

page History: USGS assessment of central
4 Slope finds Brookian potential

Hilcorp draws \$49,000 fine for not scheduling required meeting

The Alaska Oil and Gas Conservation Commission fined Hilcorp Alaska \$49,000 for failure to schedule a meeting required in the commission's Other Order 193, issued in 2022, which deals with required plugging and abandonment of wells on Cook Inlet platforms.

OO 193, the commission said, "conditionally" granted Hilcorp's request to delay previously ordered plugging and abandonment of wells on the Spurr Platform, allowing wells on the Dillon and Baker platforms and wells with a higher risk to be P&A'd first.

The order requires an annual report by Nov. 15 of each year on P&A activities completed the previous summer and plans for the following year's open water season. The commission said in its April 3 notice of proposed enforcement that Hilcorp submitted that report on Nov. 15, 2024.

The order also requires Hilcorp to meet with AOGCC no later than Dec. 1 annually to discuss the report.

In an April 17 response to the commission's notice of proposed

see **HILCORP FINE** page 11

Milne Schrader Bluff pool rules extended; include Nikaitchuq unit

The Alaska Oil and Gas Conservation Commission has approved a request by Milne Point operator Hilcorp Alaska to expand the area covered by pool rules for the Milne Point Schrader Bluff oil pool, Conservation Order 477, to cover the Schrader Bluff oil pool in the adjacent Nikaitchuq unit, acquired by Hilcorp in late 2024. The Nikaitchuq Schrader Bluff oil pool had been covered by a separate conservation order, CO 639.

In its May 6 decision, the commission said the Milne Point Schrader Bluff oil pool was originally defined in 1990 when Conoco Inc. was the operator. BP Exploration (Alaska) took over at Milne Point in 1994. Hilcorp Alaska, which became a 50% working interest owner and operator at Milne Point in 2014, became the sole owner in 2020.

At Nikaitchuq, the Schrader Bluff oil pool was defined in 2010. It was initially operated by Eni US Operating Co. and acquired by Hilcorp Alaska in 2024.

Expanded oil pool

The commission said Hilcorp proposed combining the

see **POOL RULES** page 7

Division approves Diamond Pad at Hilcorp's west side Pretty Creek

The Alaska Department of Natural Resources' Division of Oil and Gas has approved a unit plan of operations from Hilcorp Alaska for construction of the Diamond Pad at the Pretty Creek unit. In its May 8 approval the division said the Diamond Pad is some 9 miles northeast of the Beluga Airport on the west side of Cook Inlet.

The project includes the new gravel pad, a pig launching pad, access road and pipeline. The pad, at the northern edge of the Pretty Creek unit, will measure 425 feet by 400 feet. A new gravel access road, 832 feet long by 40 feet wide, will connect the pad to the existing Beluga Road. A 1,232-foot buried 6-inch pipeline along the new access road will tie into the existing pipeline system. A separate pad, 40 feet by 60 feet, will be constructed across the existing road from the new pad and will house pig launching equipment.

Vegetation cleaning and grubbing are scheduled from May 15-May 22, followed by installation of the pad and road from May 22-June 16.

see **DIAMOND PAD** page 11

EXPLORATION & PRODUCTION

Drilling continues

North Slope development drilling at a relatively normal level last year

By **ALAN BAILEY**

For Petroleum News

According to drilling data published by the Alaska Oil and Gas Conservation Commission, 61 development wells were completed on the North Slope in 2024. That compares with 46 completions in 2023, 71 in 2022, 26 in 2021 and 39 in 2020. Seven exploration wells, including a pilot hole and sidetrack well, were completed on the North Slope in 2024.

In the Cook Inlet basin 18 development wells were completed in 2024. That represents a significant increase from 10 development wells drilled in 2023. There were 19 completions in 2022, nine in 2021 and 10 in 2020.

North Slope development wells

Hilcorp Alaska dominated the development well drilling on the North Slope in 2024 — the company completed a total of 39 wells. Of these wells, 19 were drilled in the Prudhoe Bay field, 18 in the Milne Point field and two in the Endicott field.

In its 2024 plan of development for the Prudhoe Bay initial participating area, the core Prudhoe Bay field, Hilcorp had indicated an intention of conducting a significant drilling program to enhance oil production. In the Milne Point field the company has been conducting a major development program for a number of years, with drilling

see **DEVELOPMENT DRILLING** page 10

FINANCE & ECONOMY

Caution follows rally

Inventory jump, possible return of Iran oil hit trade agreement rally

By **STEVE SUTHERLIN**

Petroleum News

Alaska North Slope crude slid 64 cents May 14 to close at \$69.07 per barrel, while West Texas Intermediate fell 52 cents to close at \$63.15 and Brent fell 54 cents to close at \$66.09.

A surprise jump in U.S. crude inventories spurred the losses, causing the benchmarks to give back a chunk of the previous day's gains from a rally sparked by an agreement between the United States and China to reduce tariffs on each other.

U.S. commercial crude oil inventories for the week ended May 9 leapt 3.5 million barrels higher from the week prior, to 441.8 million barrels — 6% under the five-year average for the time of year, the

U.S. Energy Information Administration said in its weekly petroleum report released May 14.

Crude inventories, however, were seen as likely to fall for a third consecutive week as refineries raise their capacity use, according to a survey by The Wall Street Journal. Analysts answering the poll — on average — expected crude stocks to fall 1.8 million barrels to 436.6 million barrels.

Total motor gasoline inventories decreased by 1 million barrels over the week to 224.7 million barrels — 3% below the five-year average for the time of year, the EIA said. Distillate fuel inventories decreased by 3.2 million barrels to 103.6 million barrels — 16% below the five-year average for the season.

see **OIL PRICES** page 9

EXPLORATION & PRODUCTION

First quarter advances

ConocoPhillips Alaska reaches Willow milestones, construction camp open

By **KAY CASHMAN**

Petroleum News

In a May 8 first quarter earnings conference call in Houston, Texas, ConocoPhillips Senior Vice President Kirk Johnson described key milestones reached on the Willow project in the National Petroleum Reserve-Alaska, milestones that were required to ensure that the project "remains on track, fully in support of first oil in 2029."

His comments were in response to a question from an analyst asking for a detailed description of the milestones mentioned in presentations.



EREC ISAACSON

"We ramped to roughly 2,400 people on the North Slope, which again reaffirms that this was our peak winter construction season," Johnson said.

"So on ... winter construction, we're now roughly 50%, if not slightly better, on completion of all of our civil scopes — roads, pads, bridges — and we've got about 80 miles of pipeline installed."

And "very importantly," Johnson said the project team executed a horizontal directional drill underneath "one of the key waterways and that allows us to connect east-west pipelines. ... Again, we continued build out of that

see **CONOCO EARNINGS** page 6

• EXPLORATION & PRODUCTION

Baker Hughes US rig count drops 6 to 578

By KRISTEN NELSON
Petroleum News

Baker Hughes’ U.S. rotary drilling rig count was 578 on May 9, down by six from the previous week, down by 25 from 603 a year ago and down by nine from two weeks ago. Over the last eight weeks the rig count was up in three weeks and down in five with a combined loss of 19 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

Baker Hughes shows Alaska with 10 rotary rigs active May 9, unchanged from the previous week and up by one from a year ago when the state’s count was nine.

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 May 9 count includes 474 rigs targeting oil, down by five from the previous week and down 22 from 496 a year ago, with 101 rigs targeting natural gas, unchanged from the previous week and down two from 103 a year ago, and three miscellaneous rigs, down by one from the previous week and down by one from a year ago.

Forty-one of the rigs reported May 9 were drilling directional wells, 522 were drilling horizontal wells and 15 were drilling vertical wells.

Alaska rig count unchanged

Texas (273) was up by two rigs from the previous week; Utah (12) was up one.

New Mexico (96) was down by four rigs week over week. Louisiana (30) was down by three and Wyoming (19) was down two.

Rig counts in other states were unchanged from the previous week: Alaska (10), California (6), Colorado (8), North Dakota (32), Ohio (9), Oklahoma (55), Pennsylvania (18), and West Virginia (8).

Baker Hughes shows Alaska with 10 rotary rigs active May 9, 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 285 and down by 29 from 314 a year ago. ●

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Kenai 3D seismic permit approved

The Alaska Department of Natural Resources’ Division of Oil and Gas has approved an application from Hilcorp Alaska for the NINU White 3D seismic program. In its May 6 approval, the division said the seismic survey will be on state lands in the Kenai Peninsula Borough north of Nikolaevsk, south of Deep Creek, east of Happy Valley and west of Caribou Hills. There will be some 69 square miles of seismic test lines across multiple tracts of state, Kenai Peninsula Borough, Native and privately owned surface lands. The permit covers May 20 through Oct. 31.

In its March 20 application, Hilcorp said the program is estimated to take some 90 days, depending on weather, beginning May 20 and ending Sept. 1, with demobilization and recovery of nodes used in the program throughout the project, ending Sept. 30.

The company described the project as using a “very light impact seismic acquisition method,” with drilling by portable hand-held equipment and no ATV use except along established roads and trails. Recording will be with wireless nodes and small mini-dynamite charges, not exceeding 0.25 kilograms, will be used at depths of some 5 feet. Nodes will be 220 feet apart in a grid pattern with charges following a 110-foot by 220-foot grid.

Staging will be from Hilcorp-operated pads.

The division said equipment for the project includes light duty trucks, utility terrain vehicle, handheld drilling equipment, mini dynamite charges (not exceeding 0.25 kg) and wireless seismic nodal receivers.

A map provided by Hilcorp in its application shows the project area reaching from the northeast edge of the North Fork unit — a unit Hilcorp is in the process of acquiring — to southeast of Hilcorp’s Deep Creek unit.

A lease ownership map posted by the division in February shows that Hilcorp owns a handful of leases in the survey area while a considerable portion of the area is unleased.

—KRISTEN NELSON

EXPLORATION & PRODUCTION

Pretty Creek gas storage lease extended

By KRISTEN NELSON
Petroleum News

In June 2024 Hilcorp Alaska requested an extension of its lease for the Pretty Creek Gas Storage lease. The lease was granted in October 2005 with a 10-year primary term existing at the end of September 2015. The lease allowed for a single 10-year renewal.

In 2015, the lease was extended for another 10 years.

In its June 2024 request, Hilcorp Alaska asked for a 10-year extension, and also asked that the lease be amended to allow for up to two additional terms of 10 years, allowing the company to meet current and future market demands.

In its May 6 approval, the division said that modification of the lease to allow for “one or more additional 10-year terms” will allow the company to meet current and future market needs and align the Pretty Creek storage lease with the amended gas storage lease for Pool 6 in the Kenai Gas Field.

“Given the current and future forecasts of gas production and market needs,” the division said it found that the state’s interest was best served by according “storage flexibility to the operator to store gas to help ensure gas demand is met.”

The new lease expiration date is Sept. 30, 2035, and the lease was amended to allow it “to be renewed for one or more 10-year terms.”

Also on May 6 the division approved Hilcorp’s proposed 2025 plan of development for the Pretty Creek gas storage lease.

The lease is some 1,998.8 acres and uses two horizons for gas storage: Sterling 45-0 gas sands and Beluga 51-5 sands. The division said Hilcorp uses the PC-4 well for storage operations. As of the end of February, the lease has stored 9.63 billion cubic feet and withdrawn 8.84 bcf.

The division said Hilcorp does not have plans to expand or contract the Pretty Creek gas storage lease.

For the 2025 POD the company plans to continue using the lease for gas storage and continue evaluating installing a second compressor to allow production down to lower pressures at the pressure. The division said Hilcorp has not determined when a second compressor would be installed, with timing “contingent on the results of native gas production projects in the PCU-02 well or any future drill wells.”

The company will pursue improvements — wells, infrastructure, facility repairs — as the need arises.

The division approved the 2025 for June 1 through May 31, 2026. ●

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EXPLORATION & PRODUCTION

Upper Foothills closed to off-road travel

The Alaska Department of Natural Resources’ Division of Mining, Land and Water said May 10 that the Upper Foothills area closed to off-road winter tundra travel May 10 at 6 p.m. Off-road travel in progress must be completed within 72 hours, by 6 p.m. May 13.

The division said snowpack deterioration is widespread in the Upper Foothills area, and with warm temperatures and sunny skies continuing the snowpack is expected to continue to deteriorate over the next week.

The division said snow may be adequate for travel in some areas and it will consider granting travel extensions on a case-by-case basis, with exceptions requiring prior approval by an authorized representative.

Summer off-road travel for holders of valid permits with specific project approval and limited to vehicles approved by the division for off-road summer travel is expected to begin at 6 a.m. July 15.

The division said snowpack deterioration is widespread in the Upper Foothills area, and with warm temperatures and sunny skies continuing the snowpack is expected to continue to deteriorate over the next week.

Eastern, western areas open

The division said the Eastern and Western Coastal areas remain open, with the latest assessment of snow conditions on May 8.

The Eastern Coastal area opened Dec. 23; the Western Coastal area opened Dec. 30.

“Road dust and exposed vegetation are leading to some snow-pack deterioration in heavily trafficked areas such as the Spine and Oxbow Roads,” the division said. “Areas of high-density roads within the oil field may no longer be suitable for off-road travel,” but the snowpack remains deep and off-road travel is still OK in most locations. Where the snowpack is deep, many locations continue to have protective slab areas, but the division warned users to avoid areas of exposed tundra.

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• THIS MONTH IN HISTORY

USGS assesses central Slope oil and gas

20 years ago: There may be 4 billion barrels of undiscovered oil, 37.5 trillion cubic feet undiscovered gas between NPR-A and ANWR

Editor's note: This story first appeared in the May 15, 2005, issue of Petroleum News.

By **ALAN BAILEY**
Petroleum News

The U.S. Geological Survey has published the results of its new assessment of potential oil and gas reserves under the central North Slope of Alaska. The assessment area lies between the National Petroleum Reserve-Alaska and the Arctic National Wildlife Refuge. The area includes mainly state and Native lands extending northward from the Brooks Range to the state-federal offshore boundary in the Beaufort Sea.

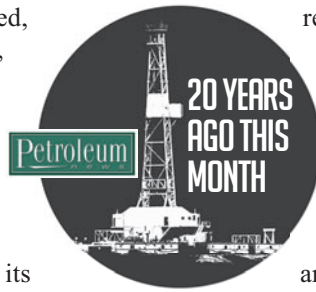
The assessment, published May 13, 2005, indicates the possibility of between 2.6 billion and 5.9 billion barrels of undiscovered, technically recoverable oil in the area, with a mean average of 4 billion barrels. There is a possibility of between 23.9 trillion and 44.9 trillion

cubic feet of undiscovered, non-associate natural gas, with a mean of 33.3 tcf. The assessment estimates a mean of 4.2 tcf of associated natural gas and 387 million cubic feet of natural gas liquids.

USGS excluded from its assessment oil accumulations of less than 5 million barrels of recoverable oil or 100 billion cubic feet of recoverable gas.

NPR-A and ANWR

A 2002 USGS assessment of NPR-A indicated mean recoverable oil reserves of 10.6 billion barrels and mean recoverable gas reserves of 61.4 billion cubic feet for that region. And the 1998 USGS assessment for ANWR estimated 10.4 billion barrels of oil there. In a 2002 presentation the U.S. Minerals Management Service reported an estimated mean of 6.94 billion barrels of conventionally



recoverable oil and natural gas liquids, and 32.07 tcf of conventionally recoverable natural gas under the outer continental shelf of the Beaufort Sea.

Add up all these estimates for northern Alaska and you obtain volumes of nearly 32 billion barrels of oil and more than 142 tcf of natural gas for the region. The gas figure doesn't include unconventional sources such as gas hydrates and coalbed methane — there may be as much as 519 tcf of additional gas in gas hydrates beneath the permafrost of northern Alaska. And then there's the Chukchi Sea with possibly 15 billion barrels of conventionally recoverable oil and 60 tcf of conventionally recoverable natural gas, according to an MMS assessment.

The new USGS estimates for the central North Slope do not include reserves from producing oil fields in northern Alaska — most of these fields lie within the area of the new assessment and hold substantial reserves of oil and gas.

24 plays identified

The USGS estimates for the central North Slope come from an analysis of 24 oil and gas plays that encompass virtually all of the stratigraphic and structural elements of the North Slope geology. USGS viewed the whole region as one large petroleum system.

"It's a very complicated system and a leaky system, so that oil or gas generated from one source rock ... doesn't necessarily stay in the same set of strata ... it gets spread around," USGS geologist Ken Bird told Petroleum News in a May 2005 interview.

Oil and gas plays include the Prudhoe Bay and Kuparuk River field situations in geologic sequences known as the Ellesmerian and Beaufortian, along a prominent structural high known as the Barrow Arch on the Beaufort Sea coast. USGS thinks that these plays contain nearly 800 million barrels of technically recoverable oil and about 1.4 tcf of technically recoverable gas, over and above reserves in existing fields or known accumulations.

A Jurassic stratigraphic play associated with the Alpine field occurs on the west and east sides of the north-central North Slope. This play, together with a

play known as the Beaufortian clinoform play, accounts for 264 million barrels of oil and 1.7 tcf of gas in the USGS estimates.

Huge Brookian potential

USGS sees the potential for finding particularly large volumes of oil and gas in a relatively young rock sequence known as the Brookian. Stratigraphic plays called the Brookian topset and clinoform plays involve potential sandstone reservoirs that occur over a wide area of the North Slope. These sandstones lie in an ideal stratigraphic setting to gather oil and gas from some of the region's most prolific source rocks, Bird said.

"Basically it's the same play that includes known accumulations like the recent Nanuq accumulation ... the Tarn and Meltwater accumulations, Badami ... and probably Sourdough," Bird said. "What we're talking about here are the deepwater turbidite-type sand reservoirs."

Brookian plays, including both stratigraphic and structural plays, account for 2.5 billion barrels of oil and nearly 15 tcf of gas in the USGS assessment.

Because the sediments that formed the Brookian sequence derived from the Brooks Range, USGS geologists think that the potential Brookian reservoirs could be thicker towards the southern end of the assessment area.

"We think there certainly is a chance for the thicker reservoirs to be developed (in the south) and perhaps even (for) a more frequent occurrence of these turbidite sands," Bird. "We did try to factor things like that into our estimate of field sizes."

However, USGS has followed a generally accepted view that the southern portion of the North Slope is likely to be gas prone because of the high thermal maturity of the rocks in that part of the region.

"It's also born out by the oil and gas indications that are found in the exploratory wells across the region," Bird said.

So, USGS expects relatively small

see **HISTORY** page 5



KEN BIRD

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PIPELINES & DOWNSTREAM

RCA OKs Anchor Point Energy application

By KRISTEN NELSON
Petroleum News

An impediment to Hilcorp Alaska’s purchase of the North Fork unit on the southern Kenai Peninsula was removed in late April.

As a condition of the purchase, Hilcorp Alaska required a change in the regulation of the pipeline serving the unit.

The North Fork Pipeline had been regulated by the Regulatory Commission of Alaska as a common carrier pipeline, with a certificate of public convenience and necessity.

The pipeline only ever served to carry North Fork unit natural gas.

In its April 22 decision revoking the CPCN for the pipeline, RCA said the 8-mile line runs from the North Fork gravel pad to a tie-in with the Alaska Pipeline Co.’s Anchor Point Pipeline. It consists of two 4.5-inch pipelines. The commission later approved another delivery point on the North Fork Pipeline, facilitating sale of

The line was constructed as a gathering line, RCA said, “needed solely to perform a contract for the sale of gas.”

natural gas to Enstar and a new distribution system in Nikolaevsk.

The line was constructed as a gathering line, RCA said, “needed solely to perform a contract for the sale of gas.”

The application of Anchor Point to the commission said that when the CPCN was issued, exploration was underway east and north of the North Fork unit which could have resulted in transmission of natural gas from multiple shippers, but exploration east of the unit was unsuccessful and a separate pipeline was built to transport gas from north of the unit.

RCA said the North Fork Pipeline only required regulation as a common carrier because it had a right-of-way lease with the state. If that right-of-way lease was

converted to an easement or other land use, RCA said, the source of its jurisdiction over the line is eliminated.

The commission said a condition of its revocation of the CPCN was that the Alaska Department of Natural Resources address the land use authorization. The State Pipeline Coordinator’s Section of DNR’s Division of Oil and Gas issued a notice of application March 7 for a private non-exclusive easement for the North Fork Pipeline, following an application from Vision Resources in February requesting authorization to relinquish the state right of way for the line and convert the authorization to a private non-exclusive easement.

RCA said Anchor Point Energy filed a copy of the decision issued by DNR in April, demonstrating that the lease under the Right-of-Way Leasing Act had been converted to an easement issued under the Land Use Act. That act, RCA said, does not require that it regulate the North Fork Pipeline. ●

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HISTORY

amounts of oil and the preponderance of non-associated gas to occur south of a zone nearly halfway down the assessment area. Explore north of that zone and you’re more likely to encounter oil and associated gas.

Economics and field size

USGS data relate to technically recoverable reserves — reserves that can be extracted from reservoirs using known technology. There’s a whole other question regarding how much of the reserves can be recovered economically. That question has yet to be addressed.

USGS sees the potential for finding particularly large volumes of oil and gas in a relatively young rock sequence known as the Brookian.

The sizes of the potential oil and gas accumulations play a central role in any economic analysis — there’s normally a minimum economic accumulation size that makes development viable.

Recognizing that the assessment area includes a well-developed oil and gas infrastructure, USGS geologists assumed relatively small minimum accumulation sizes in its analysis. But the geologists also found

that there are unlikely to be oil accumulations larger than 250 million barrels and that most oil or gas accumulations are likely to be fairly modest in size, Bird said. USGS will be publishing its analysis of the accumulation size estimates.

But in whatever way the economics play out it, it’s clear that the new USGS assessment confirms the likely existence of major quantities of oil and gas that remain to be discovered under Alaska’s North Slope.

Reports from the USGS assessment can be found at <http://energy.usgs.gov/ak-cns.html>. ●

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CONOCO EARNINGS

infrastructure."

He offered kudos to the people working on the project saying they had a "really strong safety performance. We saw some really strong efficiencies in a broad span of work across those activities."

As Johnson has previously mentioned, "really critical this year as well was that operations center pad. ... Those modules that we sealifted up there last year, those are now set on the pad."

Project operator and subsidiary ConocoPhillips Alaska also opened its Willow Construction Camp, "and that becomes important because it allows us to begin construction work on the North Slope a bit more throughout the year as opposed to being completely confined to the winter season," Johnson said.

Outside of Alaska, engineering and fabrication on Willow's processing modules continues to go well, he said.

"And then, of course, key for us there this year being our second major season on this project is procurement activities and sourcing activities. ... we do expect to source and receive a bulk of the engineered equipment that's required to procure, again, for those process modules as well as all this forward-looking work that we have on the Slope," Johnson said, noting that by year end, the company will have 90% to 95% of that work sourced.

About one-third of capital spend for 2025 has been in the first three or four months of the year with capital spending tapering down through the remainder of the year, he said.

West of Willow

In ConocoPhillips' fourth-quarter 2024 earnings conference call on Feb. 6, an analyst noted that the state has "gotten a lot of attention from the Trump administration so far and even had its own executive order. ... Could you remind us how you're thinking about the western North Slope opportunity set and whether or not the policy environment creates more of an opportunity to move forward ...over the next few years?"

Johnson responded to that query, saying "Yeah, there's certainly been quite a bit of press out there around NPR-A. ... we're pleased to see that President Trump and that administration issued an executive order to, in essence, reverse what came about here late last year. ... Yes, we're looking forward to partnering with the Department of Interior and especially with the state of Alaska. "Fundamentally, we believe that continued exploration west of Willow ... is the right thing to do for energy. It's the right thing to do for the state of Alaska and its stakeholders. And clearly, we're in a really good position. We're putting ourselves in a position to continue exploring west of Willow, as that's enabled for us."

Alaska earnings

In connection with ConocoPhillips' first quarter 2025 earnings, ConocoPhillips Alaska reported a net income of \$327 million.

During the quarter, ConocoPhillips

ConocoPhillips Alaska also opened its Willow Construction Camp, "and that becomes important because it allows us to begin construction work on the North Slope a bit more throughout the year as opposed to being completely confined to the winter season," Johnson said.

Alaska incurred an estimated \$362 million in taxes and royalties, which includes \$251 million to the state of Alaska and \$111 million to the federal government.

Additionally, in the first quarter of 2025, ConocoPhillips Alaska invested more than \$1 billion in capital.

"We completed the largest winter construction season on the Willow project and achieved critical milestones, keeping the project on track for first oil in 2029," stated Erec Isaacson, president of ConocoPhillips Alaska.

"We continue to deepen our Alaska portfolio through optimization and exploration. We have a strong pipeline of resource opportunities across our operated assets which will drive growth in Kuparuk through Nuna, Coyote and viscous developments, and in Western North Slope satellite reservoirs. This continuing activity underscores our commitment to Alaska and demonstrates the effectiveness of ... fiscal stability in our state," Isaacson added.

Since 2007, ConocoPhillips Alaska has incurred more than \$46 billion in taxes and royalties to the state of Alaska and the federal government. Of that amount, approximately \$36 billion went directly to the state. In that same period, ConocoPhillips Alaska's earnings were approximately \$28 billion.

ConocoPhillips Alaska has been a leader within Alaska's oil industry for more than 50 years.

Parent company earnings

ConocoPhillips highlights for first quarter were as follows:

- Reported first-quarter 2025 earnings per share of \$2.23 and adjusted earnings per share of \$2.09.
- Generated cash provided by operating activities of \$6.1 billion and cash from operations of \$5.5 billion.
- Lowered both full-year capital expenditures and adjusted operating cost guidance while maintaining full-year production guidance.
- Declared second-quarter ordinary dividend of \$0.78 per share.

"ConocoPhillips continued to demonstrate strong execution in the first quarter, and we reduced our full-year capital and operating cost guidance," said Ryan Lance, chairman and chief executive officer. "Amid a volatile macro environment, we remain confident in the competitive advantages provided by our differentiated portfolio, strong balance sheet and disciplined capital allocation framework that prioritizes returns on and of capital to shareholders." ●

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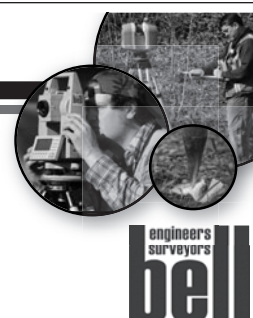
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POOL RULES

Schrader Bluff and Nikaitchuq oil pools into a contiguous pool underlying part of the Milne Point unit and all of the Nikaitchuq unit.

AOGCC production data shows all current Nikaitchuq production is from the Schrader Bluff formation. The most recent production data from AOGCC, for March, shows that Schrader Bluff production was 81.09% of Milne Point production, with 18.32% from the Kuparuk River formation and Sag River and Ugnu combined constituting less than 1% of the field’s volume in that month.

Expansion justification

AOGCC said Hilcorp provided confidential data including a seismic cross section, annotated with well

logs, passing through Nikaitchuq from west to east and Milne Point from northwest to southeast, along with a structure map of the Schrader Bluff OA sand which shows “a continuous oil-water contact that crosses the MPU and NU boundary. Hilcorp has high confidence that this data suggests that the Schrader Bluff forms a common reservoir that lies within both units.”

The commission said Hilcorp’s initial plan is to drill wells from the Raven Pad in Milne Point, crossing into Nikaitchuq.

In its conclusions the commission said the information Hilcorp provided “demonstrates that the SBOP is continuous across the MPU and NU boundary and that combining the NSBOP and the MPU SBOP into one single, contiguous pool is appropriate.”

Under the revised conservation order, CO 477B, the Schrader Bluff oil pool is defined as “the accumulation of hydrocarbons that are common to and correlate with

the stratigraphic interval in the Milne Point A-1 well (API No. 50-029-20376-00-00) between the measured depths of 4,174 and 4,800 feet, and the stratigraphic interval in the Kigun No. 1 (API No. 50-629-23239-01-00) between the measured depths of 3,530 and 3,867 feet.”



When it approved Nikaitchuq Schrader Bluff pool rules in 2010, AOGCC defined the oil pool as the accumulation of hydrocarbons correlating to the interval between the measured depths of 3,530 and 3,867 feet in the Kigun No. 1 well southwest of Spy Island.

Along with its approval of revised pool rules, issued May 6, the commission also approved combining the area injection orders for the Schrader Bluff oil pool in the Milne Point and Nikaitchuq fields.

—KRISTEN NELSON

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OIL PRICES

Analysts in the WSJ poll expected gasoline inventories to fall by 1.4 million barrels to 224.3 million barrels, and for stocks of distillate fuels to slip by 100,000 barrels.

The May Monthly Oil Market Report released by the Organization of the Petroleum Exporting Countries May 14 did little to rally crude traders, striking a cautious tone and revising the global economic growth forecast for 2025 down slightly to 2.9%, while leaving the global oil demand forecast for 2025 unchanged from the April report.

OPEC said it expects oil supply from non-OPEC+ countries, to increase by 800,000 barrels per day in 2025, down 100,000 bpd from the April MOMR forecast.

Trade agreements ignite crude rally

On May 13, crude prices capped a four-day rally on positive trade developments with a surge as China and the United States deescalated their tariff war. ANS leapt \$1.55 to close at \$69.71, WTI leapt \$1.72 to close at \$63.67 and Brent leapt \$1.67 to close at \$66.63.

ANS jumped \$1.04 May 12 to close at \$68.16, as WTI jumped 93 cents to close at \$61.95 and Brent jumped \$1.05 to close at \$64.96.

ANS moved upward May 9, adding 88 cents to close at \$67.12, while WTI jumped \$1.11 to close at \$61.02 and

Brent jumped \$1.07 to close at \$63.91.

May 8 was a day of sizzling gains for crude prices, as well as for U.S. equities and other risk assets after the White House announced a breakthrough trade agreement with Britain.

ANS surged \$1.93 on the day to close at \$66.24, as WTI vaulted \$1.84 to close at \$59.91 and Brent leapt \$1.72 to close at \$62.84.

From Wednesday to Wednesday, ANS skyrocketed \$4.76 from its May 7 close of \$64.31 to a close of \$69.07 on May 14.

ANS closed at a \$2.98 premium over Brent May 14, while notching a \$5.94 premium over WTI.

Rally loses steam

The crude rally appeared to be losing steam in early Asian trading May 15 as Petroleum news went to press. WTI and Brent each were down by more than two dollars.

The downward move reflected excess supply concerns after a top Iranian official told NBC News May 14 that Iran is willing to agree to a deal with the U.S. in exchange for lifting of economic sanctions.

Ali Shamkhani, political, military and nuclear adviser to Iranian Supreme Leader Ayatollah Ali Khamenei, said Iran would commit to never making nuclear weapons, giving up stockpiles of highly enriched uranium, agree to enrich uranium only to lower levels needed for civilian use, and

allow international inspectors to supervise the process, in exchange for the immediate lifting of all economic sanctions on Iran.

“Fresh selling was triggered by expectations that a U.S.-Iran nuclear deal would ease recently tightened U.S. sanctions on Iran, potentially loosening the global crude supply-demand balance,” Yuki Takashima, economist at Nomura Securities told Reuters.

Saudi Arabia fully supports the U.S.-Iran nuclear talks and hopes for positive results, the kingdom's foreign minister Prince Faisal bin Farhan Al-Saud said May 14.

The scenario could take a sharply different trajectory if Middle East hostilities expand, however.

The Center for Strategic and International Studies in a May 12 paper said that Iran’s Kharg Island export terminal and Iran’s largest refineries, are within range of Israel’s strike capabilities, as demonstrated by its long-range attacks on Iranian targets in October.

“The potential for oil market whiplash — from recent downturn to potential spike — comes not from an Israeli attack on Iranian oil, but from Iran’s potential response,” the CSIS said. “OPEC can easily cover an outage of Iran’s daily exports of 1.5 million barrels, but there is no offset to a potential Iranian closure of the Strait of Hormuz, through which 20 million barrels of oil transit each day.” ●

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Oil Patch Bits



Lynden Air Cargo to modernize Hercules fleet

As reported by Lynden News May 1, Lynden Air Cargo has announced a strategic partnership with Moog Inc. to upgrade its fleet of Lockheed Model 382G Hercules aircraft with the Genesys Avionics Suite. This marks a significant milestone in the carrier’s commitment to enhance operational efficiency and ensure the highest standards of safety, reliability, and performance.

The avionics and autopilot modernization program will involve the installation of cutting-edge equipment, software updates and comprehensive integration testing. The first aircraft is scheduled for completion in 2026.

“We are thrilled to partner with Moog Inc. on this critical upgrade,” says Lynden Air Cargo President Scott Hicks. “Moog is a leader in avionics technology and will provide state-of-the-art systems to modernize our fleet and advance our operational capabilities. This initiative maintains our commitment to excellence and enables us to better serve our customers while meeting the evolving demands of the aviation industry. It also underscores Lynden Air Cargo’s dedication to continuous improvement, fuel efficiency, and innovation.”

Lynden Air Cargo is part of the Lynden family of companies and is a leading provider of air freight services, specializing in transporting cargo to remote and challenging locations. With a fleet of Hercules aircraft, it offers reliable and efficient solutions to meet the unique needs of its customers. Its commitment to safety, innovation and customer satisfaction sets it apart in the aviation industry.



LYNDEN NEWS

Coffman Engineers announces new Principal Jeff Brace

Coffman Engineers, a national multidiscipline consulting engineering firm, announced May 6 Jeff Brace, PE, as one of four new principal shareholders. Brace is a civil engineer with over 20 years of experience leading commercial and federal projects. His extensive portfolio includes managing design-build and design-bid-build projects for the military across Alaska, the West Coast, Hawaii and Guam, as well as overseeing commercial site design, and water and sewer utility installations.

Brace has honed his design, contract management and project leadership skills through his years of experience working on a range of civic, commercial, education, federal and industrial projects. He’s well versed in earthwork quantities, site grading, stormwater management, traffic flow optimization and utility conflict resolution. His depth of experience with local and national institutions and coordinating with stakeholders and permitting agencies makes him an asset in complex infrastructure projects.

Building trusted relationships are also a cornerstone of Brace’s engineering and business acumen. His good working relationships with architects, contractors and project managers allow him and his team to accomplish project objectives. He’s also a recipient of the Anchorage office’s Neil Pearson Service Award — a recognition selected by his peers for his mentorship, hard work ethic and good nature.

“We are very pleased to welcome Jeff into the owner-principal group. He has been a dedicated leader, managing large multifaceted projects and delivering great outcomes for our clients. He also has been a long-time steward of our culture through his mentorship and training of staff. Jeff brings a wealth of knowledge and we look forward to his continued contributions as a principal,” said General Manager, Ben Momblow, PE.



JEFF BRACE

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DEVELOPMENT DRILLING

particularly targeting the Schrader Bluff formation. Hilcorp had also filed a plan to drill up to two wells at Endicott in 2024.

ConocoPhillips completed 17 development wells: 10 in the Kuparuk River unit, one in the Colville River unit and six in the Greater Mooses Tooth unit. In the Kuparuk River unit the company has been focusing on the drilling required for the development of the new Torok participating area in the northwest sector of the unit. The Colville River unit well targeted the Alpine oil pool, while the drilling of the Greater Mooses Tooth wells, in the northeastern National Petroleum Reserve-Alaska, presumably reflected continuing development in that unit.

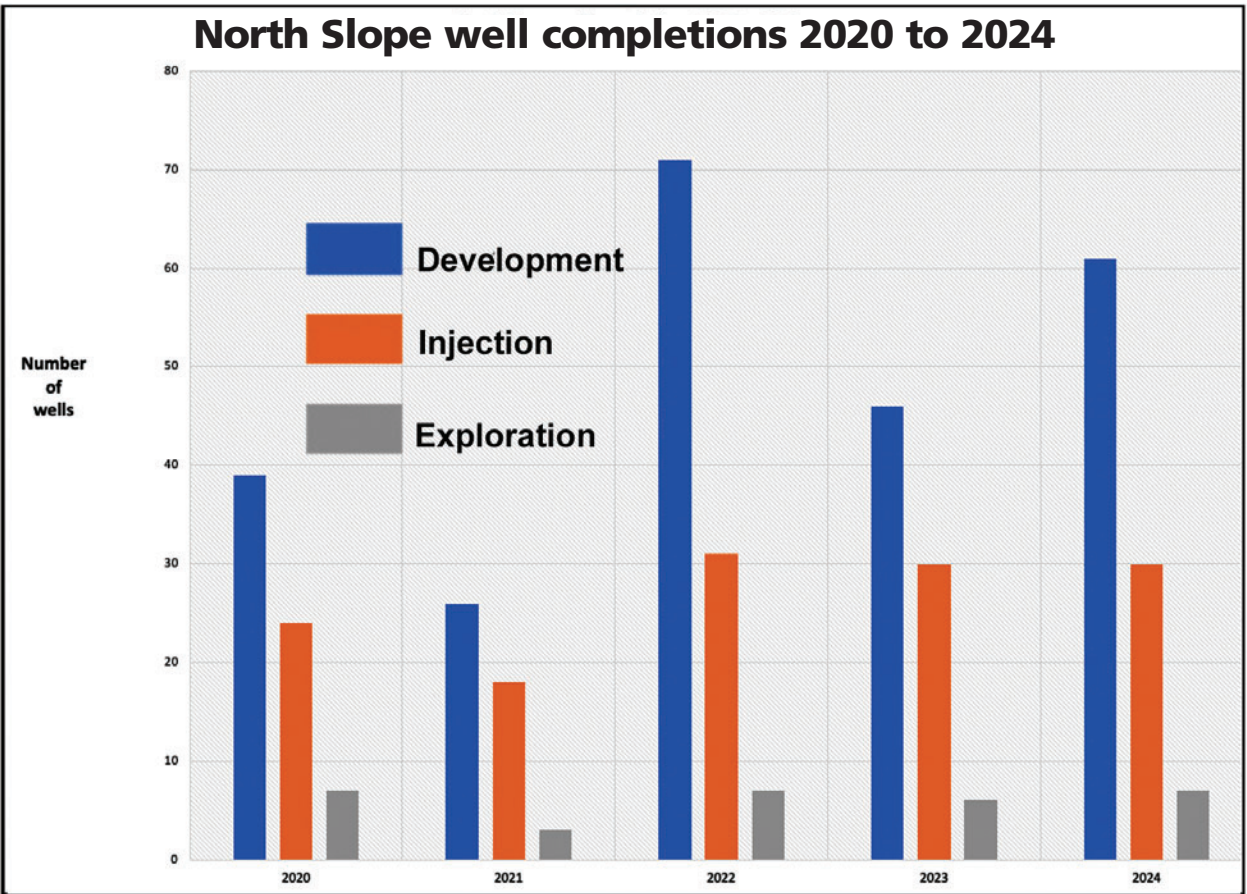
Oil Search completed three new development wells in 2024 as part of its Pikka field development. The company anticipates the possibility of first production from the field at the end of this year. Mustang Holding completed two development wells at the Southern Miluveach unit to the west of the Kuparuk River field. The company has been actively moving ahead with the development of the Mustang field in the unit, with oil production from the field starting at the end of 2024.

North Slope injection wells

In 2024 30 injection wells were drilled on the North Slope, the same number as in the previous year. All of the wells were drilled for injecting fluids into field reservoirs for enhanced oil recovery. Hilcorp drilled 12 of these wells, two in the Prudhoe Bay unit and the remainder in the Milne Point unit. For several years the company has been using polymer injection to boost production of relatively viscous oil in the Milne Point field. ConocoPhillips completed 11 injection wells, two in the Greater Mooses Tooth unit and the remainder in the Kuparuk River unit. Oil Search drilled seven injection wells as part of its Pikka field development.

North Slope exploration drilling

In 2024 Lagniappe Alaska completed three exploratory wells in the eastern North Slope as part of a project to investigate oil production potential from an oil play analogous to the Nanushuk play in the western North Slope. The company recently reported successful oil flow test-



ing from one of its exploration wells.

Savant Alaska, a Glacier Oil and Gas Corp. company, drilled an exploration well with a pilot hole and sidetrack well, near the Badami oil field. ConocoPhillips drilled an exploration well in the Colville River unit from the CD5 pad in the northeastern NPR-A, as part of an effort to push oil development westward in the region.

Cook Inlet drilling

Of the 18 development wells completed in the Cook Inlet basin in 2024, one was drilled by Furie Operating Alaska in its Kitchen Lights Unit. The remainder were all drilled by Hilcorp Alaska in several fields. All of the Cook Inlet development wells targeted natural gas resources. Of the Hilcorp wells, five were drilled in the Beluga River field, four in the Kenai field, one at Cannery Loop, four in the North Cook Inlet field, one at Pretty Creek and two in the Beaver Creek field. One of the Kenai field wells was drilled as part of a gas storage

facility in the field.

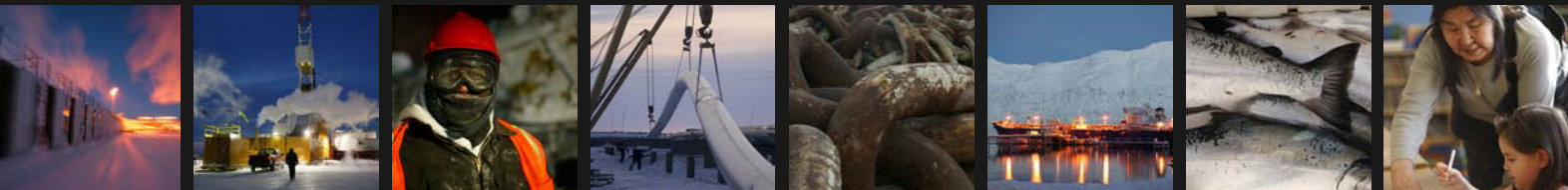
Furie’s drilling came as part of a continuing effort to increase production from the Kitchen Lights gas field.

No injection wells were completed in the Cook Inlet basin in 2024.

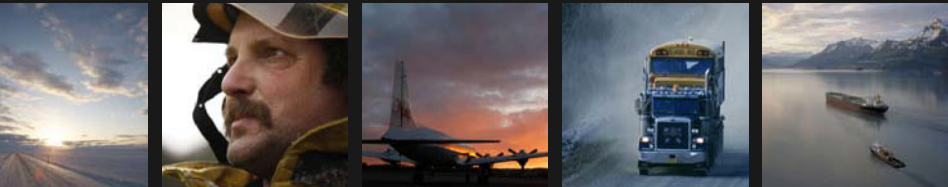
Despite its focus on maximizing production from existing oil and gas fields, in 2024 Hilcorp drilled two exploration wells, the Whiskey Gulch and Cottonfield wells, south of Kasilof on the Kenai Peninsula. These were presumably searching for new gas resources. The company also drilled 17 stratigraphic test wells, seven at Whiskey Gulch, five at Happy Creek and five at Starlight, all near the Ninilchik and Anchor Point areas of the southern Kenai Peninsula. Hilcorp often follows a strategy of drilling relatively shallow stratigraphic test wells, to evaluate the potential for full scale exploration drilling in an area. ●

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HILCORP FINE

enforcement, Hilcorp said AOGCC notified it Jan. 21 that the required formal review was outstanding; the company said it reached out on Feb. 6 to schedule the review, which was held Feb. 19.

The commission said Hilcorp offered meeting dates from Feb. 17 to Feb. 21. Feb. 17, the commission said, is 78 days after the meeting was due. AOGCC said it imposed a \$10,000 civil penalty for the initial violation plus \$500 per day for each of the 78 days that the meeting was late, based on the first potential date Hilcorp requested.

AOGCC also required a written response describing steps to ensure all provisions of OO 193 are met going forward.

Hilcorp responds

In its April 17 response to the commission, Hilcorp acknowledged the late timing of the formal review.

The company said that since the 2022 order, it has “has completed P&A activities on the Dillon platform, the subsea Well CI-17489-1A and, most recently, abandonment of the MGS Oil Pool on three wells on the Baker Platform in 2024.”

It had multiple discussions with AOGCC on Cook Inlet P&A activity during and after the 2024 Cook Inlet P&A season, including an Oct. 16 meeting where the topics discussed included: comparing P&A operations at specific Dillon and Baker platform wells; the P&A challenges the company encountered during 2024 at Dillon, Baker and Middle Ground Shoal; lessons learned and application of those to future P&A work; and the approach and strategy for the 2025 P&A season.

While this meeting occurred before the 2024 report was submitted on Nov. 15, Hilcorp said “the discussions that occurred covered much of the substance and content of the 2024 P&A report, as required by OO 193 Condition #6.”

Hilcorp attributed its failure to schedule the meeting to: “Inadequate review of OO-193 conditions of approval.” Contributing factors were the discussions held prior to the Nov. 15 submittal of the annual report, particularly the Oct. 16 meeting. The company said those discussions “were incorrectly assumed to have met the requirement of Condition #6, as these discussions covered much of the substance and content of the 2024 annual P&A report.”

A compliance task management task has

been generated for the Cook Inlet operations engineer, well integrity engineer, well integrity manager and operations manager, describing specific requirements of the OO 193 report and the requirement for a formal review after the report is submitted, Hilcorp said.

The commission issued OO 193 in 2022 after Hilcorp requested a reordering of plugging and abandonment of Cook Inlet platform wells, citing higher priority for Dillon and Baker platform wells than for Spurr Platform wells which had been scheduled for P&A first.

The commission said in the order that because of delays in plugging Spurr Platform wells “it is appropriate to set dates by which wells on Dillon, Baker and Spurr platforms will be P&A’d.” The order specified information to be included in the annual P&A report and required the annual meeting no later than Dec. 1.

Hilcorp did an assessment of long-term shut-in wells on the Dillon, Baker and Spurr platforms, considering both subsurface and surface risk factors, with Dillon considered to have the highest subsurface risk since most of its wells did not have downhole cement plugs, while Spurr platform wells all had at least one cement plug between the reservoir and the surface, the commission said.

Spurr had been first on the list because of information provided by the previous operator, Marathon, that wells on that platform had no further utility. Before Marathon P&A’d the Spurr wells, scheduled for 2013, the asset was sold to Hilcorp, which requested an extension to re-evaluate. AOGCC said Hilcorp spent 4 years getting the Spurr platform, which last produced in 1992, in condition to support P&A operations.

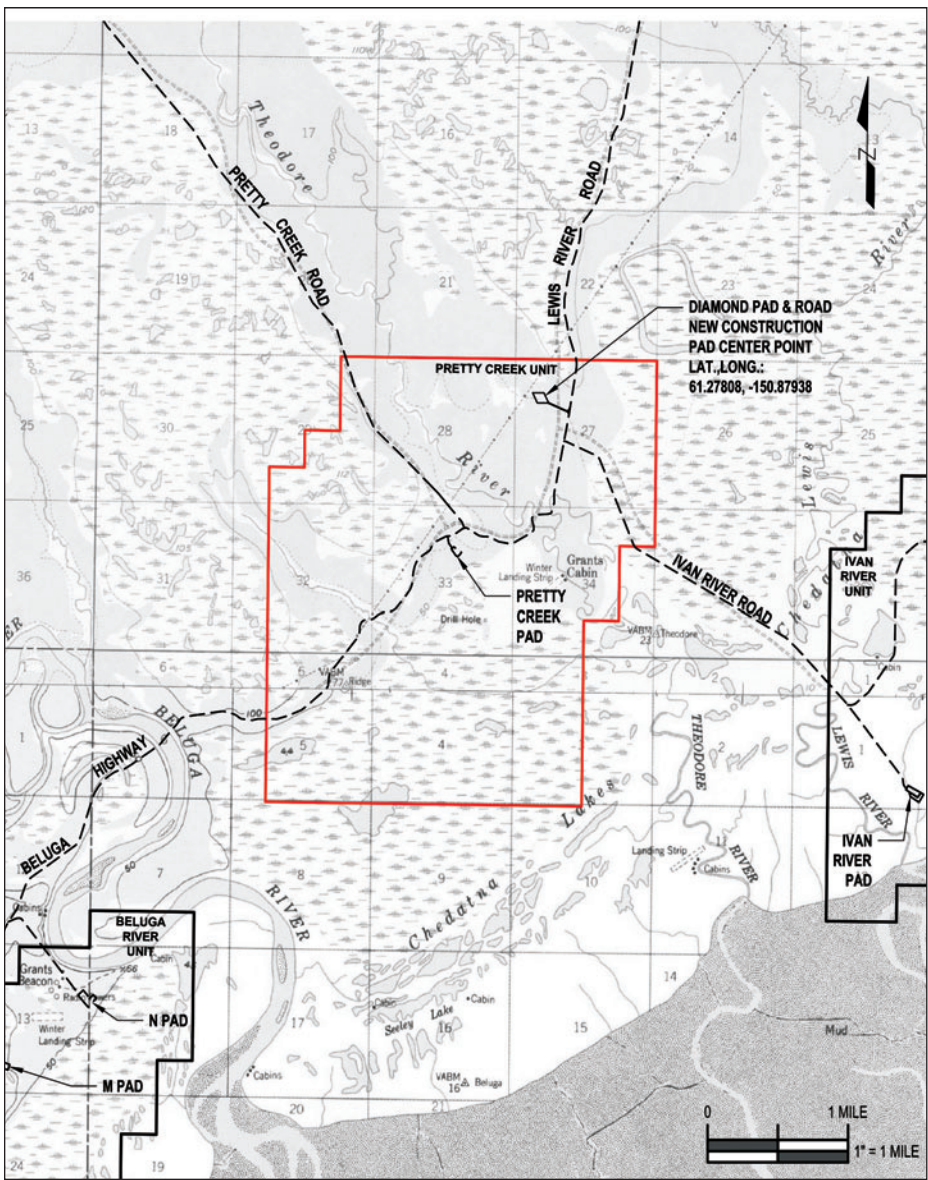
P&A work at Spurr was scheduled to begin in 2021 but was delayed due to crane malfunction; Hilcorp said Dillon and Baker platform cranes and helidecks were operational.

In its order the commission said wells on Dillon, Baker and Spurr would be P&A’d respectively in 2022, 2023 and 2024.

It also required that the Spurr 05RD3 must have a tree and pressure monitoring equipment installed in 2022, with monthly pressure monitoring checks required on all Spurr wells until they were P&A’d. Those two items, Hilcorp said in its April 17 letter, had been done.

—KRISTEN NELSON

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HILCORP ALASKA

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DIAMOND PAD

Operational facilities will be installed from June 16-Aug. 1 — a generator building and an electrical building. Other facilities and equipment include an air compressor, air dryer, pad dehydration skid, compressor skid, produced water tank and communication tower.

Pipeline installation will be from Aug. 1 to Sept. 1. Drilling cellars and conductors will be installed from Aug. 1-14, with drilling mobilization from Aug. 21-25 and drilling from Aug. 27 to Oct. 5. Well testing is scheduled for Sept. 15-Nov. 1.

Up to five wells are planned.

Pretty Creek background

The Pretty Creek unit was formed in 1997, the division said, and Hilcorp Alaska assumed operatorship from Union

Oil Company of California in 2012.

Two pads have been constructed at Pretty Creek — Pretty Creek 1 Pad and Pretty Creek 2 Pad.

The division said Pretty Creek 1 Pad was rehabilitated in 1978 and is no longer in use.

Pretty Creek 2 Pad was expanded in 2025; there is one producing well and one injection well for gas storage on that pad.

The division cited recent seismic surveys: 2D and 3D surveys of West Cook Inlet in 2006 by CGG Veritas Land and a land and marine 3D survey of the Cook Inlet basin between 2011 and 2014 by Apache Alaska Corp.

The Diamond Pad will give Hilcorp access to undeveloped leases within the Pretty Creek unit.

—KRISTEN NELSON

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