



Pantheon drilling Dubhe-1; S&P affirms Chugach credit ratings

ON JULY 22 PANTHEON RESOURCES started drilling the Dubhe-1 appraisal well at the company's Ahpun oil field on the North Slope of Alaska.

Dubhe-1 will target the topset horizon, SMD-B, as the primary target, appraising an already discovered resource.

An independent expert report completed by Cawley Gillespie & Associates in June 2024 estimates the primary target to contain a 2C Contingent Resource of 282 million barrels of Alaska North Slope crude (oil, condensate and NGLs) and 804 billion cubic feet of natural gas.

The well is also designed to encounter three additional exploration horizons (Prince Creek, SMD-C and the Slope Fan System), none of which have any resource estimate attributed to them at the present time but offer additional upside potential if successful.

Max Easley, CEO of Pantheon, was quoted in a press release as saying: "Assuming initial appraisal success at Dubhe-1, it will then allow us move forward into a test phase with the ultimate goal of accurately demonstrating a production type curve which

see **INSIDER** page 6



BP is last company standing for final P&A work at Gubik gas well

BP wasn't the operator when the Gubik Unit 1 exploration well was drilled on the North Slope in 1963, but of the three drilling partners — operator Colorado Oil and Gas, Sinclair Oil & Gas Co. and BP Exploration Company (Alaska) — it is the only remaining company.

As such, the Alaska Oil and Gas Conservation Commission called on BP in November 2022 after it found that the well, drilled on federal lease ADF 020932, was only partially plugged in 1966. AOGCC said its records show the well lacks a surface plug, a requirement of the agency's regulations both in 1966 and currently.

The commission gave BP 30 days to provide documentation showing the well had been properly plugged and abandoned, or that the company was not responsible for the P&A.

Otherwise, BP had 90 days to apply for the P&A work, with operations to be completed by April 2024.

BP, through Remediation Management Services Co., requested an extension to allow time for a site visit and to provide for

see **GUBIK WELL** page 5

Oliktok ramp work approved; 5-year screeding, landing permit

An April 21 request from Hilcorp Alaska for a 5-year land use permit for screeding activities at Oliktok Point and the Spy Island Drill Site, and installation of a seasonal barge landing at Oliktok Point, drew comments from ConocoPhillips Alaska.

The request was approved by the Alaska Department of Natural Resources' Division of Oil and Gas July 9, with the June 3 comments from ConocoPhillips resulting in Hilcorp Alaska requesting a letter of non-objection from Conoco Phillips.

Hilcorp's proposed work includes screeding activities at Oliktok Point and the Spy Island Drill Site and installation of a seasonal barge landing at Oliktok Point.

In its approval the division said general maintenance screeding at Oliktok Point would be in a 50-foot by 100-foot area on the west side barge ramp. The barge landing ramp at Oliktok Point, 60-feet by 60-feet, would be re-assembled each open water season or partially left in place over the winter. The ramp is comprised of rig mats and some 30 gravel-filled bags.

see **OLIKTOK RAMP** page 6

FINANCE & ECONOMY

Tariff deadline looms

Japan trade deal, progress in US/European Union talks cheer oil bulls

By **STEVE SUTHERLIN**

Petroleum News

Crude futures saw scant price movement July 23 as the looming threat of a U.S.-imposed Aug. 1 deadline for trading partners to make a deal or face punitive tariff levels was blunted by a new U.S./Japan trade deal together with constructive developments in U.S./European Union talks.

West Texas Intermediate crude closed 6 cents lower July 23 at \$65.25 per barrel, while Brent fell 8 cents to close at \$68.51 a barrel.

"Buying was driven by optimism that progress in tariff negotiations with the U.S. would help avoid a worst-case scenario," Hiroyuki Kikukawa, chief strategist of Nissan Securities Investment

told Reuters.

"Still, uncertainty over U.S.-China trade talks and peace negotiations between Ukraine and Russia is limiting further gains," Kikukawa said, adding that WTI will likely remain range-bound between \$60 and \$70.

Prices were further bolstered by a larger than forecast drawdown of U.S. commercial crude inventories, which helped to send futures higher in early Asian trade July 24.

In addition, the U.S. dollar index fell to its lowest level in more than two weeks, supporting oil prices by making it cheaper for non-dollar holders.

As Petroleum News went to press July 24, WTI was up 82 cents to \$66.07 and Brent was up 73 cents

see **OIL PRICES** page 7

EXPLORATION & PRODUCTION

Unit contraction delay

Ninilchik decision delayed on appeals to DNR commissioner, continued drilling

By **KRISTEN NELSON**

Petroleum News

Hilcorp Alaska has received another extension on contraction of its Kenai Peninsula Ninilchik unit, one of the inlet's largest natural gas producers.

Regulations of the Alaska Department of Natural Resources require that 10 years after the beginning of sustained production, a unit will be contracted to lands within approved participating areas and adjacent lands facilitating production.

The July 17 extension approval is through July 31, 2026, and Hilcorp may request another delay if necessary, DNR Division of Oil and Gas Director



DEREK NOTTINGHAM

Derek Nottingham said in the division's decision.

The Ninilchik unit was formed in 2001 and its original operator, Marathon Oil, began production in 2003, which would have put the contraction deadline in 2013.

But in that year Ninilchik was acquired by Hilcorp Alaska, and that company's continued exploration and development work at the field, combined

with two appeals in the DNR commissioner's office — one from January 2008 on a proposal to combine the Susan Dionne PA and Paxton tract operations into the Susan Dionne-Paxton PA and

see **DECISION DELAYED** page 4

FINANCE & ECONOMY

Alaska prospects advanced

88 Energy quarterly: Leonis project expanded to 664 million barrels of oil

By **KAY CASHMAN**

Petroleum News

88 Energy Limited's quarterly activities report revealed steady growth across its global oil and gas portfolio in the quarter ending June 30.

In regard to Alaska, at the Leonis project on the eastern North Slope the Australia-based company expanded its resource base with new lease awards and updated seismic data and is now estimating a combined net mean prospective resource of 664 million barrels of oil across the Canning and Upper Schrader Bluff prospects.

Planning and permitting has advanced for the Tiri-1 exploration well targeting both the Canning and the USB prospects with potential deeper reservoir

upside. Farm-out discussions are ongoing to secure a partner for drilling. 88 Energy's 100% working interest positions the company favorably to carry through on its farm out process.

Third party evaluation is on-going. Formal award of four additional leases totaling approximately an additional 10,200 acres was received, bringing the total acreage to more than 35,000 contiguous acres.

Furthermore, the acquisition of the Great Bear 3D seismic survey in 2024 significantly expanded the regional 3D dataset. The new data overlaps both the existing Leonis acreage and the Storms and Franklin Bluffs datasets, enhancing project evaluation.

Also, key vendors have submitted operational proposals, contributing to an updated AFE, or authoriza-

see **88 ENERGY REPORT** page 6

THIS MONTH IN HISTORY

NSB agrees to rezoning for Nikaitchuq

20 years ago: Borough investigated potential impacts on environment and on subsistence hunting; arctic ciscoe main concern

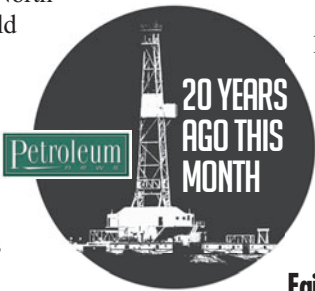
Editor's note: This story first appeared in the July 24, 2005, issue of Petroleum News.

By ALAN BAILEY
Petroleum News

At its June 2005 assembly meeting the North Slope Borough approved the rezoning of the area around the Nikaitchuq unit, Gordon Brower special assistant to the Land Management Division of the North Slope Borough Planning Department, told Petroleum News. The rezoning presents a major milestone in the development of Nikaitchuq by Kerr-McGee and its partner Armstrong Alaska. Nikaitchuq lies in the shallow waters of the Beaufort Sea, offshore the Kuparuk River and Milne Point production units on Alaska's North Slope.

Kerr-McGee has said that the Nikaitchuq No. 1 well tested at rates of more than 960 barrels per day of 38 degree API oil from the Sag River formation. The company has also said that it has tested the Schrader Bluff reservoir at Nikaitchuq No. 4 at rates up to 1,200 bpd, with the oil testing at 16 to 17 degrees API.

Kerr-McGee and Armstrong plan to build a production pad at Oliktok Point and up to three offshore gravel islands inside the barrier islands in the vicinity of Spy Island, in water depths of 8 feet or less. They would drill up to "50 wells at each offshore location and about 20 wells at the onshore location for producing oil and gas."



Conservation district

But the project area south of Spy Island and north of Oliktok Point lies within a region that the North Slope Borough had zoned as a conservation district — an area intended for nature conservation. As a result Kerr-McGee submitted an application to the borough to have the area rezoned for resource development. Brower said the application was received in March and the borough's planning commission heard the application in May.

"By resolution, the Planning Commission, after a public hearing forwarded it on to the North Slope Borough Assembly for final approval," he said.

Assembly approval followed a further public hearing that included testimony both for and against the rezoning. And with the rezoning completed, the permitting process for the project can now move ahead.

Fairly low environmental impact

Brower said that the decision to agree to the rezoning partly emanated from the fact that the sea in the project area is fairly sheltered. People did cite some environmental issues but we determined that there wouldn't be a large-scale impact "primarily because of our coastal management program atlas which shows this area to be relatively free of ice ridging," Brower said. Also some barrier islands shelter the project area and would take the brunt of a storm surge, he said.

The prime environmental concern turned out to be a potential impact on the arctic ciscoe that migrate through the shallow nearshore water from the Mackenzie River to

the Colville River. Grounded ice forming around the oil structures might block the migration of these fish.

"The remedy was that the grounded ice for the project would be breached at several locations to accelerate thaw," Brower said.

Subsistence impacts

North Slope Borough residents are also concerned about the impact of oil and gas development on subsistence hunting.

"We do know the impact associated with development is mostly displacement (of subsistence hunting)," Brower said.

The Nikaitchuq project involves a conflict avoidance agreement with the Alaska Eskimo Whaling Commission, he said. The intent of this agreement is to ensure that the development doesn't interrupt bowhead whale migration, a critical factor in the Native way of life.

Bowhead whale migration is protected by the North Slope Borough coastal management program and by municipal code, Brower said.

"They may have stop-work periods from the peak hunting until the quota's met by the village, so that whales will not be deflected off their normal migration path," he said.

Brower also pointed out that although industry has claimed that hunting can continue around the oil and gas



GORDON BROWER

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• EXPLORATION & PRODUCTION

Baker Hughes US rig count jumps 7 to 544

By KRISTEN NELSON
Petroleum News

Baker Hughes’ U.S. rotary drilling rig count jumped to 544 on July 18, up by seven from the previous week — the increase, the first following 11 consecutive weeks of drops, was in rigs targeting natural gas, up nine, while rigs targeting oil dropped by two. The count was down by 42 from 586 a year ago, up five from two weeks ago and down 53 since the count began to drop 12 weeks ago. This is the lowest the rig count has been since October 2021.

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

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

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

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

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

Baker Hughes shows Alaska with 10 rotary rigs active July 18, unchanged from the previous week and up by one from a year ago when the state’s count was nine.

of August 2020 when it gained back 10 rigs.

The July 18 count includes 422 rigs targeting oil, down by two from the previous week and down 55 from 477 a year ago, with 108 rigs targeting natural gas, up nine from the previous week and up eight 14 103 a year ago, and five miscellaneous rigs, unchanged from the previous week and down by one from a year ago.

Forty-four of the rigs reported July 18 were drilling directional wells, 485 were drilling horizontal wells and 15 were drilling vertical wells.

Alaska rig count unchanged

New Mexico (94) was up four rigs week over week. Louisiana (33) was up by two rigs while Colorado (9) and Utah (10) were each up one rig.

Texas (253) was down by two rigs. Rig counts in other states were unchanged from the previous week: Alaska (10), California (6), North Dakota (29), Ohio (11), Oklahoma (42), Pennsylvania (17), West Virginia (7) and Wyoming (17).

Baker Hughes shows Alaska with 10 rotary rigs active July 18, unchanged from the previous week and up by one from a year ago when the state’s count was nine.

The rig count in the Permian, the most active basin in the country, was down by two from the previous week at 263 and down by 42 from 305 a year ago. ●

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GOVERNMENT

Doyon Nenana seismic to be released

The Alaska Department of Natural Resources’ Division of Oil and Gas said July 16 that within 30 days it will release Nenana 2D/3D seismic permitted by Doyon Limited in Interior Alaska at Fairbanks Meridian, Township 3–4S, Range 8–9W.

The Division of Oil and Gas complies with Title I of the Americans with Disabilities Act 1990. This publication will be made available in alternative communication formats upon request.

Call 907-269-8800 or email dog.tcddata@alaska.gov to make any necessary arrangements.

—KAY CASHMAN

AEA invites renewable energy grant apps

The Alaska Energy Authority is inviting applications for grants from round 18 of the agency’s Renewable Energy Fund grant program. This program, which was established by the Alaska Legislature in 2008, uses a competitive selection process to provide funding assistance for renewable energy projects in the state. The concept is to help diversify and strengthen Alaska’s statewide energy portfolio, AEA says.

Applications are due by 4 p.m. on Friday Sept. 12. Eligibility criteria and instructions for filing an application are available in the Renewable Energy Fund section of AEA’s website.

The maximum grant for a community with low energy costs is \$2 million, while the maximum for a community with high costs is \$4 million. AEA says that all applications received in a timely fashion undergo a thorough four-stage evaluation process, to assess eligibility for funding, including organizational capacity; economic and technical feasibility; financial strength; matching funds; and local support. An advisory committee issues funding recommendations, with the state governor and legislature then making final funding decisions.

AEA says that since the inception of the program 296 grants have been awarded, with a total of \$333 million in state funding supporting more than 110 operational projects statewide. These projects have resulted in the annual displacement of more than 13 million gallons of fuel in the state.

With bipartisan support the 2026 fiscal year state budget appropriated \$6.3 million to fund the top six recommended projects from the previous round of grant applications, AEA says. This represented full state funding for the grant program, despite the state’s significant fiscal constraints, the agency says.

—ALAN BAILEY



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DECISION DELAYED

one a 2021 remand from the Alaska Supreme Court over an expansion of the Falls Creek PA — have resulted in the extensions of the contraction date.

Nottingham said “it would be impractical to contract the unit at this time” because of the ongoing appeals and noted that the Supreme Court’s remand of the Falls Creek PA appeal would likely require further review by the division of evidence on the proposed boundaries, possibly resulting in modification of the PA boundaries and that could impact production allocation to royalty owners or result in another appeal.

“The review and decision further may impact either the preservation or termination of various oil and gas leases and generally result in administrative burdens and financial burdens to the operator, private mineral owners, and the State,” he said.

This is one basis for the delay in contracting the unit.

Hilcorp’s work at Ninilchik

The factor receiving the most attention in the decision, however, was Hilcorp’s ongoing exploration and development work at Ninilchik, work which the company detailed in its July 8 request for an extension.

That work began with a 2015 aerial gravity and magnetics survey, data which the company said is still being used. In 2016 Hilcorp proposed a unit and PA expansion at Falls Creek based on the prior year’s exploration work.

Seven stratigraphic test wells were drilled in 2017 in the Ninilchik unit and its vicinity and four grassroots wells from the Kalotsa pad.

Between 2019 and 2022, Hilcorp drilled five grassroots wells in the Susan Dionne-Paxton PA, followed in 2022 by four wells within the Pearl prospect, resulting in discovery of commercial quantities of gas, with first production in December 2022.

Paxton 12 and Pearl 10 were drilled in April 2023, with both wells online and producing from the Pearl PA.

In June 2023 the company drilled the

Pearl 11, currently online and producing from the Pearl PA. At the end of 2023 the division approved Hilcorp’s 2022 application to form the Pearl PA and expand the Ninilchik unit to include the Pearl structure.

In October 2024 several zones in the Blossom 1 well were tested, although Nottingham said in the division’s decision that perforations and testing at that well “was unsuccessful and yielded no gas to the surface.”

Hilcorp said it drilled three Susan Dionne-Paxton PA wells in 2025, all currently online.

The current plan, approved by the division July 8 (for Aug. 1 through July 31, 2026), includes evaluation of an exploration well in the northernmost portion of the unit in the Clam Gulch area and two development wells in the Paxton-Kalotsa-Dionne and Falls Creek structures.

Nottingham said upon completion of that work and resolution of the administrative appeals, Hilcorp will analyze any necessary reconfiguration of unit and participating area boundaries.

Ninilchik production

Operator Marathon, in partnership with Union Oil of California, brought Ninilchik online in 2003. Alaska Oil and Gas Conservation Commission data show annual production peaking in 2008 at 19.11 trillion cubic feet. By 2013, the year of the sale to Hilcorp, annual production stood at 9.1 tcf. Recent peak annual production was 15.78 tcf in 2023, with production in the most recent calendar year, 2024, of 11.76 tcf.

In May, the most recent month for which AOGCC production data are available, Ninilchik ranked third in natural gas production for the Cook Inlet area, averaging 33.14 million cubic feet per day, behind Beluga River at 42.44 million cubic feet per day and North Cook Inlet at 38.44 million. Ninilchik and North Cook Inlet are Hilcorp owned fields; Hilcorp operates Beluga River on behalf of itself and majority working interest owner Chugach Electric Association. ●

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GUBIK WELL

adequate time to plan and execute the work, an extension which the commission granted to April 2025.

A December 2024 request for an extension to April 2026, also granted by the commission, was based on time required to complete surface water and soil sampling at the site required by the Alaska Department of Environmental Conservation and to install thermistors along the required winter trail to the site, work only partially completed during the summer of 2024, Remediation Management Services told the commission, because of maintenance issues with the helicopter company.

P&A work

The Alaska Department of Natural Resources' Division of Oil and Gas is asking for public comments on BP American Production Co.'s P&A work at Gubik 1, with a deadline of July 30.

The division said it received a land use permit application July 10 from BP for off road travel in support of the Gubik 1 P&A.

The land use permit is from ERM Alaska Inc. on behalf of BP American Production Co. for authorization for P&A activities at Gubik 1, 91 miles southwest of Deadhorse and some 18 miles east-northeast of Umiat.

Summer 2025 work will include an archaeological survey and installation of 15 thermistors along the proposed snow trail route, with winter site work and snow trail construction scheduled for February through April 2026.

Summer 2025 work will include an archaeological survey and installation of 15 thermistors along the proposed snow trail route, with winter site work and snow trail construction scheduled for February through April 2026.

The division said equipment for winter activities will be staged at the west side of Franklin Bluffs Pad.

The application is for use of up to some 764 acres.

The application says BP's objective at Gubik 1 is to simultaneously address AOGCC P&A requirements and ADEC regulatory requirements.

ERM Alaska said the snow trail is similar to routes historically used to reach Umiat and Gubik 1.

The correction action at Gubik 1 "will require the removal and disposal of contaminated materials, including hydrocarbon impacted material, empty drums, and potentially gravel," the company said, materials which will be removed using the snow trail.

BP's P&A contractor Cudd Well Control will be responsible for plugging and abandonment work and has indicated that a "top job" will be required to properly P&A the well, ERM said. That will involve "drilling through some of the ice in the well, installing concrete surface plugs, and cutting the well off below the ground surface. The lower well seals will be left in place."

A snubbing unit will be required for the P&A work and will be mobilized over the snow trail, with the rig in pieces and a crane required to erect it.

ERM said up to 15 people are anticipated to be traveling along the access trail at any time during winter activities, including pre-packing and snow trail construction. The number includes on-site crew and drivers of machinery and transport vehicles.

A temporary landing strip near the project site will be built with snow trail con-

Following the drilling of Gubik Unit 1, the U.S. Geological Survey determined that results were not sufficient to hold the unit, considering its distance from market and the costs to transport the small amount of gas discovered.

struction techniques and most personnel will fly in and out.

Not commercial

Following the drilling of Gubik Unit 1, the U.S. Geological Survey determined that results were not sufficient to hold the unit, considering its distance from market and the costs to transport the small amount of gas discovered. The well was a vertical hole reaching a total depth of 4,406 feet.

USGS told Colorado Oil and Gas in a Nov. 29, 1963, letter that it did not consider Gubik 1 a commercial producer, based on information from the company that the well was possibly capable of initial production of only 600 mcf, thousand cubic feet, per day, as indicated by the company's final test on Nov. 12, 1963, the completion date of the well. USGS required additional drilling operations at Gubik to begin by May 11, 1964, to hold the unit.

In a Jan. 22, 1964, response to USGS, Colorado Oil and Gas said while preliminary results from the well "indicate that westward locations would be attractive," there was litigation pending on unleased acreage to the west and drilling equipment on the Arctic Slope was not available and looked to be engaged in other operations for most of the next two years, with drilling parties in the Gubik well — Sinclair, BP and Colorado Oil and Gas — "actively engaged in such other exploratory efforts, which for the most part are operations required under development contracts negotiated with the United States Geological Survey."

The companies did not appeal the USGS decision but did request that the unit be preserved and two years, until May 12, 1966, to allow for a second well. No second well was drilled, and the unit was terminated April 1, 1965.

Colorado Oil and Gas completed final abandonment of the Gubik 1 Sept. 13, 1966.

—KRISTEN NELSON

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EXPLORATION & PRODUCTION

Milne S Pad expansion request approved

A request from Hilcorp Alaska for expansion of S Pad at the company's Milne Point unit on the North Slope was approved July 21 by the Alaska Department of Natural Resources' Division of Oil and Gas. The division said the expansion upgrades the facility for future additional wells and well work activities.

Some 23,800 cubic yards of gravel will be placed on some 3.62 acres of wetlands adjacent to the existing pad, providing space for a header expansion, remote shelter, a polymer skid, a booster pump module and the drilling of up to 22 additional wells using the Doyon 19 rig.

As many as 30 vertical support members will be installed to support the head expansion, remote shelter and booster pump.

In its June 5 application Hilcorp told the state: "The facility expansion and associated drill wells are needed to manage increased production at S Pad within the MPU."

Hilcorp said work would begin with VSM installation, July 21 through Aug. 31. Gravel would be placed Aug. 1 through Nov. 30, with header extension installation in that same period.

Installation of the remote shelter/E Mod would be from Dec. 1 through March 31, 2026, followed by preparation for drilling in May and grassroots well drilling from June 1, 2026, through Feb. 28, 2030. The polymer skid and booster pump mod would be placed from Sept. 1, 2026, through Dec. 1, 2026.

Facility piping, electrical lines and instrumentation lines to tie wells into existing production facilities would be from June 1, 2026, to Feb. 28, 2030.

—KRISTEN NELSON

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HISTORY

developments, past experience has shown that disruption to hunting can occur. For example, security concerns can result in restricted access around oil installations.

"There have been problems with subsistence hunters being disarmed," Brower said.

And a good neighbor policy for recognizing and mitigating the displacement of subsistence use areas will apply to the Nikaitchuq project, as it has in the Alpine project, Brower said. The good neighbor policy recognizes areas that are used for subsistence harvesting or transportation.

"It creates a fund where impacts can be mitigated and if subsistence is not taking place in this area it provides a means of going elsewhere," Brower said.

Brower also emphasized the importance of looking at the overall cumulative effects of oil and gas development and not just considering individual projects.

"I think the state has neglected this far too much — they have not done anything to make the industry recognize the cumulative effects that are going on," Brower said.

The borough expects to carry out studies into these cumulative effects in connection with the Nikaitchuq project — studying, for

example, the impact of noise from construction sites and field operations.

"It calls for some acoustic monitoring in close relationship with our wildlife department in the North Slope Borough," Brower said. "We've been the leader in studying the bowhead whales."

New technology

The proposed use of new technology, including containment modules for the wellheads and a "pipe-in-pipe" design for pipelines, played a significant role in the borough's rezoning decision.

"It hasn't been done before in the Arctic, having wellheads completely sealed inside a tank and the subsea pipeline having a full containment system," Brower said.

This type of design puts to rest some fears about what would happen if a blowout occurs, especially since oil spill response tests in broken ice for Northstar did not work, he said.

"The long-standing opposition to offshore development by the North Slope Borough still stands but we make use of best available technology to make a best informed decision," Brower said. "... If you want to come up here this is how you do it." ●

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INSIDER

would in turn underpin the planned Ahpun full field development, whilst at the same time supporting the natural gas volumes required for the proposed long term gas supply contract into the proposed Alaska natural gas pipeline (Alaska LNG — Phase 1)."

Chugach Electric credit ratings affirmed

S&P GLOBAL RATINGS has affirmed Chugach Electric Association's credit rating of "A" with its short-term commercial

paper program affirmed at "A-1", the association said July 16.

The rating agency also provides an outlook of "stable" for Chugach.

In its report dated July 15, S&P cites several reasons for affirming Chugach's rating including its diverse generation resource portfolio, "which exhibits significant capacity, efficiency, and economics, and our view that management is being proactive in terms of power and gas supply strategy."

Additionally, S&P's rating reflects their view of Chugach's positive and supportive relationship with the Regulatory Commission of Alaska.

"Chugach's management is proactive and sophisticated, with prudent policies in place, including robust physical and cybersecurity protocols and excellent disclosure, wildfire mitigation, and strategic planning process," the report states.

"We take our credit worthiness very seriously and are pleased to have our credit ratings affirmed by S&P," said Chugach CEO Arthur Miller. "Consistent strong credit ratings result in lower costs for our members as we can secure more favorable loan terms and borrowing costs."

In its report, S&P cites some offsets to Chugach's strengths, such as the possible rate impacts of transitioning to importing

liquified natural gas in the future, continued stagnant energy sales and revenue as the result of energy efficiency over the last few years and mild weather in recent months.

Chugach is the largest electric utility in Alaska, providing power for more than 90,000 members from south Anchorage to the northern Kenai Peninsula, and from Whittier on Prince William Sound to Tyonek on the west side of Cook Inlet.

—Oil Patch Insider is compiled by Kay Cashman

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OLIKTOK RAMP

At Spy Island, the division said general maintenance screeding would be on the east and west barge ramps in a 150-foot by 400-foot area at each ramp, and take place during the open water season starting in July using an extended reach backhoe staged from a barge or from the boat ramp edge, with work estimated to take five to 20 working days each year.

ConocoPhillips comments

In its comments ConocoPhillips told the division that Oliktok Point is part of the Kuparuk River unit. For ConocoPhillips and other operators on the North Slope,

Oliktok Point is critical infrastructure, the company said.

The company cited both routine activities and plans it has for Oliktok road maintenance in 2026 and module deliveries for its Willow project at the Oliktok Dock in 2027. ConocoPhillips said its 2027 planned activities may be the largest infrastructure delivery at Oliktok Point in decades, requiring careful preparation, planning and execution including collaboration with other North Slope operators.

Letters of non-objection, the company said, are the most familiar and proven method for such cooperation and coordination. ConocoPhillips requested that the permit be subject to a letter of non-objection to ensure screeding and barge ramp installation do not interfere with Kuparuk River

unit operations, particularly the KRU Seawater Treatment Plant, and for effective management of simultaneous operations at and around Oliktok Point, including delivery of Willow modules.

The division said ConocoPhillips concerns were noted and forwarded to Hilcorp Alaska and said Hilcorp Alaska responded that it had submitted a letter of non-objection to ConocoPhillips.

Other work approvals

The division also approved plans of operation amendments from Prudhoe Bay operator Hilcorp North Slope for two Prudhoe Bay projects.

The July 10 approvals are for authorization to expand the L Pad access road to create a vehicle pull out and parking area

"where crews can safely fill equipment with permitted water," involving a gravel expansion some 125 feet by 30 feet.

The division also approved a request to expand the road between Gathering Center 1 and Gathering Center 3 and replace 120 vertical support members. That project involves placement of some 900 cubic yards of gravel along 1,300 feet of existing road to widen the road by 3 to 5 feet, creating a safe work area for maintenance of VSMs. After gravel placement, Hilcorp North Slope will cut and cap some 120 VSMs along the road and replace them with new VSMs.

—KRISTEN NELSON

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88 ENERGY REPORT

tion for expenditure.

88 Energy wholly owned subsidiary Accumulate Energy has a 75% working

interest in the Phoenix project on Alaska's central North Slope.

On Feb. 17, 88 Energy announced it had entered into binding terms for a farmout participation agreement with Burgundy Xploration in relation to Project Phoenix.

Under the agreement, Accumulate would be fully carried for all costs associated with the planned horizontal well program that included an extended flow test.

Transaction highlights:

- Burgundy to fully fund up to US\$39

million of Project Phoenix's total gross future work program costs in exchange for up to an additional 50% working interest in Project Phoenix.

- Provides a clear funding avenue to advance Project Phoenix towards a final development decision via a two-phase farm-in arrangement:

- Phase 1: Burgundy to fund US\$29 million for CY25/26 work program, including drilling of a horizontal well and production testing scheduled for H1 CY26 (88 Energy fully carried Accumulate working interest post Phase 1 farmout 35%).

- Phase 2: Upon Phase 1 success, Burgundy to fund up to US\$10 million for an additional well or other CAPEX program (88E carry up to US\$7.5 million, based on the current 75%, with Accumulate working interest post Phase 2 farm-out to 25%).

88 Energy continued to work with Burgundy to advance planning and permitting for the horizontal test well and flow-back operation currently scheduled for Q2/Q3 CY2026 and Burgundy is progressing well towards its North American public listing. Burgundy continued to reaffirm its project commitment by paying 2025 cash calls during the quarter, including 100% of lease payments, which form part of its carried expenditure under the farm-out agreement.

In its recent quarterly report for the period ending June 30, 88 Energy addressed its farm-out activity and work program progress noting the following highlights:

- Joint venture partner Burgundy advanced its funding strategy to finance Phase 1 of the farm-out, targeting US\$29 million to drill a horizontal well and conduct a long-term production test.

- Burgundy reaffirmed its commitment by meeting its 2025 financial obligations, including 100% of lease cost payments in accordance with the farm-out agreement.

- Ongoing optimization of the planned stimulation and extended horizontal flow test at the Franklin Bluffs gravel pad, with spud currently targeted for Q2/Q3 CY2026. ●

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OIL PRICES

to \$69.24. On July 22 crude prices dove on tariff fears, taking Alaska North Slope crude down \$1.04 to close at \$71.84, as WTI plunged 99 cents to close at \$66.21 and Brent fell 40 cents to close at \$68.59.

U.S./European Union talks were progressing to a deal for 15% tariffs on most products, Bloomberg reported July 23, quoting diplomats briefed on the negotiations.

European member states appear ready to accept the 15% tariff and EU officials are pushing to have it cover sectors including cars, while steel and aluminum imports above a certain quota would have a 50% duty, Bloomberg said, adding that the EU is optimistic but cautious as the final deal must be approved by U.S. President Donald Trump.

If no deal is reached in time and Trump imposes a threatened 30% tariff level, the EU said it is “prepared to strike back hard.”

Trump’s deal with Japan would reduce tariffs on Japanese autos to 15% from 27.5%, and cut other duties due on Aug. 1 to 15%, Reuters reported July 23. The deal includes a \$550 billion package for Japanese investment in the United States.

Crude inventories stage surprise drawdown

U.S. commercial crude oil inventories for the week ended

U.S. commercial crude oil inventories for the week ended July 18 fell by 3.2 million barrels from the previous week to 419 million barrels — 9% below the five-year average for the season, the U.S. Energy information Administration said in its weekly petroleum report July 23.

July 18 fell by 3.2 million barrels from the previous week to 419 million barrels — 9% below the five-year average for the season, the U.S. Energy information Administration said in its weekly petroleum report July 23.

Analysts answering a Reuters poll had called for a draw-down of 1.6 million barrels.

Total motor gasoline inventories decreased by 1.7 million barrels for the week to 231.1 million barrels — just clearing the five-year average for this time of year, the EIA said.

Analysts in the Reuters poll had projected a 900,000-barrel drawdown.

Distillate fuel inventories increased by 2.9 million barrels for the week to 109.9 million barrels — 19% below the five-year average for the time of year, the EIA said.

Peace talks between Russia and Ukraine were held in Istanbul July 23, focusing on prisoner exchanges.

A breakthrough on a ceasefire or a direct summit between leaders appears distant, according to Reuters reports.

Oil exports from Russia’s main Black Sea ports were temporarily disrupted July 23. Industry sources told Reuters

that new regulations effectively halted shipments from Kazakhstan via a key export consortium which includes American energy firms.

Washington may impose fresh sanctions on Russian oil to bring the Ukraine war to an end. The EU adopted a new sanctions package July 18, which includes lowering the price cap for Russian crude exports.

ANS fell 11 cents July 21 to close at \$72.88, as WTI fell 14 cents to close at \$67.20 and Brent dropped 29 cents to close at \$68.99.

On July 18, ANS fell 19 cents to close at \$72.99, WTI fell 20 cents to close at \$67.34 and Brent fell 24 cents to close at \$69.28.

On July 17, crude surged as demand fears eased on a robust summer travel season and bullish economic reports put up by the United States and China. ANS leapt \$1.31 to close at \$73.18, WTI leapt \$1.16 to close at \$67.54, and Brent jumped a dollar to close at \$69.52.

ANS dropped 55 cents July 16 to close at \$71.87, as WTI fell 14 cents to close at \$66.38 and Brent fell 19 cents to close at \$68.52.

ANS fell 58 cents over the trading week from its close of \$72.42 July 15 to \$71.84 July 22.

On July 22, ANS closed at a premium of \$5.63 over WTI, and at a premium of \$3.25 over Brent. ●

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Oil Patch Bits



Coffman Engineers Lallish and Fowler earn licenses

Coffman Engineers Inc. said July 9 that it congratulates McKenzie Lallish and Noah Fowler on earning professional engineering licenses in structural engineering and mechanical engineering.

Lallish joined Coffman in 2013 as a structural engineer after graduating from the University of Alaska Anchorage with a Bachelor of Science in civil engineering. Throughout her career, Lallish has had the opportunity to work with many different clients, gaining experience in commercial, industrial and federal projects across Alaska and other parts of the world.

She has experience in designing and analyzing steel, reinforced concrete, masonry and timber structures. Some notable projects requiring innovative solutions include structural modifications to an existing, congested steel building to support new mechanical HVAC equipment, assisting in the design of a new mass timber head start child development facility and evaluating the foundation and support structure of an existing elevated water tower in a highly seismic zone. In addition to her structural design work, Lallish has also provided corrosion control field engineering support for the Trans-Alaska Pipeline System, operated by Alyeska Pipeline Service Co., to ensure the integrity of facility piping and main-line by-pass valve piping along the pipeline.

“McKenzie has been an important part of our team for over a decade and a culture champion for our structural department. She has a willingness to work on any task and therefore has developed an impressive breadth of experience during her time at Coffman. I am very excited she has added the PE credential to her name, to help recognize the value she was already bringing to our clients,” said Coffman Structural Principal, Matt Stielstra, PE, SE.

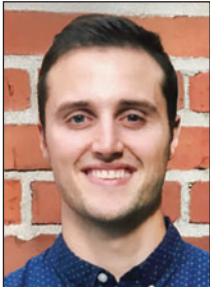
Fowler joined Coffman in 2023 as a mechanical engineer after 4 years serving as a power generation engineer for Puget Sound Energy. At Coffman, he supports a range of energy projects including solar photovoltaics, battery energy storage systems, microgrids, hydrogen and fossil-fuel fired power generation. He has experience designing mechanical and power systems and supporting instrumentation and controls design.

Fowler also brings experience with both capital and operations and maintenance projects, as well as hands-on work at a range of facilities — including gas-fired power plants, hydroelectric dams and plants and run-of-river hydro stations. His background includes managing, testing, analyzing and upgrading high-energy systems such as piping, valves, pumps, compressors, turbines and auxiliary equipment. He has also led efforts in replacement and retrofit projects to enhance system performance and reliability. Fowler received his Bachelor of Science in mechanical engineering from the University of Alaska Anchorage.

“Noah is a standout member of our team, bringing a remarkable blend of experience, dedication and passion that continually elevates our work and strengthens the value we provide to our clients. His achievement in earning a professional engineering license is an inspiring milestone — one that reflects his talent, commitment and drive for excellence. Congratulations Noah — we’re proud of you and excited to see all that you will accomplish in your engineering career,” said Coffman Electrical Principal, Logan Haines, PE.



MCKENZIE LALLISH



NOAH FOWLER

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