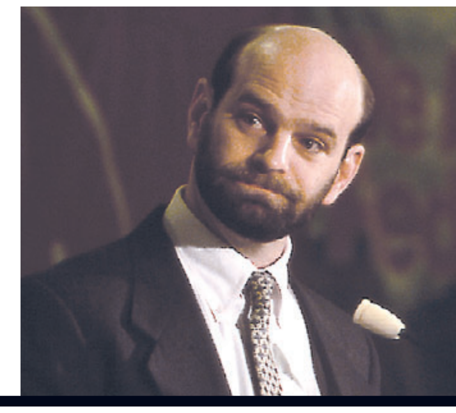
Petroleum news



page 4 History: Shell works Hammerhead, to drill first Beaufort well in '07

Vol. 30, No. 41 • www.PetroleumNews.com A weekly oil & gas newspaper based in Anchorage, Alaska Week of October 12, 2025 • $2.50

AOGCC seeking proposals, HEX new LinkedIn, exploration data out, LNG caucus forms

Oil Patch Insider

RFP 260000007 State of Alaska notice posted on Oct. 6: The State of Alaska, Division of Administrative Services of the Alaska Department of Commerce, Community, and Economic Development, on behalf of the Alaska Oil and Gas Conservation Commission, or AOGCC, seeks proposals from experienced and qualified petroleum consulting firms providing professional engineers and geologists with specialized knowledge of the oil and gas industry in Alaska, to complete studies and reports as needed.

Bid Open Date: Monday, Oct. 13, 2025 12:00-0800

For more information, visit http://notice.alaska.gov/221204

HEX launches LinkedIn page

LAUREN HENDRIX, MARKETING director for Furie Operating Alaska, recently said that Furie parent HEX has launched its own LinkedIn page.

see **INSIDER** page 5

Hilcorp's CC2A storage tent placement unit plan of ops amendment approved

On. Oct. 3, Kirsten Hoppe, an environmental specialist for Hilcorp Alaska, received a letter from Alexander Zinck, North Slope permitting manager for Alaska's Division of Oil and Gas, approving Hilcorp North Slope's Prudhoe Bay Unit, CC2A, Storage Tent Placement Unit Plan of Operations Amendment.

Hilcorp North Slope had requested authorization to move a 25' by 32' storage tent from PBE Tarmac Pad to the CC2A Pad within the Prudhoe Bay Unit.

The tent will be used at CC2A for cold storage and is mounted to a relocatable rail roll skid. It will sit on the surface of the existing gravel pad. No ground disturbance or trenching will be required.

CC2A is 13 miles northwest of Deadhorse Airport.

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

see **STORAGE TENT** page 4

Narwhal, EE Partners file to expand Narwhal Unit by 6 tracts

On Oct. 2, the Alaska Department of Natural Resources' Division of Oil and Gas published a public notice of an application from Narwhal LLC and EE Partners Corporation (the designated NWLU operator), to expand the Narwhal Unit by six additional expansion tracts (ADLs 394363, 394369, 394370, 39437, 394372, 394376, all or part of which were picked up by the applicants in the December 2024 lease sale or shortly thereafter after being relinquished by Shell Offshore (West Harrison Bay Unit).

All the acreage involved is on State of Alaska submerged lands offshore the National Petroleum Reserve-Alaska.

The application was filed with the division on June 25, 2025, and was deemed complete on Sept. 25, 2025. Narwhal LLC is based in Anchorage, Alaska.

Exploration plans

EE Partners submitted a unit plan of exploration, or POE,

see **NARWHAL UNIT** page 4

FINANCE & ECONOMY

ANS stages comeback

Crude rises as Ukraine maintains pressure on Russia's oil infrastructure

By STEVE SUTHERLIN

For Petroleum News

Alaska North Slope crude stalled but held its altitude Oct. 7 as crude markets were essentially unchanged in a stasis between demand fears and supply glut concerns. ANS literally was unchanged, moving 0.00 cents on the day to close at $67.46 per barrel – identical to the day before. West Texas Intermediate rose 4 cents to close at $61.73 and Brent fell 2 cents to close at $65.45.

Oil futures continued higher on Oct. 8 as WTI rose 1.3% to close at $62.55, and Brent gained 1.2% to close at $66.25. The Oct. 8 ANS closing price was not yet released by the Alaska Dept. of Revenue as Petroleum News went to press early on Oct. 9.

Ukraine's successful strikes on Russian oil infrastructure heightened the geopolitical risk premium, offsetting concerns about oversupply in the market.

Signs OPEC tapped out

"So far, the talk of an oil glut is not showing up in the numbers," Phil Flynn of the Price Futures Group said in a note as reported by the Wall Street Journal. "We have signs that OPEC might be getting close to being tapped out against a backdrop of ongoing risk to supply as the Russia-Ukraine war drags out."

Crude prices rose Oct. 8 despite the report of a large build in U.S. crude inventories released by the U.S. Energy Information Administration the same day.

see **OIL PRICES** page 7

FINANCE & ECONOMY

Uncertain energy future

BP's Energy Outlook asseses possible impacts of increasing energy demand

By ALAN BAILEY

For Petroleum News

The 2025 edition of BP's annual Energy Outlook, published in September, evaluates the possible impacts of increasing global energy demand on the various technologies for energy supplies, including the use of fossil fuels and the use of renewable energy technologies.

The report says that energy demand continues to grow at an annual rate of about 1%, with all of that increase coming from emerging economies as a consequence of improved prosperity and economic growth.

At the same time improvements in energy efficiency have tended to slow in recent years. The consequence of all of this is a continuing increase in global carbon emissions.

Along with these trends, heightened global geopolitical tensions have caused many countries to pay increased attention to energy supply security, the report says. Strategies for addressing energy security vary, depending on whether countries import their energy supplies or whether, for example, they can use domestic fossil fuel production.

Growth in oil demand

The report says that growth in oil demand since 2019 has averaged 0.6 million barrels per year, entirely as a consequence of increasing demand in emerging economies. The report suggests that oil demand is likely to plateau in the second half of the 2020s. Also, the relative use of oil is shifting from its consumption

see **BP OUTLOOK** page 6

EXPLORATION & PRODUCTION

Success at Dubhe-1 well

Pantheon announces completion of fracture stimulation ops on North Slope

By KAY CASHMAN

Petroleum News

Pantheon Resources plc recently announced the successful completion of fracture stimulation operations at the Dubhe-1 well on Alaska's North Slope.

This announcement follows the recently drilled Dubhe-1 horizontal lateral which was successfully drilled and logged to a total measured depth of 15,800 feet and cased back to surface providing c. 5,200 feet of the wellbore entirely within the SMD-B target reservoir available for stimulation.

Well clean-up and flow testing operations of between 30-90 days are planned for the Dubhe-1 well and due to commence shortly.

Pantheon is the oil and gas company developing the Kodiak and Ahpun projects immediately adjacent to pipeline and transportation infrastructure on the North Slope.

In Alaska, Pantheon's fields and wells are operated by Great Bear Pantheon.

Key points

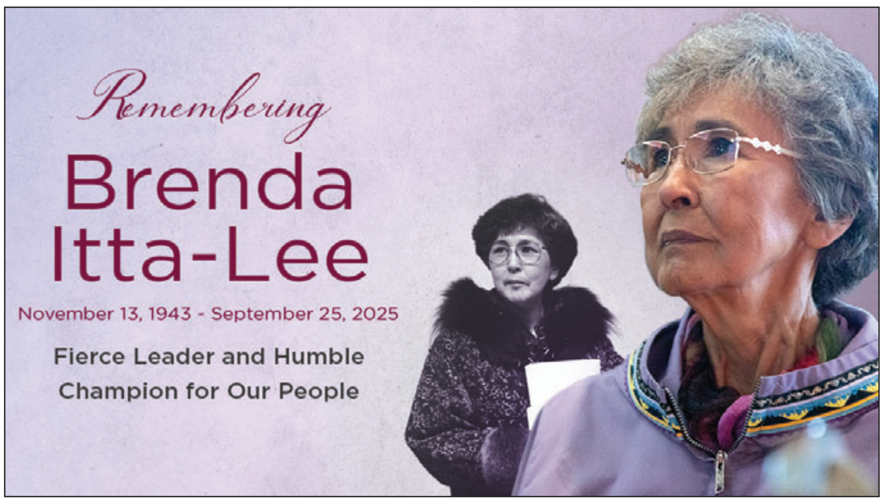
Key points noted by Pantheon in its recent press release regarding the Dubhe-1 well are as follows:

- 25 hydraulic fracture stimulation stages successfully completed in 8 days.
- Operations are now underway to prepare well for clean-up and production testing.

"We are extremely pleased with the success of the operations so far. The team did an excellent job

see **DUBHE-1 WELL** page 5

COMMEMORATIVE



Dunleavys mourn passing of Itta-Lee

On Oct. 6, Alaska Governor Mike Dunleavy and First Lady Rose Dunleavy extended their sympathies to the family and friends of former Alaska Representative Brenda Itta-Lee.

In 1975, Itta-Lee became the first Alaska Native woman to serve in the Alaska House of Representatives.

After leaving office she became a respected leader serving on the Arctic Slope Regional Corporation Board of Directors and the North Slope Borough Assembly. She was also instrumental in advocating for the passage of the Alaska Native Claims Settlement Act of 1971.

"Alaska has lost a true pioneer," said Governor Dunleavy. "Mrs. Itta-Lee left her mark on so many of the most consequential and important issues facing Alaska Natives and the entire state that her name is forever etched in our state's history. Her legacy will serve as an inspiration for future leaders across Alaska."

The governor has ordered that Alaska and United States flags fly at half-staff between sunrise and sunset on Nov. 13 in honor of Itta-Lee.

—PETROLEUM NEWS

● EXPLORATION & PRODUCTION

Hilcorp drilling 3 new Ivan River wells

By KAY CASHMAN
Petroleum News

On. Oct. 7, Stetson Sannes, an environmental specialist for Hilcorp Alaska, received a letter from Hannah Silta, natural resource specialist IV for Alaska's Division of Oil and Gas, approving Hilcorp's proposed Ivan River Unit plan of operations amendment application dated Sept. 19.

The scope of the project Hilcorp requested authorization for is to install additional production facilities at the Ivan River Pad for the purpose of supporting three new future wells at the pad.

The scope of the project includes the installation of three enclosed separator packages; three subsurface flowlines to tie the new wells into existing production; three line heater packages; one compressor package; heat trace and instrumentation cables in cable trays; and three cellars and conductors for future wells.

Trenching for subsurface activities is anticipated to be four feet deep by five feet wide. Once lines and facilities are installed, trenches will be backfilled with the excavated soil and leveled.

The activities are intended to support natural gas production from the Ivan River Unit and will take place within the footprint of the existing pad.

The Ivan River Pad is located within the Ivan River Unit on the west side of Cook Inlet, approximately five miles northeast of the mouth of the Beluga River and within the Susitna Flats Game Refuge on ADL 32930.

Agency review

The division provided a review and comment opportunity for the activities that were considered under this decision.

The following government entities were notified on Sept.19, for comment on the plan: the Alaska Department of Environmental Conservation (ADEC); the Alaska Department of Fish and Game (ADF&G); the Department of Natural Resources, Division of Mining, Land, and Water (DMLW); the United States Army Corps of Engineers (USAE); the Kenai Peninsula Borough (KPB); and the division's units and pipeline coordinator sections.

The comment deadline was Oct. 3. No

see IVAN RIVER WELLS page 3

contents

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● EXPLORATION & PRODUCTION

DNR OKs Beluga River ops plan amendment

By KAY CASHMAN

Petroleum News

On Oct. 7, Hilcorp Alaska received approval from the Alaska Department of Natural Resources' Division of Oil and Gas for its Beluga River Unit plan of operations amendment to install new infrastructure on K Pad for the purpose of supporting three new grassroots wells.

K Pad is located within the Beluga River Unit on the west side of Cook Inlet, approximately two miles west of the mouth of the Beluga River on ADL 21128.

The scope of the project includes installing well cellars and conductors to support the three new wells; installing two 6-inch and one 4-inch subsurface flowlines to connect the new wells to separator packages; installing three 24-inch separator skids; installing fuel gas and instrument air piping between skids and buildings; installing electrical instrumentation from the electrical building to the wellheads; installing either a line heater building or a dehydration building; and relocating a 10,000-gallon water tank from B Pad to K Pad.

Trenching for subsurface activities will be backfilled with the excavated soil and leveled.

The division provided a review and comment opportunity for the activities considered for authorization under this decision. The following government entities were notified on Sept. 19 for comment on the plan: The Alaska Department of Environmental Conservation (ADEC); the Alaska Department of Fish and Game (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, resource evaluation, and pipeline coordinator sections. The comment deadline was Oct.3.

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 responsibility 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 Oct. 7, 2028.

Failure to comply with the terms and conditions outlined in the lease, the stipulations, and this authorization may result in revocation of the Beluga River Unit operations approval. ●

Contact Kay Cashman at publisher@petroleumnews.com

GOVERNMENT

RCA issues community energy regs

The Regulatory Commission of Alaska has issued for public comment proposed regulations for the operation of community energy programs in Alaska. Comments on the regulations are required by Oct. 30.

In a community energy project individual electricity consumers can subscribe to the use of an energy facility that is connected to an electric utility's power system. A subscriber would be entitled to some of the power generated from the facility, while also being credited by the utility for any surplus energy not used under the terms of the subscription. Senate Bill 152, passed by the Alaska Legislature in 2024, required the RCA to develop regulations for this type of energy facility.

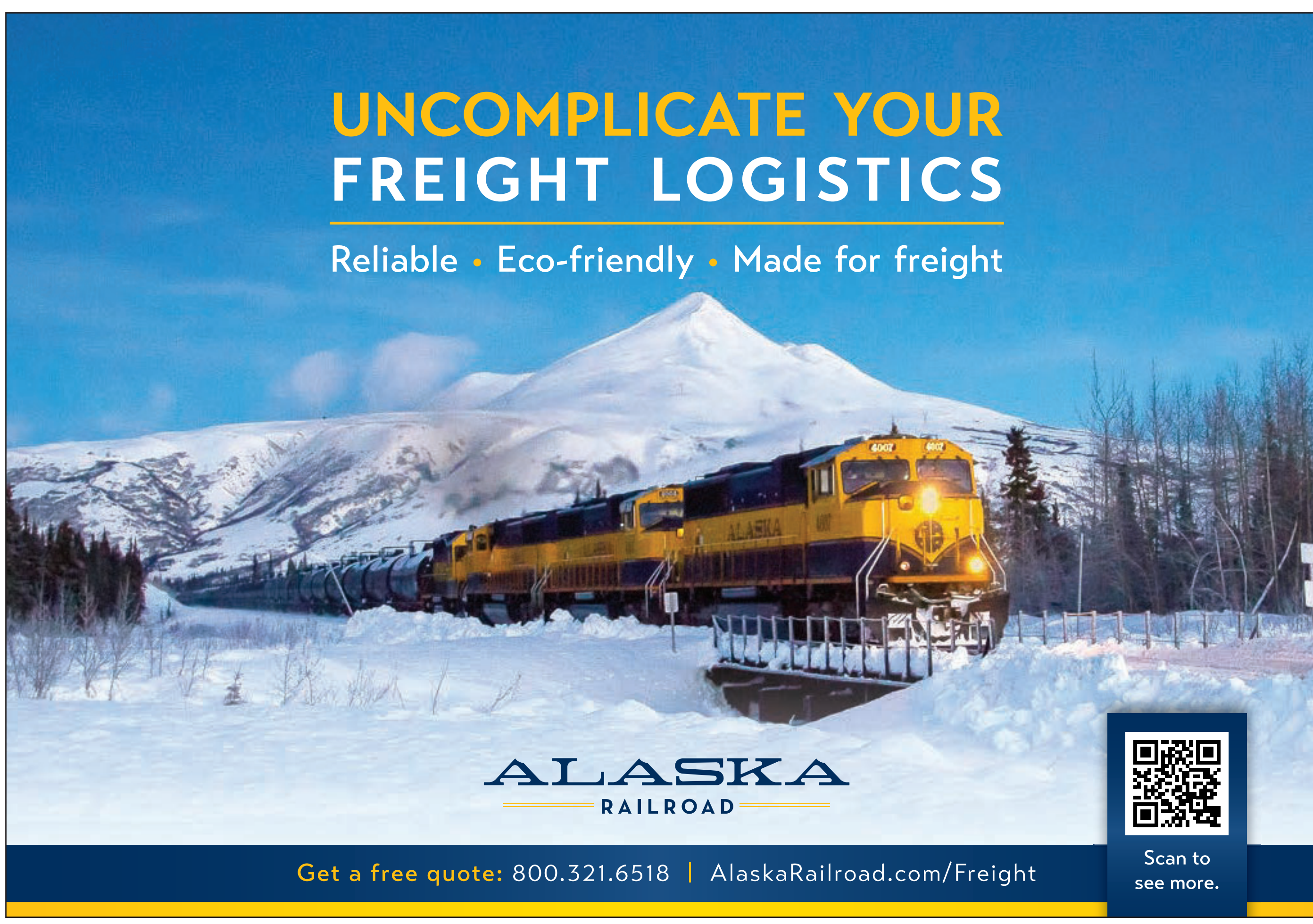
Electric utilities and entities that sell power to electric utilities are allowed to build and operate community energy facilities. Electricity utility Chugach Electric Association has already implemented a community solar energy project in Anchorage and is planning a second similar facility.

In a community solar farm a subscriber to the farm is entitled to the power generated by a specified number of solar panels.

The proposed regulations require RCA approval of the maximum nameplate capacity of community energy facilities in a utility's service area and approval of a community energy tariff that involves subscriptions that are limited to retail customers or member-owners of the utility involved.

The commission says that it is also required to adopt bill credit rates that consider the full economic value provided by community energy facilities — a subscriber to a

see COMMUNITY ENERGY page 6



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IVAN RIVER WELLS

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 responsibility 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 Oct. 7, 2028.

Failure to comply with the terms and conditions outlined in the lease, the stipulations, and this authorization may result in revocation of the Ivan River Unit operations approval. ●

Contact Kay Cashman at publisher@petroleumnews.com



F O R S A L E

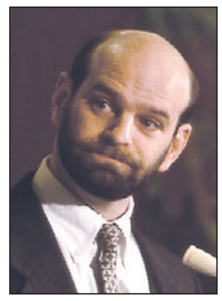
80' x 115' Hangar and Camp at Deadhorse Airport

Rigid Tension Hangar 80' x 115', Schweiss Bi-fold door, Concrete floor plus rig mat section. Large ceiling mounted heaters. Well lit 7 Bedroom Camp attached to hangar, includes kitchen, living room, dining room, bathroom and shower room and 2 large offices. Additional buildings include a water room and a separate waiting room. Water room also has laundry facilities.

CONTACT: cell phone: call or text Judy Miller 907 250-7090; or judymalaska@yahoo.com

THIS MONTH IN HISTORY

20 years ago: Shell actively working Hammerhead, aims to drill first Beaufort well in 2007


TOM HOMZA

Shell is actively working the Hammerhead prospect it acquired in the U.S. Minerals Management Services' Beaufort Sea sale earlier this year (2005), geologist Tom Homza, Shell's Anchorage office manager, said Oct. 19.

Shell won 84 blocks, some 465,000 acres, in the MMS lease sale in March, including Hammerhead and multiple exploration plays, and Homza said the company plans many additional investments in Alaska.

Shell is not new to Alaska: It left Alaska in 1998 when it sold its remaining Cook Inlet properties to XTO. Shell was active in the inlet beginning in the 1960s, in the Gulf of Alaska in the 1970s, and in the Beaufort, Bering and Chukchi seas in 1982-1991.

Petroleum News reported this summer that the company planned to shoot seismic in the Beaufort, and Homza said Shell will use WesternGeco's MV Gilavar for a 2006 3-D shoot.

The company will permit multiple locations, he said, to provide for maximum flexibility. The company acquired Beaufort Sea acreage at OCS lease sale 195, and more recently from EnCana.

Following 3-D seismic acquisition in the summer of 2006, Shell hopes to drill its first Beaufort well "in 2007," Homza said without specifying whether it will be the winter of 2006-07 or 2007-08.

—KRISTEN NELSON

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continued from page 1

STORAGE TENT

The following government entities were notified on Sept. 22, 2025, for comment on the plan: US Army Corps of Engineers (USACE), Alaska Department of Environmental Conservation (ADEC), Department of Fish and Game (ADF&G), Alaska Department of Natural Resources: Division of Mining, Land, and Water (DMLW), and the North Slope Borough (NSB).

The comment deadline was Oct. 2, 2025. There were no comments 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 responsibility 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 Oct. 3, 2028.

Any questions or concerns about this amendment may be directed to Natural Resource Specialist Jack McGowan at (907) 269-8940 or emailed to jack.mcgowan@alaska.gov.

—KAY CASHMAN

Contact Kay Cashman at publisher@petroleumnews.com

continued from page 1

NARWHAL UNIT

as part of the application, and met with the division for a technical presentation in August 2024.

In the POE, EE Partners outlined a comprehensive five-year plan.

For the years 2024 and 2025, Narwhal committed to several non-drilling initiatives, including completing and filing critical path permits, evaluating drilling rig options, continuing the comprehensive geological and geophysical technical assessment for selecting a drilling location, conducting marine and shallow hazard surveys, reprocessing 3D seismic data for higher resolution imaging of shallow sediments, contract for field equipment and services, and commence mobilization of equipment and personnel related to winter 2025-26 drilling.

In 2026, EE Partners committed to drilling two exploration wells to evaluate the Nanushuk formation.

Pending ongoing analysis of geophysical data, one of the exploration wells may be drilled deeper to evaluate the Torok.

Based on the results of these initial wells, EE Partners said it plans to complete two additional exploration wells in 2027, continuing the evaluation of the Nanushuk and possibly the Torok formation, acquiring additional 3D seismic as needed.

In 2028, EE Partners said it would analyze the results of the two additional wells and submit the initial plan of development, or POD, for the Narwhal unit.

As part of the division's approval of the Narwhal unit formation, the division required EE Partners to post a performance bond to DNR in the amount of $750,000 if an exploration well is not completed by July 1, 2026. This bond must be posted no later than July 31, 2026.

If EE Partners does not complete an exploration well by Dec. 31, 2028, the bond amount will increase to $1.5 million which must be posted no later than Jan. 31, 2029. Moreover, the Narwhal unit will automatically terminate five years from its effective date.

However, the bond will be returned upon EE Partners' completion of an exploration well.

The division approved the proposed POE, which was effective Nov. 4, 2024, through Nov. 4, 2029.

A second POE is due 90 days before the expiration of the first POE on Aug. 6, 2029.

The proposed unit expansion posted Oct. 2, 2025, encompasses six tracts covering 31,683.13 acres of State land, including all or part of the following:

Umiat Meridian, Alaska

T. 14 N., R. 1 E., secs. 3, 4, 9, 10, 15, 16, 21, & 22.

T. 15 N., R. 1 W., secs. All.

T. 14 N., R. 2 W., sec. 3.

T. 15 N., R. 2 W., secs. 22 thru 27, & 34 thru 36.

Interested parties can review the non-confidential portions of the application on the division's website at http://dog.dnr.alaska.gov/Library/, in-person at the division's office, or by writing to Division of Oil and Gas, Units Section, 550 West 7th Avenue, Suite 1100, Anchorage AK 99501-3560.

—KAY CASHMAN

Contact Kay Cashman at publisher@petroleumnews.com

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continued from page 1

INSIDER

"I wanted to share this with you as we'll be posting more regularly on both pages now," she wrote in an email.

Furie: https://www.linkedin.com/company/furie-ak

HEX: https://www.linkedin.com/company/hex-ak/

Exploration data, info being released

ON OCT. 8, the Alaska Department of Natural Resources' Division of Oil and Gas said it will release and make available to the public the following exploration data and information, as submitted to the division, no less than 30 days following this notice.

For Interior Alaska the division will release MLUP/AK 04-005 Nenana Basin 2D reprocessed seismic.

The permittee was PGS Onshore Inc.

The location is Fairbanks Meridian, Township 2S, Range 8W; Township 3-4S, Range 8-10W; Township 5S, Range 10-11W & Township 6S, Range 11-12W.

New caucus on LNG project

THE ALASKA GASLINE Caucus was launched Oct. 7 with presentations from Glenfarne Alaska LNG, the state labor department and the University of Alaska.

The bipartisan, bicameral caucus, led by Rep. Mia Costello, R-Anchorage, and Rep. George Rauscher, R-Sutton, was set in motion to examine what the state needs to do to prepare for an 800-mile gas pipeline. If approved, the Alaska LNG project will be one of the largest infrastructure projects on the planet.

"This project will bring tremendous opportunity to the state," Costello said. "We are going to be asking all state departments 'What have you done? What are you doing now, and what are you planning to do?' We will be having many meetings, and we want to keep the ideas free flowing."

Rauscher said: "I want to thank Governor Dunleavy, Glenfarne and all our state and federal partners for the leadership that's brought us here. We're here now to find out how to support the project and to listen to what is going on and where we actually sit now."

The proposed new pipeline will mostly follow the same route as the trans-Alaska oil pipeline – an advantage for the project compared with other pending pipeline projects because of existing infrastructure, Adam Prestidge, president of Glenfarne Alaska LNG, told more than 20 state legislators in attendance or participating via livestream. The company aims to have "pipe rolling" by mid-2026.

He said that the Alaska LNG project is the most heavily engineered pipeline project yet to be built.

Construction of the pipeline will generate 12,000 new jobs in Alaska, and university officials told legislators that many of their programs related to construction are currently at or near capacity. All the programs have pathways to various certifications.

"There is way more demand than what we can supply currently," said Kevin Alexander, interim dean of the University of Alaska Fairbanks Community & Technical College.

Cathy Munoz, commissioner of the Alaska Department of Labor and Workforce Development, said the department is making regulatory updates to recognize occupational licenses from other states. They are also looking at ways to retain personnel leaving active-duty military service in Alaska.

A gasline workforce plan is being updated, Munoz added, and efforts are underway to boost workforce training capacity.

"I think one of the messages that we heard today is that there are so many jobs, and it's an all-hands-on-deck situation for preparing Alaskans," Costello said.

Rauscher added: "The Legislature stands ready to support and to make sure Alaskans are the first to benefit from this historic opportunity. We still have questions that will need to be answered as the project advances, but now we have a much clearer idea of where this is headed."

—Oil Patch Insider is compiled by Kay Cashman

Contact Kay Cashman at publisher@petroleumnews.com

continued from page 1

DUBHE-1 WELL

executing this large and intricate operation safely and efficiently. The stimulation was performed as planned, increasing our confidence in achieving the objectives of the forthcoming flow testing program," Erich Krumanocker, Chief Development Officer for Pantheon, was quoted as saying in the company's recent press release.

Oil and gas resource

Pantheon is an AIM listed company focused on developing its 100% owned Ahpun and Kodiak fields located on State of Alaska land on the North Slope.

Independently certified best estimate contingent recoverable resources attributable to these projects currently total c. 1.6 billion barrels of ANS crude and 6.6 Tcf of associated natural gas. The company owns 100% working interest in c. 259,000 acres.

Pantheon's stated "objective is to demonstrate sustainable market recognition of a value of approximately $5 of recoverable resources by end 2028."

This is based on bringing the Ahpun field forward to FID and producing into the TAPS main oil line by the end of 2028.

The Gas Sales Precedent Agreement signed with AGDC provides the potential for Pantheon's natural gas to be produced into the proposed 807-mile gas pipeline from the North Slope to Southcentral Alaska during 2029.

Once the company achieves financial self-sufficiency, it will apply the resultant cashflows to support the FID on the planned Kodiak field, subject to regulatory approvals, and targeted by the end of 2028 or early 2029.

A major differentiator to other ANS projects, Pantheon says, is the close proximity to existing roads and pipelines which offers a significant competitive advantage to Pantheon, allowing for shorter development timeframes, materially lower infrastructure costs and the ability to support the development with a significantly lower pre-cashflow funding requirement than is typical in Alaska.

Furthermore, the low CO_2 content of the associated gas allows export into the planned natural gas pipeline from the North Slope to Southcentral Alaska without significant pre-treatment. ●

Contact Kay Cashman at publisher@petroleumnews.com

continued from page 1

BP OUTLOOK

as a fuel for road transportation to a feedstock in the petrochemical industry, the report says.

China, and to a lesser extent the Middle East and the United States, have driven a growth in the demand for liquefied natural gas, while the loss of Russian pipeline gas exports to Europe has also heightened the importance of the LNG market.

Investment in clean energies

Alongside all of this, investment in clean energies has grown rapidly in recent years, led by investment in wind and solar power.

The use of wind and solar power doubled between 2019 and 2024, driven in particular by solar power, with China accounting for more than half of this increase, the report says. The use of other less mature, higher cost clean energy technologies such as low-carbon hydrogen, sustainable aviation fuels and carbon capture and storage remain at an early stage of development and depend on policy and regulatory support.

Sales of electric vehicles have increased rapidly, particularly in China. In the European Union and the United States growth in the use of electric vehicles has been dependent on vehicle emissions regulations, the report says.

At the same time there are growing concerns about the availability and security of supplies for the critical minerals used in state-of-the-art technologies.

So, what may all of this mean in terms of the world's energy future?

Two scenarios

The Energy Outlook uses two theoretical energy scenarios to assess future possibilities. A current trajectory scenario assumes that the energy future will continue along its current path, based on current climate and energy policies. Alternatively, a below 2 degrees celsius scenario assumes significant tightening of climate policies and shifts in societal behavior that lead to a more rapid adoption of low carbon energy sources and faster improvements in energy efficiency.

The report does not suggest that either of these scenarios represent what will actually happen. Rather, they can help develop some insights into how the energy system may evolve in the next 25 years.

In particular, features that are common to both scenarios may be more likely to characterize what will actually take place.

The lower emissions in the below 2 degrees scenario would be driven by heightened decarbonization in emerging economies, and in the power and industrial sectors. In particular decarbonization of electrical power generation accounts for about 40% of the difference in emissions between the two scenarios, the report says. Increased energy efficiency, the greater use of electrification, the increased use of low carbon hydrogen and the use of carbon capture and storage in industry account for about 35% of the difference, the report says. A reduced demand for manufactured goods and materials could also have an impact.

At the same time, a growth in global energy use is driven by a combination of improved prosperity and rising populations in emerging economies. On the other hand, global economic growth has slowed somewhat in recent years, mainly as a consequence of slowing population growth. Nevertheless, the report anticipates the world economy roughly doubling in size between 2023 and 2050, with that growth particularly taking place in emerging economies.

Energy demand in emerging economies

The current trajectory scenario sees primary energy demand in emerging economies rising by almost a half by 2050, while the below 2 degrees scenario sees demand in emerging countries falling during the second half of the outlook. On the other hand, growth in energy demand in developed economies and in China is anticipated to be much weaker in both scenarios.

And both scenarios envisage renewable energy technologies constituting the fastest growing sources of primary energy, accompanied by a decline in the share of primary energy provided by fossil fuels. The biggest decline is likely to be in the use of coal for power generation.

The current trajectory scenario envisages only a slight drop in the use of oil as a percentage of prime energy sources by 2035. However, use of renewable energy would increase from around 10% to more than 15% of primary energy, supported by the growing electrification of the energy system and the increased penetration of wind and solar power. By 2050 renewables and natural gas would each provide about a quarter of the world's primary energy.

As distinct from primary energy, the sources of the energy that the world uses, energy consumption, the amount of energy actually used, is anticipated to increase by about 15% in the first half of the current trajectory scenario and to plateau thereafter. By comparison, in the below 2 degrees scenario accelerating improvements in energy efficiency would result in a 10% fall in energy consumption in developed countries by 2035, with further fall in later years. Key factors in reducing energy consumption would be the electrification of the energy system and the improved efficiency of electric-based technologies.

Low carbon energy production

The report also comments that, while in some parts of the world low carbon energy production is already increasing faster than total energy demand, at a global level low carbon energy production is not increasing fast enough to meet the entire growth in energy demand.

However, the acceleration in the electrification of the energy system and the rapid deployment of renewables will result in more countries moving into low carbon energy substitution, the report suggests. Currently China is electrifying its energy system more quickly than the U.S., Europe and India, although the rate of electrifica-

see **BP OUTLOOK** *page 7*

continued from page 3

COMMUNITY ENERGY

community energy facility must be credited for any excess electricity generated by that subscriber's portion of the facility and delivered to the utility

The commission also says that it has a duty to ensure that community energy facilities do not adversely affect the utility's retail electricity rates.

The RCA is also required to develop and implement several other measures relating to the implementation and operation of a community energy program, including requirements to modify standards, fees and processes to facilitate the cost-effective and non-discriminatory interconnection of community energy facilities; to permit utilities to recover the reasonable costs of administering the facilities; to facilitate the creation, financing and accessibility of the facilities; and to require facility construction to be carried out by contractors and subcontractors that comply with state wage requirements for the construction of public facilities.

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continued from page 6

BP OUTLOOK

tion in Europe may pick up more rapidly in a few years time, the report comments.

Demand for low carbon hydrogen is also likely to increase for use in heavy, long haul road transportation and for producing alternative fuels such as methanol and ammonia.

The report also envisages an increase in the use of nuclear power generation in the coming years, to enhance energy security and support climate goals.

The report also comments that growing power demand from data centers associated with the use of artificial intelligence may have an increasing impact on both energy supplies and economy-wide energy demand. Artificial intelligence may also have a significant impact on the efficiency with which energy can be produced, the report suggests.

Longterm decline in oil demand

Both scenarios envisage a long-term decline in oil demand.

In the current trajectory scenario oil demand continues to grow over the remainder of the current decade before moving into steady decline. Near-term demand would be supported by increased use in India and other emerging Asian countries with rapidly growing economies.

Beyond 2035 global demand would fall, primarily because of a drop in demand in developed countries and China. In the below 2 degrees scenario the drop in demand would be much faster and would begin earlier.

In parallel with the drop in oil demand, oil production would likely shift more towards countries in the Organization of the Petroleum Exporting Countries, and away from onshore the United States, the report suggests.

The two issues that are particularly important in assessing future oil demand are the diminishing role of oil in the production of fuel for road transportation and the persistent use of oil as a feedstock in the petrochemical industry, the report suggests. There is also an increasing use of jet fuel for air travel as a consequence of increasing global economic activity and the growing prosperity of developing economies.

In terms of road transportation, increasing demand is more than offset by improved vehicle efficiency and the switch to electric vehicles, the report says.

Natural gas demand

Demand for natural gas, on the other hand, would be shaped by the opposing forces of increased demand in emerging economies and a shift away from natural gas as the world electrifies.

The report suggests that gas demand would level out in the current trajectory scenario but fall after plateauing in the below 2 degrees scenario.

The characteristics of the LNG trade after 2030 would depend on the pace of the energy transition and would be boosted by demand in emerging Asian economies.

The current trajectory scenario envisages LNG exporting increasing by more than 60% by 2035 and then continuing to grow at a slower pace. The below 2 degrees scenario sees LNG exporting declining in the 2030s.

The Energy Outlook envisages U.S. natural gas production increasing in the coming years, in part because of increasing power generation demand and in part because of the growth in LNG exporting.

Three key issues

Underling all of this, the report sees three key issues that impact the transition to cleaner energy: increased geopolitical fragmentation, a sustained weakness in energy efficiency, and the delayed and disorderly nature of the transition to low carbon energy.

But delaying the transition could lead to an eventual costly and disorderly situation, to deal with the growing impacts of climate change, the report suggests. ●

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continued from page 1

OIL PRICES

Futures eased in Asian trading Oct. 9 as an announced cease-fire between Israel and Hamas was revealed, lowering perceived geopolitical risk in the Middle East, but prices recovered later in the session.

President Donald Trump said Israel and Hamas had agreed on the first phase of a Gaza peace plan which included a temporary halt in combat, hostage releases, and phased Israeli troop withdrawals.

Israeli Prime Minister Benjamin Netanyahu said he planned to convene the government on Oct. 9 to ratify the ceasefire agreement.

The agreement marks a significant turning point that may have far-reaching impacts on global oil markets, according to Claudio Galimberti, Rystad Energy chief economist.

A key implication is the possible reduction of Houthi attacks in the Red Sea, Galimberti said in an email to invezz.

The agreement, he said, could boost chances of a nuclear deal with Iran, potentially leading to Iran expanding crude oil and product exports, significantly altering the supply-demand dynamics and pricing in the international oil market.

"Yet, the devil is always in the details, and I would avoid speculating right now due to the many false starts that we have witnessed in the past," Galimberti said.

ANS was riding an updraft when it stabilized on Oct. 6; the Alaskan benchmark was up 96 cents, while WTI jumped 81 cents to close at $61.69, and Brent jumped 94 cents to close at $65.47.

Crude prices advanced after the Organization of the Petroleum Exporting Countries and its allies agreed Oct. 5 to a 137,000 barrel per day increase in crude production targets starting in November – less than market expectations of a potential 500,000 bpd boost.

OPEC+ plans to boost production by a further 1.66 million bpd to fully reverse a 2.2 million bpd production cut instituted in early 2024.

ANS rose 54 cents Oct. 3 to $66.50, WTI rose 40 cents to close at $60.88, and Brent rose 42 cents to close at $64.53.

Oct. 2 was the lowest price point of the trading week for ANS – off $1.08 to close at $65.96, as WTI plunged $1.30 to close at $60.48, and Brent plunged $1.24 to close at $64.11.

On Oct. 1, ANS fell 83 cents to close at $67.03, while WTI fell 59 cents to close at $61.78, and Brent plummeted $1.67 to close at $65.35.

Over the trading week ANS shed just 40 cents from $67.86 Sept. 30, to the close of $67.46 Oct. 7.

On Oct. 7, ANS closed at a premium of $5.73 over WTI and at as premium of $2.01 over Brent.

Crude futures shrugged off a surprise build in oil supplies to advance on Oct. 8.

U.S. commercial crude oil inventories for the week ended Oct. 3 jumped by 3.7 million barrels from the previous week to 420.3 million barrels – 4% below the five-year average for the time of year, the EIA said in its weekly petroleum report.

Analysts surveyed in a Reuters poll had on the average predicted a 1.9-million-barrel build in crude inventories.

Gasoline and distillate levels fell, however.

Total motor gasoline inventories were drawn down by 1.6 million barrels over the week to 219.1 million barrels – 1% below the five-year average for the season, the EIA said.

Distillate fuel inventories dropped by 2.0 million barrels over the period to 121.6 million barrels – 6% below the five-year average for the time of year. ●

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Petroleum news

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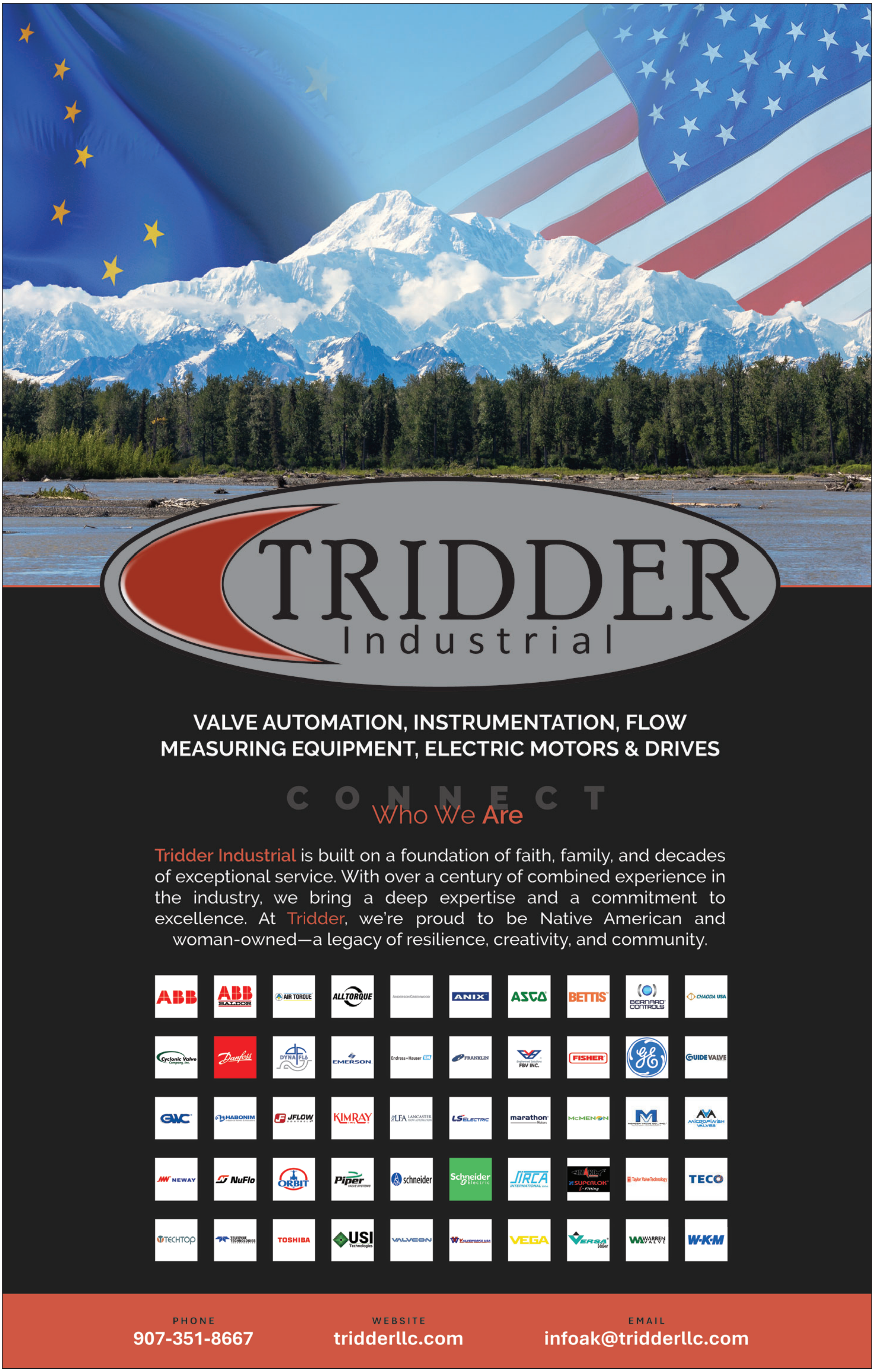
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