Petroleum news

Vol. 30, No. 27 • www.PetroleumNews.com | A weekly oil & gas newspaper based in Anchorage, Alaska | Week of July 6, 2025 • $2.50

page 4 ANS May output steady from April at 479,361 bpd, up 4% from May 2024

Hilcorp plans future Pt Thomson drilling; prep work in 2025-2026

Point Thomson operator Hilcorp Alaska is planning work at the unit to prepare for future drilling activity. No date is given for drilling, but projects to prepare for drilling are in 2025 and 2026, the Alaska Department of Natural Resources' Division of Oil and Gas said June 30 in approving a unit plan of operations amendment.

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

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

Point Thomson plans of development cover two calendar years.

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

see **PTU DRILLING** *page 8*

Methane hydrate work on North Slope to be extended to 2028

ASRC Energy Services Alaska has received authority from the Alaska Department of Natural Resources' Division of Oil and Gas to extend its methane hydrate production test program at the 7-11-12 pad on the North Slope through August 2028.

In a June 26 plan of operations amendment decision the division said that during the additional time the company will do rig workovers on the PTW-1 well to prepare for plugging and abandonment activities, "run a completion in well PTW-2 with artificial means, modify existing facilities for the new completion in PTW-2, and flow test the PTW-2 well for approximately one year."

The 7-11-12 pad is in the Prudhoe Bay unit, operated by Hilcorp North Slope.

The division said AES and Hilcorp have agreed to extend the existing drilling agreement.

Activities will include:

•Rig workover;

see **METHANE HYDRATE** *page 8*

AOGCC fines Hilcorp for Beluga River shallow well perforations

The Alaska Oil and Gas Conservation Commission is proposing to fine Hilcorp Alaska $88,000 for perforating two Beluga River wells, BRU 241-23 and BRU 211-35, at shallower depths than those approved. The agency said in its June 26 decision that the fine is 10% above past fines because of similar unauthorized changes to approved programs.

Hilcorp requested an informal review and acknowledged the unauthorized perforating. The company said in a March 12 letter to the commission that it could find no record of correspondence with the agency approving perforating outside the zones originally approved.

The company said one of the wells, BRU 211-35, produces from a U.S. Bureau of Land Management lease and it submitted separate requests to AOGCC and BLM for the work, with the BLM request including shallower perforations than those included in the AOGCC request.

Hilcorp said that in the future it will maintain a single request

see **HILCORP FINE** *page 11*

FINANCE & ECONOMY

ANS steady above $70

Crude prices plateau for a week before spike on Iran nuclear defiance

By STEVE SUTHERLIN
Petroleum News

Alaska North Slope crude surfed near to but not below $70 per barrel after a crude price plunge — precipitated by a shrinking war premium — spawned a trading week that saw West Texas Intermediate and Brent trading in the mid-$60s.

Following a peace pact between Israel and Iran, announced the previous week, the three benchmarks held to a narrow range for the entire trading week ending July 1.

On July 2, crude futures headed sharply higher. WTI leapt $2.13 to close at $67.58 and Brent leapt $2.00 to close at $69.11. ANS closing price for July 2 was not yet released at Petroleum News press time early July 3.

U.S. oil and gas sector activity contracted slightly in second quarter 2025, according to oil and gas executives responding to the Dallas Fed Energy Survey.

The crude price bump came on geopolitical heat from Iran's decision to halt cooperation with the United Nations nuclear watchdog, along with further support from a trade deal between the United States and Vietnam seen as a stimulant to business activity — which would bring stronger demand.

see **OIL PRICES** *page 11*

FINANCE & ECONOMY

A year of much change

Different energy approaches across world for increased energy usage in 2024

By ALAN BAILEY
For Petroleum News

An underlying message from the Energy Institute's Statistical Review of World Energy for 2024 is that, while the year saw a significant surge in global energy demand, the manner in which energy was supplied to meet that demand varied greatly across different parts of the world. Both renewable energy production and fossil fuel production increased to meet the energy demand level.

During a June 16 presentation on the statistical review Dr. Nick Wayth, CEO of the Energy Institute, said the world is moving through a period of immense energy transformation, but not in a linear or coordinated way. The transition to renewable energy sources is progressing "but it is doing so with sharp contrasts across regions, technologies and fuels," he said.

A key question in the energy industries revolves around the issue of when global oil demand will peak. Wayth said that it does now appear that oil demand is flattening or even falling, despite a small increase in demand in non-OECD countries.

The Statistical Review had been produced for

see **STATISTICAL REVIEW** *page 8*

EXPLORATION & PRODUCTION

Donkel exploration plan

Includes new Trump #1 well next to Challenge Island well, modifications

By KAY CASHMAN
Petroleum News

JIM WINEGARNER

Donkel Oil and Gas submitted a plan of exploration, or POE, for the Greater Point Thomson unit, or GPTU, as part of its application to form the unit (see related stories in last week's Petroleum News).

The GPTU was recently conditionally approved by the Alaska Department of Natural Resources' Division of Oil and Gas.

In its POE, operator Donkel proposed to do the following:

In the first year, continue to pursue existing Point Thomson unit, or PTU, 3D seismic data and relevant 2D data; evaluate Neocomian sand play for drilling and development options; coordinate with Qilak LNG on gas supply needs; collaborate with the Alaska Industrial Development and Export Authority, or AIDEA, on Arctic National Wildlife Refuge, or ANWR, lease development near the GPTU as well as complete preliminary work on rock properties modeling and initiate a feasibility study for drilling and testing three additional wells and initiate a feasibility study for a 3D seismic shoot over GPTU and AIDEA leases.

see **GPTU PLAN** *page 10*

● EXPLORATION & PRODUCTION

Baker Hughes US rig count down 7 to 547

By KRISTEN NELSON
Petroleum News

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

Baker Hughes' U.S. rotary drilling rig count was 547 on June 27, down by seven from the previous week — the ninth consecutive week of drops. The count was down by 34 from 581 a year ago, down by eight from two weeks ago and down 37 over the nine weeks. This is the lowest the rig count has been since October 2021.

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

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

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

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

The count was in the low 790s at the beginning of 2020 prior to the COVID-19 pandemic, where it remained through mid-March of that year when it began to fall, dropping below what had been the historic low in early May with a count of 374 and continuing to drop through the third week of August 2020 when it gained back 10 rigs.

The June 27 count includes 432 rigs targeting oil, down by six from the previous week and down 47 from 479 a year ago, with 109 rigs targeting natural gas, down by two from the previous week and up 12 from 97 a year ago, and six miscellaneous rigs, up by one from the previous week and from a year ago.

Thirty-eight of the rigs reported June 27 were drilling directional wells, 496 were drilling horizontal wells and 13 were drilling vertical wells.

Alaska rig count unchanged

No states had week-over-week rig count increases.

Wyoming (18) was down five rigs from the previous week.

Colorado (8), Louisiana (31) and Oklahoma (48) were each down by a single rig.

Rig counts in other states were unchanged from the previous week: Alaska (10), California (6), New Mexico (92), North Dakota (29), Ohio (11), Pennsylvania (18), Texas (258), Utah (9) and West Virginia (7).

Baker Hughes shows Alaska with 10 rotary rigs active June 27, 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 one from the previous week at 270 and down by 35 from 305 a year ago. ●

Contact Kristen Nelson at knelson@petroleumnews.com

contents

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ON THE COVER

EXPLORATION & PRODUCTION

UTILITIES

Alaska-Mackenzie Rig Report

Alaska Rig Status

North Slope - Onshore

Rig Owner/Rig Type	Rig No.	Rig Location/Activity	Operator or Status
All American Oilfield LLC			
IDECO H-37	AAO 111	Magtec Yard, Stacked	Available
Doyon Drilling			
Dreco 1250 UE	14 (SCR/TD)	Milne Point, J-49	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-719	ConocoPhillips
OIME 2000	141 (SCR/TD)	Deadhorse, Standby	Available
	142 (SCR/TD)	Kuparuk, 3T-605	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	ASRC
Rig Master 1500AC	4 (AC/TD)	Oliktok Point	Hilcorp Alaska LLC

North Slope - Offshore

Doyon Drilling			
Sky top Brewster NE-12	15 (SCR/TD)	Nikaitchuq, 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

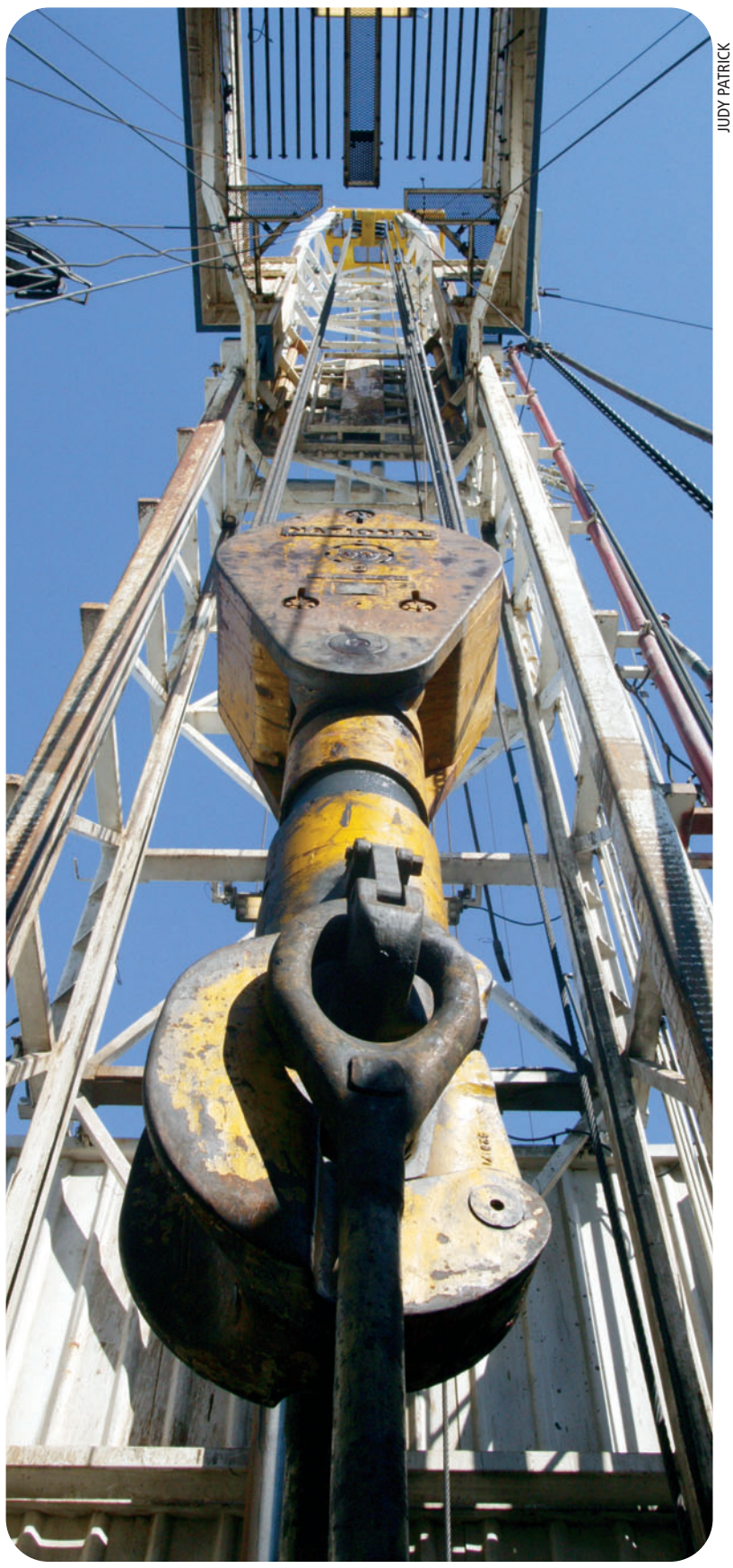
Canadian Beaufort Sea

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

The Alaska-Mackenzie Rig Report as of July 2, 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*

	June 27	June 20	Year Ago
United States	547	554	581
Canada	140	139	176
Gulf of Mexico	10	10	19

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

*Issued by Baker Hughes since 1944

EXPLORATION & PRODUCTION

May ANS production steady at 479,361 bpd

Largest month-over-month increases at Milne, Kuparuk; overall up 4% year over year; volumes now include barrels from Pikka testing

Inlet gas down slightly

Cook Inlet natural gas averaged 193,855 thousand cubic feet per day in May, down 252 mcf per day, 0.13%, from an April average of 194,107 mcf per day and down 4.97% from a May 2024 average of 203,995 mcf per day.

The six most productive fields, each producing 5% or more of the total volume, accounted for 80.76% of inlet production in May, 156,561 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 Hilcorp Alaska-operated Beluga River field averaged 42,435 mcf per day in May, 21.89% of the total, up 153 mcf per day, 0.36%, from an April average of 42,281 mcf per day but down 3.92% from a May 2024 average of 44,168 mcf per day.

Hilcorp's North Cook Inlet averaged 38,440 mcf per day in May, 19.83% of the total, down 1,798 mcf per day, 4.47%, from an April average of 40,238 mcf per day and down 4% from a May 2024 average of 40,039 mcf per day.

Hilcorp's Ninilchik averaged 33,135 mcf per day in May, 17.09% of the total, down 1,114 mcf per day, 3.25%, from an April average of 34,249 mcf per day and down 0.35% from a May 2024 total of 33,252 mcf per day.

Hilcorp's Kenai field averaged 17,849 mcf per day in May, 9.21% of the total, up 130 mcf per day, 0.73%, from an April average of 17,719 mcf per day but

see **INLET GAS** *page 7*

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By KRISTEN NELSON
Petroleum News

Alaska North Slope production averaged 479,361 barrels per day in May, up 0.3%, 716 bpd, from an April average of 477,907 bpd and up 3.96% from a May 2024 average of 461,101 bpd. Crude averaged 426,426 bpd, 88.96% of the total, up 1,504 bpd, 0.35%, from an April average of 424,922 bpd and up 4.41% from a May 2024 average of 408,423 bpd. Natural gas liquids averaged 52,936 bpd in May, 11.04% of the total, down 50 bpd, 0.09%, from an April average of 52,986 bpd but up 0.49% from a May 2024 average of 52,678 bpd.

The North Slope Borough temperature averaged 25.6 degrees F in May, up from an April average of 97 degrees F and down 0.7 degrees F from a 1925-2025 mean for May of 26.3 degrees F.

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

AOGCC is now reporting volumes from Pikka as Oil Search tests its new wells. The field is not in production, but the test volumes are included in the ANS total beginning with September 2023 data.

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.

Month-over-month increases

The largest month-over-month increase was at Hilcorp Alaska's Milne Point, which averaged 48,373 bpd in May, up 2,085 bpd, 4.51%, from an April average of 46,288 bpd and up 9.5% from a May 2024 average of 44,176 bpd.

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

The ConocoPhillips Alaska-operated Kuparuk River field averaged 88,613 bpd in May, up 1,724 bpd, 1.98%, from an April average of 86,889 bpd and up 16.25% from a May 2024 average of 76,224 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

The largest month-over-month increase was at Hilcorp Alaska's Milne Point, which averaged 48,373 bpd in May, up 2,085 bpd, 4.51%, from an April average of 46,288 bpd and up 9.5% from a May 2024 average of 44,176 bpd.

less than 3%.

AOGCC is now including test production volumes for Pikka in its monthly data releases.

The field, operated by Oil Search, is not yet online. Test volumes from Pikka averaged 881 bpd in May, up 737 bpd, 512.8%, from an April average of 155 bpd, and up 2,297.81% from a May 2024 average of 37 bpd, with figures reflecting volumes for tests ranging from one to nine days and total volume to date 228,326 barrels.

AOGCC shows first test production in September 2023 — the only Pikka volumes shown for that year — and becoming regular in 2024 and 2025, with just two months in 2024 showing no volumes.

ConocoPhillips Alaska's Colville River averaged 33,967 bpd in May, up 597 bpd, 1.79%, from an April average of 33,370 bpd, but down 9.63% from a May 2024 average of 37,587 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 510 bpd in May, up 55 bpd, 12.12%, from an April average of 455 bpd. The field was not in production in May of 2024; it began regular production in December 2024 and is producing from a single well.

Hilcorp Alaska-operated Point Thomson averaged 4,258 bpd in May, up 25 bpd, 0.59%, from an April average of 4,233 bpd and up 108.5% from a May 2024 average of 2,042 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%.

Month-over-month declines

ConocoPhillips Alaska's Greater Mooses Tooth in the National Petroleum Reserve-Alaska had the largest month-

see **ANS OUTPUT** *page 7*

● EXPLORATION & PRODUCTION

Various Slope facility projects in works

Conoco working on Kuparuk DS-2U maintenance pad, Kuparuk River landing strip; Hilcorp expanding Milne Point Tract 14 Pad

By KRISTEN NELSON
Petroleum News

Three North Slope facility projects are approved or in the works, according to the Alaska Department of Natural Resources' Division of Oil and Gas. The division has approved ConocoPhillips Alaska's maintenance pad expansion at the Kuparuk River unit, and two other projects are out for public comment: a plan of operations amendment by ConocoPhillips to add a taxiway to its Kuparuk landing area and a unit plan of operations amendment application from Hilcorp Alaska to expand the Tract 14 Pad at Milne Point and install a heating system.

Kuparuk maintenance pad expansion

On June 30 the division approved expansion of ConocoPhillips' DS-2U maintenance pad at the Kuparuk River unit.

The division said the request is to add some 0.03 acres, with placement of some 450 cubic yards of gravel on the west side of the maintenance pad, northeast of the previously expanded maintenance pad area. A map of the work shows the maintenance pad southeast of the DS-2U production pad.

Alaska Oil and Gas Conservation Commission production data for May, the most recent available, show seven wells currently producing at the DS-2U Pad.

The division said expansion of the maintenance pad "will provide additional space to support a pigging module and appurtenances to support pipeline operations and maintenance activities."

Kuparuk airstrip taxiway

The division is asking for public comments by July 28 on a unit plan of operations amendment by ConocoPhillips to add a taxiway at its Kuparuk Landing Strip. The landing strip is directly north of Kuparuk Operations Center and 28 miles west of the Deadhorse Airport.

The company is applying to lay 10,300 cubic yards of gravel on 0.08 acres of tundra to add a taxiway at the Kuparuk Landing Strip. The taxiway would alleviate aircraft congestion and improve operational safety, the division said.

Insulation would be installed prior to laying gravel. The new gravel would be trenched to install a power cable for aircraft safety lighting along the taxiway and for a culvert for drainage.

In a June 9 request to the division, ConocoPhillips said addition of the taxiway would "improve operational safety for both passenger and cargo aircraft traffic."

The work would begin Aug. 1, with gravel fill and culvert installation followed by trenching of constructed gravel, power cable installation and taxiway safety lighting installation, with the work proposed to be completed by Oct. 31.

ConocoPhillips said the gravel would be placed between the existing airstrip and the airstrip apron "to provide additional aircraft access to the airstrip apron area."

Milne Tract 14 Pad expansion

The division is requesting comments by July 29 on Hilcorp Alaska's plan of operations amendment proposal to expand the Milne Point Tract 14 Pad and install a heater system.

In a June 17 request Hilcorp said the work would expand the Tract 14 Pad, install vertical support members, a heater with air intake, vessel, shell and tube heat exchanger, associated electrical components and piping.

Hilcorp said the pad expansion is "necessary to provide space for the placement of a heater system while maintaining a safe amount of area for maintenance of facility, field related transportation, and rig moves through the junction."

The company is proposing to place no more than 5,500 cubic yards of gravel onto some 0.6 acres adjacent to the existing Tract 14 pad, a triangle some 140 feet by 280 feet north of the existing pad.

Gravel laying is proposed for Aug. 1 through Oct. 1; installation of VSMs for heater and listed facility equipment from Dec. 15 through Feb. 1, 2026; and placement of heater and listed facility equipment from March 1 through April 1 of 2026.

In a project description Hilcorp said: "The heater will be powered via raw gas from connections to the facilities at Tract 14." Fourteen 12-inch VSMs will support a 20-foot by 70-foot module with electrical components and hot oil pumps. Four 12-inch VSMs will support a 5,000-gallon surge vessel some 7 by 16 feet. Six 12-inch VSMs will support two 60 million British thermal units/hour tube heat exchanger and shell each 4 by 24 feet.

Four-inch diameter pipe, no more than 250 feet, will provide fuel gas to the heater, tube heat exchanger, vessel, hot oil pups and electrical controls. Six hundred feet of 14-inch diameter production pipe will connect existing facilities to the tube heat exchangers, with no more than 400 feet of 10-inch hot oil pipe connecting the hot oil pumps to existing facilities, and no more than 250 feet of 2-inch-diameter pipe from the burner to existing facilities for Fireye safety system.

Pipe supports about every 20 feet will support hot oil and production pipe on as many as 18 12-inch VSMs. ●

Contact Kristen Nelson at knelson@petroleumnews.com

● EXPLORATION & PRODUCTION

Division approves 3 Cook Inlet area PODs

Hilcorp owned facilities include Cannery Loop and Deep Creek, and Kenai gas field Pool 6; work covers August through July 2026

By KRISTEN NELSON
Petroleum News

Annual plans of development for three of Hilcorp Alaska's Cook Inlet area properties, two small gas fields and a gas storage pool, have been approved for Aug. 1 through July 31, 2026. In June 26 decisions the Alaska Department of Natural Resources' Division of Oil and Gas approved plans for the Cannery Loop and Deep Creek gas fields and for Kenai gas field Pool 6.

Cannery Loop

Cannery Loop is a small gas field north of the Kenai gas field. The unit was formed in 1978 with Union Oil Company of California as operator. Hilcorp became the operator in February 2013 the division said.

In calendar year 2024 Cannery Loop produced 1.8 billion cubic feet of gas, down from 2.1 bcf in 2023, with an average rate of 4.9 million cubic feet per day in 2024, compared to 5.8 million in 2023.

In the 2024 POD, Aug. 1, 2024, through July 31, 2025, Hilcorp drilled a sidetrack well, CLU 10RD2. Two proposed grassroots wells were deferred as Hilcorp directed capital to drilling prospects in other Kenai fields. Hilcorp also did rig workovers on CLU 07, CLU 08 and CLU 11 in preparation for future sidetracks, the division said.

For the 2025 POD period, Hilcorp will evaluate the potential for drilling two grassroots wells and three sidetracks and do various rig and non-rig well projects.

Deep Creek

Deep Creek is a small Kenai Peninsula gas field southeast of Ninilchik.

The unit was formed in 2001 and is jointly managed by the division and Cook Inlet Region Inc. The field began sustained production from the Happy Valley Participating area in November 2004, and Hilcorp began operating in January 2012. Deep Creek was contracted to the Happy Valley PA in 2019, with 16 grassroots wells and two sidetrack wells in the 1,240-acre PA.

Calendar year production in 2024 was 1.2 billion cubic feet, down from 1.38 bcf in calendar year 2023, with the average daily rate in 2024 of 3.2 million cubic feet.

In the 2024 POD Hilcorp added perforations in HVB-09, HVB-10 and HVB-17.

Hilcorp also drilled two new wells HVB-13A, which added 1.2 million cubic feet per day and HVB-18, which added 0.3 million cubic feet per day.

For the 2025 POD, the division said Hilcorp plans one grassroots well, pending sustained production results from HVB-18. The company will also evaluate drilling a sidetrack and evaluate and execute well work opportunities as they arise.

Kenai gas field Pool 6

The POD for Pool 6 in the Kenai gas field involves work on the gas storage lease.

Pool 6 was formed May 1, 2006, with Marathon Oil Co. as operator; Hilcorp took over Feb. 1, 2013.

In 2016 the division approved a request by Hilcorp to extend the lease for an additional 10 years, expiring April 30, 2026.

There are some 7,640 acres in Kenai Pool 6, 2,637.9 acres of which are owned by the state.

"The entire Pool 6 gas storage reservoir is utilized for the purpose of injecting and withdrawing previously produced gas to help meet peak utility demand during the coldest months in southcentral Alaska," the division said, with 1.8 bcf injected in calendar year 2024 and 5.9 bcf withdrawn.

During the 2024 POD, Hilcorp did not drill two additional wells or recomplete any wells, telling the division in a June 18 technical review that "the additional wells were not drilled because the capital investment for non-native storage gas was ultimately unnecessary to meet demand."

The division said Hilcorp is working on recompleting KBU 22-06Y and KU 13-06A, both of which have been perforated and are expected to be online by 2026.

The division said that in the 2025 POD, Hilcorp's long-range activities include recompleting three wells into the Pool 6 reservoir. ●

Contact Kristen Nelson at knelson@petroleumnews.com

UTILITIES

First Railbelt reliability standards OK'd

The Regulatory Commission of Alaska has approved the first tranche of reliability standards developed by the Railbelt Reliability Council for the Railbelt electricity generation and transmission system. The new standards are designed to ensure that interconnections on the high voltage electrical system have the necessary controls to ensure that power supplies remain within required voltage levels and within required levels for the reactive flows of electrical power. The commission has also allowed the RRC to defer the issue of the specification of penalties associated with failures to comply with the standards.

The RRC has said that the new standards have been derived from the equivalent North American Electric Reliability Corp.'s standards and from a previous standard that has been applied in Alaska. The commission said that before submission for

see **RRC STANDARDS** *page 10*

continued from page 4

ANS OUTPUT

over-month decline, averaging 14,377 bpd in May, down 1,960 bpd, 12%, from an April average of 16,338 bpd, but up 61.43% from a May 2024 average of 8,906 bpd.

GMT produces from two pools, Lookout and Rendezvous, with Rendezvous accounting for the majority of the oil, 95% in both April and May, and both pools showing month-over-month declines.

Hilcorp Alaska's Endicott averaged 5,307 bpd in May, down 528 bpd, 9.05%, from an April average of 5,835 bpd, but up 1.52% from a May 2024 average of 5,228 bpd. Endicott crude averaged 4,756 bpd in May, 89.62% of the field's production, down 384 bpd, 7.48%, from an April average of 5,140 bpd but up 0.55% from a May 2024 average of 4,730 bpd. Endicott NGLs averaged 551 bpd in May, 10.38% of the total, down 144 bpd, 20.68%, from an April average of 695 bpd but up 10.76% from a May 2024 average of 497 bpd.

Hilcorp Alaska's Northstar averaged 4,719 bpd in May, down 313 bpd, 6.23%, from an April average of 5,033 bpd and down 11.21% from a May 2024 average of 5,315 bpd. Northstar crude averaged 2,368 bpd in May, 50.18% of the field's total, down 187 bpd, 7.3%, from an April average of 2,554 bpd and down 18.06% from a May 2024 average of 2,890 bpd. Northstar NGLs averaged 2,351 bpd in May, 49.82% of the total, down 127 bpd, 5.12%, from an April average of 2,478 bpd and down 3.05% from a May 2024 average of 2,425 bpd.

The Hilcorp North Slope-operated Prudhoe Bay field, the Slope's largest, averaged 252,390 bpd in May, down 308 bpd, 0.12%, from an April average of 252,698 bpd and down 3.26% from a May 2024 average of 260,892 bpd. Prudhoe crude averaged 202,357 bpd, 80.18% of the field's total, down 529 bpd, 0.26%, from an April average of 202,886 bpd and down 4.16% from a May 2024 average of 211,137 bpd. Prudhoe NGLs averaged 50,033 bpd in May, 19.82% of the total, up 220 bpd, 0.44%, from an April average of 49,813 bpd and up 0.56% from a May 2024 average of 49,755 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%.

Hilcorp Alaska's Nikaitchuq averaged 17,238 bpd in May, down 289 bpd, 1.65%, from an April average of 17,527 bpd, but up 22.46% from a May 2024 average of 14,076 bpd. Hilcorp acquired Nikaitchuq in November 2024.

Savant Alaska's Badami averaged 2,423 bpd in May, down 288 bpd, 10.61%, from an April average of 2,710 bpd, but up 180.72% from a May 2024 average of 863 bpd. Savant is a Glacier Oil and Gas company.

Hilcorp Alaska's Oooguruk averaged 6,304 bpd in May, down 84 bpd, 1.31%, from an April average of 6,388 bpd, but up 9.53% from a May 2024 average of 5,756 bpd. Hilcorp Alaska acquired Oooguruk in November 2024.

Cook Inlet production flat

Cook Inlet production (99.97% crude) was flat for May, averaging 7,597 bpd, compared to an April average of 7,598 bpd, but down 11.23% from a May 2024 average of 8,558 bpd.

Hilcorp Alaska's McArthur River averaged 2,398 bpd, up 40 bpd,1.69%, from an April average of 2,358 bpd, and up 1.14% from a May 2024 average of 2,371 bpd.

Hilcorp's Granite Point averaged 1,586 bpd in May, down 206 bpd, 11.52%, from an April average of 1,792 bpd, and down 25.71% from a May 2024 average of 2,135 bpd.

Cook Inlet Energy's West McArthur River averaged 945 bpd in May, up 141 bpd, 17.49%, from an April average of 804 bpd and up 12.5% from a May 2024 average of 840 bpd. CIE is a Glacier Oil and Gas company.

Hilcorp's Trading Bay averaged 754 bpd in May, down 26 bpd, 3.35%, from an April average of 780 bpd and down 17.35% from a May 2024 average of 912 bpd.

Hilcorp's Swanson River averaged 653 bpd in May, 99.69% crude, 0.31% NGLs, down 65 bpd, 9.01%, from an April average of 717 bpd and down 11.44% from a May 2024 average of 737 bpd.

CIE's Redoubt Shoal averaged 618 bpd in May, up 100 bpd, 19.31%, from an April average of 518 bpd, but down 0.98% from a May 2024 average of 624 bpd. CIE is a Glacier Oil and Gas company.

BlueCrest's Hansen averaged 519 bpd in May, down 2 bpd, 0.31%, from an April average of 521 bpd and down 23.24% from a May 2024 average of 676 bpd.

Hilcorp's Beaver Creek averaged 124 bpd in May, up 17 bpd, 15.83%, from an April average of 107 bpd but down 52.78% from a May 2024 average of 262 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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continued from page 4

INLET GAS

down 14.97% from a May 2024 average of 20,991 mcf per day.

Furie's Kitchen Lights averaged 13,448 mcf per day in May, 6.94% of the total, up 909 mcf per day, 7.25%, from an April average of 12,539 mcf per day and up 27.34% from a May 2024 average of 10,560 mcf per day.

Hilcorp's McArthur River averaged 11,255 mcf per day in May, 5.81% of the total, down 159 mcf per day, 1.39%, from an April average of 11,414 mcf per day and down 4.37% from a May 2024 average of 11,769 mcf per day.

Sixteen smaller fields made up 19.24% of inlet gas production.

Hilcorp's Swanson River averaged 7,594 mcf per day in May, down 665 mcf per day, 8.05%, from an April average of 8,259 mcf per day and down 31.23% from a May 2024 average of 11,042 mcf per day.

Hilcorp's Beaver Creek averaged 5,466 mcf per day in May, up 135 mcf per day, 2.53%, from an April average of 5,331 mcf per day, but down 35.73% from a May 2024 average of 8,505 mcf per day.

Hilcorp's Deep Creek averaged 4,265 mcf per day in May, up 674 mcf per day, 18.77%, from an April average of 3,591 mcf per day and up 26.11% from a May 2024 average of 3,382 mcf per day. Hilcorp has been drilling at Deep Creek, going from eight producing wells in March to 10 in April and May.

Hilcorp's Cannery Loop averaged 4,237 bpd in May, down 85 mcf per day, 1.98%, from an April average of 4,322 mcf per day and down 11.7% from a May 2024 average of 4,798 mcf per day.

Hilcorp's Ivan River averaged 3,719 mcf per day in May, up 1,806 mcf per day, 94.44%, from an April average of 1,913 mcf per day and up 66.37% from a May 2024 average of 2,235 mcf per day. Hilcorp had three wells online at the field in May, up from two in April.

Hilcorp's Lewis River averaged 2,417 mcf per day in May, up 123 mcf per day, 5.37%, from an April average of 2,294 mcf per day but down 34.16% from a May 2024 average of 3,672 mcf per day.

Hilcorp's Granite Point averaged 2,176 mcf per day in May, down 514 mcf per day, 19.11%, from an April average of 2,689 mcf per day and down 30.04% from a May 2024 average of 3,110 mcf per day.

Hilcorp's North Fork averaged 1,804 mcf per day in May, up 129 mcf per day, 7.72%, from an April average of 1,675 mcf per day, but down 5.23% from a May 2024 average of 1,903 mcf per day.

AIX's Kenai Loop averaged 1,753 mcf per day in May, down 14 mcf per day, 0.77%, from an April average of 1,766 mcf per day and down 10.83% from a May 2024 average of 1,965 mcf per day.

Hilcorp's Pretty Creek averaged 1,639 mcf per day in May, down 105 mcf per day, 6%, from an April average of 1,744 mcf per day. The field was not online in May 2024.

Hilcorp's Trading Bay averaged 631 mcf per day in May, down 124 mcf per day, 16.47%, from an April average of 755 mcf per day and down 5.67% from a May 2024 average of 669 mcf per day.

BlueCrest's Hansen averaged 609 mcf per day in May, up 18 mcf per day, 2.96%, from an April average of 592 mcf per day but down 49.99% from a May 2024 average of 1,218 mcf per day.

Amaroq's Nicolai Creek averaged 418 mcf per day in May, up 103 mcf per day, 32.53%, from an April average of 316 mcf per day and up 51.45% from a May 2024 average of 276 mcf per day.

Hilcorp's Nikolaevsk averaged 222 mcf per day in May, up 179 mcf per day, 416.73%, from an April average of 43 mcf per day, and up 224.76% from a May 2024 average of 68 mcf per day.

Cook Inlet Energy's West McArthur River averaged 212 mcf per day in May, down 32 mcf per day, 13.09%, from an April average of 244 mcf per day, but flat from a May 2024 average of 212 mcf per day. CIE is a Glacier Oil and Gas company.

CIE's Redoubt Shoal averaged 132 mcf per day in May, down 1 mcf per day, 0.51%, from an April average of 133 mcf per day and down 17.42% from a May 2024 average of 160 mcf per day.

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

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continued from page 1

PTU DRILLING

October 2023.

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

Work to prepare

The scope of work covered in the June 30 decision includes:

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

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

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

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

The division said it will adjudicate plans for the well, PTU 19, separately once those plans are finalized.

Central Pad is some 51 miles east of the Deadhorse Airport.

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continued from page 1

METHANE HYDRATE

•Flow test;

•Plugging and abandonment of all test wells;

•Deconstruction of modules and other facilities; and

•Demobilizing from the 7-11-12 pad.

Methane hydrate

Methane hydrate is a solid in which molecules of methane, the primary component of natural gas, are concentrated inside a lattice of water molecules, with vast quantities known to exist around the base of the permafrost under the North Slope.

Gas is released from hydrates by a combination of raising the temperature or reducing the pressure.

In a presentation to the Alaska Senate Resources Committee in 2023, division Director Derek Nottingham cited data from the U.S. Geological Survey which has estimated an undiscovered resource of 53.8 trillion cubic feet of gas within hydrates on the North Slope.

Earlier testing completed

The U.S. Department of Energy said last August that production testing began in September 2023 and was completed in July 2024.

AES has been conducting the project as part of an international team: DOE partnered with the U.S. Geological Survey, Japan's Ministry of Economy Trade and Industry and the Japan Oil, Gas and Metals National Corp.

The existence of extensive oil and gas infrastructure and large quantities of hydrates onshore make the North Slope a particularly suitable place to test gas production from hydrates. Earlier North Slope test wells were drilled in 2007 and 2011.

Recent sustained gas production is from test wells drilled in 2018-19 and 2022-23, with production testing in 2023 and 2024.

Alaska Oil and Gas Conservation Commission data show four hydrate wells, the earliest (Hydrate 01, drilled in 2018-19) is shown as suspended; the other three (Hydrate P1, drilled 2022-23; Hydrate P2, drilled 2022-22; and Hydrate 02, drilled 2022-22) are exploratory wells classified as single completion gas wells.

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continued from page 1

STATISTICAL REVIEW

many years by BP but was taken over by the Energy Institute in 2022. The Energy Institute is a chartered professional membership body with a mission to facilitate a transition to low emissions energy sources.

Record high energy demand

In 2024 global energy demand grew by 2%, reaching an all-time record high of 592 exajoules. But, while demand grew by 2.6% in countries outside the Organization for Economic Co-operation and Development, demand only grew by 0.5% in OECD countries, Wayth said.

Oil accounted for 34% of global energy demand and, thus, remained the dominant fuel worldwide. Oil demand rose by 0.6%, breaking through the demand level of 101 million barrels per day for the first time, Wayth said. However, the growth rate of oil demand has fallen sharply, he added.

Coal demand also hit a new record, but with 83% of that demand coming from the Asia-Pacific region, in particular from China and India. India and Indonesia saw significant production increases, while the rest of the world experienced declines, with the United States recording its lowest coal production in about 44 years. On the other hand, natural gas demand increased by 2.5%, with significant growth in demand in the Asia-Pacific region, in particular in China, and with something of a bounce back in demand in Europe, Wayth said.

In general, rather than falling last year, fossil fuel demand increased by a little over 1%, a rate of increase consistent with the average growth rate over the past decade, Wayth said. Essentially, the demand for fossil fuels has been shifting but not shrinking.

"Overall fossil fuels made up 86.6% of total energy, down about half a percentage point from last year," Wayth said, adding that a change in the Energy Institute's methodology had slightly impacted the figures.

At the same time there had been a "phenomenal growth" in the use of renewable energy sources last year, with a 16% increase in the use of wind and solar energy, Wayth said. This in turn led to a significant improvement in power generation energy efficiency, coupled with savings of about 10 gigatons in the emission of pollutants associated with generation. But production records were set for all forms of energy generation, including coal, oil natural gas, renewables, hydropower and nuclear power.

The global oil and natural gas markets

When it comes to the oil market, the United States reached an all time production high of more than 20 million barrels per day, a production rate that is close to equaling the combined outputs of Saudi Arabia and the Russian Federation. However, given declining volumes in oil reservoirs and a continuing focus on capital discipline by U.S. exploration and production companies, this production rate may turn out to be the high watermark for the United States, Wayth suggested. In addition, China has increased its oil production by more than 10% in the last five years, he said.

The United States, Russia, Iran and China together accounted for more than half of the global natural gas production last year. But European production dropped, primarily because of falls of production in Norway, the United Kingdom and the Netherlands. Overall global production of liquefied natural gas fell by just under 1%, with the Asia-Pacific region accounting for 69% of LNG imports and Europe accounting for 25% of imports. The U.S. remained the largest global exporter of LNG.

New record for renewable energy generation

In terms of renewable energy sources, 2024 saw a new record for total renewable energy generation, in particular with new records set for additions in the use of solar energy. Globally, solar energy generation grew by 28%, a growth level 2.5 times higher than the growth in wind energy, the next highest contributor to the renewable energy growth. Solar in itself added 50% more additional energy for electricity power grids than additions from coal and natural gas combined, Wayth said.

However, a sharp decline in the wind power growth rate in Europe to just 2%, compared with the annual growth rate of 8% in recent years, resulted from technical, regulatory and economic challenges, Wayth said. And, despite falls in the use of hydropower across the Americas, global hydropower production saw its largest annual increase since 2010, the year in which China's huge Three Gorges Dam project reached its full power generation capacity.

Integrating intermittent renewable energy sources like wind and solar into a power grid raises challenges over maintaining the stability of power supplies. That, in turn, drives a need for significant energy storage capacity. Globally, battery storage capacity more than doubled last year to a level of 126 gigawatts, thus rapidly catching up with pumped hydro, a long established storage technology. China was responsible for

see **STATISTICAL REVIEW** *page 9*

continued from page 8

STATISTICAL REVIEW

around two-thirds of the increase in storage capacity, followed by the United States with 20%. The United Kingdom accounted for about 5%, Wayth said.

Globally, nuclear power generation increased by nearly 3% in 2024, thus reaching a level amounting to 9% of total electricity generation. About two-thirds of this production increase came from France and Japan, countries that had been returning nuclear plants into service after they had been inoperative for an extended period of time. The current rate of increase in the global use of nuclear power falls short of the annual 4% target that had been set to address global warming concerns, Wayth said.

And given the amount of global fossil fuel usage, in 2024 emissions from energy use rose by 1%, to reach a record high of 41 gigatons of carbon dioxide equivalent. While China and India together accounted for 60% of the global emissions rise, emissions fell in the United States and continued to drop in Europe.

"So all of this points to an energy transition that is underway, but with very different starting points, and at very different paces across the globe," Wayth said. "This is not a clean handover from fossil fuels to renewables … we are witnessing a highly disorderly shift rather than a coordinated global effort."

Worldwide trends

Wayth particularly focused on China, a country that he said seems to be shaping the future of energy. Last year the country added renewable energy generation capacity that amounted to more than 2.5 times the combined renewable generation of the United States, Europe and India. But, although last year China accounted globally for more than 60% of new solar and wind power additions and now has nearly half of globally installed capacity of both energy sources, the country also remains the world's largest emitter of greenhouse gases. In particular the country remains highly dependent on coal fueled power generation for 60% of its electrical power.

In the United States, on the other hand, the use of natural gas and renewables is squeezing the use of coal for power generation. Last year the use of wind power grew by 7% after falling in the previous year. Europe has also been seeing a fall in the use of coal coupled with an increase in the use of renewables.

"It is the world's biggest driver of clean energy growth, but also its largest source of emissions," Wayth said.

Despite its rapid increase in the use of solar power, India is also a major consumer of coal for power generation, with coal consumption continuing to grow and the country now using more coal than Europe, North America, Central America and South America combined.

In the United States, on the other hand, the use of natural gas and renewables is squeezing the use of coal for power generation. Last year the use of wind power grew by 7% after falling in the previous year. Europe has also been seeing a fall in the use of coal coupled with an increase in the use of renewables.

In Africa the growth in energy use has lagged the rest of the world, with a lack of energy infrastructure and many people having minimal access to energy resources. Energy demand only increased by 1% in 2024, Wayth said. On the other hand, electricity generation in Africa grew in line with the average global rate of growth of 4%, with this growth being primarily driven by coal and gas fueled power generation.

Oil demand flattening

A key question in the energy industries revolves around the issue of when global oil demand will peak. Wayth said that it does now appear that oil demand is flattening or even falling, despite a small increase in demand in non-OECD countries. Oil demand in China fell by 1.2% last year, he said.

And there are clear signs of structural changes in the energy market, particularly with electricity becoming the fastest growing sector of the market.

Wayth said that over the past decade electricity generation has grown on average by 2.6% per annum. He said that the strong growth in demand has been driven by several factors, including record breaking temperatures across Asia, Europe and North America causing sharp increases in the need for cooling systems. Cloud computing and artificial intelligence are also driving up electricity demand. Electric vehicle sales have been increasing and there are shifts to electrical heating, cooking and mobility, particularly in China, India and Southeast Asia.

"At a global level, renewables are driving most of this growth," Wayth said, adding that now just over 40% of energy comes from low or zero carbon emission sources. So, around 60% of energy comes from fossil fuels.

In the European Union in 2024 70% of power generation came from low carbon sources. In the Middle East and parts of Africa, on the other hand, fossil fuels still dominate the energy markets, with renewables playing a very marginal role in energy growth. The United States sits somewhere between these extremes, with 41% of power now coming from low carbon sources, led by nuclear, hydro and growing solar. Last year there was a major increase in the use of natural gas in the U.S., offsetting coal usage. China has seen a huge growth in the use of solar energy. And more than 50% of power generation in the United Kingdom is now coming from renewable sources.

"To sum up, the world is using more energy than before," Wayth said. Electricity use is growing rapidly, increasingly generated by low or zero carbon emission sources, while the use of fossil fuels still dominates globally in absolute terms. China continues to lead the energy transition while also creating the highest level of emissions and continuing to increase its dependence on coal. The energy transition is real but disorderly, with stark differences between what is happening in different parts of the world, Wayth said. ●

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Petroleum news

Oil Patch Bits

Volvo Construction Equipment expands North American production

Construction Machinery Industrial LLC said June 17 that Volvo Construction Equipment recently announced a significant expansion of its manufacturing footprint in North America, investing $261 million globally to meet increasing customer demand and improve supply chain resilience.

The Shippensburg, Pennsylvania, facility will begin production of mid- to large-size crawler excavators and add four large wheel loader models to its existing product line.

This move builds on Volvo Construction Equipment's long-term industrial plan and positions North America as a key region in its global manufacturing strategy.

"Bringing excavator production to North America and growing the range of wheel loader models built here has always been part of our long-term industrial plan, so it's exciting to finally share this news with our employees, dealers and customers," said Scott Young, head of region North America. "This increase in production capacity means that over 50% of our North American machine supply can be built here in Shippensburg, resulting in shorter lead times while also creating opportunities for supplier growth."

Alaska customers stand to benefit significantly. With more machines built in North America, CMI, Volvo Construction Equipment's Alaska dealer, will see improved equipment availability, an especially important advantage in a region where logistics are often challenging, and will see faster equipment availability.

Shorter lead times will help contractors and operators keep projects on schedule, particularly during the tight seasonal work windows unique to the state. For Alaska, it means more reliable machine access, faster delivery, and the same Volvo quality.

Companies involved in Alaska's oil and gas industry

All of the companies listed above advertise on a regular basis with Petroleum News

continued from page 1

GPTU PLAN

In the second year, Donkel committed to evaluate Eocene and Cambrian sand reservoirs for drilling and development options; continue coordination with Qilak; collaborate with AIDEA on ANWR lease development near GPTU; discuss facility-sharing options with the PTU operator (Hilcorp) and integrate new geophysical data to improve reservoir understanding.

In the third year, Donkel committed to prepare to drill the first GPTU well (Trump #1) from an onshore pad through the Thomson Sands; continue permitting and planning for the first delineation well; continue to collaborate with the PTU operator on facility sharing; and conduct studies to refine seismic stratigraphy and identify new prospects.

In the fourth year Donkel committed to update key horizons; begin seismic attribute analysis; continue well planning and permitting for winter drilling; and initiate proposed delineation well with anticipated drilling date in February at end of the fourth year following approval or beginning of fifth year following unit approval depending on the date of approval.

In the fifth year, Donkel committed to initiate activities to bring the delineation well into production; update mapped horizons; continue seismic attribute analysis; gather and analyze data from the delineation well; perform economic analysis; calculate resource assessment, as well as build a 3D geologic model based on well results.

Per the division, Dunkel's POE couldn't be approved for these reasons.

First, the POE did not comply with a state statute requiring a plan to promote conservation of all natural resources, including all or part of an oil or gas pool, field, or like area.

Second, the proposed POE didn't promote the prevention of economic and physical waste.

Third, the POE did not provide for the protection of all parties of interest, including the state of Alaska.

Although the proposed POE states that the applicant will "prepare" drilling a single well — the Challenge Island Trump #1 on the western portion of the GPTU — this event won't occur until the third year of the five-year unit and POE term. Further, the proposed POE refers to the initiation of a proposed delineation well "with anticipated drilling date" in February at end of the fourth year following approval or beginning of fifth year following unit approval depending on the date of approval The division determined the foregoing activities did not represent firm well drilling commitments.

The division also said the proposed five-year POE didn't include definitive plans to evaluate or explore the eastern acreage. Instead of focusing on and committing to operations like drilling and development, the POE focuses on subjects like additional geophysical and geological studies and collaboration with other state agencies on ANWR lease development (e.g., marketing) "near" the proposed GPTU.

In sum, and despite the applicant's near decade-long possession of the leases that qualify for unitization, the division determined that Donkel failed to show a determined commitment to developing the resources that potentially underlie the leases.

However, the proposed POE provides that if the proposed unit plan of exploration is disapproved, DNR will propose modifications which, if accepted by Donkel, would qualify the plan for approval. Accordingly, the division proposed the following modifications:

Drill one exploration well in the western acreage within year five to delineate the resource in that area; and drill one exploration well in the eastern acreage within year five to delineate the resource in that area.

The division assigned no preference to the order in which the two exploration wells are drilled, providing that one is drilled within the western acreage and the other within the eastern acreage. ●

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continued from page 6

RRC STANDARDS

approval all standards passed through multiple rounds of public notices and review. All Railbelt electricity utilities participated in the RCA docket for the standards and no utility expressed dissent with what was proposed, the commission said.

"The RRC's robust development process for reliability standards gives us confidence that the proposed reliability standards are just and not unduly discriminatory of preferential," the commission wrote.

The RRC anticipates starting work soon on developing an integrated resource plan for the Railbelt high voltage system, another of the organization's key duties. Meanwhile the organization is continuing work on further reliability standards.

—ALAN BAILEY

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continued from page 1

OIL PRICES

In Asian trade July 3, prices weakened on demand concerns after the U.S. Energy Information Administration reported a jump in inventories.

U.S. commercial crude oil inventories for the week ended June 27 popped by 3.8 million barrels from the previous week to 419 million barrels — 9% below the five-year average for the time of year, according to EIA data released July 2.

Total motor gasoline inventories also increased, 4.2 million barrels on the week to 232.1 million barrels — 1% below the five-year average for the season, the EIA said. Distillate fuel inventories decreased by 1.7 million barrels to 103.6 million barrels — 21% below the five-year average for the time of year.

ANS added 14 cents per barrel July 1 to close at $70.82, as WTI added 34 cents to close at $65.45. Brent fell 50 cents to close at $67.11.

ANS was down just 8 cents June 30 to close at $70.67, with WTI down 41 cents to close at $65.11 and Brent down 16 cents to close at $67.61. Crude prices fell on the day on easing geopolitical risks in the Middle East and the prospect of a new output hike in August from the Organization of the Petroleum Exporting counties and its allies.

OPEC+ sources told Reuters that the cartel would likely boost production by 411,000 barrels per day in August, matching increases for May, June and July. If that happens, OPEC+ will have increased its production by 1.78 million bpd so far in 2025, equivalent to over 1.5% of total global demand.

"I believe this potential supply pressure remains underpriced, leaving crude vulnerable to further weakness," said Ole Hansen, head of commodity strategy at Saxo Bank.

On June 27, ANS fell 13 cents to close at $70.75, but WTI gained 28 cents to close at $65.52 and Brent rose 4 cents to close at $67.77.

ANS gained 28 cents June 26 to close at $70.87, as WTI gained 32 cents to close at $65.24 and Brent rose 5 cents to close at $67.73.

ANS tacked on 10 cents June 25 to close at $70.60, while WTI jumped 55 cents to close at $64.92 and Brent jumped 54 cents to close at $67.68.

ANS gained 22 cents over the week from its close of $70.60 June 25 to $70.82 on July 1.

On July 1, ANS finished at a $5.37 premium over WTI and at a $3.71 premium over Brent.

Risk premium may linger

Some risk premium likely will linger for crude prices into third quarter 2025 before the market reverts to fundamentals, UBS said in remarks carried in a Wall Street Journal report July 2. Global oil supply-demand balances portend an oversupplied market, the investment bank said.

UBS called for a surplus of oil in the market growing from 300,000 bpd in 3Q 2025 to 1.8 million bpd in 1Q 2026.

"The incremental driver of oversupply comes from rising OPEC+ output as an unwinding of voluntary quota barrels continues," UBS said.

The bank sees Brent crude in the low to mid $60s per barrel in the near term.

Dallas Fed poll sees slowdown

U.S. oil and gas sector activity contracted slightly in second quarter 2025, according to oil and gas executives responding to the Dallas Fed Energy Survey.

The company outlook index was little changed at -6.4, suggesting slight pessimism among firms, the Dallas Fed said in a July 2 release, adding that the outlook uncertainty index increased 4 points to 47.1, indicating elevated uncertainty.

Oil and gas production slipped in the second quarter, according to executives at exploration and production firms answering the survey. The oil production index fell from 5.6 in the first quarter to -8.9 in the second quarter.

On average, respondents see WTI at $68 by year-end. Responses ranged from $50 to $85.

Respondents on average said they expect a WTI price of $72 in two years and $77 five years from now. ●

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continued from page 1

HILCORP FINE

procedure for both agencies to ensure consistency. In a May 14 notice of proposed enforcement action AOGCC told Hilcorp that it "requires that perforations be limited to approved depth ranges to ensure the protection of shallow formations from fracturing by higher pressure deeper formations."

AOGCC said factors considered in determining the penalty include the company's "awareness that the perforated depths were outside the sundry approved depths, the potential threat to shallow formations, Hilcorp's track record of regulatory noncompliance, the need to deter similar behavior in future operations, and Hilcorp's lack of effort in correcting (discovering or communicating) the violations."

The commission said it discovered the violations in reviewing operations forms submitted by Hilcorp for the two wells.

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