



page April ANS output up marginally, with
2 NGLs up 5.3%, crude down 0.2%

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Drue Pearce joins Interior to work on 'unleashing Alaska's energy'

As reported by Liz Ruskin of Alaska Public Media on May 23 from Washington, D.C., Drue Pearce, a former president of the Alaska Senate, has taken a new job in the U.S. Interior Department.

"I'm counselor to the assistant secretary in the Land and Minerals hallway," she said in an interview from her new office.

"Hallway" is not actually part of her title, but Ruskin explained that it describes how the Interior Department's D.C. headquarters is organized. The assistant secretary Pearce will work under is charged with implementing the Trump administration's executive orders to unleash Alaska's energy potential.

Pearce has worked for decades in this arena, as a federal appointee during the George W. Bush administration and the first Trump presidency, and most recently as a consultant and lobbyist at the firm Holland & Hart.

Ruskin wrote that Pearce calls some issues she'll be working

see **PEARCE TO INTERIOR** page 9

Recently OK'd Prudhoe IPA POD shows strong continued drilling

The recently approved 2025 plan of development for the Prudhoe Bay Initial Participating Area — the oil rim and gas cap — shows continuation of strong development drilling.

Prudhoe operator Hilcorp North Slope submitted the 2025 POD April 1; the Alaska Department of Natural Resources' Division of Oil and Gas approved it May 21.

Hilcorp's average ownership is 26.36%, the division said; ExxonMobil Alaska Production holds 36.40%; ConocoPhillips Alaska holds 36.08%; and Chevron U.S.A. holds 1.16%.

There are 12 participating areas at Prudhoe, with the initial participating area, IPA, consisting of the oil rim and gas cap participating areas.

In calendar year 2024, the division said the IPA produced some 2.794 billion cubic feet of gas, 52.241 million barrels of black oil and some 16.865 million barrels of natural gas liquids. Average daily production for the IPA was 142,736 barrels of black oil and 46,082 barrels of NGLs.

see **PRUDHOE IPA** page 7

Hilcorp plans screeding at both Nikaitchuq and Oooguruk units

Hilcorp Alaska plans screeding activities at Nikaitchuq and Oooguruk this summer, with work at Oooguruk approved and an application in for screeding and barge landing work at Nikaitchuq.

The Alaska Department of Natural Resources' Division of Oil and Gas approved screeding activities at Oooguruk in a unit plan of operations amendment decision dated May 5.

That work involves maintenance screeding activity at the Oooguruk Drill Site in the Oooguruk unit, an artificial gravel island in 4.5 feet of water some 5 miles offshore in Harrison Bay. In its approval the division said there is an area on the central, southeast part of the island, some 50-feet by 60-feet, "comprised of sheet metal piles instead of sacrificial gravel bags" used for occasional loading and unloading of barges with larger loads. Screeding is occasionally needed in that area "to ensure barges can safely sit on a flat level surface while loading and unloading."

Screeding will be done on an as-needed basis and in years

see **HILCORP SCREEDING** page 8

GOVERNMENT

Cosmo in default

Part 1 of 2: DNR pushes for gas development, offers cure for unit default

By **KAY CASHMAN**
Petroleum News

On May 23, John Martineck of BlueCrest Alaska Operating was sent by certified mail a notice of default for the Cook Inlet Cosmopolitan unit from Commissioner John Boyle of the Alaska Department of Natural Resources.

The default was due to BlueCrest's failure to meet the commitments in the DNR Division of Oil and Gas's Dec. 9, 2024, decision approving with conditions the 11th Plan of Development for Jan. 1 through March 31, 2025.

Since that time BlueCrest has requested, and

DNR has allowed, suspensions of the POD period to provide maximum flexibility to facilitate fulfilling those conditions.

BlueCrest can cure the default through completion of commitments. The primary objective and expectation of the state remains that funding is secured to "expeditiously bring development" of the Cosmopolitan unit, or CU, forward "to meet the energy needs of Alaskans," with emphasis on natural gas.

Discovery, early work

Cosmopolitan was discovered by Pennzoil in 1967 when it drilled the Starichkof State #1 on

see **UNIT DEFAULT** page 10

FINANCE & ECONOMY

Supply constricts ANS

Dueling bullish, bearish market factors buffet prices in narrow range

By **STEVE SUTHERLIN**
Petroleum News

Alaska North Slope crude reestablished itself in the upper quadrant of the \$60s May 28, rising 75 cents to close at \$67.88 per barrel. West Texas Intermediate rose 95 cents on the day to close at \$61.84 and Brent rose 81 cents to close at \$64.90.

From Wednesday to Wednesday, ANS gained just 21 cents from its May 21 close of \$67.67 to its close of \$67.88 May 28.

A number of factors over the week of trading augured for higher crude prices, but gains were held in check by offsetting bearish possibilities looming over the market. ANS traded in a tight

pattern, never closing under \$67 or over \$68 during the week.

WTI and Brent continued upward in Asian trade May 29, each up more than a dollar as Petroleum News went to press.

A fresh boost of demand optimism sparked from a news that a U.S. federal trade court had ruled that President Trump could not proceed with his reciprocal tariff scheme. The court said Trump had superseded his authority in imposing the tariffs.

The government immediately appealed the ruling to the U.S. Court of Appeals for the Federal Circuit, CNBC reported

see **OIL PRICES** page 10

NATURAL GAS

A branch in the road

Question of how to address natural gas supplies in Alaska at a critical point

By **ALAN BAILEY**
For Petroleum News

With firm contracts for natural gas supplies to Southcentral Alaska gas and electricity utilities expected to fall short of gas demand in the next three years, the utilities and the gas producers will need to make some critical decisions over how best to ensure the continuity of energy supplies to Alaska residents and businesses. And in a May 20 meeting of Commonwealth North, several experts in the subject presented their assessments of the situation.

Dr. Brett Watson of the University of Alaska's Institute of Social and Economic Research provided a high level perspective of the problem. He

likened the situation to walking along a trail, with bridge construction needed as a short term solution to crossing a stream and longer term decisions to make regarding a subsequent fork in the trail. There are two choices when we reach that fork: either build a large asset to bring North Slope gas to Southcentral Alaska or import liquefied natural gas to the Cook Inlet, Watson said.

The dependence on natural gas

In dealing with this problem, the first premise is that Alaska is dependent on natural gas for a large portion of its energy, with more than half of the homes in the state heated using natural gas and natural gas being used for 70% of electricity generation.

see **GAS SUPPLIES** page 8

ANS production up slightly led by NGLs

Crude down 0.2%, 956 bpd for April, while natural gas liquids up 5.3%, 2,657 bpd; crude 88.9% of ANS volume, 424,778 of 477,764 bpd

By KRISTEN NELSON
Petroleum News

Alaska North Slope liquids production averaged 477,764 barrels per day in April, up 0.36%, 1,701 bpd, over 476,063 bpd in March and up 0.3% from 476,321 bpd in April 2024. ANS crude, 88.91% of the total, averaged 424,778 bpd in April, down 956 bpd, 0.22%, from a March average of 425,734 bpd but up 0.88% from an April 2024 average of 421,083 bpd. ANS natural gas liquids, 11.09% of the total, averaged 52,986 bpd in April, up 2,657 bpd, 5.28%, from a March average of 50,328 bpd but down 4.08% from an April 2024 average of 55,238 bpd.

The North Slope Borough temperature averaged 9.7 degrees F in April, up 4.8 degrees from the 1925-2000 mean, which was 4.9 degrees F.

Temperature data are from the county time series maintained by NOAA's National Centers for Environmental Information, which has North Slope Borough temperatures beginning in 1925.

Production data come from the Alaska Oil and Gas Conservation Commission which reports production by field and well on a month delay basis.

Month-over-month increases

The largest March to April production increase was at the ConocoPhillips Alaska-operated Kuparuk River field, which averaged 86,889 bpd in April, up 5,985 bpd, 7.4%, from a March average of 80,904 bpd and up 8.62% from an April 2024 average of 79,995 bpd. The field primarily produces from the Kuparuk oil pool, with smaller volumes

from the West Sak oil pool, and from the Coyote, Tabasco, Tarn and Torok oil pools.

ConocoPhillips is the majority working interest owner at Kuparuk. The only other WIO, ExxonMobil, holds 2.64%.

Hilcorp Alaska's Nikaitchuq averaged 17,527 bpd in April, up 761 bpd, 4.54%, from a March average of 16,766 bpd and up 19.66% from an April 2024 average of 14,648 bpd. Hilcorp Alaska acquired Nikaitchuq and Oooguruk from Eni in November 2024.

Hilcorp Alaska's Endicott averaged 5,835 bpd in April, up 383 bpd, 7.03%, from a March average of 5,452 bpd and up 1.7% from an April 2024 average of 5,738 bpd. Endicott crude, 88.1% of the field's volume, averaged 5,140 bpd in April, up 221 bpd, 4.5%, from a March average of 4,919 bpd and up 2.83% from an April 2024 average of 4,999 bpd. Endicott NGLs, 11.9% of volume, averaged 695 bpd in April, up 162 bpd, 30.36%, from a March average of 533 bpd but down 5.98% from an April 2024 average of 739 bpd.

Mustang Holding's Southern Miluveach averaged 455 bpd in April, up 239 bpd, 110.99%, from a March average of 216 bpd. The field, currently producing from a single well, was not yet in production in April 2024. It came online in December 2024.

Hilcorp Alaska's Oooguruk averaged 6,388 bpd in April, up 198 bpd, 3.2%, from a March average of 6,189 bpd, and up 9.34% from an April 2024 average of 5,842. Hilcorp acquired the field, along with Nikaitchuq, in November 2024.

The Hilcorp Alaska-operated Point Thomson averaged

see **ANS OUTPUT** page 5

Cook Inlet gas down 2.34% in April

Cook Inlet natural gas averaged 194,107 thousand cubic feet per day in April, down 4,648 mcf per day, 2.34%, from a March average of 198,755 mcf per day and down 4.03% from an April 2024 average of 202,262 mcf per day. The six most prolific Cook Inlet fields accounted for 81.63% of April production, averaging 158,440 mcf per day, with the three most prolific accounting for 60.35%.

Volumes are calculated from Alaska Oil and Gas Conservation Commission data, reported on a month-delay basis. For natural gas AOGCC reports measurements in thousands of cubic feet, mcf.

The Hilcorp Alaska-operated Beluga River field, majority owned by Chugach Electric Association, averaged 42,281 mcf per day, 21.78% of inlet production, up 176 mcf per day, 0.42%, from a March average of 42,105 mcf per day but down 5.2% from an April 2024 average of 44,602 mcf per day.

Hilcorp's North Cook Inlet averaged 40,238 mcf per day in April, 20.73% of the inlet total, down 929 mcf per day, 2.26%, from a March average of 41,167 mcf per day and down 1.16% from an April 2024 average of 40,711 mcf per day.

Hilcorp's Ninilchik averaged 34,249 mcf per day in April, 17.64% of the total, down 4,172 mcf per day,

see **INLET GAS** page 5

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Well at Granite Point unit deferred as jack-up contracted to Furie; was in 2024 POD, now in 2025 POD, targets Tyonek formation gas

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Alaska-Mackenzie Rig Report

Rig Owner/Rig Type	Rig No.	Rig Location/Activity	Operator or Status
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Alaska Rig Status

North Slope - Onshore

All American Oilfield LLC			
IDECO H-37	AAO 111	Magtec Yard, Stacked	Available
Doyon Drilling			
Dreco 1250 UE	14 (SCR/TD)	Milne Point, S-204	Hilcorp Alaska LLC
Dreco 1000 UE	16 (SCR/TD)	Deadhorse, Standby	Available
Dreco D2000 Uebd	19 (SCR/TD)	Deadhorse, Standby	Available
AC Mobile	25	Kuparuk, 3S-703	ConocoPhillips
OIME 2000	141 (SCR/TD)	Deadhorse, Standby	Available
	142 (SCR/TD)	Kuparuk, 3T-613	ConocoPhillips
TSM 700	Arctic Fox #1	Deadhorse, Standby	Available
ERD	26	Alpine, Standby	ConocoPhillips
Hilcorp Alaska LLC			
Rotary Drilling	Innovation	Prudhoe Bay, Z Pad	Hilcorp Alaska LLC
TSM-850	169	Prudhoe Bay	Hilcorp Alaska LLC
Nabors Alaska Drilling			
AC Coil Hybrid	CDR-2 (CTD)	Prudhoe Bay	Hilcorp Alaska LLC
AC Coil	CDR-3 (CTD)	Prudhoe Bay	Hilcorp Alaska LLC
Dreco 1000 UE	7-ES (SCR-TD)	Kuparuk, Workover	ConocoPhillips
Dreco 1000 UE	9-ES (SCR/TD)	Stacked	Available
Oilwell 2000 Hercules	16-E (SCR/TD)	Stacked	Brooks Range Petroleum
Emsco Electro-hoist			
Oilwell 2000 Canrig 1050E	27-E (SCR-TD)	Stacked	Available
Academy AC Electric CANRIG	99AC (AC-TD)		Available
OIME 2000	245-E (SCR-ACTD)	12 Acre Pad, stacked	Available
Academy AC electric CANRIG	105-E (AC-TD)	Megrez-1	Pantheon Resources
Academy AC electric Heli-Rig	106AC (AC-TD)	Stacked	Available
NOV ADS-10SD	272	Pikka	Santos
NOV ADS-10SD	273	Milne Point	Hilcorp Alaska LLC
Nordic-Calista LLC			
Superior 700 UE	1 (SCR/CTD)	Deadhorse	Available
Superior 700 UE	2 (SCR/CTD/TD)	Deadhorse, stacked	Available
Ideco 900	3 (SCR/TD)	Kuparuk	ConocoPhillips
Rig Master 1500AC	4 (AC/TD)	Oliktok Point	Hilcorp Alaska LLC

North Slope - Offshore

Doyon Drilling			
Sky top Brewster NE-12	15 (SCR/TD)	Nikaiitchuq, Standby	Hilcorp Alaska LLC
Nabors Alaska Drilling			
OIME 1000	19AC (AC-TD)	Oooguruk, Cold Stacked	Hilcorp Alaska LLC

Cook Inlet Basin – Onshore

BlueCrest Alaska Operating LLC			
Land Rig	BlueCrest Rig #1	Stacked	BlueCrest Alaska Operating LLC
Nordic-Calista LLC			
	Rig 37	Kenai	Available
Hilcorp Alaska LLC			
TSM-850	147	Beluga, Stacked	Hilcorp Alaska LLC

Cook Inlet Basin – Offshore

Hilcorp Alaska LLC			
National 110	C (TD)	Platform C, Stacked	Hilcorp Alaska LLC
	Rig 51	Steelhead Platform, Stacked	Hilcorp Alaska LLC
	Rig 56	Monopod A-13, stacked	Hilcorp Alaska LLC
Baker Marine			
ILC-Skidoff, jack-up	Spartan 151	Cook Inlet	Hilcorp Alaska LLC
Glacier Oil & Gas			
National 1320	35	Osprey Platform, activated	Glacier Oil & Gas

Mackenzie Rig Status

Canadian Beaufort Sea

SDC Drilling Inc.			
SDC Mobile Offshore Drilling Unit Rig #2		Set down at Roland Bay	Available

The Alaska-Mackenzie Rig Report as of May 28, 2025.
Active drilling companies only listed.

TD = rigs equipped with top drive units WO = workover operations
CT = coiled tubing operation SCR = electric rig

This rig report was prepared by Marti Reeve



JUDY PATRICK

Baker Hughes North America rotary rig counts*

	May 23	May 16	Year Ago
United States	566	576	600
Canada	114	121	120
Gulf of Mexico	9	9	20

Highest/Lowest

US/Highest	4530	December 1981
US/Lowest	244	August 2020

*Issued by Baker Hughes since 1944

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● EXPLORATION & PRODUCTION

Granite Point, Trading Bay PODs approved

Well at Granite Point unit deferred as jack-up contracted to Furie; was in 2024 POD, now in 2025 POD, targets Tyonek formation gas

By **KRISTEN NELSON**
Petroleum News

2025 plans of development for Hilcorp Alaska’s Granite Point and Trading Bay units, both offshore in Cook Inlet, have been approved by the Alaska Department of Natural Resources’ Division of Oil and Gas. The approvals were signed May 20 by division Director Derek Nottingham and cover July 1 through June 30, 2026.

Granite Point

The division said Granite Point production began in 1965; through March 31, 2025, the unit produced 145.6 billion cubic feet of natural gas and over 160 million barrels of oil.

Hilcorp took over as operator from Union Oil Company of California on Dec. 29, 2011.

In calendar year 2024 the company produced 755,200 barrels of oil and 1.108 billion cubic feet of gas.

South Granite Point was expanded in

Alaska Oil and Gas Conservation Commission data show McArthur River is currently the inlet’s most productive oil producer and among the top half dozen most productive gas fields with production from the Dolly Varden, Grayling, King Salmon and Steelhead platforms.

early 2015 to include the Granite Point field and renamed the Granite Point unit. There are six offshore state oil and gas leases, some 15,411 acres.

There are two participating areas: the Hemlock PA and the Granite Point Sands PA.

There are three platforms: Anna, Bruce and Granite Point.

Granite Point PODs

A grassroots well from the Bruce Platform included in the 2024 POD was scheduled to be the first use of the Spartan

151 jack-up this drilling season, but the jack-up was contracted to Furie, the division said, “delaying the Bruce Platform grassroots gas development well to later in the 2025 drilling season.” The division said Hilcorp notified it of this change of plans in mid-March.

Hilcorp did various rig and non-rig well projects during the 2024 POD, including:

- Rig workovers on AN-17A and BR 03-87 to pull existing completions, isolate oil pool and perforate intervals in the Granite Point gas pool;
- Non-rig repair of shallow tubing leak in the AN-33;
- Reperforation of existing oil interval in AN-15; and
- Non-rig intervention to increase gas production on BR 09-86.

Various jet pump changeouts were done to optimize production from Granite Point Platform wells and “Hilcorp prepared the Bruce Platform for potential gas sales by installing surface equipment for gas production and tying it into the current production system,” the division said.

The 2025 POD includes:

- Grassroots well from the Bruce Platform targeting a potential gas accumulation in the Tyonek formation;
- Continuing evaluation of “production facility and pipeline capacity constraints to optimize deliverability of gas between existing platforms and the Granite Point Tank Farm, if commercial volumes of gas are discovered during drilling of the grassroots gas development well”;
- Evaluation of additional rotary development wells;
- Various non-rig activities — coil cleanouts, adding perforations; and
- Required regulatory inspections.

Trading Bay

In its POD approval the division said the Trading Bay unit was formed in 1967, with sustained production beginning that year. There are four participating areas in the McArthur River field: Hemlock oil pool; West Foreland oil pool; Middle Kenai “G” oil pool; and Grayling gas sands.

Hilcorp was approved as successor unit operator Jan. 3, 2012. A second unit expansion was approved in 2013, which included the Trading Bay field in the Trading Bay unit.

As of the end of March, the Trading Bay field has cumulatively produced 111 million barrels of oil and 91 billion cubic

feet of natural gas, while the McArthur River field has cumulatively produced 661 million barrels of oil and 1.556 trillion cubic feet of gas.

In calendar year 2024 the Trading Bay field, producing from the Monopod Platform, produced 323,000 barrels of oil and 302 million cubic feet of gas, and the McArthur River field produced 864,000 barrels of oil and 4,275 million cubic feet of gas.

Alaska Oil and Gas Conservation Commission data show McArthur River is currently the inlet’s most productive oil producer and among the top half dozen most productive gas fields with production from the Dolly Varden, Grayling, King Salmon and Steelhead platforms.

Trading Bay PODs

For the 2024 POD, Hilcorp planned two grassroots wells from the Steelhead Platform, M-23 and M-24. The division said the M-23 was drilled, targeting the Grayling gas sands, but Hilcorp was unable to test it due to liner cementing issues, and as a result, drilling of M-24 was deferred.

Hilcorp completed several rig workovers to repair or replace failed ESPs, although the K-17 ESP replacement was not completed due to discovery of poor injectivity in the well, the division said.

Multiple non-rig operations were completed to clean out, stimulate or add perforations, and Hilcorp set plugs to isolate oil to flow test Grayling gas sands. Hilcorp installed deep gas lifts on two wells and converted the A-12RD from an injector in the Middle Kenai C to a producer in the Middle Kenai B.

The division said the Grayling Platform simplification was completed and the Steelhead Platform simplification was deferred for additional engineering evaluations. Surface facility operations also included repairing a fuel gas line near the Dolly Varden Platform and replacing fuel gas and oil risers on that platform.

The 2025 POD includes:

- Continuing build of an inventory of development projects;
- Rig and non-rig activities as needed; with at least 10 well interventions projects expected; and
- Conducting Steelhead Platform oil simplification project. ●


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continued from page 2

INLET GAS

10.86%, from a March average of 38,421 mcf per day and down 0.59% from an April 2024 average of 34,451 mcf per day.

Hilcorp's Kenai averaged 17,719 mcf per day in April, 9.13% of the inlet total, up 938 mcf per day, 5.59%, from a March average of 16,781 mcf per day but down 4.69% from an April 2024 average of 18,592 mcf per day.

Farie's Kitchen Lights averaged 12,539 mcf per day in April, 6.46% of the inlet total, down 599 mcf per day, 4.56%, from a March average of 13,137 mcf per day but up 12.8% from an April 2024 average of 11,116 mcf per day.

Hilcorp's McArthur River averaged 11,414 mcf per day in April, 5.88% of the total, up 223 mcf per day, 1.99%, from a March average of 11,191 mcf per day but down 4.82% from an April 2024 average of 11,992 mcf per day.

Sixteen fields cumulatively accounted for 18.37% of inlet production in April.

Hilcorp's Swanson River averaged 8,259 mcf per day in April, down 2,226 mcf per day, 21.23%, from a March average of

10,486 mcf per day and down 1.75% from an April 2024 average of 8,406 mcf per day.

Hilcorp's Beaver Creek averaged 5,331 mcf per day in April, up 252 mcf per day, 4.95%, from a March average of 5,080 mcf per day but down 48.15% from an April 2024 average of 10,283 mcf per day.

Hilcorp's Cannery Loop averaged 4,322 mcf per day in April, down 48 mcf per day, 1.09%, from a March average of 4,370 mcf per day and down 11.68% from an April 2024 average of 4,894 mcf per day.

Hilcorp's Deep Creek averaged 3,591 mcf per day in April, up 962 mcf per day, 36.59%, from a March average of 2,629 mcf per day and up 7.71% from an April 2024 average of 3,334 mcf per day.

Hilcorp's Granite Point averaged 2,689 mcf per day in April, up 3 mcf per day, 0.13%, from a March average of 2,686 mcf per day but down 8.38% from an April 2024 average of 2,935 mcf per day.

Hilcorp's Lewis River averaged 2,294 mcf per day in April, down 176 mcf per day, 7.14%, from a March average of 2,470 mcf per day but up 37.85% from an April 2024 average of 1,664 mcf per day.

Hilcorp's Ivan River averaged 1,913 mcf per day in April, up 734 mcf per day, 62.33%, from a March average of 1,178

mcf per day but down 32.42% from an April 2024 average of 2,830 mcf per day.

Hilcorp's Pretty Creek averaged 1,744 mcf per day in April, up 319 mcf per day, 22.42%, from a March average of 1,424 mcf per day; the field had no production in April 2024. In recent years the field has produced sporadically, with recent sustained production beginning last November.

AIX's Kenai Loop averaged 1,766 mcf per day in April, up 55 mcf per day, 3.21%, from a March average of 1,711 mcf per day but down 14.8% from an April 2024 average of 2,073 mcf per day.

North Fork, which Hilcorp recently took over from Vision Operating, averaged 1,675 mcf per day in April, up 4 mcf per day, 0.21%, from a March average of 1,671 mcf per day but down 12.67% from an April 2024 average of 1,918 mcf per day. April is the first month for which AOGCC shows Hilcorp as operator of the field.

Hilcorp's Trading Bay averaged 755 mcf per day in April, down 52 mcf per day, 6.43%, from a March average of 807 mcf per day but up 3.29% from an April 2024 average of 731 mcf per day.

BlueCrest's Hansen averaged 592 mcf per day in April, up 2 mcf per day, 0.27%, from a March average of 590 mcf per day

but down 44.52% from an April 2024 average of 1,066 mcf per day.

Amaroq's Nicolai Creek averaged 316 mcf per day in April, down 138 mcf per day, 30.4%, from a March average of 454 mcf per day but up 59.62% from an April 2024 average of 198 mcf per day.

Cook Inlet Energy's West McArthur River averaged 244 mcf per day in April, up 8 mcf per day, 3.33%, from a March average of 236 mcf per day and up 1.74% from an April 2024 average of 240 mcf per day. CIE is a Glacier Oil and Gas Corp. company.

CIE's Redoubt Shoal averaged 133 mcf per day in April, up 26 mcf per day, 24.37%, from a March average of 107 mcf per day but down 19.3% from an April 2024 average of 165 mcf per day.

Hilcorp's Nikolaevsk averaged 43 mcf per day in April, down 11 mcf per day, 19.89%, from a March average of 54 mcf pr day and down 29.9% from an April 2024 average of 61 mcf per day.

Cook Inlet natural gas production peaked in 1990 at more than 850,000 mcf per day.

—KRISTEN NELSON

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ANS OUTPUT

4,233 bpd in April, up 8 bpd, 0.19%, from a March average of 4,225, and up 12,229.51% from an April 2024 average of 34 bpd as the field was coming back online after being shut-in for several months due to a pipeline leak. Operator Hilcorp holds 36.148% of Point Thomson, with ExxonMobil Alaska Production the majority working interest owner at 61.637% and other owners collectively holding 2.215%.

Month-over-month declines

The largest month-over-month decline was at the Hilcorp North Slope-operated Prudhoe Bay field, which averaged 252,698 bpd in April, down 2,718 bpd, 1.06%, from a March average of 255,416 bpd, and down 5.36% from an April 2024 average of 267,017 bpd. The decline was entirely in the field's crude production, which averaged 202,886 bpd in April, 80.29% of total volume, down 5,165 bpd, 2.48%, from a March average of 208,061 bpd and down 5.64% from an April 2024 average of 215,017 bod. Prudhoe NGLs averaged 49,813 bpd, 19.71% of the total, up 2,448 bpd, 5.17%, from a March average of 47,365 but down 4.21% from an April 2024 average of 52,000 bpd.

In addition to the primary reservoir, production volumes from Prudhoe include Aurora, Borealis, Lisburne, Midnight Sun, Niakuk, Polaris, Point McIntyre, Put River, Raven and Schrader Bluff.

ConocoPhillips Alaska holds 36.5% of the working interest ownership at Prudhoe; ExxonMobil Alaska Production holds 36.4%; operator Hilcorp North Slope holds 27.1%.

ConocoPhillips' Greater Mooses Tooth in the National Petroleum Reserve-Alaska averaged 16,338 bpd, down 1,640 bpd, 9.12%, from a March average of 17,978 bpd but up 4.26% from an April 2024 average of 15,671 bpd.

Hilcorp Alaska's Milne Point averaged 46,288 bpd in April, down 786 bpd, 1.67%, from a March average of 47,073 bpd but up 6.59% from an April 2024 average of 43,424 bpd. Milne Point produces primarily from the Schrader Bluff and Kuparuk oil pools, with minor Sag River and Ugnu volumes.

Savant Alaska's Badami averaged 2,710 bpd in April, down 388 bpd, 12.53%, from

a March average of 3,099 bpd but up 260.56% from an April 2024 average of 752 bpd. Savant is a Glacier Oil and Gas Corp. company.

ConocoPhillips' Colville River averaged 33,370 bpd in April, down 192 bpd, 0.57%, from a March average of 33,562 bpd and down 11.46% from an April 2024 average of 37,689 bpd. In addition to oil from the main Alpine pool, Colville includes production from the Nanuq and Qannik oil pools.

Hilcorp Alaska's Northstar averaged 5,033 bpd in April, down 150 bpd, 2.89%, all crude, from a March average of 5,182 and down 8.69% from an April 2024 average of 5,511 bpd. Northstar crude, 50.76% of the total, averaged 2,554 bpd in April, down 197 bpd, 7.17%, from a March average of 2,752 bpd and down 15.18% from an April 2024 average of 3,012 bpd. Northstar NGLs, 49.24% of the total, averaged 2,478 bpd in April, up 48 bpd, 1.96%, from a March average of 2,431 bpd but down 0.86% from an April 2024 average of 2,500 bpd.

Cook Inlet crude down 2.36%

Cook inlet crude averaged 7,598 bpd in April, down 181 bpd, 2.36%, from a

March average of 7,781 bpd and down 14.49% from an April 2024 average of 8,885 bpd. The NGL portion of inlet production in April was just 15 bpd, all from Swanson River, 0.2% of total inlet volume.

The only field with a month-over-month increase was Hilcorp Alaska's McArthur River, which averaged 2,358 bpd in April, up 149 bpd, 6.77%, from a March average of 2,209 bpd, although down 9.29% from an April 2024 average of 2,600 bpd.

The largest month-over-month decline was at Cook Inlet Energy's West McArthur River, which averaged 804 bpd in April, down 90 bpd, 10.03%, from a March average of 894 bpd and down 17.68% from an April average of 977 bpd. CIE is a Glacier Oil and Gas Corp. company.

Hilcorp's Granite Point averaged 1,792 bpd in April, down 78 bpd, 4.16%, from a March average of 1,870 bpd and down 12.98% from an April 2024 average of 2,060 bpd.

Hilcorp's Trading Bay averaged 780 bpd in April, down 77 bpd, 8.96%, from a March average of 857 bpd and down 11.91% from an April 2024 average of

885 bpd.

CIE's Redoubt Shoal averaged 518 bpd in April, down 41 bpd, 7.4%, from a March average of 559 bpd and down 20.92% from an April 2024 average of 655 bpd. CIE is a Glacier Oil and Gas Corp. company.

Hilcorp's Beaver Creek averaged 107 bpd in April, down 39 bpd, 26.67%, from a March average of 146 bpd and down 59.96% from an April 2024 average of 267 bpd.

BlueCrest's Hansen averaged 521 bpd in April, down 8 bpd, 1.47%, from a March average of 529 bpd and down 22.63% from an April 2024 average of 673 bpd.

Hilcorp's Swanson River averaged 717 bpd in April, down 1 bpd, 0.09%, from a March average of 718 bpd and down 6.58% from an April 2024 average of 768 bpd.

ANS crude oil production peaked in 1988 at 2.1 million bpd; Cook Inlet crude oil production peaked in 1970 at more than 227,000 bpd. ●

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Baker Hughes US rig count drops 10 to 566

By KRISTEN NELSON
Petroleum News

Baker Hughes' U.S. rotary drilling rig count was 576 on May 23, down by 10 from the previous week, down by 34 from 600 a year ago and down by 12 from two weeks ago. Over the last eight weeks the rig count was up in two weeks and down in six with a combined loss of 30 against a gain of four. This is the lowest the rig count has been since November 2021.

A drop of 17 to 731 on May 12, 2023, was the steepest weekly drop since June of 2020, during the first year of the COVID-19 pandemic, when the count also dropped by 17 to 284 on June 5, following drops as steep as 73 rigs in one week in April. The count continued down to 251 at the end of July 2020, reaching an all-time low of 244 in mid-August 2020.

For 2024, the count peaked March 1 (and again March 15) at 629, hitting its low point June 28 at 581. In 2023 the count peaked early in the year at 775 on Jan. 13, bottoming out Nov. 10 at 616.

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

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

The count was in the low 790s at the beginning of 2020 prior to the COVID-19 pandemic, where it remained through mid-March of that year when it began to fall, dropping below what had been the historic low in early May with a count of

374 and continuing to drop through the third week of August 2020 when it gained back 10 rigs.

The May 23 count includes 465 rigs targeting oil, down by eight from the previous week and down 32 from 497 a year ago, with 98 rigs targeting natural gas, down by two from the previous week and down one from 99 a year ago, and three miscellaneous rigs, unchanged from the previous week and down by one from a year ago.

Forty-two of the rigs reported May 23 were drilling directional wells, 511 were drilling horizontal wells and 13 were drilling vertical wells.

Alaska rig count unchanged

Ohio (12) was up two rigs from the previous week and Wyoming (21) was up one.

Texas (266) was down five rigs week over week; New Mexico (92), North Dakota (30) and Oklahoma (53) were each down by two; Pennsylvania (17) and Utah (11) were each down one rig.

Rig counts in other states were unchanged from the previous week: Alaska (10), California (6), Colorado (8), Louisiana (30) and West Virginia (8).

Baker Hughes shows Alaska with 10 rotary rigs active May 23, 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 three from the previous week at 279 and down by 33 from 312 a year ago. ●

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PRUDHOE IPA

Comparing Alaska Oil and Gas Conservation Commission 2024 production data for the entire Prudhoe field with IPA production, the IPA accounted for 68% of Prudhoe black oil production and 93% of Prudhoe NGL production.

2024 POD

The division said that in the 2024 POD Hilcorp North Slope committed to a combined 36 grassroots and sidetrack wells, including "up to" two injection wells for the PAVE, pressure and vaporization enhancement, drilling campaign, with workovers on an as needed basis.

There was to be evaluation of facility upgrades to increase or enhance production, including compressor upgrades at the central compressor plant, CCP, and air inlet housing replacement at that facility, along with FS-2 de-oiler installation and EWE pipeline installation to debottleneck west end production.

The division said Hilcorp completed all proposed 2024 commitments, including:

- Drilling the PAVE 3-1 grassroots well;
- Drilling 22 sidetracks with 15 more

scheduled to be completed prior to the end of the 2024 POD period (June 30 this year);

- 13 workovers, with three more scheduled to be completed prior to the end of the POD period; and
- All proposed facility upgrades.

2025 POD

For the 2025 POD, July 1 through June 30, 2026, Hilcorp has committed to one new grassroots well, PAVE GC1, and 39 sidetracks, with three workovers scheduled and additional workovers as needed.

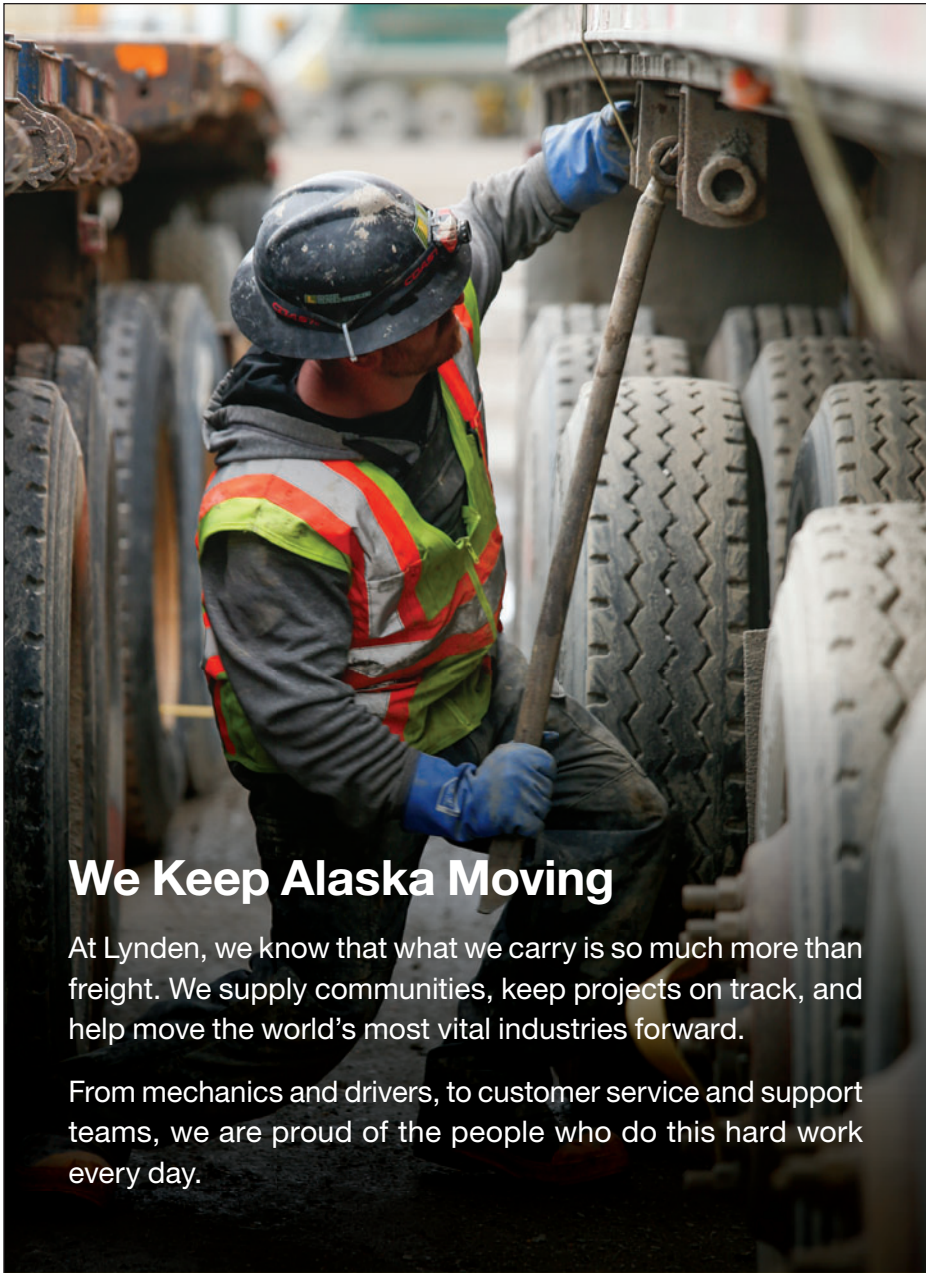
The division said Hilcorp will continue monitoring SWOP, the seawater optimization plan, and will evaluate facility upgrades "aimed at increasing or enhancing production capacity ... with progress contingent on project economics and resources availability."

Potential upgrades include:

- 2025 planned scope of work for CCP compressor upgrades;
- GC2 interstage separator;
- GC2 LPS compressor upgrades;
- Omega pad;
- 2025 scope for EWE pipeline;
- 2025 scope for FS-2 de-oiler; and
- 2025 scope for CCP air intake housing replacement.

—KRISTEN NELSON

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GAS SUPPLIES

Natural gas is a key energy source for commercial and industrial users.

But Cook Inlet natural gas, currently the only source of gas for these uses, is facing depletion. The problem is one of economic depletion, rather than physical depletion of potential gas sources, Watson said. Essentially, the cost of pulling gas from the ground in the Cook Inlet basin is becoming expensive relative to other potential energy sources and the cost of gas elsewhere in the world, he said.

A 2018 study by the Alaska Department of Natural Resources indicated that securing adequate volumes of Cook Inlet natural gas to meet even a conservative demand scenario would involve costs higher than the costs associated with historic gas pricing, Watson said.

"We are going to see higher utility bills as a consequence of economic depletion in the Cook Inlet basin. That's going to show up on our heating bills and our electricity bills," he said. This impact in Southcentral Alaska would likely propagate across the state, he cautioned.

The decline in Cook Inlet production

Derek Nottingham, director of Alaska's Division of Oil and Gas, provided an overview of the current gas

production situation in the Cook Inlet. Production has declined from more than 300 billion cubic feet per year in the heyday of the Cook Inlet gas industry to around 70 to 75 bcf currently, Nottingham said. Of particular note is the fact that the biggest production still comes from large legacy gas fields, with production from those fields having declined significantly over the years.

There is sufficient developable gas in the Cook Inlet basin, Nottingham said. The problem is the economics of the development.

"When you're spending tens of millions or hundreds of millions of dollars on these kinds of projects, you need to bring them on at a high enough rate ... otherwise they don't pay out," Nottingham said.

On the other hand, there is still a very active drilling program in the Cook Inlet basin, with 19 development wells, two gas storage wells and two exploration wells being drilled last year, he commented.

Hendrix argues for more production

John Hendrix, owner and chief executive officer of Furie Operating Alaska, operator of the Kitchen Lights gas field in the Cook Inlet, argued for the feasibility of bolstering gas supplies through more drilling in the Cook



DEREK NOTTINGHAM

Inlet basin. Furie is conducting development drilling in the Kitchen Lights field.

"We should not be having this conversation. There's gas there. We just have to develop the gas," Hendrix said with regard to discussions over future gas supplies from outside the Cook Inlet. "Bringing gas from the Lower 48 is, to me, a kind of slap in the face ... but we're kind of pushing ourselves in that direction."

On the other hand, given the isolated gas market in Alaska, there is a cap on how much gas can be produced and sold, he added.

He emphasized the distinction between the upstream gas producers, like Furie, and the utilities that sell energy products. While the producers risk capital to bring energy sources online, the utilities can move forward based on Regulatory Commission of Alaska approval of what they are doing, he said.

And decisions on how much capital to put at risk from drilling wells are impacted by issues such as renewable energy replacing gas use, the potential for a future North Slope gas line and the possibility of importing LNG.

Hendrix cited property taxes on gas producer facilities and state royalties as impediments to drilling for more gas production. He also questioned assumptions

see **GAS SUPPLIES** page 9



JOHN HENDRIX

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HILCORP SCREEDING

when screeding operations are necessary, some 8 hours in the summer open water period will be needed to complete operations, with this year's project work scheduled to begin June 15.

Oooguruk is offshore the North Slope north of the Kuparuk River unit.

On May 20 the division public noticed a land use permit application from Hilcorp for authorization of screeding activities at Oliktok Point and the Spy Island Drill Site and installation of a barge landing at Oliktok Point during the ice-free season. Spy Island is in Hilcorp's Nikaitchuq unit, east of Oooguruk, and the pipeline from Spy Island comes ashore at Oliktok Point.

On April 21 Hilcorp requested a land use permit to screed and maintain a temporary barge ramp to "provide safe approaches during barging season." The land use permit application says the request is for a multi-year term for up to five years with use in July, August and September.

Hilcorp said the barges "provide personnel transportation, emergency response, transport of project materials and delivery of consumables (food, fuel, and supplies) to and from SID, Oooguruk Drillsite (ODS) and Oliktok Point," with screeding a maintenance activity "due to the variations of sediment accumulation during the summer months."

Screeding would be conducted starting in July and is estimated to take five to 20 working days each year, depending on weather, the company said. General maintenance screeding would be at the east and west barge ramps on Spy Island, an area 150 feet by 400 feet at each ramp.

At Oliktok Point, screeding would be at a 150 by 400-foot area at the east side barge ramp and a 50 by 100 foot-area at the west side boat ramp.

Activities would include sediment placement along the subsea pipeline route between Spy Island and the Oliktok producing pad on an as-needed basis.

Hilcorp said the 60 by 60-foot barge ramp at Oliktok Point is either re-assembled each open water season or partially left in place over the winter. It is made of rig mats and some 30 gravel-filled bags. The ramp is in the Kuparuk River unit.

—KRISTEN NELSON

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GAS SUPPLIES

that Cook Inlet gas is expensive, arguing that the gas is actually the fourth cheapest in the country at the meter.

Enstar's perspective

John Sims, president of Anchorage-based Enstar Natural Gas Co., presented a utility's view of the situation. The challenge for gas exploration and development is the enormous risk involved, he said, commenting that a number of potential producers had tried to enter the Cook Inlet market but had gone bankrupt, having made commitments that they could not deliver on.



JOHN SIMS

At the same time Enstar is now running into a “just in time” gas inventory situation that is very challenging for both the producers and the utilities. Gas production in the Cook Inlet basin is dominated by Hilcorp Alaska. Furie is also a significant gas producer and is doing an amazing job investing capital and working as hard as it can to fix the problem, Sims said. But if Furie’s plans work out, they would still only represent 11% of the market, he added.

"We have to find a replacement for all the rest. And so that's our issue," Sims said.


Sims also expressed confidence that a gas pipeline will be built from the North Slope to the Cook Inlet. The Alaska Gasline Development Corp. has an agreement with Glenfarne Energy Transition to move ahead with front-end engineering and design of the gas line. Meanwhile, Enstar has an exclusivity agreement to work with Glenfarne on the potential development of an LNG import facility on the Kenai Peninsula.

Sims said that an LNG import facility would become a short-term bridge for the delivery of natural gas, until a North

Slope pipeline goes into operation. But if the pipeline is not constructed, the hope would be to continue to purchase gas from the Cook Inlet producers, with the LNG import facility as a backup, to ensure adequate gas supplies.

The evolving electricity industry

Arthur Miller, chief executive officer of Anchorage based Chugach Electric Association, said that the electricity industry has changed significantly over the past 20 years as a consequence of decentralization of the power grid, increasing amounts of distributed power generation and a heightened awareness of decarbonization. And the industry has been seeing significant advances in the technology that it uses.

A headshot of Arthur Miller, a middle-aged man with short, light brown hair, wearing black-rimmed glasses, a dark suit jacket, a light-colored striped shirt, and a patterned tie. He is smiling at the camera against a plain grey background.

ARTHUR MILLER

“As we move forward we are constantly looking at different technologies to adopt into our generation stream,” Miller said, while also commenting that Chugach Electric has more than \$600 million invested in gas fueled power generation plants.

“But on top of that we have other renewable options growing all the time, every day, as efficiencies become more paramount,” Miller said.

The utility's board of directors has set decarbonization goals of at least 35% by 2030 and at least 50% by 2040, provided that these targets can be achieved without negative impacts on electricity rates and power supply reliability, he said. The utility's current generation mix involves 80% gas fueled generation and 20% renewables, predominantly hydropower. Approximately 60% of the utility's gas supplies come from the utility's working ownership interest in the Beluga gas field, with the remainder of the gas being supplied by Hilcorp, under a contract that expires at the end of March 2028.

More gas needed April 1, 2028

Chugach Electric does not have any assurance of the level of gas supplies

But Cook Inlet natural gas, currently the only source of gas for these uses, is facing depletion. The problem is one of economic depletion, rather than physical depletion of potential gas sources, Watson said.

from Hilcorp after the termination of the current contract. And so far no other Cook Inlet gas producer or supplier has offered to meet the utility's needs from April 1, 2028, Miller said. He also said that Chugach Electric supports continued development in the Cook Inlet basin.

“Our fundamental question is we need gas at the beginning of April of 2028, really earlier than that, to make sure we have reliable electric service,” Miller said.

He said that the economic life of the Beluga field is expected to run through 2033 but could last longer.

Miller also commented that his utility does have some arrangements in place to help ameliorate the situation, at least in the short term, including the supply from Hilcorp of underlifted gas, starting in 2028, and a gas exchange agreement with Marathon that would start on April 1, 2028. He also commented that gas storage is critical to the situation. Chugach

Electric stores gas in the Cook Inlet Natural Gas Storage Alaska facility on the Kenai Peninsula, Hilcorp is planning to offer storage services and Chugach Electric is investigating the possibility of gas storage in the Beluga field. The utility also has the use of a new battery storage system to help manage fluctuations in power generation and demand and thereby reduce fuel costs.

Importing LNG

Chugach Electric has formed an agreement with Hilcorp affiliate Harvest Alaska and Marathon Petroleum Corp. for Harvest to convert Marathon's existing LNG export facility on the Kenai Peninsula into an LNG import facility that would meet Chugach Electric's needs for gas supply continuity. The use of imported LNG could increase customers' electricity bills by up to 10%, Miller said. He also commented that the timeline for Enstar's plan with Glenfarne for an LNG import facility would not meet Chugach Electric's requirements. Sims commented that part of the concept for engaging Glenfarne in the LNG import facility is that the import facility might be converted to an export facility, if the North Slope pipeline is constructed. ●

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PEARCE TO INTERIOR

on, like opening the Arctic National Wildlife Refuge to oil development, old friends.

“I think I had my first ANWR briefing when I was first elected, but not yet sworn in, all the way back in 1984,” Pearce said. “And we’re still at it.”

As reported in last week's Petroleum News, Interior has also hired Kara Moriarty, president of the Alaska Oil and Gas Association. Her title hasn't been announced but according to Suzanne Downing's May 21 issue of Must Read Alaska, "Our intel

says she will be working on the Alaska-focused executive order signed by President Donald Trump on Jan. 20.”

Executive Order 14153, signed by Trump, and Interior Secretary Doug Burgum's Order 3422, were both titled "Unleashing Alaska's Extraordinary Resource potential."

They outlined the “initial suite of actions” to implement the orders.

It appears Moriarty and Pearce will be involved in establishing the next suite of actions.

—KAY CASHMAN

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OIL PRICES

The Organization of the Petroleum Exporting Countries and its allied exporting nations provided additional lift by holding firm on the group’s overall production cuts, as announced at the 39th OPEC and non-OPEC Ministerial Meeting May 28. Another such meeting will be held Nov. 30 to reassess production levels.

A separate subgroup of OPEC+ nations could still add to supplies in July, by continuing a rollback of a separate voluntary agreement for production curbs. That decision will be made in a May 30 meeting.

“Expectations that OPEC+ will press ahead with plans to raise output, potentially by 411,000 barrels per day in July, could continue to weigh on the market,” George Pavel, general manager at Naga.com Middle East told the Wall Street Journal in an email.

Traders also are on alert to see if the United States will further restrict Russian crude exports by adding sanctions for new aggression against Ukraine.

An additional 220,000 bpd is slated to be slashed from world supplies, based on a May 27 Reuters report that the Trump administration will not extend Chevron’s license to export oil from its operations in Venezuela. The administration will allow Chevron to maintain its

infrastructure in the country.

World crude supply conversely would see a boost if U.S./Iran negotiations bear fruit, bringing a new nuclear deal and an easing of sanctions on Iran.

But a May 27 New York Times report said that Israel was considering strikes on Iranian targets, which could muddy the progress of negotiations. Israel has denied the reports.

On May 27 ANS fell 66 cents to close at \$67.13, WTI fell 64 cents to close at \$60.89 and Brent fell 69 cents to close at \$64.09.

U.S. markets were closed May 26 for the Memorial Day holiday.

ANS added 57 cents May 23 to close at \$67.79, as WTI rose 33 cents to close at \$61.53 and Brent added 34 cents to close at \$64.78.

Prices slid May 22, with ANS sinking 44 cents to close at \$67.23, as WTI fell 37 cents to close at 61.20, and Brent dropped 47 cents to close at \$64.44.

ANS traded at a \$2.98 premium to Brent May 28, and at a \$6.04 premium over WTI.

A resurgence of demand?

American Petroleum Institute data released May 28 showed on that U.S. commercial oil inventories were drawn down by 4.24 million barrels for the week ending May 23, raising hopes that U.S. demand was gaining

strength.

The weekly U.S. Energy Information Administration data report was delayed until May 29 due to the holiday week.

“From May through August, the data points to a constructive, bullish bias with liquids demand set to outpace supply,” Mukesh Sahdev, Global Head of Commodity Markets at Rystad Energy, said in a note reported by CNBC.

Sahdev said he expects demand growth outpacing supply growth by 0.6 million to 0.7 million bpd.

There is “space for additional OPEC+ output for July,” he said, adding that beyond August into September, “this window could close, and any further increase would likely depend on supply disruptions elsewhere in the market.”

Goldman Sachs reiterated its bearish stance on oil prices for 2025 and 2026, Forbes reported May 28.

Goldman expects higher non-OPEC crude production, even when excluding U.S. shale output.

In a note, the bank said it now expects Brent and WTI to average \$56 and \$52 per barrel respectively in 2026, while it maintained its 2025 forecasts for Brent and WTI at \$60 and \$56 per barrel respectively. ●

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UNIT DEFAULT

ADL 18790. This well was certified as capable of producing in paying quantities and shut-in pending permanent production equipment.

The Alaska Oil and Gas Conservation Commission deemed the well plugged and abandoned on Jan. 19, 2010.

On Feb. 10, 2025, the division decertified the well.

In the mid-1990s, Atlantic Richfield Co. began investigating the original

Cosmopolitan prospect, explored the area and acquired additional working interest ownership.

Phillips then purchased ARCO Alaska. In 2001, Phillips formed the CU, which included seven state leases and two federal offshore leases. Phillips completed the Hansen #1 well, reconfirming the presence of hydrocarbons in the same Starichkof interval as the exploration well and confirming hydrocarbons in the Hemlock reservoir.

In 2003, ConocoPhillips sidetracked the Hansen #1A into ADL 384403 and produced a total of 14,851 barrels of

medium gravity oil. The well was certified as capable of producing.

In 2005, Pioneer Natural Resources joined ConocoPhillips as a WIO and obtained approximately 40 miles of 3D seismic over the CU.

In February 2011, Pioneer voluntarily terminated the CU, retaining ADLs 18790 and 384403, which were held by certified wells.

Buccaneer, BlueCrest Energy

In late 2010, Buccaneer Alaska and BlueCrest Energy began negotiations with Pioneer to jointly acquire both of Pioneer’s leases.

In 2013, Buccaneer and BlueCrest drilled the Cosmopolitan State #1 in ADL 384403 from offshore. The well discovered numerous oil and gas zones within the Upper and Lower Tyonek (above the Starichkof and Hemlock).

The 2011 Cook Inlet Areawide lease sale offered tracts 784, 786, and 804 just north of Anchor Point as a bundle with provisions for higher bonus bids, an increasing rental schedule and specified work commitment under a 5-year primary term, based on known hydrocarbon accumulations and the need to promptly deliver these to market. These tracts were won by Apache Alaska.

BlueCrest acquired 100% working interest in Apache’s leases as well as the other former Cosmopolitan leases in 2014.

The state approved the CU agreement

and BlueCrest as unit operator on June 26, 2015.

The unit has sustained production since March 2016.

Since unit formation, BlueCrest has drilled five additional wells.

The company drilled its first two wells, the H-144 and H-165 in 2017, then applied for, and was granted on Aug. 29, 2017, the combined Starichkof Sand and Hemlock Formation Participating Area, or SHPA.

The areal extent of the SHPA was defined by the potential drainage area of both “planned and drilled wells.”

The SHPA includes portions of four leases and covers 3,450 acres.

On Sept. 11, 2017, the division approved a voluntary contraction of the CU down to these four leases covering 13,314 acres.

Since then, BlueCrest has drilled three additional oil wells from onshore, with the last one coming online in March 2019.

To date, all Cosmopolitan oil and associated gas production from within the SHPA is primarily attributable to portions of ADLs 34403 and 18790. The remainder of the SHPA is not known to contribute to any CU production, and wells drilled to date are not capable of producing hydrocarbons outside the PA.

2024, 2025 PODs

On Dec. 5, 2023, the division approved

see **UNIT DEFAULT** page 11



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