

Paine's mixed response to Smith Bay Co.'s revised exploration plan

On Aug. 15, the Alaska Department of Natural Resources' Division of Oil and Gas received a revised plan of exploration 2025-2026 from Smith Bay Company Alaska, which is based in Batavia, IL.

The revised plan of exploration requested an extension to the current suspended POE and additionally requested a suspension of rental payments on the Smith Bay Unit leases during the suspension.

In response, on Sept. 8, the agency's Deputy Director Haley Paine sent a certified letter to Smith Bay Company President David Pfeiffer, explaining that in the division's Sept. 4, 2024 decision approving the suspension, the POE suspension was "approved through 60 days following a decision following litigation on the merits of the regulations issued" by the U.S. District Court of the District of Alaska regarding National Petroleum Reserve-Alaska regulations or June 30, 2027, whichever was earlier.

"Since there has not been a decision issued, the current

see **SMITH BAY PLAN** page 8

State of Alaska approves 2025 PBU Greater Point McIntyre Area POD

On Sept. 4, the Alaska Department of Natural Resources' Division of Oil and Gas Director Derek Nottingham sent division landman Michael Schoetz of Hilcorp North Slope notice that Hilcorp's Prudhoe Bay Unit Greater Point McIntyre Area 2025 plan of development, or POD, had been approved.

The 2025 POD was effective Oct. 1, 2025, through Sept. 30, 2026

Hilcorp provided a technical review to the division on Aug. 27.

The Greater Point McIntyre Area, or GPMA, consists of six participating areas, or PAs as follows: Combined Niakuk, Lisburne, North Prudhoe Bay, Point McIntyre, Raven, and West Beach. Initial production in the GPMA began with the Lisburne PA on Dec. 15, 1986, which currently produces from

see **GPMA APPROVAL** page 7

Whiskey Gulch Pad amendment approved; connects to Enstar line

On Sept. 5, the Alaska Department of Natural Resources' Division of Oil and Gas told Stetson Sannes, an environmental specialist with Hilcorp Alaska that its Whiskey Gulch Pad Gas Production Pipeline, Lease Plan of Operations Amendment was approved, authorizing the company install a buried natural gas pipeline to support production activities at the Whiskey Gulch Pad near Anchor Point on the Kenai Peninsula.

The application was filed on Aug. 1.

The project involves the installation of a 6-inch-diameter, 4,000-foot pipeline connecting the Whiskey Gulch Pad to the Enstar gas transmission line.

Pipeline installation would be completed using a combination of trenching and horizontal directional drilling techniques. Installation of this infrastructure is intended to facilitate gas production from wells brought online at the Whiskey Gulch Pad.

see **WHISKEY GULCH** page 7



DAVID PFEIFFER



DEREK NOTTINGHAM

FINANCE & ECONOMY

ANS nears inflection

Geopolitical risks boost crude despite demand woes, OPEC+ supply raise

By **STEVE SUTHERLIN**

Petroleum News

Alaska North Slope crude rose 36 cents Sept. 9 to close at \$68.51 per barrel, while West Texas Intermediate and Brent rose 37 cents each to close at \$62.63 and \$66.39 respectively.

It was the second day of rising prices as geopolitical risks overcame worries about oversupply in crude markets.

ANS leapt 95 cents on Sept. 8 to close at \$68.15, WTI rose 39 cents to close at \$62.26, and Brent gained 52 cents to close at \$66.02.

Continued hostilities in Ukraine raised the risk of additional sanctions affecting Russian oil.

A Sept. 9 Israeli missile strike in Qatar targeting Hamas senior leadership heated geopolitical risk in the Middle East.

Al Jazeera said the strike hit during Gaza ceasefire discussions in the Qatari capital, Doha, citing sources close to Hamas.

"Recent diplomatic initiatives led by the U.S. and Qatar have been dealt a major setback," Jorge Leon, Rystad Energy head of geopolitical analysis said in a note reported in the Wall Street Journal, adding that much could depend on the response of Qatar, a close U.S. ally and Gulf Cooperation Council member.

"Any fallout could amplify tensions across the

Crude oil prices have been rangebound in the mid-to-upper \$60s with countervailing forces affecting price, but September could see catalysts that would move prices into a new zone.

Gulf and beyond, underscoring just how precarious the situation has become," he said.

Crude futures rose Sept. 10 for a third consecutive day following reports of Poland shooting down a flock of drones sent into its airspace by Russia.

WTI and Brent each jumped 1.7% to \$63.67 and \$67.49 respectively, shrugging off a substantial jump in U.S. crude inventories.

U.S. commercial crude oil inventories for the week ending Sept. 5 — excluding Strategic Petroleum Reserve supplies — jumped 3.9 million barrels from the previous week to 424.6 million barrels — 3% below the five-year average for the time of year, the U.S. Energy Information Administration said Sept. 10.

Total motor gasoline inventories increased by 1.5 million barrels over the week to 220.0 million barrels — at the five-year average for the season, the EIA said.

see **OIL PRICES** page 6

EXPLORATION & PRODUCTION

Expanding in NPR-A

ConocoPhillips applies for seismic permits to find potential drilling sites

By **KAY CASHMAN**

Petroleum News

In March 2023, the Interior Department under President Joe Biden issued a Record of Decision regarding the proposed Willow Master Development Plan in the National Petroleum Reserve-Alaska, substantially reducing the size of the project, which is being developed by ConocoPhillips on oil and gas leases acquired beginning in the late 1990s.

As part of its negotiations with Biden's Interior Department to retain the much smaller Willow project, ConocoPhillips also relinquished rights to approximately 68,000 acres of its existing leasehold in NPR-A.

Since President Donald Trump was elected ConocoPhillips officials have talked about expanding in NPR-A, including increasing seismic and drilling, aligning with Trump's goal of increasing U.S. fossil fuel production.

The company applied for permits in July to conduct a three-dimensional geophysical winter seismic survey in NPR-A as part of its plans to drill exploratory wells near, and stepping out from, its Willow oil project.

The 3D seismic program would take place south



RYAN LANCE

of the Greater Mooses Tooth and Bear Tooth units to identify potential drilling sites and expand ConocoPhillips' Arctic operations.

The specific seismic permit applications submitted by ConocoPhillips in July are not yet publicly available through the Interior's Bureau of Land Management website.

A BLM spokesperson in July said that the applications would be released on the agency's website for environmental reviews "at a later date, once analysis is completed."

Not just NPR-A

ConocoPhillips is continuing to invest some \$1 billion per year in projects in just its base business, said Donald Allan, ConocoPhillips asset development manager on Aug. 27 at the AOGA conference in Anchorage.

"Starting with our legacy business here in Kuparuk and Alpine, you see a combination of opportunities drilling from new pads and from existing pads," Allan said.

At Nuna -- a new drill site on the west side of the Kuparuk area -- ConocoPhillips achieved first oil

see **NPR-A PLANS** page 4

● FINANCE & ECONOMY

Buzzkill for oil producers

Crude oil prices holding up so far; EIA expands expected gloom to 2026; high supply, low demand: classic recipe for plunging prices

By STEVE SUTHERLIN

Petroleum News

Global oil prices are going to fall significantly, taking Brent crude down from \$68 per barrel in August to \$59 on average in the fourth quarter of 2025 – and lower still to \$50 in early 2026, according to new projections by the U.S. Energy Information Administration in its Short-Term Energy Outlook released Sept. 9.

The culprits are large oil inventory builds as members of the Organization of the Petroleum Exporting Countries and its exporting allies increase production.

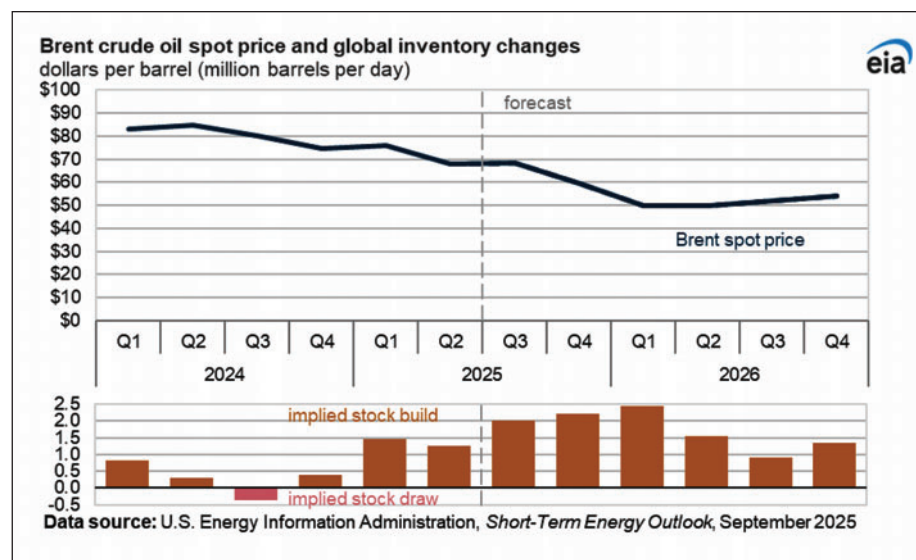
The EIA expects global oil inventory builds to average greater than 2 million barrels per day from 3Q25 through 1Q26.

Low oil prices in early 2026 will likely lead to supply reductions by both OPEC+ and some non-OPEC producers, moderating inventory builds later in 2026, the EIA said, adding that it forecast Brent to average \$51 next year.

The EIA said it finalized this outlook before OPEC+ announced Sept. 7 that it will raise production by 137,000 bpd in October.

Recent price strength

Crude oil prices are holding up so far,



the EIA said.

“Global oil prices have not fallen significantly in recent months despite global oil inventory builds – which we estimate as the difference between global oil supply and demand –averaging an estimated 1.6 million bpd from May through August,” it said. “Despite our assessment that global oil production has been much higher than demand this summer, we have yet to see a significant increase in observable oil inventories.”

The EIA said that while some third-party data sources that track non-OECD inventories do not show as significant of a stock build as EIA estimates suggest.

“This disconnect is likely the result of some of the excess production ending up in observable strategic reserves, particularly China, or other stockpiles used by countries for domestic consumption,” the EIA said, adding that Organization for Economic Cooperation and Development inventories have recently moved above their seasonal

average range from 2018–24 (excluding 2020 and 2021) on a days-of-supply basis.

Recent growth in OECD inventories suggest excess supply is beginning to show up in observable oil inventories at a time when oil demand hit its summer seasonal peak from higher driving and space cooling demand – both of which have increasingly contributed to higher summer oil demand in recent years, the EIA said. Actual data on oil demand are often at a significant lag, sewing uncertainty in its estimates of summer global oil inventories, particularly outside of the OECD.

As temperatures begin to cool, the EIA expects strong oil supply growth in OECD inventories, which it sees exceeding the upper bound of their recent five-year average by the end of its forecast in 2026. It estimates global oil inventories will jump by an average of 1.6 million bpd in 2026, compared with an average annual increase of 1.7 million bpd in 2025.

Strong inventory builds could fill commercial storage options on land, which would prompt market participants to seek other, more expensive options such as floating storage, the EIA said. Some of the crude

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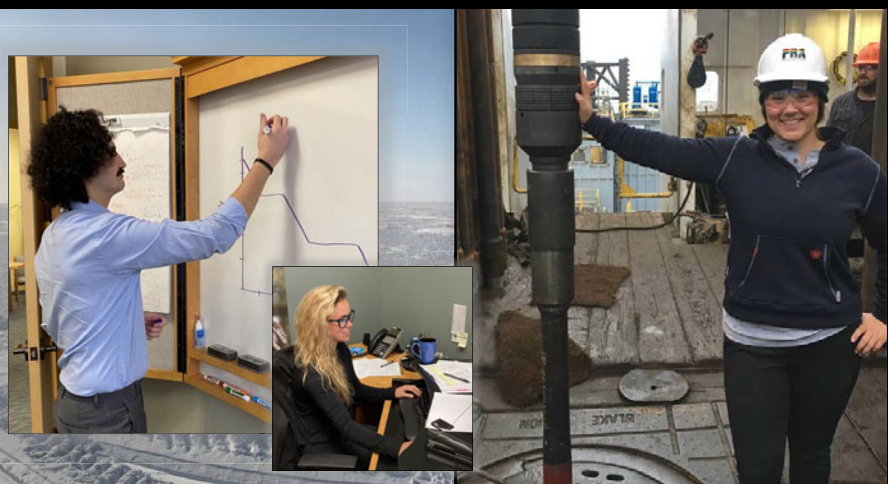
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• EXPLORATION & PRODUCTION

Cook Inlet activity wrap

By KAY CASHMAN
Petroleum News

It's no surprise that the latest Cook Inlet Activity Map from Alaska's Division of Oil and Gas strongly features Hilcorp, one of the most active oil and gas companies in the Cook Inlet basin.

One flag on the map highlights Hilcorp receiving approval from the Alaska Department of Natural Resources' Division of Oil and Gas for construction of the Diamond Pad at the Pretty Creek Unit. The new pad gives Hilcorp access to drill up to five wells on undeveloped leases.

The Diamond Pad is some nine miles northeast of the Beluga Airport on the west side of Cook Inlet.

The project includes the new gravel pad, a pig launching pad, access road and pipeline. The pad, at the northern edge of the unit, will connect to the existing Beluga Road. All the work should be completed by early October. (See story in the May 18 issue of Petroleum News.)

Another flag on the map points to Hilcorp purchasing the North Fork Unit and North Fork Pipeline from Vision Resources and Anchor Point Energy with plans to explore for additional gas in the unit.

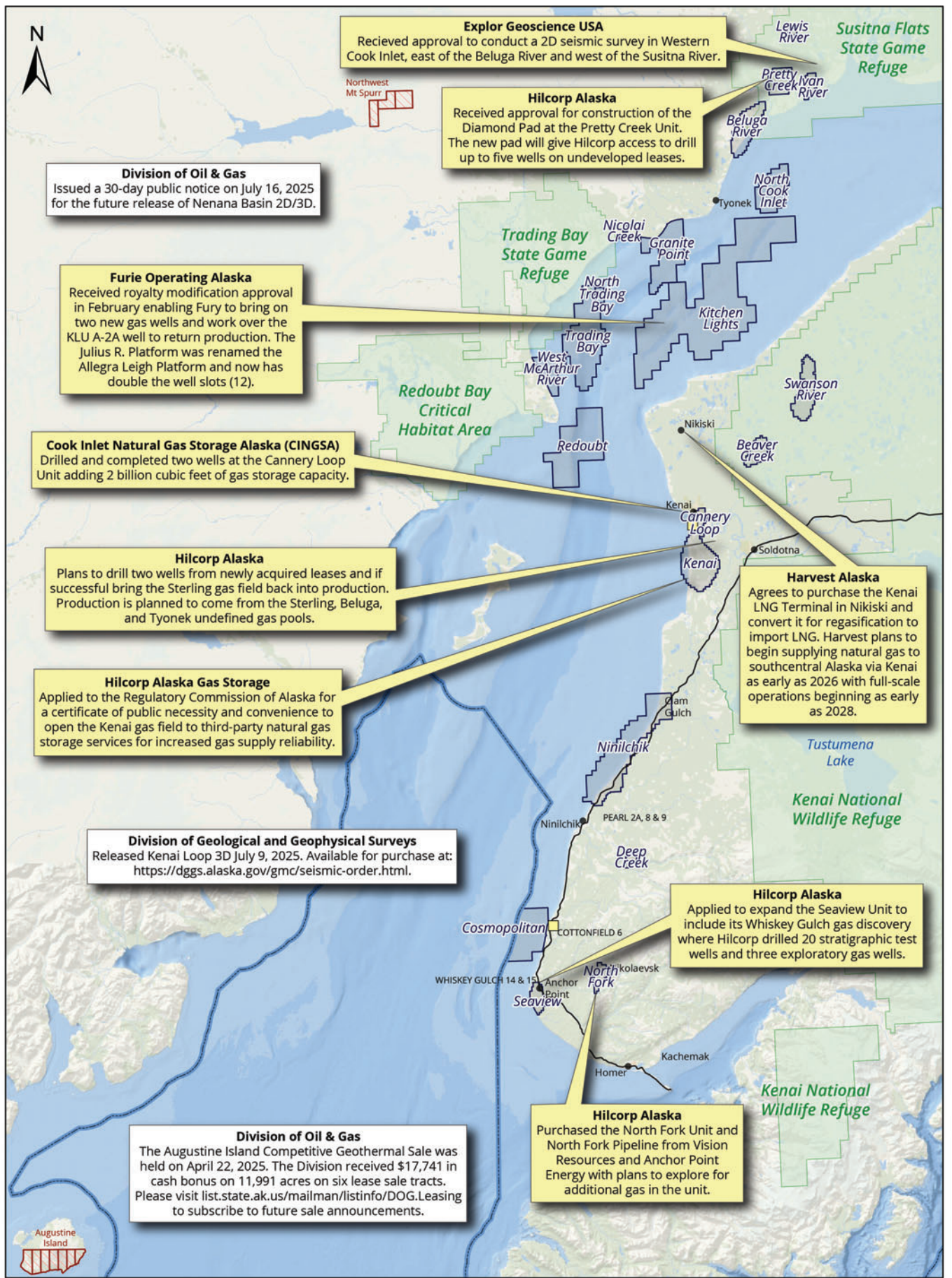
The map also notes Hilcorp's application to expand the Seaview Unit to include its Whiskey Gulch gas discovery where Hilcorp drilled 20 stratigraphic test wells and three exploratory gas wells. (See Seaview expansion stories in the Aug. 24 and July 13 issues of Petroleum News.)

Also flagged is Hilcorp affiliate Harvest Alaska's agreement to purchase the Kenai LNG Terminal in Nikiski and convert it for regasification to import LNG. Harvest plans to begin supplying natural gas to southcentral Alaska via Kenai as early as 2026 with full-scale operations beginning as early as 2028.

Also flagged are Hilcorp's plans to drill two wells from newly acquired leases and, if drilling is successful, bring the Sterling gas field back into production. Production is planned to come from the Sterling, Beluga, and Tyonek undefined gas pools.

Another active Cook Inlet company is

see **INLET ACTIVITY** page 4



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EIA OUTLOOK

oil prices declines will likely reflect the higher marginal cost of storage.

Inventory builds will moderate in 2026 due to a combination of higher global oil demand and slightly lower oil production growth in response to lower oil prices, the EIA said.

Geopolitical issues remain a wild card for crude prices.

“Although we do not currently forecast any major supply disruptions, risks to oil supply remain. The ongoing tensions and negotiations related to the Russia-Ukraine conflict could affect supply, while further sanctions could be enacted,” the EIA said. “Additionally, ongoing trade negotiations and legal challenges related to tariffs between the United States and its trading partners also could affect economic and oil demand growth, with implications for oil prices.”

Lastly, given expectations of significant oversupply in late 2025, OPEC+ could revisit increased production plans, easing downward pressure on oil prices, the EIA said.

Global oil consumption and production

The EIA said planned increases to OPEC+ production and supply growth out-

side of the group continue to drive global liquid fuels production growth in its forecast.

Global liquid fuels production will rise by 2.3 million bpd in 2025 and another 1.1 million bpd in 2026 in the EIA forecast.

Countries outside of OPEC+ will increase total liquid fuels production growth by 1.7 million bpd in 2025 and by 0.6 million bpd in 2026, driven by Brazil, Canada, Guyana, and the United States in particular, it said.

OPEC+ crude production is expected to rise by 0.6 million bpd in 2025 and 0.5 million bpd 2026, the EIA said. Forecast global liquid fuels consumption increases by 0.9 million bpd in 2025 and 1.3 million bpd in 2026.

U.S. gasoline consumption

The EIA said it forecast a slight increase in U.S. gasoline consumption next year, the first Short-Term Energy Outlook in which it has forecast an increase for 2026.

“The forecast for rising gasoline consumption is driven by an upward revision to the number of people of working age compared with our previous forecasts, and lower gasoline prices compared with our forecasts from earlier this year,” the EIA said. ●

Contact Steve Sutherlin
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NPR-A PLANS

ahead of schedule and under budget in December of last year.

Kuparuk's West Sak development also continues to deliver, Allan said.

"We have about 110 wells with a strong record of production performance, he said. "In 2024, we drilled four wells -- the two producers are two of the top five producers in the state of Alaska."

"Next project in Kuparuk is the Coyote project; that's the Coyote Reservoir up in the northwest corner of the Kuparuk River unit and we started drilling that in 2025," Allan said adding that the 2025 drilling program continues to develop the "major project"-- i.e. Willow in NPR-A.

"This is a large project, significant investment for the company," Allan said, adding that 2025 was a peak construction season there.

"We had more than 10,000 folks on the slope progressing a tremendous amount of civil and infrastructure work," Allan said. "The Willow team continues to hit all of the key milestones, and the project remains on schedule for 2029 first oil."

ConocoPhillips can now work year-round through the summer season during construction at the Willow site, taking advantage of newly established gravel roads and paths, Allan said. "Engineering and fabrication of the modules continues with delivery expected to the North Slope in 2027, and in 2027 we also expect to start up the pre-drilling," he said.

There are opportunities beyond Willow.

"You can expect us to follow our same disciplined development approach," he said. "We'll continue to look for ways to leverage our existing infrastructure and gravel for low capital intensity tieback projects where they exist."

Job cut concerns

Whie ConocoPhillips is stepping up activities throughout the North Slope and near-shore Beaufort Sea, the company's recent announcement about 20-25% global workforce cuts has employees and contractors on pins and needles.

ConocoPhillips CEO Ryan Lance told employees in a video that the cuts of 2,600 to 3,250 jobs from its global workforce are part of a broad restructuring effort aimed at improving efficiency and managing costs.

And although Alaska is viewed as a growth area by ConocoPhillips, it too will undergo scrutiny for ways to reduce costs.

Lance told employees that one of the reasons he had to cut 20% to 25% of the global workforce was because the oil and gas producer had become less competitive as it focused on swallowing smaller rivals.

News from Petroleum News sources:

- Santos is interested in picking up some of the employees that ConocoPhillips cuts.
- Incentive packages are being offered to encourage some employees to resign.
- No forced employee layoffs before Nov. 3. ●

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OWNER: Petroleum Newspapers of Alaska LLC (PNA)
Petroleum News (ISSN 1544-3612) • Vol. 30, No. 37 • Week of September 14, 2025

Published weekly. Address: P.O. Box 231647 Anchorage, AK 99523-1647
Subscription prices in U.S. — \$118.00 1 year, \$216.00 2 years
Canada — \$206.00 1 year, \$375.00 2 years
Overseas (sent air mail) — \$240.00 1 year, \$436.00 2 years

“Periodicals postage paid at Anchorage, AK 99502-9986.”
POSTMASTER: Send address changes to Petroleum News, P.O. Box 231647 Anchorage, AK 99523-1647.

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INLET ACTIVITY

HEX Cook Inlet's Furie Operating Alaska. It is flagged as receiving royalty modification approval in February enabling Fury to bring on two new gas wells and work over the KLU A-2A well to return production.

On July 24, Furie brought online its two new gas wells in the Kitchen Lights unit. The wells are performing as designed at more than 3 million cubic feet per day. (See story in the Aug. 3 issue of Petroleum News.)

Other flagged tidbits on the Cook Inlet Activity Map include mention of Explor Geoscience USA receiving the go-ahead to conduct a 2D seismic survey in Western Cook Inlet, east of the Beluga River and west of the Susitna River, and the Division of Geological and Geophysical Surveys release of Kenai Loop 3D on July 9. The 3D is available for purchase at:

<https://dggs.alaska.gov/gmc/seismic-order.html>. ●

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THIS MONTH IN HISTORY

Conoco to develop West Alpine

20 years ago: Applies for pad, road, Nigliq Channel crossing; CD-5 in NPR-A, changing sequence of development for satellites

Editor's note: This story first appeared in the Sept. 25, 2005, issue of Petroleum News.

By KRISTEN NELSON

Petroleum News

ConocoPhillips Alaska has filed applications to begin development work on a third Alpine satellite, West Alpine, changing the sequence of development for the satellites.

Alpine West, on section 8, township 11 north, range 4 east, Umiat Meridian — Kuukpik Corp. surface land some six miles west/southwest of the Alpine Central Processing Facility — will be CD-5. The main pad at the Alpine field in the Colville River unit is CD-1. Production began there in November 2000 and from the nearby CD-2 in November 2001.

ConocoPhillips and its partner Anadarko Petroleum put gravel down and began development drilling earlier this year at the first two Alpine satellites, Fiord and Nanuq, drill sites CD-3 and CD-4, north and south of the Alpine main facilities.

CD-5 is in the National Petroleum Reserve-Alaska, on subsurface transferred to the Arctic Slope Regional Corp. The area to be developed includes acreage leased by ConocoPhillips and Anadarko from ASRC, the State of Alaska and the Bureau of Land Management. ConocoPhillips said ASRC has the majority of subsurface ownership at Alpine West, with a minor portion owned by the state and BLM.

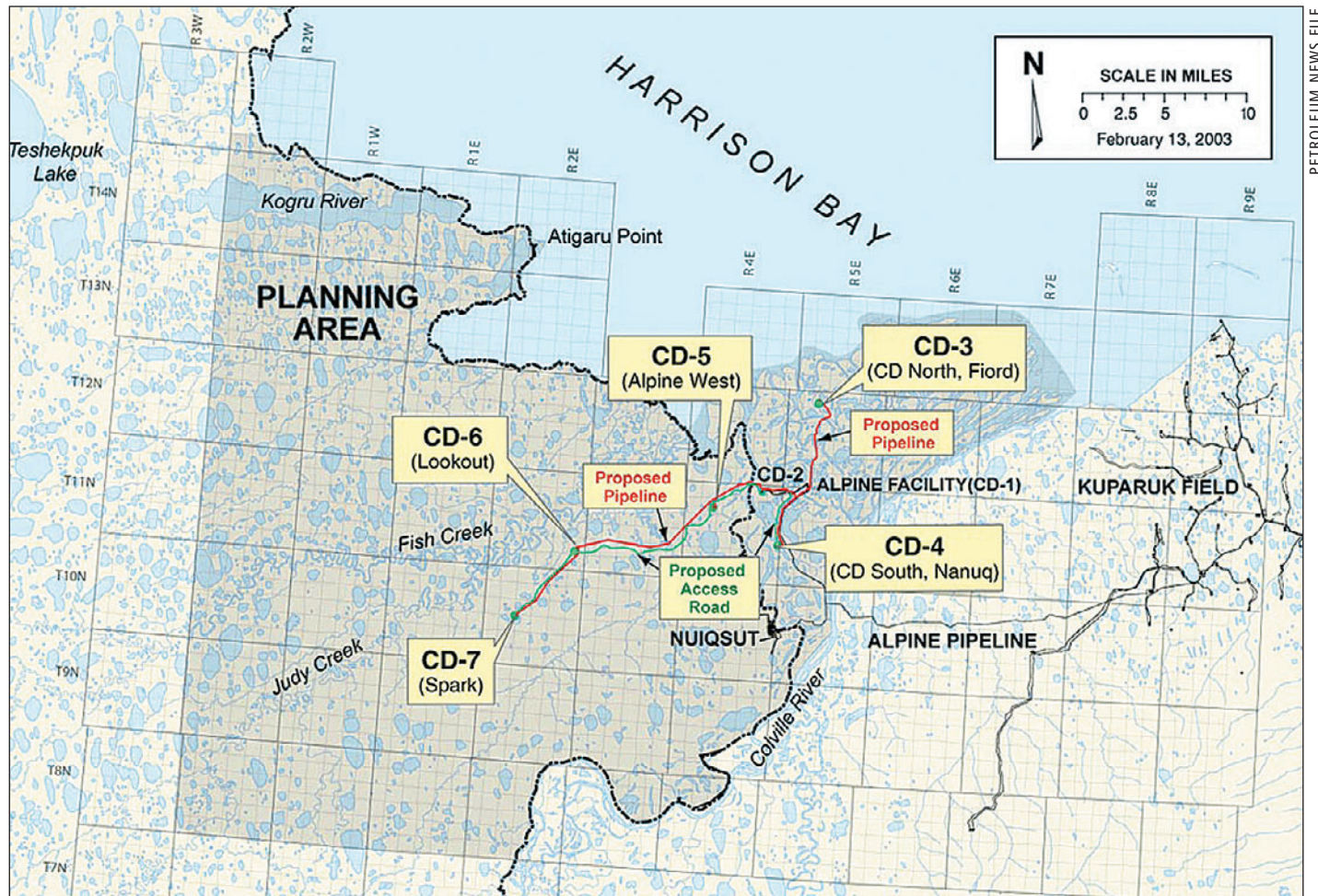
A schedule change

The West Alpine pad location is across the Nigliq Channel from the main Alpine facilities and the project includes a 1,200-foot vehicle and pipeline bridge crossing the channel. There will also be an 80-foot vehicle bridge across a paleo-channel west of Nigliq and a 4.2-mile gravel access road from CD-2 to CD-5.

In the plan set out when the environmental impact statement was done for the five-satellite development at Alpine, CD-5 was to have been developed in the same timeframe as CD-7, the Spark discovery in NPR-A, with construction in the winter of 2009 and drilling in the winter of 2010.

CD-6, the Lookout discovery in NPR-A, was to have been developed in the 2007-08 timeframe and the Nigliq Channel crossing was to have been done in 2007-08 in conjunction with the work at CD-6.

ConocoPhillips told agencies in its CD-5 application that permit applications for CD-6 and CD-7 “will be revised and resubmitted in the future once additional



planning work is completed on those two projects.”

Long-lead ordering in 2006

ConocoPhillips said CD-5 project work would begin in the first quarter of 2006 with the ordering of long-lead materials for the bridge over the Nigliq Channel. Gravel would be laid for the road and pad and bridge piers installed for the Nigliq Channel crossing in the winter of 2007, with gravel work and laying of the bridge deck in the summer of 2007.

Vertical support members and pipelines would be installed in the winter of 2008.

Construction of on-pad facilities would be done in the second and third quarters of 2008, with first drilling in the second quarter of 2008 and production in the fourth quarter of 2008.

ConocoPhillips said there will be no permanent camp at CD-5. Construction crews will be housed at the Alpine base camp or at a temporary camp on the drill site or on an ice pad. An additional 100-man camp could be added to the Alpine base camp for additional bed space during peak construction activities.

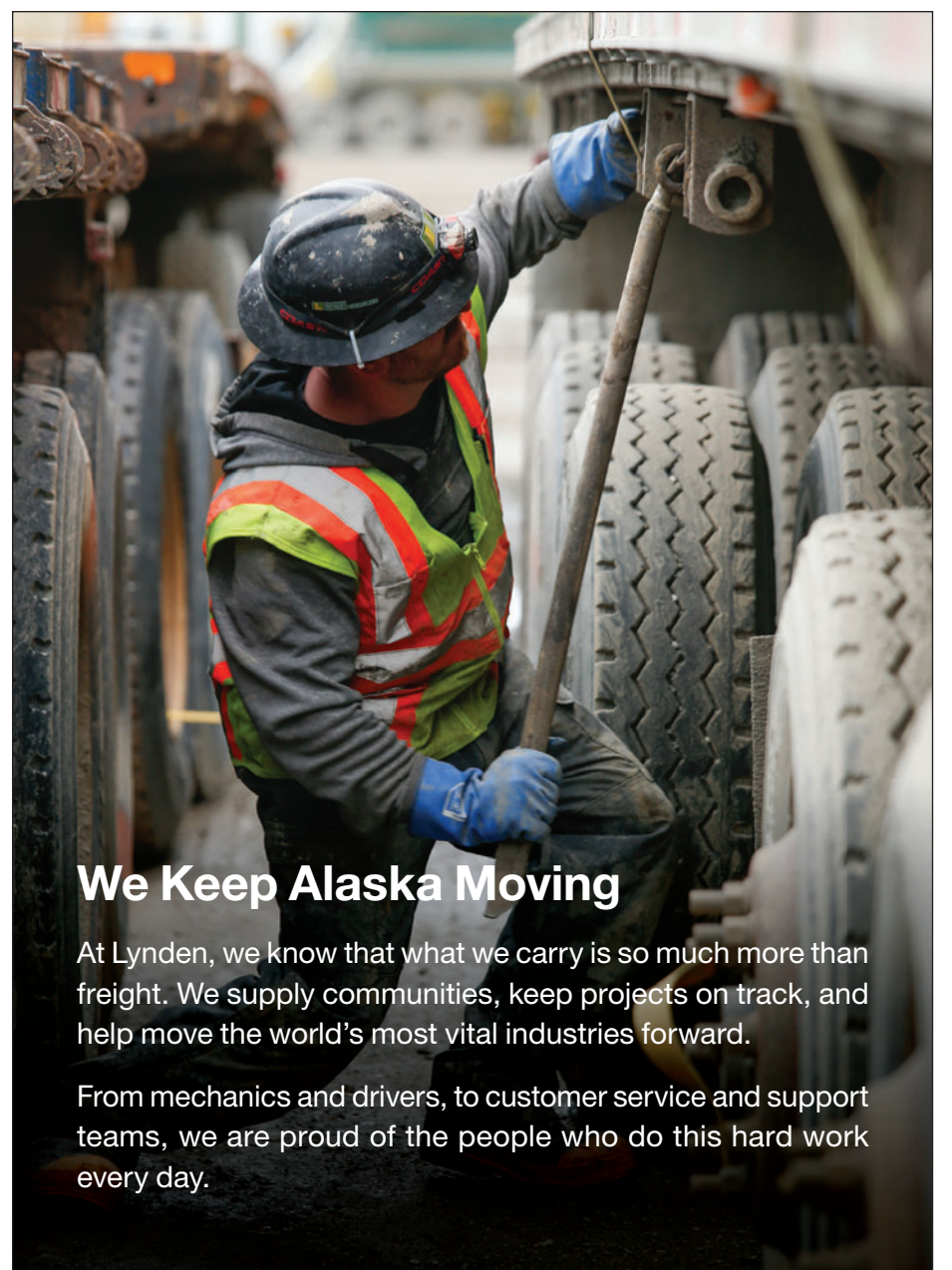
A temporary camp will be used at CD-5 during drilling, expected to begin in the second quarter of 2008 and continue until all planned wells are completed, estimated at 12-16 months.

Electric power for CD-5 operations will come from the existing Alpine power system and power and communications lines to the new drill site will be on the

pipeline vertical support members. Pipelines will include a 10-inch seawater pipeline, an 18-inch production pipeline, an eight-inch miscible injectant pipeline and a six-inch lean gas pipeline, with lean gas coming from CD-1 to CD-5 for arti-

ficial lift. The drilling rig will be initially powered by low-sulfur diesel fuel until the power cables are installed. ●

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OIL PRICES

Distillate fuel inventories increased by 4.7 million barrels to 120.6 million barrels – 9% below the five-year average for

the time of year.

OPEC+ adds more barrels to supply

The Organization of the Petroleum Exporting Countries announced in a release that the eight OPEC+ countries which previously announced additional

voluntary adjustments in April and November 2023 met virtually on Sept. 7 and decided to return 137,000 barrels per day to the market in October.

The countries Saudi Arabia, Russia, Iraq, UAE, Kuwait, Kazakhstan, Algeria, and Oman cited a “steady global economic outlook and current healthy market fundamentals, as reflected in the low oil inventories,” in the decision.

“The countries will continue to closely monitor and assess market conditions, and in their continuous efforts to support market stability, they reaffirmed the importance of adopting a cautious approach and retaining full flexibility to pause or reverse the additional voluntary production adjustments,” OPEC said.

That flexibility made rising prices on Sept. 8 possible along with the fact that the OPEC+ adjustment was modest compared to recent monthly production boosts.

Oil also sold off going into the weekend of the OPEC meeting. On Sept. 5, ANS plunged \$1.42 to close at \$67.21, WTI plunged \$1.61 to close at \$61.87, and Brent plunged \$1.49 to close at \$65.50.

ANS fell 62 cents on Sept. 4 to close at \$68.62, WTI fell 49 cents to close at

\$63.48, and Brent fell 61 cents to close at \$66.99.

ANS plummeted \$2.01 Sept. 3 to close at \$69.25, as WTI plunged \$1.62 to close at \$63.97, and Brent dropped \$1.54 to close at \$67.60.

ANS fell \$2.74 over the week from its close of \$71.25 on Sept. 2, to a close of \$68.51 Sept. 9.

On Sept. 9, ANS carried a premium of \$5.88 over WTI, and at a premium of \$2.12 over Brent.

Crude near inflection point?

Crude oil prices have been rangebound in the mid-to-upper \$60s with countervailing forces affecting price, but September could see catalysts that would move prices into a new zone.

Oil prices predictably rose after Israel attacked Hamas leadership in Qatar, but the rise seemed modest in light of the significant danger for increased hostility in the Middle East.

The attack is a big escalation, straining on Israel-Hamas cease-fire talks, but the response of the oil market should be focused on the “actual supply/demand balance of oil and whether this recent attack will change anything with regard to that balance,” Alex Hodes, director of energy-market strategy for StoneX told MarketWatch. There were no reports of disruptions to Iranian exports or damaged oil infrastructure.

“Tensions in the Middle East tend to impact oil the most when demand is high and supply is tight,” said Colin Cieszynski, portfolio manager and chief market strategist at SIA Wealth Management.

“Investors appear to be more concerned about a shortfall in demand than a shortfall in supply,” Cieszynski told MarketWatch. “There is a lot of supply in the system and OPEC+ has been increasing production. The current global oil market is oversupplied.”

“For oil prices to rise, it will take near-term decline in global oil supplies or a larger-than-expected increase in global oil demand due to current low oil prices,” said Rob Thummel, Tortoise Capital senior portfolio manager. That could happen in the U.S. if a larger-than-expected interest-rate cut by the Federal Reserve boosts economic growth to levels greater than forecasted.

Financial markets have widely priced in a quarter-point Fed rate cut at the Sept.16-17 meeting, but at this point a half-point boost might be justified due to surprises in the job market. The Fed is to control inflation, but the other half of its dual mandate is protecting jobs.

U.S. employers added starkly fewer jobs in 2024 and early 2025 than previously thought.

The U.S. economy added 911,000 fewer jobs over the 12 months ending in March than previously estimated, the U.S. Bureau of Labor Statistics said on Tuesday. It appears to be the largest revision ever recorded.

Bryan Rich, writing in Pro Perspectives said that revision for 2024-2025 means initial payroll numbers were overstated by an average of 113,000 jobs a month.

Worse, in the report from last year, a huge downward revision (the deepest since 2009) revealed jobs were overstated by 100,000 a month, he said.

“That means, from March 2023 to March 2025, the BLS initially presented data to key decision makers in our economy that was overstated by 2.5 million jobs,” Rich said.

Perhaps a very large Fed rate decrease is warranted. ●

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GPMA APPROVAL

the Wahoo and Alapah formations. The Combined Niakuk, West Beach, North Prudhoe Bay, and Point McIntyre PAs all began sustained production between 1993 and 1994. Aside from the West Beach PA briefly producing in 2009, the West Beach and North Prudhoe Bay PAs have been shut-in since 2000 and 2001, respectively.

The Point McIntyre PA and the Combined Niakuk PA continue to produce from the Cretaceous Kuparuk River formation.

The most recently formed PA, Raven, commenced sustained production from the Ivishak and Sag River formations in October 2005.

On Aug. 26, 2019, the Standard Oil Company and Hilcorp Alaska entered into a purchase and sale agreement for the sale by Standard Oil to Hilcorp Alaska for all the issued and outstanding shares of stock of BP Exploration Alaska, or BPXA.

As a result of this stock sale, which closed on June 30, 2020, Hilcorp Alaska indirectly, through its ownership of BPXA, owns and controls all BPXA’s oil and gas interests in Alaska.

On July 1, 2020, the entity BPXA underwent a name change to Hilcorp North Slope.

Through June 2025, the GPMA PAs and tract operation wells have produced 858.34 million barrels of

From July 1, 2024, through June 30, 2025, the GPMA PAs produced 9.11 million barrels of oil and NGLs, a decrease from 10.06 million barrels of oil and NGLs produced during the same time period over the previous year.

hydrocarbon liquids.

From July 1, 2024, through June 30, 2025, the GPMA PAs produced 9.11 million barrels of oil and NGLs, a decrease from 10.06 million barrels of oil and NGLs produced during the same time period over the previous year.

2024 POD period

In the proposed 2024 POD period, Hilcorp committed to drilling two rotary wells in the Raven PA.

Hilcorp proposed additional drilling candidates during the POD period, which included four coil-tube drilling, or CTD, sidetracks within the Point McIntyre PA, one rotary well targeting the Lisburne PA, and two rotary wells targeting the Brookian formation. Hilcorp did not commit to any well workovers or facility projects during the 2024 POD period.

During the POD period, Hilcorp attempted to drill one rotary well within the Raven PA. After two sidetrack attempts, however, the well was unable to reach its

intended target. No other wells were drilled in GPMA during the 2024 POD period due to the time spent drilling multiple sidetrack attempts and the rig having commitments in other areas within the Prudhoe Bay Unit.

No workovers or facility projects were completed during the 2024 POD period.

2025 POD period

During the 2025 POD period, Hilcorp committed to drilling one rotary sidetrack well near the Raven PA targeting the Sag River or Ivishak formation. Additionally, Hilcorp committed to drilling three rotary grassroots wells, all within the Prudhoe Bay Unit, or PBU, expansion area acreage approved approved in 2023.

Two CTD wells could also potentially be drilled within the Point McIntyre PA. Hilcorp did not commit to any workovers or facility projects.

The approval of the 2025 POD was only for a general plan of development. Specific field operations required separate approval under the Unit Plan of Operations.

The 2026 POD is due July 2, 2026, 90 days before the 2025 POD expires.

—KAY CASHMAN

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WHISKEY GULCH

The Whiskey Gulch Pad is located on privately owned lands on the east side of Cook Inlet, about one mile east of the Sterling Highway and three miles northeast of Anchor Point, Alaska, specifically at:

Meridian: Seward Township: 4 S Range: 15 W Section: 23 Latitude: 59.812415 Longitude: -151.804226 ADL 392666

Agency review

The Division provided a review and comment opportunity for the activities considered for authorization under this decision.

The following government entities were notified on Aug. 4, 2025, for comment on the plan amendment: The Alaska Department of Environmental Conservation (ADEC); the Alaska Department of Fish and Game

The project involves the installation of a 6-inch-diameter, 4,000-foot pipeline connecting the Whiskey Gulch Pad to the Enstar gas transmission line.

(ADF&G); the Department of Natural Resources, Division of Mining, Land, and Water (DMLW); the United States Army Corps of Engineers (USACE); the Kenai Peninsula Borough (KPB); and the Division’s Units and Pipeline Coordinator Sections.

The comment deadline was 4:30 pm Alaska Time on Aug. 18, 2025.

No comments were received.

This approval signifies only that the State of Alaska has no objection to the operations outlined in the plan amendment application. It does not constitute certification of any property right or land status claimed by the applicant nor does it relieve the applicant of responsibil-

ity to obtain approvals or permits from other persons or governmental agencies that may also be required.

All stipulations contained in the original lease and subsequent plan approvals remain in full force and effect.

If activities have not commenced, this approval expires on Sept. 5, 2028. Failure to comply with the terms and conditions outlined in the lease, the attached stipulations, and this authorization may result in revocation of this unit operations approval.

Any questions or concerns about this amendment may be directed to Natural Resource Specialist Hannah Silta at (907) 269-8774 or emailed to hannah.silta@alaska.gov with the terms and conditions outlined in the lease, the attached stipulations, and this authorization may result in revocation of this unit operations approval.

—KAY CASHMAN

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SMITH BAY PLAN

suspension is still approved, and therefore, a request for extension is unnecessary," Paine wrote.

She said Smith Bay Company can continue operating under the previously approved suspension without any changes to the conditions set forth in the decision.

Rental payments, Paine wrote, "are due to the State under AS 38.05.180(n), 11 AAC 83.110, and lease provisions. The leases are not eligible for a rental reduction under 11 AAC 82.466, as they are already at the minimum rental as defined in AS 38.05.180(n)(1)."

Under the current suspension of the POE, the division "does not have the discretion for rental relief, or suspension, under AS 38.05.020(b)(5) or AS 35.05.140(d), therefore, the request is denied," Paine said.



HALEY PAINE

Following the drilling of the CT-3 appraisal well in the 2025-2026 winter drilling season, the working interest owners will evaluate and consider the reprocessing of certain seismic data to improve their understanding of the prospective reservoir characteristics and parameters.

Revised POE

The revised plan of exploration 2025-2026 filed on Aug. 15 by operator Smith Bay Company included the following unit history.

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

These leases had primary terms of 10 years.

In 2015 Caelus Energy Alaska Smith Bay farmed into all the Smith Bay leases for a 75% working interest. After exercising its right to re-acquire working interest originally granted to L -71 Resources of

Doyon Limited, Nordaq had a 17.5% non-operated interest and L-71 had a 7.5% non-operated interest.

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

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

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

To answer this uncertainty, Caelus decided to drill an appraisal well (CT-3) in a favorable location where the best reservoir quality might allow a successful test. At that time however, the Alaska Department of Revenue became unable to honor its promised exploration tax credits

due to the collapse in oil price and a budget shortfall. Across all of the Caelus North Slope interests, the company was owed approximately \$200 million.

Caelus subsequently attempted to find farm-out partners for the Smith Bay leases. Several companies were approached and technical and engineering presentations made. However, under uncertain operating and commercial circumstances Caelus received no firm offers.

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

In 2025 L-71 abandoned its 7.5% which reverted to Smith Bay Company.

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

Unitization application, approval

Following the acquisition of the Caelus interest by the Smith Bay Company, and the forthcoming termination of the primary lease terms, a unitization application was filed on behalf of Smith Bay Company on Oct. 10, 2022, covering all 26 tracts.

At that time, the division was also busy approving the unitization application by Balcony Natural Resources for the Grey Owl leases on state lands east of the Prudhoe Bay oil field and Smith Bay Company was asked to defer its application until after the Grey Owl Unit had been approved.

On Oct. 26, 2023, the company was informed that the Smith Bay Unit application was complete, and the division would go out for a 30-day public comment period commencing Nov. 2, 2023. No significant comments were subsequently received.

Approval of the Smith Bay Unit by the director of the Division of Oil and Gas took place on Jan. 31, 2024, although the unit approval was retroactively dated back to Oct. 12, 2022 due to the primary term expiration date for certain leases.

More specifics

The water depth in Smith Bay is very shallow with the main area of interest averaging less than 8 feet.

The Smith Bay Unit, or SBU, is immediately offshore in state waters and the upland adjacent areas are federal lands located within the NPR-A.

The plan of exploration is a 5-year forecast of planned unit exploration activities. The primary exploration target is Cretaceous (Albian) Lower Torok turbidite sandstones. Other reservoir intervals of potential interest include the Cretaceous Albian "topset" sandstones, the lower Cretaceous Kuparuk "C" sandstones, the Middle Jurassic "Simpson/Kugrua" sandstones, the Triassic Ivishak sandstones, and the Carboniferous Lisburne carbonates and Endicott sandstones.

The SBU working interest owners have acquired from third parties 3D seismic and 2D seismic over the unit area.

Following the drilling of the CT-3 appraisal well in the 2025-2026 winter drilling season, the working interest owners will evaluate and consider the reprocessing of certain seismic data to improve their understanding of the prospective reservoir characteristics and parameters.

The SBU approval, which was signed by division Director Derek Nottingham, said that "the remote location of the SBU, combined with the difficulty mobilizing equipment to the area, supports unitization. If the application was denied, the leases in the SBU area would likely expire, and it is possible no party would be interested in leasing the area in the future."

—KAY CASHMAN

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