan-owned oil and gas company currently operating in the state.

### Local ownership

Hendrix formed the HEX companies for the purpose of purchasing Furie, its sister companies and their Cook Inlet assets — principally to switch the Cook Inlet Kitchen Lights unit from foreign and Outside ownership to Alaskan ownership.

He accomplished this on June 30, 2020, making the purchase from a Delaware bankruptcy court.

### Agreement with AIDEA

On May 2, the Alaska Industrial Development and Export Authority, or AIDEA, and HEX Cook Inlet announced the successful signing of loan documents supporting Furie's multi-year \$50 million Revolving Line of Credit.

This agreement marks a key milestone in securing the financing necessary to advance new drilling operations and expand energy infrastructure to meet the



**Signing the loan agreement:** From L to R are Raymie Hammen, AIDEA's Executive Assistant and Notary, George Lyle, HEX Counsel, Mark Slaughter, HEX COO, John Hendrix, President and CEO of HEX Cook Inlet LLC, Geoff Johns, AIDEA's Chief Investment Officer, Zane "Kent" Sullivan, AIDEA's General Counsel.

growing demand for locally produced natural gas in Alaska and contribute to reducing the forecasted Cook Inlet natural gas supply gap.

In addition to expanding Alaska's natural gas supply, the project enhances the competitiveness of local gas markets by broadening access to resources and reduc-

ing reliance on imported energy.

Furie anticipates the creation of up to 100 jobs during active development operations and the addition of five new permanent positions once development is complete.

This commitment supports the long-term retention of a resident, skilled workforce and reinforces Alaska's position as a hub for energy expertise.

"This is more than a drilling project — it's an investment in Alaska's energy independence, economy, and workforce," said Hendrix. "Finalizing this agreement allows us to move ahead confidently, knowing we're backed by a partner that shares our vision for long-term development and local impact. Our team is ready to deliver for Alaskans."

### Supports AIDEA's mission

The project also supports AIDEA's mission of fostering responsible development and economic growth. As a 100% Alaska-owned company, Furie — along with its parent company HEX Cook Inlet — remains focused on hiring and training Alaskans for work in the oil and gas sector. The potential for future expansion makes this initiative a strategic step toward building a stronger, more resilient energy future for the state, AIDEA and HEX Cook Inlet said in a press release.

Randy Ruaro, AIDEA executive director said, "AIDEA is proud to partner with HEX on this impactful project. This investment supports not only gas production, but job creation, skill development, and long-term energy reliability for communities across Southcentral Alaska."

"AIDEA strongly supports strategic investments through AIDEA's direct finance program that leverage our natural resources to benefit all Alaskans," said AIDEA Chief Investment Officer Geoff Johns. "This partnership with HEX Cook Inlet aligns with our mission to strengthen Alaska's economy through responsible Cook Inlet natural gas and resource development."

"With the deployment of the Spartan 151 jack-up rig and a long-term commitment to development, Furie continues to solidify its role as a major contributor to Alaska's energy landscape, local job creation, and increased energy security for Southcentral Alaskans." ●

Contact Kay Cashman  
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continued from page 1

OIL PRICES

\$65.63, while WTI leapt \$1.96 to close at \$59.09 and Brent leapt \$1.92 to close at \$62.15.

May 5 was a down day, swooning after the Organization of the Petroleum Exporting Counties plus its petroleum exporting allied countries agreed to hike crude production for a second consecutive month despite weak prices and uncertain demand. Eight OPEC+ countries said they will boost production by 411,000 barrels per day in June.

ANS fell \$1.13 May 5 to close at \$63.49, as WTI fell \$1.16 to close at \$57.13 and Brent fell \$1.06 to close at \$60.23.

On May 2, ANS edged 56 cents lower to close at \$64.62, WTI dropped 95 cents to close at \$58.29 and Brent dropped 84 cents to close at \$61.29.

In mixed trading May 1, ANS added 59 cents to close at \$65.18, WTI leapt \$1.03 to close at \$59.24 and Brent fell 99 cents to close at \$62.13.

Despite volatile price movement, from Wednesday to Wednesday ANS fell just 61 cents from its April 30 close of \$64.92 to \$64.31 May 7.

ANS fared much better than Brent on the week, going from a premium over Brent of \$1.80 May 2 to a premium of \$3.19 over Brent on May 7. ANS closed at a premium of \$6.24 over WTI May 7, versus a premium of \$6.71 over WTI on April 30.

Crude shakes off surprise inventory draw

Crude oil fell May 7, but downward pressure was offset by bullish factors.v

Although a survey of analysts conducted by The Wall Street Journal had called for just a 1.3 million barrel decline in crude stockpiles, U.S. commercial crude oil inventories for the week ending May 2 fell 2 million barrels from the previous week to 438.4 million barrels — 7% below the five-year average for the season, according to data released in a May 7 report by the U.S. Energy Information Administration.

Total motor gasoline inventories rose by 0.2 million barrels for the period to 225.7 million barrels — 3% below the five-year average for the time of year, the EIA said. Distillate fuel inventories decreased by 1.1 million barrels last week to 106.7 million barrels — 13% under the five-year average for the season.

In another bullish action May 7, the Peoples Bank of China cut interest rates and the reserve requirement ratio for banks adding support of domestic economic growth and energy demand.

China already is seeing a recovery in air travel.

China’s international air transport sector notched a sustained recovery in the first quarter, with climbing flight numbers and passenger volumes, according to the Civil Aviation Administration of China, China Daily reported April 28.

Chinese and foreign airlines operated an average of 6,395 international passenger flights per week, representing 83.9% of the pre-pandemic level recorded in 2019, the administration said. Chinese airlines transported 18.93 million international traveler trips in the first quarter, up 34% year-on-year and 4.5% higher than in Q1 2019.

Also on May 7, officials confirmed U.S./China trade talks.

U.S. Treasury Secretary Scott Bessent and U.S. Trade Representative Jamieson Greer will travel to Switzerland May 8 to meet Beijing’s lead economic representative, the Wall Street Journal reported May 7.

China’s Foreign Ministry said He Lifeng, China’s vice premier and leader Xi Jinping’s economic czar, would visit Switzerland from May 9 to 12 for discussions with American officials, the journal reported. The Treasury Department in a May 6 press release confirmed Bessent’s travel plans to Switzerland for the meeting.

Increased China oil demand raises prices for Pacific tanker cargoes, which can translate to higher prices in West Coast markets where most ANS is sold.

Russia feels the pain

Russian is eyeing federal spending cuts as lower oil prices deplete reserves to fund the war in Ukraine, according to a May 6 Bloomberg report citing an anonymous source familiar with preliminary discussions.

Russia may revise its “budget rule” mechanism which dictates how funds from its National Wealth Fund are spent.

The NWF is tapped to offset oil and gas revenue shortfalls when Urals crude drops below \$60. According to the source the threshold could be cut to \$50 if low oil prices persisted, which would force reduced spending in other areas. ●

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Oil Patch Bits

Doyon holds community meeting with Wiseman Metals

As reported by Doyon Ltd. News May 5, in April, Doyon and Wiseman Metals held a community meeting in Tanana to provide updates about the latest developments on mineral exploration activities across Interior Alaska.

The collaboration between Doyon and Wiseman Metals began in March 2022 with the award of the Wiseman East minerals project through a competitive bidding process. This was followed by the Wiseman West project in November 2022 and the Tofty Rare Earth Elements project in December 2022. These projects marked the beginning of a long-term

collaboration that benefits Doyon shareholders while also supporting responsible resource development. Doyon retains ownership of both surface and subsurface rights to all project sites and is the direct beneficiary of royalty income, were a project ever to become a mine.

Wiseman Metals is actively working on two exploration projects with Doyon. The Wiseman East project shows strong potential for district-scale development, with mineralized systems that include copper, gold, silver, and molybdenum extending up to 12 kilometers. The Wiseman East project is located due east of the town of Wiseman, east of the Dalton Highway.

For more information, visit [www.doyon.com](http://www.doyon.com).

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- Alaska Air Cargo
- Alaska Dreams
- Alaska Frontier Constructors (AFC)
- Alaska Fuel Services
- Alaska Marine Lines .....5
- Alaska Materials
- Alaska Railroad
- Alaska Resource Education (ARE)
- Alaska Steel Co. ....5
- Alaska Textiles
- Alaska West Express .....5
- Arctic Controls
- Armstrong
- ASRC Energy
- ASTAC (Arctic Slope Telephone Assn. Coop, Inc)

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- Lounsbury & Associates
- Lynden Air Cargo .....5
- Lynden Inc. ....5
- Lynden Logistics .....5
- Lynden Oilfield Services .....5
- Lynden Transport .....5
- Matson .....3

N-P

- Nabors Alaska Drilling .....6
- NANA Worley
- Nature Conservancy, The
- NEI Fluid Technology
- Nordic Calista
- NORTECH
- Northern Solutions .....8
- NSTI (North Slope Telecom Inc.)
- Owl Ridge Natural Resource Consultants
- Petroleum Equipment & Services, Inc.
- PND Engineers, Inc.
- PRA (Petrotechnical Resources of Alaska) .....2
- Price Gregory International

Q-Z

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continued from page 1

## LNG PROJECT

authorities from Emily Nauman, director of Legislative Legal Services.

Based on how active the Legislature was in previous attempts to commercialize

North Slope gas, legislators have a lot of questions about why more legislative approval hasn't been required, as in the selection of Glenfarne to be the private party developer and the negotiation of an agreement with that company.

Nauman told legislators that the history

and statutes around the formation of AGDC indicate the Legislature intended that the corporation was to have considerable autonomy in pursuing pipeline projects. There is, she said, very little oversight.

AGDC is required to consult with the commissioners of Natural Resources and Revenue prior to entering into contracts for an Alaska LNG project and the Attorney General acts as the primary legal counsel for AGDC.

Confidentiality around AGDC has been an issue for legislators, and Nauman said AGDC statutes give it very broad authority, with confidentiality of agreements allowed to the extent necessary for the corporations' functions. Confidentiality is also allowed where disclosure would cause AGDC commercial or competitive harm. She said while statutes provide for very little legislative oversight, some reports are required including an annual accounting of assets from the board.

AGDC was asked if legislators willing to sign confidentiality agreements could get access to AGDC's agreements with Glenfarne, the private developer brought on to move the Alaska LNG Project forward and was told that probably would be possible.

*AGDC said there are provisions in its agreement with Glenfarne that if Glenfarne completes FEED but fails to move to a final investment decision, FID, and abandons the obligation to move ahead diligently with project development, AGDC could advance the project.*

### Risk to state

Legislators asked about risk to the state if Glenfarne completes FEED, front-end engineering design, but does not move to construction.

AGDC said there are provisions in its agreement with Glenfarne that if Glenfarne completes FEED but fails to move to a final investment decision, FID, and abandons the obligation to move ahead diligently with project development, AGDC could advance the project.

The state acquired 75% of the Alaska LNG Project when the producers — ExxonMobil, BP and ConocoPhillips — stepped away in 2016; up to then the state had been a 25% partner. The work to date became the property of AGDC, which established 8 Star Alaska as a subsidiary to hold project assets.

Glenfarne acquired 75% of 8 Star in exchange for funding all costs of taking the project through FEED and to FID, work AGDC has estimated at \$50 million for the pipeline alone and \$150 million for the entire project.

### Glenfarne questions

Legislators had questions about Glenfarne and its ability to take on the project.

Glenfarne does not have any operating LNG facilities although two, one in Texas and one in Louisiana, are under development.

AGDC described Glenfarne's role as that of a quarterback, bringing in experienced partners to take on the pipeline initially, and then other partners with specific skills for the gas treatment plant and the liquefaction facility.

### The phased project

In response to the looming natural gas shortage in Southcentral, AGDC decided to phase the project, beginning with the 42-inch diameter gas pipeline from the North Slope, but initially building it only as far as a connection with the Enstar system on the west side of Cook Inlet. Gas would be delivered for use in Southcentral and, once a lateral is constructed, for use in Fairbanks. AGDC has said it is in discussions with an Alaska company to build the lateral line into Fairbanks, which is not part of the project AGDC took over in 2016 from the producers.

Part of the phasing involves delaying construction of the gas treatment plant on the North Slope, needed to remove CO<sub>2</sub> from Prudhoe Bay and Point Thomson gas. AGDC plans to use natural gas with a very low CO<sub>2</sub> content from Great Bear Pantheon, and has a preliminary agreement for that gas, but because Great Bear Pantheon's gas is not yet online, AGDC said it continues to negotiate for gas supplies with the major North Slope producers.

Compressor stations, needed to move the large volumes of gas needed to feed a liquefaction facility would be deferred to a later phase, as would the Cook Inlet crossing and the liquefaction facility at Nikiski.

Project timelines include FEED completion this year; financing in 2026; pipeline construction beginning in 2027; first gas in 2031. ●

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