



ConocoPhillips Alaska reports year end; Meet Alaska '26; Golden Dome

IN 2025, CONOCOPHILLIPS Alaska incurred an estimated \$1.3 billion in taxes and royalties, including \$1 billion to the State of Alaska and nearly \$300 million to the federal government.

ConocoPhillips Alaska reported a net income of \$730 million for the year.

ConocoPhillips Alaska delivered another strong year in 2025 as we continued to advance our Alaska portfolio, Erec Isaacson, president of ConocoPhillips Alaska, was quoted as saying in the Feb. 18 release.

Progress continues on the Willow project, which will achieve nearly 50% completion during this winter season and remains on track for first oil in early 2029. More than 2,400 jobs were filled to progress Willow critical scope in 2025, which included the construction of two bridges, installation of 72 miles of pipeline, and beginning of year-round Willow camp occupancy. We also sanctioned our Coyote major project located in the Kuparuk River unit, which will include a pad expansion, pipeline installation, and a 19-well drilling program.

see INSIDER page 6

RCA opens docket to gather Cook Inlet LNG importing information

On Feb. 4 the Regulatory Commission of Alaska opened a docket to gather information about plans for implementing liquefied natural gas import terminals at Nikiski on the coast of the Kenai Peninsula. The LNG will be used by gas and electricity utilities to supplement gas supplies from Cook Inlet oil and gas fields, as Cook Inlet gas production declines. The purpose of the docket is to assemble the information that the RCA will need for determining future RCA actions regarding costs incurred by the utilities from LNG importing.

Harvest Midstream has an agreement with Anchorage based Chugach Electric Association to convert the existing LNG export facility at Nikiski into an import facility. The converted terminal will supply gas to Chugach Electric after the electric utility starts to run short of firm gas supplies from the Cook Inlet basin in 2028.

Enstar Natural Gas Co. has an agreement with Glenfarne, the company planning to build a gas pipeline from the North

see RCA LNG DOCKET page 6

DNR approves Colville River unit lease extension, contraction delay

On Feb. 12 the Alaska Department of Natural Resources' Division of Oil and Gas notified ConocoPhillips Alaska Inc., or CPAI, by certified mail that the company's Nov. 26 application for the fifth amendment to request for lease extension and deferral of unit contraction of the Colville River unit, or CRU, has been approved.

The approval letter was addressed to Jason Parker at CPAI and signed by Division of Oil and Gas Director Derek Nottingham.

The application describes the background of the original agreement approving the delay of contraction of the Fiord West leases from the CRU, as well as the four subsequent amendments. Collectively, the Sept. 14, 2015, Fiord West agreement decision and the four amendments required the

see LEASE EXTENSION page 6



DEREK NOTTINGHAM

FINANCE & ECONOMY

HB 271: royalty relief

Kitchen Lights state royalty would continue at 3% to promote gas production

By KRISTEN NELSON

Petroleum News

House Bill 271, indefinitely extending the 3% royalty rate approved by the Alaska Department of Natural Resources in 2025 for the Kitchen Lights unit in Cook Inlet, had its first hearing in the House Resources Committee Feb. 4.

Rep. Zack Fields, D-Anchorage, the bill sponsor and a member of the committee, introduced the bill, noting that when the DNR commissioner approved the application by unit operator and working interest owner HEX/Furie in February 2025 for reduction of the state's royalty, DNR had looked at the economics of the Kitchen Lights unit "and found that royalty relief is in the public interest."



ZACK FIELDS

Prior to approval of the reduction in the state's royalties on gas from the unit, the combined state royalty and overriding royalty interests, ORRIs, were 25%, the highest in Cook Inlet. In addition to the state's 12.5% royalty, previous DNR commissioners had approved a total of 12.5% in ORRIs.

Fields said he introduced the bill targeting Kitchen Lights because that unit has "the highest burden of overriding royalty interests in the inlet," because of the extensive investigation done by DNR to validate royalty relief for the unit and because there was a "record of success" at Kitchen Lights.

HB 271 indefinitely extends the 3% royalty approved by DNR, Fields said, providing "multi-year

see HB 271 page 8

UTILITIES

Planning for the future

RRC CEO talks to Legislature about planning Southcentral's electricity system

By ALAN BAILEY

For Petroleum News

During a Feb. 11 Legislative Lunch and Learn session Ed Jenkin, chief executive officer of the Railbelt Reliability Council, talked to state lawmakers about the RRC approach to the regional planning of the Railbelt high voltage electrical system. The system consists of the electricity transmission network and associated power generation facilities along the Railbelt, stretching from the southern Kenai Peninsula north through the Anchorage region and up to Fairbanks in the Interior. The purpose of the planning is to ensure adequate and reliable electricity supplies for consumers at the lowest realistic cost.

Duties of the RRC

The high-voltage system is owned and operated by five independent utilities and the Alaska Energy Authority. The RRC was formed in 2020, as required by a state statute. The organization is tasked with establishing a system wide set of reliability standards, administering rules for open access to the transmission grid and conducting Railbelt-wide integrated resource planning. In parallel, the Railbelt Transmission Organization, another organization mandated under state statutes, is developing a unified tariff arrangement for the transmission system, to minimize long-distance tariff fees and thus facilitate the connection of new

see RRC PLANNING page 8

EXPLORATION & PRODUCTION

Update on Rig 26

Statement from Unified Command on Jan. 23 North Slope rig move incident

By KAY CASHMAN

Petroleum News

According to the Unified Command, efforts following the Jan. 23 Western North Slope rig move incident near Nuiqsut have progressed, allowing the second phase of the response to begin. That work is focusing on further inspection of the structure, removal of any remaining fluids or debris, and transportation of the rig to another location.

Doyon Drilling Inc. continues to lead response activities under the unified command structure.

Crews continue to responsibly navigate periods

of unsafe weather conditions. Spill response crews have continued flushing contaminated areas with water and as of mid-February have recovered an estimated 1,132 gallons of spilled product for disposal.

Ice road and pad construction have progressed, and crews are beginning the process of removing the rig from the tundra, beginning with deconstructing and removing the crown of the rig. The deconstructed rig will ultimately be cleaned and ultimately be transported to a recycling facility.

The response team is continuing to evaluate the site and there remains no immediate risk to the

see RIG 26 UPDATE page 7

● EXPLORATION & PRODUCTION

Doyon Oil Field Services to build pad

Company asks US Army Corps of Engineers to install new North Slope gravel pad on Tract 8 to be used for support operations

By **KAY CASHMAN**
Petroleum News

Levi Frampton, president of Doyon Energy Services, is listed as the applicant for Doyon Oil Field Services in the Feb. 13 U.S. Army Corps of Engineers Alaska District public notice.

Doyon Oil Field Services is asking for a permit to work in waters of the United States, specifically to install “a typical North Slope gravel pad on approximately 6.9 acres of Alaska State Land Survey (ASLS) 76-227 Plat 77-3 Tract 8.”

This parcel is an undeveloped portion of an existing lease which would allow space for support operations for Doyon on their North Slope leases. Approximately 77,900 cubic yards of gravel would be placed to construct a pad 5-7 feet deep.



LEVI FRAMPTON

Two access lanes from the Spine Road would also be built. These access lanes would be constructed to a minimum depth of 5 feet with dimensions of 36 feet by approximately 60 feet each and would include culverts to maintain existing drainage. Each lane would require approximately 575 cubic yards of gravel fill for a total of 1,150 cy.

All work would be performed during late winter ending by May 2026.

The project site is located within Section 8&17, T. 10 N., R. 15 E., Umiat Meridian; Latitude 70.226944° N., Longitude 148.407222° W.; near Prudhoe Bay, Alaska.

This parcel is an undeveloped portion of an existing lease which would allow space for support operations for Doyon on their North Slope leases.

Mitigation measures

Doyon Oil Field Services, the applicant, proposes the following mitigation measures to avoid, minimize, and compensate for impacts to waters of the United States from activities involving discharges of dredged or fill material:

A. Avoidance: Doyon Oil Field Services said that there are vacant undeveloped parcels in Deadhorse, but they abut waterways requiring road construction for access and would result in greater impacts than developing Tract 8. The applicant states the proposed project area is adjacent to the existing road infrastructure, between two already developed parcels and that pursuing development at this location focuses development in already disturbed areas.

B. Minimization: The applicant states that 6.9 acres of additional storage space would provide the minimum needed to meet operational goals. Culverts would be installed under the access driveways from the Spine Road to maintain positive drainage.

C. Compensatory Mitigation: Doyon Oil Field Services does not propose compensatory mitigation stating that the proposed project is close to existing infrastructure and that impacts are limited in nature due to the avoidance and minimization measures listed above.

A permit for the described work will not be issued until a certification or waiver of certification, as required under

Section 401 of the Clean Water Act (Public Law 95-217), has been received from the Alaska Department of Environmental Conservation.

Historic properties, Tribal consult

In accordance with the special processing procedures established by Pacific Ocean Division, the district is coordinating with the State Historic Preservation Office [or Tribal Historic Preservation Officer] under 36 CFR Part 800.12 in accordance with Section 106 of the National Historic Preservation Act.

USACE fully supports Tribal self-governance and government-to government relations between federally recognized Tribes and the federal government.

Tribes with protected rights or resources that could be significantly affected by a proposed federal action (e.g., a permit decision) have the right to consult with USACE, Alaska District, on a government-to-government basis. Views of each Tribe regarding protected rights and resources will be accorded due consideration in this process.

This Feb. 13 public notice serves as notification to the Tribes within the area potentially affected by the proposed work and invites their participation in the federal decision-making process regarding the protected Tribal rights or resources.

Consultation may be initiated by the affected Tribe upon written request to the District Commander. This application is being coordinated with federally recognized Tribes and other consulting parties.

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Alaska's source for oil and gas news

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● EXPLORATION & PRODUCTION

Baker Hughes US rig unchanged at 551

By **KRISTEN NELSON**
Petroleum News

Baker Hughes' U.S. rotary drilling rig count was 551 on Feb. 13, unchanged from the previous week and down 37 from 588 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.

Baker Hughes shows Alaska with nine rotary rigs active Feb. 13, unchanged from the previous week and down 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 down by three from the previous week at 238 and down by 66 from 304 a year ago.

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. 13 count includes 409 rigs targeting oil, down by three from the previous week and down 72 from 481 a year ago, with 133 rigs targeting natural gas, up by three from the previous week and up 32 from 101 a year ago, and nine miscellaneous rigs, unchanged from the previous week and up by three from a year ago.

Fifty-seven of the rigs reported Feb. 13 were drilling directional wells, 481 were drilling horizontal wells and 13 were drilling vertical wells.

Alaska rig count unchanged

Louisiana (41) was up by two rigs from the previous week. New Mexico (102), Pennsylvania (20) and Wyoming (17) were each up by one.

Texas (229) was down by three rigs week-over-week, while North Dakota (26) and Oklahoma (45) were each down by a single rig.

Rig counts in other states were unchanged from the previous week: Alaska (9), California (7), Colorado (14), Ohio (13), Utah (16) and West Virginia (7).

Baker Hughes shows Alaska with nine rotary rigs active Feb. 13, unchanged from the previous week and down 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 down by three from the previous week at 238 and down by 66 from 304 a year ago. ●

Contact Kristen Nelson
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DOYON PAD

Any comments from federal recognized Tribes and other consulting parties "may have concerning presently unknown archeological or historic data that may be lost or destroyed by the work under the requested permit will be considered in USACE's final assessment of the described work," USACE said.

Any person may request, in writing, within the comment period specified (beginning Feb. 13 and expiring March 2) in this notice, that a public hearing be held to consider this application.

Requests for public hearings shall state, with particularity, reasons for holding a public hearing.

Comment deadline, etc.

"All comments should reach this office no later than the expiration date of this public notice to become part of the record and be considered in the decision," the public notice said.

Contact Andrew Kastning at (907) 753-2554, toll free from within Alaska at (800) 478-2712, or by email at Andrew.C.Kastning@usace.army.mil if further information is desired concerning this public notice.

If you do not have internet access, comments may be submitted through the U.S. Postal Service to the following address:

United States Army Corps of Engineers
ATTN: Alaska District, Regulatory Division (CEPOA-RD) Public Notice:
POA-2025-00448 P.O. Box 6898 JBER,
AK 99506-0898.

Comments should only be provided through the USPS when electronic transmission is not possible. "Precautionary internal mail handling procedures may be instituted to protect our workforce, which may result in longer than normal times to process and receive hard copy submissions," the public notice said. ●

Editor's note: All the information needed to comment on this public notice or request a public hearing are not included in this article. It is best to contact the offices and individuals mentioned above.

Contact Kay Cashman
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GOVERNMENT

States withdraw from ANWR legal challenge

On Feb. 9 the plaintiffs in an Alaska District Court case in which 15 states had challenged the legality of plans to hold oil and gas lease sales in the coastal plain of the Arctic National Wildlife Refuge asked the court to terminate the case. On Dec. 17 of last year Judge Sharon Gleason had ordered the plaintiffs to file an amended complaint or, alternatively, to file a motion to dismiss their existing complaint. The plaintiffs chose to close the case by dismissing their complaint.

The case was one of four cases challenging the legality of the lease sale program. The other three cases were raised by environmental organizations, the Gwich'in Steering Committee and the tribal governments of three Native villages. These cases had been stayed by the court. But in all these cases the plaintiffs filed amended complaints in January, continuing to challenge the legality of the lease sale program.

As previously reported by Petroleum News, the Department of Interior's Bureau of Land Management recently sought comments and nominations of lands to be considered for leasing in the coastal plain. The Biden administration had placed significant restrictions on the land that could be offered for leasing. In October Interior issued a new record of decision, re-opening 1.56 million acres of the coastal plain to oil and gas leasing.

—ALAN BAILEY

THIS MONTH IN HISTORY

Corps issues permit for Nikaitchuq work

20 years ago: Hold-ups for Kerr-McGee's North Slope project: tidelands lease access, Conoco processing agreement, royalty relief

Editor's note: This story first appeared in the Feb. 26, 2006, issue of Petroleum News.

By KAY CASHMAN

Petroleum News

The U.S. Army Corps of Engineers has issued the permit for development of Kerr-McGee's Nikaitchuq oil and gas project in the shallow waters of the Beaufort Sea off Alaska's North Slope.

The permit, POA-2005,1243, issued in February, 2006, is for five years, involves three production islands and a pad onshore at Oliktok Point, and authorizes the big Oklahoma independent to place up to 952,000 cubic yards of gravel, 319,000 cubic yards seafloor sediments and 1,417,600 cubic yards of overburden into 183.3 acres of U.S. waters to bury pipelines and construct the Nikaitchuq project.

If Nikaitchuq development is approved by Kerr-McGee's board of directors, its facilities will be built in phases, starting with the coastal pad at Oliktok Point, which will hold 20 wells, and then as many as three production islands, which would each have about 50 wells.

The islands will be built in shallow water south of protective natural barrier islands.

In August when Kerr-McGee filed its first round of permits for Nikaitchuq, the company told regulators that the existing barrier islands "have been avoided to eliminate potential habitat conflicts with local residents and biota."

60,000 barrels per day

Discovered in 2004, at its peak Nikaitchuq is expected to produce 60,000 barrels of oil (and small amounts of natural gas) per day from two formations, the Schrader Bluff and the Sag. The field, which is thought to hold between 100 million and 200 million recoverable barrels of oil, is expected to produce for 30 years.

Nikaitchuq will have the first independent-operated production facilities on the North Slope. Only its phase I production from the Oliktok Point pad will be processed at the Kuparuk oil field facilities, which are operated by major North Slope producer ConocoPhillips.

Pioneer Natural Resources' nearby Oooguruk field will also be independently operated and possibly in production before Nikaitchuq because the company has already approved development, but at Oooguruk all the production will be processed through Kuparuk.

Waiting on royalty relief

According to State of Alaska officials, one of two main things holding up com-

pany approval of Nikaitchuq — and the ability to begin work this winter — is an answer from the Alaska Department of Natural Resources' Division of Oil and Gas on royalty relief for some of the leases in, and near, the Nikaitchuq unit. (Kerr-McGee applied for royalty relief on Jan. 11, 2006.)

According to acting division Director Bill Van Dyke, his office is still working with Kerr-McGee on its royalty relief request.

"It's a work in progress," Van Dyke said Feb. 23, 2006, noting that no preliminary decision had yet been issued.

Van Dyke was referring to a preliminary findings and determination document prepared by the division and signed by DNR Commissioner Mike Menge, initiating a 30-day public comment period.

Three weeks after the end of the public comment period on royalty relief for Oooguruk area leases, Pioneer Natural Resources received its final approval from the state. A similar timetable is possible for Nikaitchuq a division official said.

Deal with ConocoPhillips holding up project

The Oklahoma independent is also still in discussions with ConocoPhillips regarding initial processing for Oliktok point oil, but the major hold up seems to be a tidelands lease access agreement with ConocoPhillips. Kerr-McGee needs access to proceed with Nikaitchuq development because the location of the main production center and the Oliktok Point drillsite would cross over ConocoPhillips' existing tidelands lease for the Kuparuk sea water treatment plant.

Not having this agreement in place for ADL 403737 has also held up issuance of an air quality permit from the Alaska Department of Environmental Conservation because without the tidelands access agreement Kerr-McGee does not have legal standing to apply for a permit on the Oliktok land.

Documents in state files from Kerr-McGee, ConocoPhillips and the division indicate that Kerr-McGee believes it has reached an impasse in access negotiations with ConocoPhillips, but that ConocoPhillips thinks an agreement is still possible.

Kerr-McGee had already filed for an easement with the division in July on land within the Kuparuk unit under Alaska Statute 38.05.850 for the purpose of constructing pipelines and gravel pads for Nikaitchuq, including possibly the Oliktok Point pad. Because of the breakdown in negotiations between it and ConocoPhillips, Kerr-McGee asked that the division definitely include ADL 403737 in that easement. The state concurred.

In a draft easement released in early February the division wrote, "This easement will be located in part within the



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HISTORY

Kuparuk River Unit (KRU) operated by ConocoPhillips Alaska Inc (CPA). CPA has expressed concerns regarding the authorization for the (Oliktok) production pad as part of the easement. All parties agree (State, CPA, KMG) that a partial assignment of CPA's tideland lease, ADL 403737 to KMG would be the best alternative. Commercial negotiations between CPA and Kerr-McGee are ongoing regarding this and other commercial issues. The construction and operational easement will not encroach onto or interfere with existing KRU operations other than where recognized and provided for by commercial agreements between the KRU and KMG."

The proposed easement runs from the boundary of the Nikaitchuq unit into the Kuparuk unit and "may be up to 21.5 miles in length depending upon the transfer point for the oil, the number of off-shore pads constructed, and any commercial agreements with ConocoPhillips," the draft easement said.

Lawsuit possible, says ConocoPhillips

The division sent a draft copy of the easement to ConocoPhillips. In response Matt Fox, ConocoPhillips' North Slope development manager, indicated in a Feb. 10, 2006, letter that ConocoPhillips would likely appeal the "propriety" of the state issuing an easement and/or file a breach of contract against the state for issuing it.

According to Van Dyke, ConocoPhillips "is concerned about

If Nikaitchuq development is approved by Kerr-McGee's board of directors, its facilities will be built in phases, starting with the coastal pad at Oliktok Point, which will hold 20 wells, and then as many as three production islands, which would each have about 50 wells.

interference with their operations and liability issues. That's why they want to do a separate deal with Kerr-McGee through the partial assignment so it can address these issues in the tidelands lease assignment document."

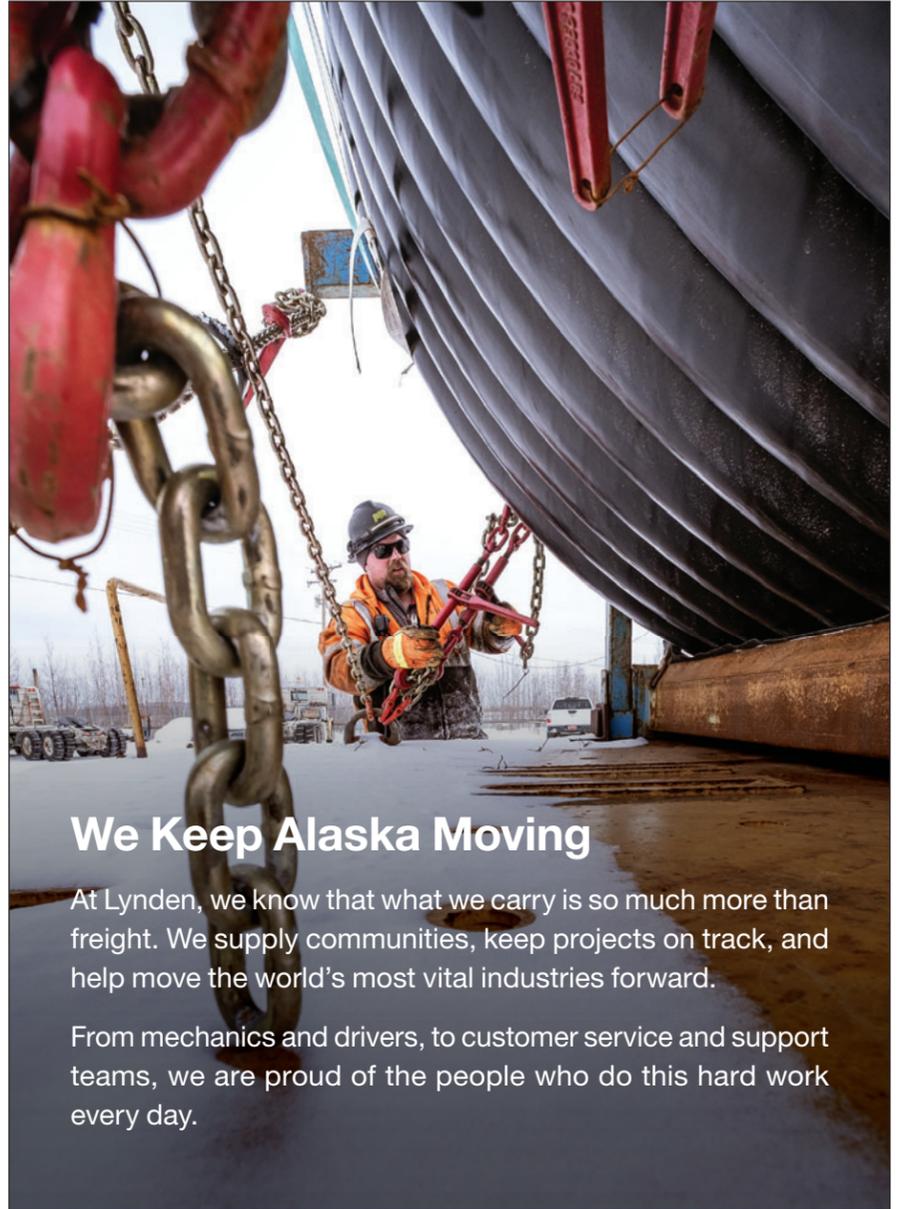
However, paperwork in the Nikaitchuq file shows that the division has done its own assessment and determined that an easement would not interfere with Kuparuk operations. The division has also included language in the draft easement that addresses ConocoPhillips liability and operations concerns.

When asked by Petroleum News in an email if the division expected to issue the easement soon and would it likely contain authorization for the ConocoPhillips tidelands lease ADL 403737, Van Dyke said, "yes and yes."

Kerr-McGee had hoped to begin work at Oliktok Point this winter. The season for work off the gravel road system on Alaska's North Slope ends in April.

Eni Petroleum is a minority partner in Nikaitchuq with Kerr-McGee. ●

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INSIDER

These investments reinforce our long-term commitment to Alaska and continue to support economic growth and job creation, Isaacson said.

We have invested more than \$3.6 billion in Alaska projects in 2025, demonstrating our confidence in Alaska's resource base and the value of a stable and competitive fiscal regime, Isaacson finished.

Since 2007, ConocoPhillips Alaska has incurred approximately \$47 billion in taxes and royalties to the State of Alaska and the federal government. Of that amount, about \$37 billion went directly to the state. In that same period, ConocoPhillips Alaska's earnings were approximately \$29 billion.

About ConocoPhillips Alaska: ConocoPhillips Alaska has been a leader within Alaska's oil industry for more than 50 years. The company is committed to operating with the highest safety standards, responsibly developing Alaska's resources, promoting economic opportunity for Alaska, and being a valuable community partner. For more information visit www.conocophillipsalaska.com.

—KAY CASHMAN

Meet Alaska

THE ALLIANCE'S REBECCA LOGAN has done it again with Meet Alaska 2026, scheduled for Thursday, March 19 at the Hotel Captain Cook in downtown Anchorage.

From catchy phrases — Meet Alaska 2026 Powered

by possibility & The energy conversation you can't afford to miss — to solid content, she has designed an event people interested in the oil and gas industry in Alaska must attend.

Topics include:

Alaska's Next Chapter: Energy, Minerals & Momentum

Mining Alaska's Potential: Critical Minerals for a New Economy

Future of the Slope: Redevelopment, New Discoveries & Investment

Infrastructure That Builds Alaska: TAPS, Ports & the Next 50 Years

From North Slope to Global Markets: Trends Shaping LNG

What Comes Next for Alaska? A Conversation with Gubernatorial Candidates

Voters, Volatility, and the 2026 General Election

Cold Climate, Hot Demand: Is Alaska Built for the AI & Data Center Boom?

And more...

Registration and sponsorship opportunities are now open for Meet Alaska 2026. Call 907-563-2226 for information.

—KAY CASHMAN

Ahtna and Golden Dome

FROM ALASKA STORY: Ahtna Diversified Holdings, a subsidiary of Ahtna Inc., has been selected

by the US Missile Defense Agency for participation in the agency's Scalable Homeland Innovative Enterprise Layered Defense program, known as SHIELD, a massive contracting vehicle designed to speed new Golden Dome missile defense capabilities to the field.

The Ahtna/Qualis joint venture has been awarded an indefinite-delivery/indefinite-quantity contract under SHIELD, with a ceiling value of \$151 billion. However, the award does not represent guaranteed funding at that level but rather qualifies the joint venture to compete for future task orders as the Missile Defense Agency rolls out its latest projects.

Ahtna Logistics also received an award under the SHIELD program, ADH said, joining a pool of more than 1,000 companies eligible to bid on upcoming work that relates to the Golden Dome missile defense project of President Donald Trump.

The SHIELD contract is structured to give the Pentagon greater flexibility and speed in developing and deploying innovative layered defense systems, allowing rapid delivery of technology and support services to the warfighter.

For Alaska, the award highlights the growing footprint of Alaska Native corporations in national defense contracting — positioning Ahtna's subsidiaries and partners for potential future work as the federal government expands its missile defense posture.

The joint venture's selection means it can now pursue task orders that would not otherwise be accessible.

—ALASKA STORY

Contact Kay Cashman
at publisher@petroleumnews.com

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LEASE EXTENSION

drilling of three wells and commencement of production from the subject lands by Nov. 30, 2023. Any subject lands that

do not qualify, in whole or in part, for inclusion in a participating area, or that do not otherwise qualify for lease extension (including through continuous drilling, a certified well, shut-in production, or being held by production), will terminate

on Nov. 30, 2025.

To date, CPAI has satisfied all drilling and other obligations under the Fiord West agreement.

The application further seeks to extend certain dates associated with development of the Fiord West area by an additional three years. Currently, CPAI is evaluating potential future development in the area and therefore is requesting a three-year extension of the contraction date under the Fiord West agreement, from Nov. 30, 2025, to Nov. 30, 2028. This extension will allow CPAI to assess further development opportunities based on recently acquired 3D data that is currently being reprocessed.

When considering an amendment to a unit agreement or any other unit action, the division must consider the criteria in 11 AAC 83.303(a) and (b).

Accordingly, Nottingham wrote, the division considered the public interest, conservation of natural resources, prevention of economic and physical waste, protection of all interested parties including the State of Alaska, environmental costs and benefits, geological and engineering characteristics of reservoirs or potential hydrocarbon accumulations, prior exploration activities, plans for exploration or development, economic costs and benefits to the State, and any other relevant factors, including mitigation measures. 11

This extension will allow CPAI to assess further development opportunities based on recently acquired 3D data that is currently being reprocessed.

AAC 83.303(a), (b).

"The public has an interest in diligent exploration and development of the State's resources within the CRU," Nottingham wrote. "Approval of the amendment protects all parties by providing additional time to further evaluate the Fiord West area and encourage continued exploration and development. This amendment promotes efficient evaluation and development of the State's resources and minimizes impacts to the area's cultural, biological, and environmental resources. The application therefore is necessary and advisable to protect those respective interests. The fifth amendment to request for lease extension and deferral of unit contraction — Colville River unit is approved."

The Sept. 14, 2015, decision, which incorporated the Fiord West agreement as revised in CPAI's Sept. 8, 2015, request was amended to replace paragraphs eight and 10 with the following text.

Paragraph 8. Extension to 11/30/2028: If by 06/30/2022 CPAI shall have spud one well with a planned bottom hole location on the subject Lands to objective depth, lessors will extend the leases for all of the subject lands through 1/30/2028.

Paragraph 10. Two additional wells: In addition to the first well referred to in paragraph 8 above, CPAI shall drill and complete two additional wells to objective depth within the subject lands by 11/30/2024. No additional wells beyond the total 3 well drilling commitment set out herein will be required to hold any or all of the subject lands through 11/30/2028.

Questions regarding this decision should be sent to Mark Villarreal with the division at 907-269-6799, or by email at mark.villarreal@Alaska.gov.

—KAY CASHMAN

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RCA LNG DOCKET

Slope, for Glenfarne to build a new LNG import facility at Nikiski. Glenfarne anticipates converting the LNG import facility into an export facility as part of phase two of the North Slope gasline project.

Timing issues

Chugach Electric requires imported gas before the Glenfarne import facility can be completed. Hence the electric utility's need for the converted terminal. Enstar has indicated that the converted terminal will not have sufficient capacity to meet both Chugach Electric's and Enstar's gas supply needs. Hence, the need for the two terminals.

However, the implementation of two terminals at adjacent sites raises

concerns about the impact of the duplication of facilities on the cost of the gas. Hence the RCA's interest in the matter.

The RCA does not have jurisdictional authority over decisions to develop duplicative facilities — the Federal Energy Regulatory Commission has jurisdiction over LNG terminal construction. However, the RCA will ultimately have regulatory authority over the impact of the costs of using the facilities on the rates that the utilities want to charge their customers.

In this new docket the RCA can gather information about what is happening, to assess the prudence of the duplication of the facilities, the RCA indicated.

—ALAN BAILEY

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RIG 26 UPDATE

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 full three phase response process is noted below:

Containment, cleanup, and mitigation of the impacted area, as well as ongoing safety evaluations for working around the rig.

Further inspection of the structure, removal of any remaining fluids or debris, and transportation of the rig to another location. (This phase is now underway.)

Final cleanup, mitigation, and remediation of the entire affected area.

Growth without gravel

Doyon Rig 26 was one of the North Slope’s most innovative drilling rigs. It could drill targets some 7 miles from its surface location.

This means the 9.5 million-pound high-tech extended reach drilling rig was capable of developing 154 square miles of reservoir versus the standard 55 square miles.

Thought to be the largest mobile land rig in North America, Doyon 26 was expected to increase Alaska oil production by accessing previously unreachable resources without expanding the surface footprint.

“Extended reach technology has been a game changer for ConocoPhillips,” said Vincent Lelarge, vice president, Alaska asset development, at the time. “It’s how we are able to responsibly develop fields like Fiord West Kuparuk with a minimal footprint on the tundra and the surrounding environment.”

Lelarge said CPAI worked collaboratively on the Doyon 26 rig since 2011 when use of an extended reach drilling rig was being evaluated. From front-end engineering and design studies to ConocoPhillips Canada colleagues collaborating with Doyon Drilling during construction, the companies worked hard to build the big rig.

Rig 26’s first well on the North Slope of Alaska was



Doyon Rig 26, also known as the “Beast,” at the Fiord West satellite CD2-310 well in 2022.

the Fiord West satellite CD2-310 well, completed in 2022.

The big ERD rig, dubbed the “Beast” because of its immense size, drilled CD2-310 into the Kuparuk formation to a total measured depth of 35,526 feet, making it the longest North American land based well to date.

Updates

Regular updates, including photos of the response effort, will continue to be shared at: www.doyon.com/2026-western-north-slope-rig-move-incident-information-hub.

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

The deconstructed rig will ultimately be cleaned and ultimately be transported to a recycling facility.

The Unified Command Response Team is comprised of representatives from Doyon Drilling Inc.; the 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). ●

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HB 271

predictability to encourage ongoing investment.”

The bill was still in House Resources awaiting a second hearing when this issue of Petroleum News went to press. From Resources the bill will move to House Finance. There is no companion bill in the Senate.

HEX/Furie supports bill

Mark Slaughter, chief commercial officer for HEX/Furie, told the committee the company supports the bill.

HEX, the owner of Furie which it acquired in 2020, is the only locally owned and operated gas explorer, producer and operator in the state, he said.

Furie is the operator at Kitchen Lights.

Slaughter said HEX plans to rebrand, eliminating the Furie name.

The Kitchen Lights unit was formed in 2009 from two existing units and one proposed unit.

Production began in 2015, when the small platform was put in place by the previous Furie owners with slots for just six wells. From the Allegra Leigh platform, gas goes through a 15-mile sub-sea gathering line to a processing facility in Nikiski and from there is sold.

When HEX acquired Furie in 2020, Slaughter said, production from the unit was in decline.

Highest royalty

Slaughter said the royalty at Kitchen Lights was higher than any other unit and was one of the reasons the previous owners were unable to survive financially,

“because 25% of every dollar they earned went out the door” before employees or contractors or anything else could be paid.

With DNR’s approval of the reduction in the state royalty to 3% the total royalties at Kitchen Lights are now 15.5%, still above the average for the inlet.

HEX started royalty relief discussions with DNR in 2023, and DNR wanted HEX to focus on getting a reduction in the ORRIs. Slaughter said HEX asked those private parties holding ORRIs to voluntarily reduce their share and also attempted to buy them out, but those efforts were unsuccessful.

Then DNR advised seeking a legislative fix, and that resulted in a bill from then-Rep. Rauscher, but that inlet-wide bill did not pass. Concerns at the time were whether royalty relief would work in producing more gas production in Cook Inlet, he said.

In the summer of 2024, HEX reengaged with DNR on royalty reduction and with the expectation that royalty relief would be granted, moved forward with a sidetrack in advance of royalty reduction, which was granted in February of 2025.

In April of 2025 Hilcorp’s Spartan 151 jack-up was moved to the Allegra Leigh and drilled two wells.

At the same time HEX was working with AIDEA, the Alaska Industrial Development and Export Authority, to secure a \$50 million revolving line of credit to facilitate additional investments necessary.

In addition to drilling, Slaughter said HEX expanded the number of wells that could be drilled from the platform to 12 and added a new production header system that could allow two more wells if the company can identify additional well slots.

With the additional well slots, “we effectively set a

new platform without the time and cost of putting a new platform out there,” Slaughter said.

Success of royalty reduction

After DNR approved royalty reduction in 2025, in preparing for the 2026 drilling season, HEX looked at buying a jack-up rig, Slaughter said.

The company engaged a rig broker and traveled to Singapore and Saudi Arabia to look at rigs that had been identified for purchase, used a rig inspection company to inspect the rigs and was preparing to tender an offer to purchase a rig.

But the owner of that rig took the rig off the market.

Slaughter said HEX was able to secure use of Hilcorp’s Spartan 151 for the third time, with a contract signed in December for the second half of the 2026 drilling season.

“I want to be very clear,” he said, “Hilcorp has been an excellent partner” with the jack-up rig, with a very professional team, which has been excellent to work with. “They have a very strong safety record and there’s been very little downtime with that rig,” which has “been a key piece of our success for bringing additional gas out of the Kitchen Lights unit.”

To the question of whether royalty relief works, “I think we’ve proven that it does.” Of the six wells at the unit, Slaughter said, half were drilled under royalty relief.

As to the bill before the committee, he said HB 271 provides surety to the company “when we make our long-term decisions to spend capital.” ●

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RRC PLANNING

power generation facilities to the grid.

The RRC is governed by a board with a diverse group of members representing various Railbelt electrical system stakeholders. Operating under the board is a technical advisory committee consisting of an independent group of subject matter experts. This committee oversees working groups consisting of stakeholders in the electrical system.

The RRC began developing electricity system reliability standards in early 2024 and is continuing to deliver tranches of standards to the Regulatory Commission of Alaska for RCA approval.

Integrated resource planning has begun

In August 2025 the organization initiated the process for developing the IRP. In

December the organization announced that it had selected consultancy company Black and Veatch to work on the IRP. The RRC has been preparing definitions and objectives for the planning and has been sending data requests to the electricity utilities, Jenkin said.

In particular because of constraints in the electricity transmission system, such as the single transmission line between the Matanuska Susitna Valley and Healy, on the north side of the Alaska Range, it is vital to consider both the generation and transmission resources when conducting regional planning, Jenkin told the legislators. And planning is conducted through the modeling of how the system will operate, based on anticipated future electricity loads and evaluations of what resources will be needed to meet those loads.

For example, if a new transmission line were to be built between Anchorage and Fairbanks, how would that impact the required mix of generation assets?

Other factors include scenarios for future natural gas supplies for power generation.

Computer modeling

The various factors are plugged into an electricity system computer model. The model enables testing of the impacts of factors such as the potential loss of a power generator. And the computer modeling allows the comparison of as many as 20 different options, potentially including generation options, transmission options and possible load reduction options, Jenkin said.

The power generation planning considers factors such as the optimum portfolio of future generation assets. Transmission planning will work in conjunction with generation planning to test for reliability standards compliance together with a transmission expansion plan consistent with candidate generation portfolios.

Discussions with the RRC working group will then result in an agreement on what the base case plan will be.

The preferred plan

The process will ultimately result in what is referred to as “the preferred plan,” a plan that takes into account the lowest reasonable cost, consistent with factors such as reliability, resilience and environmental impacts. An action plan and implementation schedule will then be developed for the preferred plan. The RRC anticipates the selection of a preferred portfolio of assets by the end of this year, with an action plan ready by the end of the first quarter of 2027 for submission to the RCA for approval. And any project involving power generation of more than 15 megawatts or a transmission line more than 10 miles long requires pre-approval from the RCA, Jenkin said.

The action plan will include components such as a process for accomplishing required projects at minimum cost, a timeline for key activities, and a process for enabling load serving entities in the electrical system to determine how they will apportion costs.

The statutes under which the RRC operates require the IRP to be revised every two years, with a new plan being developed every four years, Jenkin said. So, as the situation changes over time, new plans will be developed, taking these changes into account, he said.

Previous planning efforts

Jenkin commented that there have been previous efforts at integrated resource planning for the Railbelt, but that none of these plans have ever been implemented. In this new situation, however, there has to be an action plan for implementation. And the RRC has to figure out how the plan will be paid for before presenting the plan to the RCA for approval. He also commented that the Railbelt Transmission Organization will play a key role in developing a mechanism for allocating transmission costs in a known and predictable manner. ●

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