Petroleum news

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page 2 January ANS output at 472,413 bpd, down 1% from December

1 bid in state Cook Inlet sale, none in BOEM OCS inlet sale

The Alaska Division of Oil and Gas garnered only a single bid in its March 4 Cook Inlet oil and gas lease sale and no bids were received for the U.S. Bureau of Ocean Energy Management's Cook Inlet sale.

A Cook Inlet areawide sale is part of the state's regular areawide lease sales with sales held annually.

Three Mountain Oil LLC bid a 33.99% net profit share for the 20-acre tract at the southern tip of the state's Kenai Peninsula offerings. With a fixed cash bonus per acre of $30, the cash bonus was $600.

Jim Winegarner is the agent and manager of Three Mountain Oil.

The state's Cook Inlet areawide sales have had minimal results in recent years, with bids in the last half dozen sales ranging from zero in 2023 to a high of six in 2022.

In conjunction with the Cook Inlet areawide, the state also offered the Alaska Peninsula areawide, and received one bid in that sale, from Teresa Gouch, for a 160-acre tract at the northern edge of the offering. Gouch bid the minimum $5 per acre.

Division of Oil and Gas Records show Gouch, listed as a resident of Huntington Beach California, also holds a single tract in the North Slope Foothills.

There are no active leases in the Alaska Peninsula sale area and the last time there were bids in that areawide sale was in 2014.

BOEM sale

BOEM said that while no bids were received for this sale, "we will continue to hold leasing opportunities for Cook Inlet so that industry has a regular, predictable federal leasing schedule."

see LEASE SALES page 8

Hilcorp drills grassroots wells at old Sterling gas pad on Kenai

Hilcorp Alaska has drilled two grassroots wells at the old Sterling pad on the Kenai Peninsula, with gas from one of the wells initially showing up on the Alaska Oil and Gas Conservation Commission production report for January. The Sterling pad is east/south-east of Kenai.

AOGCC data show the Sterling Unit 32-16 produced for three days in January, a total of 723 thousand cubic feet from the Sterling undefined gas pool.

The 32-16 well, one of two permitted in October, was spud in November and completed in mid-January, with AOGCC well data showing it as a single completion gas well on ADL 394294 and private fee land.

Hilcorp described the well as "an S-shaped directional grassroots development well."

"Reservoir analysis and subsurface mapping has identified an optimal location for infill development of the middle Beluga sands," the company said in describing plans for the well.

Formerly a federal unit

Sterling was formerly a federal unit, formed in 1961. Hilcorp became the operator in 2013. The unit was terminated by the U.S. Bureau of Land Management in 2018, effective Dec. 15, 2017, based on lack of production.

The field last produced in April 2014.

In the 47th plan of development and operations for Sterling, filed in 2017, Hilcorp requested a suspension of unit production, and said the primary focus of activities under the POD were related to plugging and abandoning suspended

see STERLING PAD WELLS page 7

FINANCE & ECONOMY

ANS blasts skyward

Brent sprints past the Alaskan benchmark to close in the $80 range

By STEVE SUTHERLIN
Petroleum News

Alaska North Slope crude powered into the upper $70s March 3 as Iran stepped up strikes around the Middle East in retaliation for attacks on Iranian targets by the United States and Israel. ANS shot $2.99 higher on the day to close at $78.70 per barrel, West Texas Intermediate jumped $3.33 to close at $74.56 and Brent jumped $3.66 to close at $81.40.

Brent traded above $85 March 3, slipping in later trading after President Trump suggested the U.S. Navy could escort tankers through the Strait of Hormuz.

The war expanded March 4 after a U.S. strike sunk an Iranian warship off Sri Lanka, and U.S. Senate Republicans voted down a bipartisan resolution to stop the air war and require authorization from Congress to attack Iran.

WTI crude closed at $74.66, up 0.1%, while Brent futures closed flat at $81.40 a barrel — off a daily high of $84.48.

March 4 closing prices were moderated by a surprise drawdown of U.S. crude inventories.

U.S. commercial crude oil inventories for the week ended Feb. 27 leapt 3.5 million barrels from the previous week to 439.3 million barrels — 3% below the five-year average for the time of year, according to data released March 4 by the U.S. Energy Information Administration.

Inventories were estimated to have risen by 1.6 million barrels, according to a Wall Street Journal analyst survey.

see OIL PRICES page 8

EXPLORATION & PRODUCTION

Plan of exploration due

Smith Bay Company updated POE for offshore NPR-A leases due April 12

By KAY CASHMAN
Petroleum News

DAVID PFEIFFER

On Feb. 26, the Alaska Department of Natural Resources' Division of Oil and Gas sent an email to Smith Bay Company Alaska Inc. President David Pfeiffer reminding him of the status of ongoing litigation and an update on the timeline for the suspension of the plan of exploration, or POE, for the Smith Bay unit that was approved by the division on Sept. 8.

The division approved the suspension for the Smith Bay unit, or SBU, through 60 days following a decision issued by the U.S. District Court of Alaska on the merits of the National Petroleum Reserve-Alaska, or NPR-A, regulations. (The Smith Bay leases are in the shallow waters of Smith Bay north of NPR-A.)

The U.S. Bureau of Land Management's Dec. 17 final rule for Rescission of the Management and Protection of the National Petroleum Reserve in Alaska Regulations restored special areas to their previous extent and regulations. Additionally, BLM issued notice for an upcoming NPR-A lease sale on Feb. 11. The

see SMITH BAY PLAN page 6

UTILITIES

A view into the future

AEA releases report overviewing planned & potential Railbelt energy initiatives

By ALAN BAILEY
For Petroleum News

On Feb. 26 the Alaska Energy Authority released its Statewide Railbelt Energy Vision, a planning document that overviews planned and potential major Alaska Railbelt energy initiatives in a long-range strategic framework. The concept is to provide a unified framework that describes major Railbelt energy initiatives. The document can serve as a long-term planning framework that builds on work already being conducted by AEA and the Railbelt electricity utilities, incorporating forecasts of future electricity loads, looking ahead 25 years, AEA says.

The Railbelt electrical system extends from Homer in the southern Kenai Peninsula, through the Anchorage region and north to the Fairbanks region in the Interior.

"As stewards of public resources, the board believes Alaska needs a clear, long-term view of where the Railbelt energy system is headed," said AEA Board Chair Clay Koplin. "This vision document provides that roadmap — grounded in today's realities, informed by rigorous technical analysis, and focused on helping future leaders make sound, coordinated decisions."

"This vision provides a shared, strategic reference

see AEA REPORT page 7

● EXPLORATION & PRODUCTION

North Slope production down 1% in January

Average 472,413 bpd; Greater Mooses Tooth has major increase; Prudhoe, Milne, Colville River show largest month-over-month declines

Cook Inlet gas volumes hold steady

Cook Inlet natural gas production for January averaged 209,542 thousand cubic feet per day, up 325 mcf per day, 0.15%, from a December average of 209,218 mcf per day and up 11.92% from a January 2025 average of 187,226 mcf per day.

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 six largest producing fields accounted for 82.07% of inlet production in January, an average of 171,975 mcf per day, with 17 smaller producing fields making up the remainder.

Beluga River, operated by Hilcorp Alaska on behalf of itself and majority working interest owner Chugach Electric Association, averaged 53,676 mcf per day in January, 25.62% of the inlet total, down 1,807 mcf per day, 3.26%, from a December average of 55,483 mcf per day but up 22.28% from a January 2025 average of 43,897 mcf per day.

Hilcorp's North Cook Inlet averaged 40,576 mcf per day in January, 19.36% of inlet production, down 2,775 mcf per day, 6.4%, from a December average of 43,351 mcf per day and down 0.45% from a January 2025 average of 40,761 mcf per day.

see **INLET GAS** *page 3*

By KRISTEN NELSON
Petroleum News

Alaska North Slope production averaged 472,413 barrels per day in January, down 1%, 4,751 bpd, from a December average of 477,164 bpd and down 3.4% from a January 2025 average of 489,022 bpd.

Crude oil accounted for 89.06% of the total, 420,727 bpd, down 4,343 bpd, 1.02%, from a December average of 425,070 bpd and down 2.87% from a January 2025 average of 433,158 bpd. Natural gas liquids made up 10.94% of the total, an average of 51,686 bpd, down 408 bpd, 0.78%, from a December average of 52,093 bpd and down 7.48% from a January 2025 average of 55,864 bpd. The majority of NGLs are from Prudhoe Bay, with smaller volumes from Northstar and Endicott.

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

The North Slope temperature averaged -11.6 degrees F in January, up by 1.7 degrees F from a 1925-2026 mean of -13.3 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.

Fields with increases

The largest month-over-month increase was at ConocoPhillips Alaska's Greater Mooses Tooth in the National Petroleum Reserve-Alaska, which averaged 11,072 bpd in January, up 2,971 bpd, 36.68%, from a December average of 8,101 bpd but down 43.64% from a January 2025 average of 19,647 bpd. GMT produces from two reservoirs, with Rendezvous accounting for 98% of the field's current production.

There were smaller month-over-month increases at Nikaitchuq and Oooguruk, the two fields Hilcorp Alaska acquired from Eni in November 2024.

Nikaitchuq averaged 13,970 bpd in January, up 367 bpd, 2.7%, from a December average of 13,603, but down 1.82% from a January 2025 average of 14,229 bpd.

Oooguruk averaged 6,526 bpd in January, up 99 bpd, 1.55%, from a December average of 6,426 bpd and up 4.92% from a January 2025 average of 6,220 bpd.

Month-over-month decreases

The largest volume month-over-month decrease was at the Hilcorp North Slope operated Prudhoe Bay field, the Slope's largest, which averaged 253,495 bpd in January, down 4,309 bpd, 1.67%, from a December average of 257,804 bpd and down 4.19% from a January 2025 average of 264,580 bpd.

Crude averaged 204,458 bpd in January, 80.66% of the total, down 3,960 bpd, 1.9%, from a December average of 208,418 bpd and down 3.42% from a January 2025 average of 211,706 bpd. Prudhoe NGLs accounted for 19.34% of the total, averaging 49,036 bpd, down 350 bpd, 0.71%, from a December average of 49,386 bpd and down 7.26% from a January 2025 average of 52,874 bpd.

In addition to the primary reservoir, production volumes

see **ANS OUTPUT** *page 3*

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ANS OUTPUT

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%; and operator Hilcorp North Slope holds 27.1%.

Hilcorp Alaska's Milne Point averaged 48,268 bpd in January, down 1,356 bpd, 2.73%, from a December average of 49,624 bpd and down 0.37% from a January 2025 average of 48,445 bpd.

Milne Point produces primarily from the Schrader Bluff and Kuparuk oil pools, with minor Sag River and Ugnu volumes.

ConocoPhillips' Colville River averaged 28,544 bpd in January, down 863 bpd, 2.94%, from a December average of 29,408 bpd and down 19.36% from a January 2025 average of 35,399 bpd.

In addition to oil from the main Alpine pool, Colville includes production from the Nanuq and Qannik oil pools.

Mustang Holding's Southern Miluveach averaged 726 bpd in January, down 161 bpd, 18.17%, from a December average of 887 bpd but up 18,040.32% from a January 2025 average of 4 bpd, when the field was just coming online.

Hilcorp Alaska-operated Point Thomson averaged 3,994 bpd in January, down 133 bpd, 3.23%, from a December average of 4,138 bpd and down 7.1% from a January 2025 average of 4,299 bpd. 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%.

Savant Alaska's Badami averaged 1,594 bpd in January, down 109 bpd, 6.43%, from a December average of 1,703 bpd and down 31.95% from a January 2025 average of 2,342 bpd. Savant is a Glacier Oil and Gas Corp. company.

Hilcorp's Endicott averaged 4,893 bpd in January, down 83 bpd, 1.66%, from a December average of 4,975 bpd and down 14.92% from a January 2025 average of 5,750 bpd. The field averaged 4,496 bpd of crude, 91.9% of December production, down 42 bpd, 0.93%, from a December average of 4,539 bpd and down 14.09% from a January 2025 average of 5,233 bpd. Endicott NLG production averaged 396 bpd in January, down 40 bpd, 9.21%, from a December average of 436 bpd and down 23.34% from a January 2025 average of 517 bpd.

Hilcorp's Northstar averaged 4,767 bpd in January, down 47 bpd, 0.98%, from a December average of 4,814 bpd and down 8.28% from a January 2025 average of 5,198 bpd. Northstar crude averaged 2,514 bpd in January, 52.74% of the total, down 30 bpd, 1.16%, from a December average of 2,544 bpd and down 7.71% from a January 2025 average of 2,725. Northstar NGLs averaged 2,253 bpd in January, 47.26% of total production, down 18 bpd, 0.77%, from a December average of 2,271 bpd and down 8.92% from a January 2025 average of 2,474 bpd.

The ConocoPhillips-operated Kuparuk River unit averaged 94,564 bpd in January, level at a loss of just 7 bpd, 0.01%, from a December average of 94,571 bpd but up 14.06% from a January 2025 average of 82,909 bpd.

In addition to the main Kuparuk pool, Kuparuk produces from Coyote, Tabasco, Tarn, Torok and West Sak.

ConocoPhillips is the majority working interest owner at Kuparuk. ExxonMobil, the only other WIO, holds less than 3%.

(Note: There were no reported volumes from well testing at Pikka for January, as the operator works to bring that field into production, accounting for almost one-quarter of the volume reduction from December to January.)

Cook Inlet crude

Cook Inlet crude averaged 7,428 bpd in January, down 353 bpd, 4.57%, from a December average of 7,784 bpd, but up 0.28% from a January 2025 average of 7,407 bpd. This production is 99.2% crude, 0.8% NGLs, with NGLs from Swanson River.

Hilcorp's McArthur River has the most Cook Inlet crude production, averaging 2,150 bpd in January, down 219 bpd, 9.24%, from a December average of 2,369 bpd but up 13.45% from a January 2025 average of 1,895 bpd.

Hilcorp's Granite Point averaged 1,677 bpd in January, down 46 bpd, 2.7%, from a December average of 1,723 bpd and down 13.67% from a January 2025 average of 1,942 bpd.

Hilcorp's Trading Bay averaged 836 bpd in January, down 37 bpd, 4.2%, from a December average of 873 bpd and down 5.14% from a January 2025 average of 882 bpd.

Hilcorp's Swanson averaged 825 bpd (766 bpd of crude and 59 bpd of NGLs) up 73 bpd, 9.75%, from a December average of 752 bpd and up 17.8% from a January 2025 average of 700 bpd.

Cook Inlet Energy's West McArthur River averaged 812 bpd in January, down 56 bpd from a December average of 869 bpd but up 7.23% from a January 2025 average of 758 bpd. CIE is a Glacier Oil and Gas Corp. company.

BlueCrest's Hansen averaged 484 bpd in January, down 21 bpd, 4.14%, from a December average of 505 bpd and down 13.41% from a January 2025 average of 559 bpd.

CIE's Redoubt Shoal averaged 480 bpd in January, down 87 bpd, 15.4%, from a December average of 567 bpd and down 3.73% from a January 2025 average of 499 bpd.

Hilcorp's Beaver Creek averaged 163 bpd in January, up 38 bpd, 30.48%, from a December average of 125 bpd but down 5.33% from a January 2025 average of 173 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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INLET GAS

Hilcorp's Ninilchik averaged 27,370 mcf per day in January, 13.06% of inlet production, down 118 mcf per day, 0.43%, from a December average of 27,489 mcf per day but up 10.39% from a January 2025 average of 24,794 mcf per day.

Furie/HEX's Kitchen Lights averaged 19,598 mcf per day in January, 9.35% of inlet production, up 35 mcf per day, 0.18%, from a December average of 19,563 mcf per day and up 44.35% from a January 2025 average of 13,577 mcf per day.

Hilcorp's Kenai averaged 18,106 mcf per day in January, 8.64% of inlet production, up 339 mcf per day, 1.91%, from a December average of 17,767 mcf per day but down 1.51% from a January 2025 average of 18,383 mcf per day.

Hilcorp's McArthur River averaged 12,648 mcf per day in January, 6.04% of inlet production, up 913 mcf per day, 7.78%, from a December average of 11,736 mcf per day and up 13.87% from a January 2025 average of 11,108 mcf per day.

Seventeen smaller producing fields collectively accounted for 17.93% of inlet production in January, including Sterling, which Hilcorp brought back into production in January after a hiatus of more than 10 years — see story on page 1 of this issue.

Hilcorp's Swanson River averaged 9,207 mcf per day in January, up 2,856 mcf pr day, 44.96%, from a December average of 6,352 mcf per day, but down 5.48% from a January 2025 average of 9,742 mcf per day.

Hilcorp's Ivan River averaged 5,259 mcf per day in January, up 2,858 mcf per day, 119.05%, from a December average of 2,401 mcf per day and up 359.63% from a January 2025 average of 1,144 mcf per day.

Hilcorp's Cannery Loop averaged 3,807 mcf per day in January, down 38 mcf per day, 0.98%, from a December average of 3,845 mcf per day and down 20.33% from a January 2025 average of 4,778 mcf per day.

Hilcorp's Deep Creek averaged 3,332 mcf per day in January, down 125 mcf per day, 3.6%, from a December average of 3,457 mcf per day but up 24.15% from a January 2025 average of 2,684 mcf per day.

Hilcorp's Pretty Creek averaged 3,117 mcf per day in January, down 690 mcf per day, 18.11%, from a December average of 3,807 mcf per day but up 3,527.67% from a January 2025 average of 86 mcf per day.

Hilcorp's Whiskey Gulch averaged 2,696 mcf per day in January, down 274 mcf, 9.23%, from a December average of 2,970 mcf per day. The field was not online in January 2025.

Hilcorp's North Fork averaged 2,593 mcf per day in January, up 67 mcf pr day, 2.65%, from a December average of 2,526 mcf per day and up 51.28% from a January 2025 average of 1,714 mcf per day.

Hilcorp's Beaver Creek averaged 2,304 mcf per day in January, down 674 mcf per day, 22.62%, from a December average of 2,978 mcf per day and down 58.61% from a January 2025 average of 5,567 mcf per day.

Hilcorp's Granite Point averaged 2,281 mcf per day in January, up 26 mcf per day, 1.15%, from a December average of 2,255 mcf per day but down 19.97% from a January 2025 average of 2,851 mcf per day.

Hilcorp's Lewis River averaged 1,388 mcf per day in January, down 158 mcf per day, 10.23%, from a December average of 1,546 mcf per day and down 38.92% from a January 2025 average of 2,273 mcf per day.

Hilcorp's Trading Bay averaged 678 mcf per day in January, up 10 mcf per day, 1.52%, from a December average of 667 mcf per day but down 10.22% from a January 2025 average of 755 mcf per day.

BlueCrest's Hansen averaged 497 mcf per day in January, up 5 mcf per day, 1.08%, from a December average of 492 mcf per day but down 22.83% from a January 2025 average of 644 mcf per day.

Cook Inlet Energy's West McArthur River averaged 165 mcf per day in January, down 14 mcf per day, 7.89%, from a December average of 179 mcf per day and down 19.22% from a January 2025 average of 204 mcf per day. CIE is a Glacier Oil and Gas Corp. company.

Amaroq's Nicolai Creek averaged 116 mcf per day in January, down 105 mcf per day, 47.49%, from a December average of 221 mcf per day and down 70.47% from a January 2025 average of 393 mcf per day.

CIE's Redoubt Shoal averaged 102 mcf per day in January, down 4 mcf per day, 3.49%, from a December average of 105 mcf per day and down 24.98% from a January 2025 average of 136 mcf per day.

Hilcorp's Sterling, in a partial first month of production, averaged 24 mcf per day in January.

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

—KRISTEN NELSON

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● EXPLORATION & PRODUCTION

Baker Hughes US rig count down 1 at 550

By KRISTEN NELSON
Petroleum News

Baker Hughes' U.S. rotary drilling rig count was 550 on Feb. 27, down by one from the previous week and down 43 from 593 a year ago. The domestic rig count has ranged from the 530s through the 550s since the beginning of June.

For 2025, the count peaked Feb. 28 (and again March 21) at 593, hitting its low point Aug. 29 at 526. 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.

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.

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 Feb. 27 count includes 407 rigs targeting oil, down by two from the previous week and down 79 from 486 a year ago, with 134 rigs targeting natural gas, up by one from the previous week and up 32 from 102 a year ago, and nine miscellaneous rigs, unchanged from the previous week and up by four from a year ago.

Fifty-five of the rigs reported Feb. 27 were drilling directional wells, 483 were drilling horizontal wells and 12 were drilling vertical wells.

Alaska rig count unchanged

New Mexico (102) was up by one rig from the previous week while Louisiana (37) was down two rigs.

Rig counts in other states were unchanged from the previous week: Alaska (11), California (7), Colorado (14), North Dakota (26), Ohio (13), Oklahoma (45), Pennsylvania (20), Texas (230), Utah (16), West Virginia (7) and Wyoming (17).

Baker Hughes shows Alaska with 11 rotary rigs active Feb. 27, unchanged from the previous week and up by one from a year ago when the state's count was 10.

The rig count in the Permian, the most active basin in the country, was up by one from the previous week at 240 and down by 65 from 305 a year ago. ●

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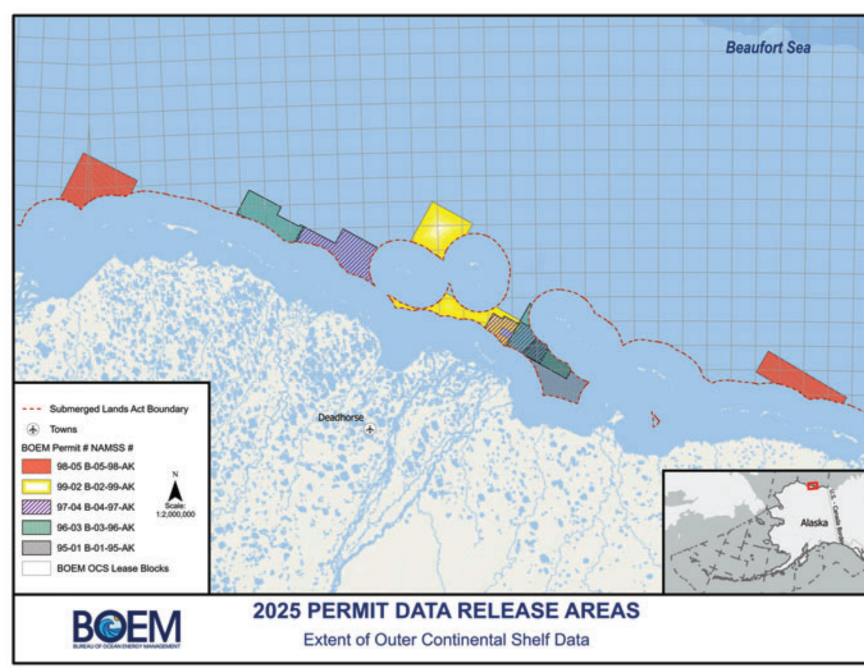
GOVERNMENT



BOEM releases 5 Beaufort seismic datasets

The U.S. Bureau of Ocean Energy Management's Alaska Outer Continental Shelf Region said March 2 that it has released five 3D survey datasets from the Beaufort Sea, expanding public access to legacy geologic information supporting industry analysis, academic research and Alaska energy planning.

BOEM said the release was in alignment with President Trump's Executive Order 14303, "Restoring Gold Standard Science."

"Making these legacy seismic datasets publicly available reflects our continued commitment to scientific integrity, transparency and responsible energy development," said Mick Bradway, acting director of BOEM's Alaska Outer Continental Shelf Region.


MICK BRADWAY

"These datasets support informed decision making by industry and government and also empower academic researchers and the public to better understand Alaska's offshore resources. We're proud to contribute to a stronger foundation for energy planning and stewardship in the Arctic," Bradway said.

The five datasets — B-02-99-AK, B-05-98-AK, B-04-97-AK, B-03-96-AK and B-01-95-AK — are available now at the National Archive of Marine Seismic Surveys. (To access, click the tab labeled "Surveys," then click on the map near the Beaufort Sea. A list of nearby surveys will appear, with the most recent surveys at the top.)

BOEM said the surveys encompass five geological and geophysical exploration permits, 10 original or reprocessed SEG-Y files, nine survey areas and 232 square miles of Beaufort Sea lease areas.

These datasets are generally confidential when collected by private companies. When companies submit datasets to BOEM the agency keeps them confidential for a proprietary period — currently 25 years — after which BOEM may release certain geophysical data and information to the public.

Released datasets are in the public domain and have no restrictions on use or publication.

The National Archive of Marine Seismic Surveys is a collaborative initiative between BOEM and the U.S. Geological Survey. It offers a public platform for accessing seismic data collected by or contributed to U.S. Department of the Interior agencies.

BOEM said it plans additional legacy seismic releases on a rolling basis.

—PETROLEUM NEWS

● GOVERNMENT

NPR-A right of way cancellation dispute

Nuiqsut Trilateral challenges DOI in District Court over letter annulling ROW for protecting part of Teshekpuk Lake special area

By ALAN BAILEY
For Petroleum News

On Jan. 28 Nuiqsut Trilateral Inc. filed a lawsuit in the federal District Court for the District of Columbia, challenging the Dec. 19 cancellation by the Department of the Interior of a right of way in the Teshekpuk Lake special area of the National Petroleum Reserve-Alaska. Interior, under the Biden administration, had issued the right of way in December 2024. The right of way enabled the Nuiqsut community to, in effect, regulate oil and gas exploration and development activities in the right of way during the development of ConocoPhillips' Willow oil field.

Area of environmental sensitivity

Nuiqsut Trilateral is a non-profit corporation formed by the Native Village of Nuiqsut, Kuukpik Corp. and the City of Nuiqsut. Nuiqsut is located close to the Willow development. The Teshekpuk Lake special area is an area of high environmental sensitivity and is particularly associated with the Teshekpuk caribou herd. Villagers from Nuiqsut depend on subsistence resources from the region. The purpose of the right of way was to ensure that subsistence activities and the caribou herd are not adversely impacted by the Willow development.

The Willow field has one planned well pad in the special area, but not in the designated right of way.

Cancellation letter from Interior

In a letter to Nuiqsut Trilateral cancelling the right of way, Interior had argued that a right of way cannot be authorized for what amounts to a non-use purpose, an intention to prohibit or hinder oil and gas activities. Nor can the Bureau of Land Management delegate to a third party the right to prohibit core activities related to the NPR-A's dominant use involving oil and gas leasing and activities, the letter said. The agency argued that the right of way was at odds with the stated purpose of the National Petroleum Reserves Production Act, the federal statute governing the regulation of the reserve — in effect, the right of way delegated oversight of this portion of the NPR-A from the Bureau of Land Management to Nuiqsut Trilateral.

"While granting any conservation right-of-way is unlikely to be lawful under the NPRPA for any amount of acres in this petroleum reserve, doing so across a surface area larger than the state of Rhode Island with a subsurface that is highly prospective for oil and gas development is clearly unlawful," the letter said.

The letter commented that the One Big Beautiful Bill Act passed by Congress had directed BLM to conduct NPR-A oil and gas lease sales under the terms of the 2020 integrated activity plan for the reserve. This plan made most of the Teshekpuk Lake area available for oil and gas leasing, the letter said.

The Nuiqsut Trilateral response

In its court filing Nuiqsut Trilateral wrote that the use of the land within the right of way for subsistence activities is a valid land use, and not non-use. Moreover, the notification from BLM regarding the right-of-way cancellation did not "explain why a right-of-way designed to facilitate the Willow project was one that hindered the Willow project," the filing said. The right-of-way had been granted in order to fulfill BLM obligations to provide protection to the lake, a buffer along its shores and caribou movement corridors while also allowing several Willow drilling sites to progress, Nuiqsut Trilateral told the court.

The 2020 District Court ruling

In a 2020 ruling by the federal District Court in Alaska, the court had required the record of decision for the Willow development to afford maximum protection to surface values in the Teshekpuk Lake area — the granting of the right of way enabled compliance with the court order, Nuiqsut Trilateral wrote.

And, under the terms of the right of way, Nuiqsut Trilateral could waive prohibitions on oil and gas activities if the organization determined that the benefits from those activities outweighed any impact on the caribou herd and were in the best interests of the community, Nuiqsut Trilateral wrote.

The cancellation of the right of way removes protections for the caribou herd that were required under BLM's record of decision approving the Willow development. Moreover, Nuiqsut Trilateral has a property right to the right of way, and that right may not be removed without due process, the organization told the court. ●

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EXPLORATION & PRODUCTION


DOYON DRILLING

Cleanup efforts and ice pad construction for Doyon Rig 26 in this photo taken Feb. 8.

Almost half of Rig 26 deconstructed

As of Feb. 27, the Unified Command reports that roughly 47% of the overall rig has been deconstructed. The deconstructed rig, Doyon Rig 26, will ultimately be cleaned and transported to a recycling facility.

The rig move incident occurred on Jan. 23 while Doyon Drilling Inc., or DDI, was moving the rig on a gravel road near the community of Nuiqsut.

Nicknamed the "Beast," the 165-foot high, 9.5-million-pound high-tech extended reach drilling rig was thought to be the largest mobile land rig in North America. On Jan. 23, it toppled over onto the tundra, according to DDI officials and Alaska Gov. Mike Dunleavy.

As owner and operator of the rig, DDI is leading response efforts under a Unified Command structure comprised of additional representatives from the

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SMITH BAY PLAN

NPR-A lease sale closes and all bids must be received by BLM before 4 p.m., March 16.

Smith Bay Company Alaska, or SBCA, had asked the division by email whether its suspension could remain in place until there was certainty regarding the timing of an NPR-A lease sale and what lands would be available.

Division Director Derek Nottingham told SBCA that given BLM's Feb. 11 announcement of a lease sale and designation of available lands for lease, SBCA's suspension of the POE was no longer warranted and therefore has reached its end. SBCA accordingly must submit an updated POE no later than April 12, Nottingham said.

Unit history

SBCA's revised plan of exploration 2025-2026 filed on Aug. 15 included the following SBU history:

In December 2012 and October 2013 NordAq Energy was awarded a total of 26 state leases covering 117,093 acres in the shallow waters of Smith Bay off the coast of the NPR-A.

These leases had primary terms of 10 years.

In 2015, Caelus Energy Alaska Smith Bay farmed into all the Smith Bay leases for a 75% working interest. After exercising its right to re-acquire working interest originally granted to L-71 Resources of Doyon Limited, NordAq had a 17.5% non-operated interest and L-71 had a 7.5% non-operated interest.

An offshore ice island two well exploration drilling program was commenced in the latter part of 2015 to test a series of amalgamated Torok (Albian) basin floor fans and deeper reservoir objectives.

Both wells (CT-1 and CT-2) in first quarter 2016 discovered light oil in a sequence of Torok deep water sandstones. Because of time constrictions at the end of the winter drilling season, the wells were not tested.

In October 2016 following extensive analysis of the 3D seismic and well results, Caelus announced a possible discovery of between 1.8 billion and 2.4 billion barrels of recoverable oil. Although the oil in place was calculated to be significant, the fine-grained nature of the Torok reservoirs called into question their deliverability and whether they could be produced at commercial rates.

To answer this uncertainty, Caelus decided to drill an appraisal well (CT-3) in a favorable location where the best reservoir quality might allow a successful test. At that time however, the Alaska Department of Revenue became unable to honor its promised exploration tax credits due to the collapse in oil prices and a budget shortfall. Across all of the Caelus North Slope interests, the company was owed approximately $200 million.

Caelus subsequently attempted to find farm-out partners for the Smith Bay leases.

Several companies were approached and technical and engineering presentations made. However, under uncertain operating and commercial circumstances Caelus received no firm offers. Thus CT-3 was not drilled.

In October 2020, SBCA, which had already acquired the 17.5% working interest held by Nordaq, acquired the 75% held by Caelus.

In 2025 L-71 abandoned its 7.5% which reverted to SBCA.

Currently SBCA controls 100% of the working interest in the Smith Bay leases.●

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STERLING PAD WELLS

wells "and initiating a process to contract the unit to only those leases that hold near-term development potential."

Hilcorp said Sterling was a legacy gas field that since 1962 had produced some 14.5 billion cubic feet of natural gas.

Two producing wells at the field, SU 41-15RD and SU 32-09, went offline in 2014, Hilcorp said, and "subsequent remediation of the wells with eline and slickline efforts were unsuccessful in returning the field to production in 2016."

During the 2015 POD, Hilcorp said, federal leases at Sterling "were segregated to reflect applicable state, federal and Native Corporation ownership."

BLM waived administration of the unit, but Hilcorp said that as of 2017 the state had not accepted the role of unit manager, so the company would continue to recognize BLM as the unit manager.

The company said in 2017 that it "completed a field-wide study of the Tyonek, Beluga and Sterling formations. Based on technical and other confidential information available to Hilcorp, we have determined that although limited drilling/side track drilling opportunities may exist, such investments are not prudent under current economic conditions, particularly given the limited and seasonal naturel of the Cook Inlet gas market."

Primary focus for the 2017 POD was plugging and abandoning suspended well SU 23-15 and shut-in well SU 41-15RD.

Current drilling

AOGCC drilling data show two Sterling wells permitted last October, the 32-16 — now in production — and the 43-10, spud in November and completed in early December but shown as suspended.

In a January application for sundry approvals, Hilcorp told the commission that the 43-10 targeted the Tyonek and Beluga sands. The Tyonek sands were perforated but tested only wet sands or sands with no permeability or gas.

Hilcorp requested permission to perforate and test the Beluga sands, a request approved in early February.

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AEA REPORT

for how Alaska can think holistically about its Railbelt energy system over the coming decades," said AEA Executive Director Curtis Thayer. "It is designed to support coordination and informed decision–making as the state faces tightening fuel supplies, aging infrastructure, and emerging economic opportunities."

Builds on previous work

The vision builds on the recently completed 2050 Railbelt Strategic Transmission Plan and draws from the work conducted by the Governor's Alaska Energy Security Task Force. It also recognizes the evolving institutional framework that supports Railbelt coordination, including the Railbelt Reliability Council and Railbelt Transmission Organization, AEA says. The RRC has recently started work on the development of an integrated resource plan for the Railbelt power generation and transmission system. And the RTO is developing a unified tariff for the transmission system, to reduce long distance transmission costs.

AEA has indicated to Petroleum News that its Energy Vision is intended to provide a long-term planning framework that aligns with a number of major Railbelt energy initiatives while supporting coordination among the utilities, the RRC, regulators and state leadership.

"This work is designed to inform and complement the RRC's planning, not operate independently from it," Brandy Dixon, AEA chief communications officer, told Petroleum News.

Planned and potential system upgrades

Planned and potential electricity system upgrades envisaged in the Energy Vision document include the Cook Inlet Powerlink project, a planned subsea high voltage direct current transmission line between the Kenai Peninsula and the Anchorage region; the potential expansion of the Bradley Lake hydroelectric system in the southern Kenai Peninsula; and upgrades that are in progress on the existing Railbelt transmission system.

The document also describes the Susitna-Watana hydroelectric project, a potential major project on the upper Susitna River — planning for this project was suspended in 2017. There has been renewed interest in the project: In May 2025 the Railbelt utilities asked the state to complete the federal licensing process for the project through the Federal Energy Regulatory Commission, AEA says.

The Energy Vision also talks about the importance of battery energy storage systems in stabilizing electricity supplies. Golden Valley Electric Association in Fairbanks has been operating a BESS since 2003. And another BESS was constructed in 2024 to support the Anchorage and Matanuska-Susitna valley region. This BESS also provides oscillation damping services for the Bradley Lake hydropower system.

High priority requirements

The Energy Vision also describes what AEA sees as particularly high priorities for the improvement of the electrical system. These consist of the construction of the high voltage direct current transmission line connecting Anchorage to the Kenai Peninsula; increased energy transfer capacity between the central and northern regions of the Railbelt; unlocking the significant renewable energy resources on the Kenai Peninsula; upgrading and building battery energy storage systems; and

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Petroleum news

Oil Patch Bits

Baski, PE, new hire at PND Engineers

PND Engineers, Inc. is excited to announce new hire Sean Baski, PE, who started at the PND office in Anchorage on March 3, 2026. Baski, a University of Alaska Anchorage alumnus (B.S., Civil Engineering, Class of 2004), joins PND after 16 years at the Alaska Department of Transportation & Public Facilities (DOT&PF). Baski has spent the last four years as the DOT&PF Central Region Highway Design Section Head, managing and supporting billions in projects throughout the region. From design squad leader (2010-2012) to project manager (2012-2022) and section head (2022-2026), Baski has been a well-respected and well-decorated employee at DOT&PF, earning a regional leadership award (2022) and DOT&PF Central Region Employee of the Year (2025).

"Sean has found countless ways to contribute to our team over the years," a senior-level member at DOT&PF said of his longtime colleague. "Just some of these efforts include tackling large complex projects, building relationships with external agencies like the Municipality of Anchorage, and participating in lead roles in emergency response efforts. Sean's commitment and dedication to DOT&PF are greatly appreciated, and his efforts have made DOT&PF a better place."

Baski will be an immediate asset to PND, further expanding the private consulting firm's transportation portfolio. "I am extremely excited to announce the addition of Sean Baski to our engineering team," PND President Dempsey Thieman, PE, SE, said. "His proven track record and leadership will significantly enhance our capacity for complex surface transportation design, strengthening our delivery of transportation infrastructure engineering throughout the state."

SEAN BASKI

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RIG CLEANUP

U.S. Environmental Protection Agency (EPA), the Alaska Department of Environmental Conservation (DEC), the North Slope Borough (NSB), and the Iñupiat Community of the Arctic Slope (ICAS). DDI is fully cooperating with agencies and leading response continuity.

The company said shortly after the incident that no employees were seriously injured during the incident.

The Unified Command said Feb. 27 that work remains in Phase Two of the incident response, which focuses on removing the rig from the tundra. This includes further inspection and disassembly of the structure, removal of any remaining fluids or debris, and transportation of the rig salvage to another location.

While work has focused on rig removal, the total number of gallons of spilled product recovered by response crews has remained the same. Response crews have thus far recovered an estimated 2,475 gallons of product for disposal, more than half of the approximately 4,600 gallons of product estimated to have been spilled.

The response team continues to evaluate the site in real time, and there remains no immediate risk to the community, infrastructure, air quality, drinking water sources, nearby waterways, traffic, or wildlife. Unified Command will continue to provide regular updates and engage with key stakeholders, including in the community of Nuiqsut.

The last phase, phase 3, will consist of final cleanup, mitigation, and remediation of the entire affected area.

For more information, contact the Joint Information Center at WNSRMI@doyon.com, or call 907-452-0507.

—KAY CASHMAN

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AEA REPORT

improving the transmission system that crosses the Knik Arm near Anchorage.

Increasing the energy transfer capacity in the northern sector of the transmission system would involve upgrading the existing transmission line and building a new transmission line, paralleling the existing line between the central region and Healy in the north.

Unlocking renewable energy resources on the Kenai Peninsula would involve two transmission system upgrades on the peninsula, the Energy Vision says.

The Energy Vision also lists some potential lower priority upgrades to the electrical system. The relative importance of these upgrades will depend on future electricity demand in different parts of the region, and on future power generation system developments.

In broad terms, the Energy Vision presents a roadmap for the energy future, involving the stabilization and modernization of the electrical system between now and 2050, leading to a resilient, affordable and sustainable system in the future, AEA says.●

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OIL PRICES

Total motor gasoline inventories decreased by 1.7 million barrels over the week to 253.1 million barrels — 4% above the five-year average for the season. the EIA said. Distillate fuel inventories increased by 0.4 million barrels to 120.8 million barrels — 3% below the five-year average for the time of year.

Analysts in the WSJ poll on the average expected a 1-million-barrel drawdown of gasoline inventories, while distillate inventories were forecast to have fallen by 2.8 million barrels.

Futures boosted in March 5 Asia trade

Crude futures shot higher March 5 in Asia trade after a U.S. strike sunk an Iranian warship off Sri Lanka. As Petroleum News went to press, WTI and Brent were each up more than 3%.

Iraq, the number two producer in the Organization of the Petroleum Exporting Countries, cut output by some 1.5 million barrels a day for lack of storage and an export route, officials told Reuters. Qatar declared force majeure on gas exports; sources said a return to normal production volumes may take at least a month.

Shipping via the Strait was at a near-halt for the fifth day since hostilities arose, J.P. Morgan said in a client note, adding that some 329 oil vessels are stuck in the Gulf.

Iran has refrained from targeting most critical energy infrastructure while keeping shipping risk extremely elevated, the bank said, adding, "Storage capacity in the Gulf Cooperation Council countries — Saudi Arabia, the United Arab Emirates, Qatar, Kuwait, Oman and Bahrain — and prevailing energy prices are limiting factors on the length of the U.S. campaign."

Most of the oil fields can restart within days, with full capacity typically restored within two to three weeks, the bank said.

Leading into March 3, a pair of outsized trading days following the outbreak of hostilities in the Mideast took crude to a new level.

The largest beats hit on March 2, seeing ANS leap $2.96 to close at $75.71, while WTI surged $4.21 to close at $71.23 and Brent rocketed $5.26 to close at $77.74.

ANS jumped $1.94 Feb. 27 to close at $72.75, as WTI jumped $1.81 to close at $67.02 and Brent jumped $1.73 to close at $72.48.

On Feb. 26, ANS edged 9 cents lower to close at $70.81, WTI lost 21 cents to close at $65.21 and Brent shed 10 cents to close at $70.75.

ANS fell 13 cents Feb. 25 to close at $70.90, while WTI fell 21 cents to close at $65.42 and Brent edged 8 cents downward to close at $70.85.

ANS leapt $7.66 over the trading week from its close of $71.04 Feb. 24 to $78.70 on March 3. Brent surged $10.63 over the week and WTI leapt $8.93.

ANS closed at a $4.14 premium over WTI March 3, while Brent closed at a $2.70 premium over ANS.

$100 Brent?

If volumes of oil from the Strait of Hormuz remain flat for five more weeks, Brent crude would likely extend to $100 a barrel, analysts at Goldman Sachs led by Daan Struyven, co-head of global commodities research said, MarketWatch reported.

"Price increases may be even more non-linear in the length of the disruption than our estimates suggest because longer disruptions may increase the time required between the restart and full ramp-up of production," they said.

Bob McNally president of Rapidan Energy Group said there is a mismatch between risk and oil prices, and the market is too complacent, Axios reported March 3.

He said years of geopolitical crises didn't bring large-scale disruptions to oil supply — including U.S. bombing of Iranian nuclear sites last summer, and Russia's invasion of Ukraine.

There is a "boy who cried wolf effect," McNally said.

Brent soared to over $120 per barrel within weeks of the 2022 Russian invasion of Ukraine, he said, adding that Russia's oil exports were roughly a fifth of what moves through Hormuz, yet the current price rise is muted.

"We've just seen, over and over again, where you have these geopolitical events that momentarily put a spike in crude," he said. "They threaten some supply reduction, but no supply reduction actually happens, and the spike reverses." ●

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LEASE SALES

Public Law 119-21, the 2025 "One Big Beautiful Act," requires BOEM to hold at least six offshore oil and gas lease sales in Cook Inlet: one each year from 2026 to 2028, and again 2030-2032.

Big Beautiful Cook Inlet 1 was the first of the required sales, with bids accepted from Feb. 2 through March 3.

There are eight existing leases in the federal sale area in lower Cook Inlet, all held by Hilcorp.

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