



## Conoco to drill 4 NPR-A wells; Pantheon raises \$16M; Winegarner in Asia; STaX bitcoin mining permit

AS FIRST REPORTED BY BLOOMBERG on July 14, ConocoPhillips is seeking authorization from the U.S. Bureau of Land Management to conduct exploration activities in the National Petroleum Reserve-Alaska during the winter season of 2025-26.

Any oil discovered will likely be processed through the company's Willow project, which is under construction and is already expected to produce some 600 million barrels over a period of 30 years, beginning in 2029 and peaking at around 180,000 barrels per day.

The Bloomberg report included an interview with Erec Isaacson, president of ConocoPhillips Alaska.

Following an exploration campaign, the company began pursuing the large Willow discovery at the Bear Tooth unit in 2018 and sanctioned the \$7.5 billion project in late 2023.

ConocoPhillips operates two units in the petroleum reserve: Greater Mooses Tooth and Bear Tooth.



see INSIDER page 7

## Narwhal applies for land use at Harrison Bay for pre-winter work

Narwhal Exploration LLC, operator of the Narwhal unit at West Harrison Bay, has applied to the Alaska Department of Natural Resources' Division of Oil and Gas for a permit for summer marine surveys and winter off road travel to support a proposed winter 2026 drilling program. The division is accepting comments on the proposal through 4:30 p.m. July 29.

In the July 3 application Narwhal said proposed summer activities would include offshore side scan sonar, sub bottom profiling and sediment sampling studies in West Harrison Bay. The application also describes onshore activities that would occur on federally managed lands in the National Petroleum Reserve-Alaska, activities which the division is not considering, but which Narwhal said it included for the state's information.

### Project activities

Narwhal said a coastal sea ice trail or a spur from the community winter access trail would provide access to the project area.

see NARWHAL PERMITS page 5

## AOGCC approves Hilcorp Alaska's applications for Sterling wells

Hilcorp Alaska is planning to bring the nonproducing Kenai Peninsula Sterling gas field back into production, acquired two leases in the area at the state's 2024 Cook Inlet areawide lease sale and is permitting wells.

The Alaska Oil and Gas Conservation Commission has approved two applications from Hilcorp Alaska for spacing exceptions for Sterling wells. The company filed three requests Feb. 3 for spacing exceptions for the proposed Sterling Unit 32-16 gas well in the Sterling and Beluga undefined gas pools and the Sterling Unit 43-10 and 43-10RD in the Tyonek undefined gas pool — all within 1,500 feet of property lines where ownership or landownership change, triggering the spacing exception requests.

Decisions on two of the wells were issued July 14.

The commission said in its decision that Sterling Unit 43-10RD "will be drilled to a backup location if Hilcorp's proposed SU 43-10 gas development well is unsuccessful." The decision

see STERLING GAS FIELD page 8

### MIDSTREAM

# Alyeschem closes

Executes loan deal with AIDEA for methanol, ULSD project on North Slope

By KAY CASHMAN

Petroleum News

On July 9, the Alaska Industrial Development and Export Authority, or AIDEA, executed loan agreements for project loan financing of up to \$70 million to support Alyeschem LLC's \$140 million development of a first-of-its-kind methanol and ultra-low sulfur diesel production facility on Alaska's North Slope. This strategic investment will help monetize stranded natural gas, create jobs, reduce fuel imports, and strengthen the state's energy infrastructure, AIDEA said in a press release the same day.



The facility — part of Alyeschem's Distributed Chemical Manufacturing, or DCheM, platform at Prudhoe Bay — will convert North Slope natural gas and waste CO<sub>2</sub> into methanol and hydrogen. The hydrogen will be used to refine high-sulfur diesel into ultra-low sulfur diesel, or ULSD, reducing emissions and improving fuel quality for oilfield operations.

The plant will also serve as a launchpad for future clean fuel and chemical production, including possibly dimethyl ether, or DME, and enhanced oil

see ALYESCHEM PROJECT page 8

### FINANCE & ECONOMY

# Travel demand ups ANS

US and China economic activity offsets oversupply and tariff concerns

By STEVE SUTHERLIN

Petroleum News

Crude futures rose in early Asian trade July 17 as oil demand continued to be bolstered by a strong summer travel season and better than expected economic reports from the United States and China, counteracting fears of oversupply and trade disruptions.

Futures were little changed on July 16, with West Texas Intermediate and Brent both down some 0.2% at the close.

"Strong seasonal demand is currently providing upward momentum to oil prices, as summer travel and industrial activity peak," LSEG analysts said in a note quoted in a Reuters report.

The bulls were cheered by a surprise drawdown of U.S. commercial crude oil inventories.

Inventories for the week ended July 11 plunged 3.9 million barrels from the previous week to 422.2 million barrels — 8% below the five-year average for the time of year, according to U.S. Energy Information Administration data released July 16.

Analysts answering a Wall Street Journal poll had expected inventories to remain steady, while a Reuters poll called for a 552,000-barrel drop.

Total motor gasoline inventories increased, however, by 3.4 million barrels for the period to 232.9 million barrels — slightly above the five-year average

see OIL PRICES page 2

### UTILITIES

# Chugach Electric update

Southcentral utility reports to the RCA on the evolving electricity situation

By ALAN BAILEY

For Petroleum News

In a June 25 meeting of the Regulatory Commission of Alaska Chugach Electric Association, the Anchorage based electricity utility, reported on the current electricity supply situation and the various initiatives and projects that the utility is engaged in. Among the topics presented, the utility talked about its sources of electrical power, pending shortfalls in Cook Inlet natural gas supplies, its generation diversification initiatives and improvements to the electricity transmission line connecting Anchorage to the Kenai Peninsula.

Currently the utility obtains nearly 80% of its power from gas fueled generation, in particular

through the Southcentral Power Project power station in mid-town Anchorage and the George M. Sullivan plant off the Glenn Highway. The utility also still operates the older Beluga Power Plant on the northwest side of Cook Inlet. However, this plant is now only used for contingency situations, to back up other more efficient power supply options, Andrew Laughlin, Chugach Electric chief operating officer, told the commission.

The remaining 20% of the utility's power comes predominantly from wind energy and hydropower.

Al Rudeck, Chugach Electric chief strategic officer, told the commission that the utility obtains 50% of its gas from the Beluga River gas field, in

see CHUGACH UPDATE page 6

• EXPLORATION & PRODUCTION

# Kuparuk '25-'26 POD drilling Torok focused

19 wells in 2024-25 POD, 9 at Coyote drilled or planned, 7 Torok, 3 West Sak; in 2025-26, 12 planned: 7 Torok, 4 West Sak, 1 Coyote

By **KRISTEN NELSON**  
*Petroleum News*

**K**uparuk River unit operator ConocoPhillips Alaska will focus drilling during the 2025-26 Kuparuk River plan of development period on the Torok participating area. ConocoPhillips did substantial drilling at the Torok PA in the 2024-25 POD period but drilled or scheduled slightly more wells at the Coyote PA for the Aug. 1, 2024, through July 31, 2025, plan period. Both PAs were approved in October 2024 with drilling from the 3S and 3T drill sites.

The 2025-26 POD, submitted April 30, was approved by Alaska Department of Natural Resources' Division of Oil and Gas Deputy Director Haley Paine July 10. The 2025-26 POD covers Aug. 1 through July 31, 2026.

ConocoPhillips is the majority working interest owner at Kuparuk; ExxonMobil Alaska Production holds a minority WIO at the unit.

**2025-26**

Paine said in the decision that the proposed 2025-26 POD includes seven Torok PA wells, four West Sak PA wells and one Coyote PA well.

In its proposed POD, ConocoPhillips had said there would be 10 wells in the Torok PA but later notified the division that three of those wells might be deferred to the 2026-27 POD, although if circumstances permit more Torok

drilling in the 2025-26 POD, the three wells would be drilled late in the fourth quarter of the 2025-26 POD period.

The decision said ConocoPhillips intends to continue enriched water-alternating gas as the primary recovery mechanism for the Kuparuk and Tarn PAs, and waterflood for the West Sak, Coyote and Torok PAs.

No turnarounds are planned for the summer of 2025. ConocoPhillips plans to apply to expand the West Sak PA during the 2025-26 POD.

There are seven participating areas at Kuparuk: Kuparuk, Meltwater, Tabasco, Tarn, Torok, Coyote, 3RO and West Sak, with 938 active wells in calendar year 2024, including producers and injectors. Kuparuk production in 2024 averaged 76.7 thousand barrels per day, down 3.7% from a calendar year 2023 average of 79.7 thousand bpd.

**2024-25 work**

Paine said work completed or scheduled to be completed during the 2024-25 POD, which ends July 31, include:

- Seven rotary wells in Torok PA drilled and completed;
- Three West Sak PA wells drilled and completed;
- Two Coyote PA wells drilled and completed, with seven more scheduled by July 31;



HALEY PAINE

- Twenty-three Kuparuk PA workovers, with 16 more scheduled to be completed by July 31;
- Seven West Sak workovers — including West Sak, Northeast West Sak, 3RO and 1RG PAs;
- Two Tarn PA workovers by July 31;
- One Tabasco PA workover; and
- On-rig scope for Meltwater PA plugging and abandonment.

In addition, drill site 3T was brought online in December 2024 for both Torok and Coyote PA production and new well infrastructure — two electronic submersible pump producers with multiphase flow meters and two injectors — installed to support 1H West Sak drilling program.

ConocoPhillips said variances from the approved 2024-24 POD included:

- Original commitment for eight Torok PA wells, six Coyote PA wells and three West Sak PA wells, was updated to seven Torok wells, nine Coyote wells and three West Sak wells by July 31;
- Commitment to apply for expansion of West Sak PA deferred to 2025-25 POD; and
- Hydrocyclone installation completion will be completed by end of summer 2025 instead of end of summer 2024; installation will clean produced water injection for West Sak. ●

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## OIL PRICES

for the time of year, the EIA said. Distillate fuel inventories increased by 4.2 million barrels on the week to 107.0 million barrels — 21% below the five-year average for the time of year.

Chinese state-owned refiners are boosting production following scheduled maintenance in anticipation of rising third-quarter fuel demand and to rebuild diesel and gasoline stocks at multi-year lows, traders and analysts told Reuters.

“A potential peak in Chinese oil demand often comes up in conversations, but we think the concerns are likely overdone, as a closer look suggests demand is resilient,” Barclays said in a note July 17.

Barclays estimated that Chinese oil demand in first half 2025 grew by 400,000 barrels per day year-on-year to 17.2 million bpd.

Alaska North Slope crude continued its run in the lower \$70, slipping 27 cents July 15 to close at \$72.42 per barrel, while WTI fell 46 cents to close at \$66.52 and Brent fell 50 cents to close at \$68.71.

On July 14, ANS dropped \$1.28 to close at \$72.70, WTI plunged \$1.47 to close at \$66.98 and Brent dropped \$1.15 to close at \$ 69.21.

Prices improved July 11, seeing ANS leap by \$1.69

to close at \$73.97 as WTI leapt \$1.88 to close at \$68.45 and Brent leapt \$1.72 to close at \$70.36.

ANS plunged \$1.33 July 10 to close at \$72.28, as WTI plummeted \$1.81 to close at \$66.57 and Brent plunged \$1.55 to close at \$68.64.

ANS edged 2 cents lower July 9 to close at \$73.61, WTI fell 5 cents to close at \$68.38 and Brent fell 4 cents to close at \$70.19.

ANS shed \$1.17 over the trading week from its close of \$73.59 July 8 to its close of \$72.42 July 15.

On July 15, ANS closed at a \$5.90 premium over WTI and at a \$3.71 premium over Brent.

## Massive upstream investment needed

The world needs \$18.2 trillion in oil and gas investment through 2050 to ensure energy supply by mid-century, OPEC Secretary General Haitham Al Ghaiss told Energy Connects in an interview published July 14.

Crude demand is forecast to continue upward through 2050, with consumption expected at 123 million then, up from 104 million bpd in 2025, according to OPEC's July World Oil Outlook.

Oil will account for 30% of the global energy mix in 2050, according to OPEC's estimates, which Al Ghaiss said are fact-based, not ideology based.

The forecast puts additional responsibility on OPEC's shoulders, and the group continues to advocate

for increased investments in the energy sector, Al Ghaiss said.

“It's important that the world gets this right and invests now in order to be ready for the future,” Al Ghaiss said.

Global economic development with growing demand for oil and an increasing global population and middle class are set to underpin demand growth in the coming decades, OPEC said, adding that there is no peak oil demand in sight and the world will see continued rising consumption for decades.

In the near term, the market seems to be taking in stride the larger-than-expected 548,000 bpd output hike announced July 5 by the Organization of the Petroleum Exporting Countries and allies.

Sheikh Nawaf Al-Sabah, chief executive officer of Kuwait Petroleum Corp., said July 9 in a Bloomberg TV interview that the market's in good shape. “We're seeing some potential tightness in the market, which gives us an opportunity to capture market share in the future,” he said.

Signs of a tight market include crude stockpiles at the storage hub of Cushing, Oklahoma, at the lowest seasonally since 2014, and a collapse in U.S. diesel inventories, Bloomberg reported July 10. ●

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Congratulations

# Congratulations Hendrix & team



Thumbs up to John Hendrix and team at HEX/Furie Operating Alaska on wrapping up a successful drilling season with the Spartan 151 jack-up rig on their Julius R. Platform in Cook Inlet.

They drilled two new wells and performed a work-over on another in the Kitchen Lights unit. The wells are expected to produce natural gas for Southcentral Alaska.



John Hendrix

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# Congratulations HEX/Furie from one local Alaskan company to another!

Photo courtesy Furie Operating Alaska, LLC

● EXPLORATION & PRODUCTION

# Baker Hughes US rig count down 2 to 537

By KRISTEN NELSON  
*Petroleum News*

Baker Hughes’ U.S. rotary drilling rig count was 537 on July 11, down by two from the previous week — the eleventh consecutive week of drops. The count was down by 47 from 584 a year ago, down by 10 from two weeks ago and down 47 over the 11 weeks. This is the lowest the rig count has been since October 2021.

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

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

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

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

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

374 and continuing to drop through the third week of August 2020 when it gained back 10 rigs.

The July 11 count includes 424 rigs targeting oil, down by one from the previous week and down 54 from 471 a year ago, with 108 rigs targeting natural gas, unchanged from the previous week and up eight from 100 a year ago, and five miscellaneous rigs, down one from the previous week and down by one from a year ago.

Forty-three of the rigs reported July 11 were drilling directional wells, 478 were drilling horizontal wells and 16 were drilling vertical wells.

### Alaska rig count unchanged

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

Oklahoma (42) and Texas (255) were each down by one rig.

Rig counts in other states were unchanged from the previous week: Alaska (10), California (6), Colorado (8), Louisiana (31), New Mexico (90), North Dakota (29), Ohio (11), Pennsylvania (17), Utah (9), West Virginia (7) and Wyoming (17).

Baker Hughes shows Alaska with 10 rotary rigs active July 11, 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 unchanged from the previous week at 265 and down by 40 from 305 a year ago. ●

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# GOVERNMENT

## Court upholds Arctic ringed seal listing

On July 25 the U.S. Court of Appeals for the 9th Circuit upheld a decision by the federal District Court in Alaska supporting the National Marine Fisheries Service’s continued listing of the Arctic ringed seal as threatened under the terms of the Endangered Species Act. The listing can place limitations on activities in the offshore waters of Arctic Alaska.

In 2019 the state of Alaska, the North Slope Borough, the Arctic Slope Regional Corp. and the Iñupiat Community of the Arctic Slope petitioned NMFS to delist the seals. NMFS declined the delisting. Subsequently in 2022 the state of Alaska and the North Slope Borough challenged the listing in District Court on the grounds that new climate change projections and recent publications on ringed seal biology had indicated that delisting of the seals had become warranted. The seals had originally been listed in 2012.

In March 2024 the District Court upheld the listing of the seals. Subsequently in May 2024 the plaintiffs in the case appealed the District Court decision to the 9th Circuit court.

In its July 25 ruling the 9th Circuit court wrote that NMFS had reasonably determined that the climate change projections remained consistent with the projections that had supported the 2012 listing. Nor did NMFS improperly disregard new information about sea ice loss and other climate related changes, the court wrote. The court also supported the NMFS argument that some findings relating to the Pacific walrus had no bearing on the potential delisting of the ringed seals.

“In sum, NMFS reasonably determined that the petition did not present new information indicating that delisting the Arctic ringed seal may be warranted,” the panel of 9th Circuit judges wrote.

—ALAN BAILEY

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## NARWHAL PERMITS

Summer 2025 activities are preliminary field activities to support project permitting, planning and engineering for the proposed winter 2026 drilling program.

Work is estimated to begin as early as Aug. 1 with offshore studies, offshore and onshore archaeological clearance, onshore freshwater lake surveys and installation of thermistors and monuments — projects with estimated completion dates from Aug. 15 to Sept. 30.

Activities pegged to begin in mid-August include optional advance staging of equipment and materials in the West Harrison Bay area on the existing Kogru airstrip or on barges in West Harrison Bay, work which would continue through the end of September.

Two personnel would monitor staged equipment from mid-September through the end of November, supported by weekly helicopter trips. Pre-packing of ice trails and roads would begin Nov. 1 and continue through the end of December.

### Summer operations

Narwhal said summer operations will include archaeological, historical and cultural resources clearance, with both onshore and offshore areas in the vicinity of West Harrison Bay to be surveyed for cultural and historical resources, with access for this work by helicopter and marine vessel.

Onshore lakes will be investigated for available freshwater to support ice pad and ice road construction, for camp use and for drilling fluid make up.

Narwhal said thermistors may be installed along tundra access routes to monitor soil temperatures during freeze up in October through December, with data to be reviewed in December to confirm soil temperatures will support tundra travel.

Pre-packing will begin Nov. 1 or as soon as conditions allow and last through the end of December.

Offshore studies will begin in August at up to six locations from a single vessel mobilized out of West Dock at Prudhoe or out of Oliktok Point, with periodic resupply, support and personnel transfers from

Oliktok Point with one or two additional vessels expected to provide support for in-water work including crew berthing, expediting and resupply.

### Optional advance staging

Narwhal said it proposes to stage equipment in the open water season in advance of winter drilling including equipment for camp, ice pad and road construction, drilling rig, fuel and other support equipment and materials, allowing expedited beginning of ice construction once sea ice conditions permit, perhaps resulting in drilling beginning up to four weeks earlier.

The advance staging would begin in mid-August and possibly extend through the end of the open-water season.

The company said there are two options for advanced staging, one using the existing gravel Kogru airstrip and the other using anchored barges in Harrison Bay.

In the Kogrum airstrip option, interlocking tundra mats would be placed between the shoreline and the airstrip to avoid tundra disturbance while offloading freight from a barge.

In the anchored barges option, up to eight empty barges and possibly camp and fuel barges would be towed to the location from Canada, lashed to each other in a rectangle arrangement and anchored on the shoreward and open water side.

The caretaker crew will stay in a small skid camp.

### Winter drilling

The Narwhal unit approval, issued Nov. 1, calls for drilling of two exploration wells to evaluate the Nanushuk formation in 2026, with the possibility, pending ongoing analysis, that one of the wells would be drilled deeper to evaluate the Torok.

Based on results of 2026 drilling, two more wells would be drilled in 2027 and additional 3D seismic acquired as needed.

In 2028 drilling results would be analyzed and preparations made to submit the initial plan of development for the unit.

—KRISTEN NELSON

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## CHUGACH UPDATE

which Chugach Electric has a two-thirds working interest ownership. The remainder of the utility's gas supplies come from Hilcorp Alaska.

"Ownership of the BRU continues to be of very strategic importance to Chugach," Rudeck said. "Member savings from BRU production, comparing it to the price of our Hilcorp contract in 2025 alone, have been over \$5.4 million."

In addition, the Beluga River field was the top producing gas field in the Cook Inlet basin last year and has continued as the top producer this year, Rudeck said. Chugach Electric has been talking with Hilcorp about the future possibility of drilling into a deeper potential gas resource below the current field, but at present no plans for doing this have been finalized, Rudeck said.

Chugach Electric has updated its power supply dispatch center and built a new control center, to act as a backup in the event of a problem with its normal dispatch center, Dustin Highers, vice president of corporate programs, told the commission. The utility is also consolidating

its current two dispatch centers, dating back to the merger with Municipal Light & Power a few years ago, into a single dispatch center adjacent the Southcentral Power Project facility, Highers said.

### Pending gas supply shortages

Along with other Railbelt electricity utilities and Enstar Natural Gas Co., Chugach Electric is having to deal with issues that arise from pending shortages in gas supplies from the Cook Inlet basin. As part of its risk management strategy to deal with this situation, Chugach Electric has entered into a gas underlift agreement with Hilcorp. Under this agreement, 80% of any Hilcorp gas volume underlifted from the field by Chugach Electric will be supplied by Hilcorp during a 48-month period following the expiration of the utility's contract with Hilcorp on March 31, 2028.

In addition, Chugach Electric now has a gas exchange agreement with Marathon Petroleum Co., owner of the oil refinery at Nikiski on the Kenai Peninsula, to supply 1 billion cubic feet of gas per year to Marathon until March 31, 2028, and then recover all of that gas from Marathon over the subsequent 36-month period, Rudeck said, characterizing this agreement as a

form of free gas storage.

### LNG importing

Given the pending shortfalls in natural gas supplies from the Cook Inlet Basin, Chugach Electric has been working with Hilcorp affiliate Harvest Alaska and Marathon Petroleum on a project designed to convert Marathon's existing LNG export facility on the Kenai Peninsula into an LNG import facility. The facility has long been mothballed for the export of LNG, given declining gas supplies from Cook Inlet.

"Chugach will be an anchored customer for Harvest LNG import and regasification services," Rudeck said. Harvest will own, develop and operate the terminal and related infrastructure, he said. Harvest's front-end engineering design work is underway, with an expectation that LNG importing will be able to start in the second half of 2027, Rudeck said.

Matthew Clarkson, Chugach Electric chief legal officer, commented that since there is a plan to expand the facility somewhat, there is a question over whether the requisite National Energy Regulatory Commission permitting will trigger the need for a full-blown National Environmental Policy Act process.

Rudeck commented that, given the steps that the utility is taking, Chugach Electric feels well positioned to meet its gas needs, both near term and in the medium to longer term.

### Gas storage

Gas storage has also become a very important component of the gas supply situation, in particular for maintaining adequate gas deliverability during the winter when demand is high, Rudeck said. And storage will continue to be important, even if liquefied natural gas is imported to bolster local gas supplies, given the potential timing of LNG deliveries, he commented.

Currently, in addition to storing gas in the Cook Inlet Natural Gas Storage Alaska facility on the Kenai Peninsula, Chugach Electric is discussing with Hilcorp the potential to use Hilcorp's gas storage facility in its Kenai gas field. Chugach Electric is also evaluating the possibility of storing gas in the Beluga River field.

"We've identified a (Beluga field) container that looks very promising geologically and we're evaluating the cost effectiveness of that right now," Rudeck said.

### Energy diversification

In addition to its efforts to maintain adequate gas supplies for its gas fueled generation, Chugach Electric has been seeking to diversify into other energy sources, including wind and solar power. The utility currently obtains some of its power from the Eklutna Lake hydroelectric power plant, north of Anchorage, the Bradley Lake hydroelectric power plant in the southern Kenai Peninsula, the Cooper Lake hydroelectric facility, also on the Kenai Peninsula, and the Fire Island Wind Farm offshore Anchorage.

Highers talked to the commission about Chugach Electric's efforts towards further generation diversification. A primary objective of the utility is to reach a 35% reduction in its carbon intensity by 2030 and a 50% reduction by 2040, Highers said. In the short term the utility has a series of action plan goals and projects, he said. Completed to date are small solar generation facilities incorporated into the Southcentral Power Project power station and the George M. Sullivan plant. The utility also has a 40-megawatt battery energy storage system in its Anchorage campus. The battery storage enables more efficient use of the utility's combined cycle gas fueled power plants, Highers said. The utility is also under contract with the Alaska Energy Authority to use the battery system to manage oscillations in the Railbelt electricity grid, he commented.

Chugach Electric is in the process of completing the implementation of a community solar farm which has been open to subscribers and has been significantly oversubscribed by Chugach Electric members. Chugach Electric Communications Director Julie Hasquet said that the 1,540-panel solar farm has 260 members signed up to use the facility, with a waiting list of 54 members. Consequently, the utility is proposing to construct a second community solar farm at a different location, Highers said.

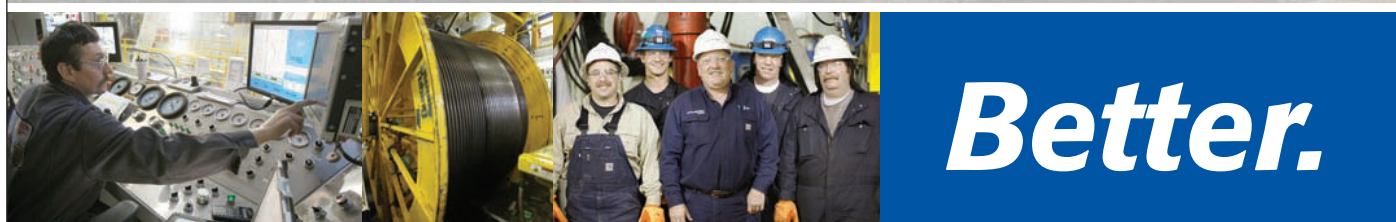
### Upcoming projects

And there are a number of other energy diversification projects in the planning stage. One of these is a potential solar farm at the Beluga gas field. There are also some hydro and wind options, including the proposed Dixon Diversion expansion to the Bradley Lake hydropower facility. Also being planned is a compressed gas storage facility at the Sullivan



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INSIDER

The company’s Anchorage-based spokeswoman Rebecca Boys told Petroleum News July 15 that ConocoPhillips has applied for a seismic program “south of the Greater Mooses Tooth and the Bear Tooth units” and a “one-well exploration program in the Greater Mooses Tooth unit.”

The company has also requested authorization for a “three-well exploration program with one well in the Bear Tooth unit and two wells to the west.”

Boys said “ConocoPhillips is dedicated to the safe and responsible development” of its leaseholds in Alaska for the benefit of all Alaskans and the nation’s energy security.

“We recognize the strategic importance of resource development in the state,” she said in an email to Petroleum News.

She also referred to the company’s “more than 50-year track record of responsibly exploring for and developing Alaska’s resources.”

ConocoPhillips’ stepped-up exploration activities in the petroleum reserve will deliver “well-paying union jobs and economic benefits for local Alaska Native communities and the state of Alaska,” Boys said.

The company has invested billions of dollars to acquire leases in the NPR-A, conduct exploration activities, and develop its leases under some of the most stringent environmental protections in the world.

The NPR-A is a petroleum reserve that was set aside by Congress for oil development.

—KAY CASHMAN

Pantheon raises \$16.25 million

PANTHEON RESOURCES announced July 7 that it has raised \$16.25 million (before expenses) by way of a conditional

placing and subscriptions of new ordinary shares.

Pantheon is an oil and gas company developing the Kodiak and Ahpun projects located in close proximity to pipeline and transportation infrastructure on Alaska’s North Slope.

The funding will be used in support of the following:

- 1) Drilling and operational activities at Dubhe-1 appraisal well in the company’s Talitha unit;
- 2) Development planning activities for Ahpun;
- 3) Commercial activities related to gas monetization;
- 4) Preparation of a U.S. stock exchange listing targeting either the end of 2025 or during Q1 2026 (subject to market conditions).

With regards to drilling the Dubhe-1 appraisal well, the company said it intends to drill this in the “immediate near future.”

Assuming the appraisal well is successful, Pantheon said it would then conduct a lateral completion and long-term flow test, which is subject to available capital.

“This placement strengthens our hand in discussions around gas commercialization and in dealings with other potential field development project stakeholders. We now have a clear timetable for drilling of the Dubhe-1 well without risking operational commitments in excess of our financial resources,” Pantheon said.

“We made the decision to accept a reasonably priced offer of funding with an eye to our longer-term opportunity set and are grateful to investors for presenting this option to the company.”

As reported in the May 25 issue of Petroleum News, Pantheon operator Great Bear Pantheon has received approval from the Alaska Department of Natural Resources’ Division of Oil and Gas for a unit plan of operations for the Dubhe-1 exploration well.

The Anchorage-based company is run by Patrick Galvin.

In its May 16 approval, the division said



PATRICK GALVIN

the Dubhe-1 well will be some 27 miles south of Deadhorse.

Megrez, also a Talitha unit exploration well, did not find appreciable quantities of oil or gas, Pantheon Resources said May 21. That well was drilled last year, with testing continuing into 2025.

Work at Dubhe is scheduled to begin soon with construction of a 500-foot by 310-foot gravel pad 1,500 feet west of the Dalton Highway, and a gravel road 50-feet wide by 1,400-feet long connecting it to the highway.

The pad will accommodate a drilling rig, drilling support facilities, satellite office camp, storage areas and maintenance building.

Gravel for the road and pad will be from an existing material site at milepost 390 of the Dalton Highway.

—KAY CASHMAN

Winegarner visits Asia for Donkel/Cade GPTU

AS OF JULY 3, JIM WINEGARNER was still in Asia looking to raise funds for Donkel and Cade.

As reported in the July 6 issue of Petroleum News, Donkel Oil and Gas’ plan of exploration for the Greater Point Thomson unit, or GPTU, on and off-shore the eastern North Slope was recently conditionally approved by the Alaska Department of Natural Resources’ Division of Oil and Gas.

On the east the GPTU borders the Arctic National Wildlife Refuge. Working interest owners are Daniel Donkel and Samuel Cade, with Donkel Oil & Gas as unit operator.

Donkel O&G wanted the GPTU to cover 58,790 acres but based upon the division’s review the agency reduced the acreage to 35,122 acres.

The approved unit includes both western and eastern acreage but excludes unleased state lands and the Bachner/Forsgren acreage because unleased lands cannot be in



JIM WINEGARNER

a unit and Bachner/Forsgren didn’t ratify the proposed GPTU agreements.

The division excluded leases that its analysis doesn’t show contain a hydrocarbon reservoir/accumulation as required by statute and said the company’s 5-year exploration plan “fails to show a determined commitment to developing the resources that potentially underlie those leases.”

Donkel O&G committed to drill a single well on the western portion of the GPTU.

The division wants two exploration wells drilled — one in the western acreage and one in the eastern. It requires Donkel O&G to post a \$2.5 million bond, with half by June 25, 2026, and half by June 25, 2028. Upon completion of the two exploration wells, the \$2.5 million bond will be returned to the applicant.

In a July 3 text to Petroleum News, Winegarner said he had traveled to Seoul, Tokyo and Taipei: “We had very good meetings. All were impressed with the Donkel/Cade technical team and the Greater Pt Thomson Unit technical work presented. All recognized the synergy between the Alaska LNG project and the opportunity to add more resources to the Alaska LNG project at the Greater Pt Thomson Unit.

“Our message to each company was that ‘Alaska is open for business and a great place to invest!’

“We have generated a lot of interest in the GPTU opportunity and Alaska.

—KAY CASHMAN

STaX gets 5-year permit for bitcoin mining test project

ON JULY 7, Wasilla-based STaX Capital Partners received approval from Alaska’s Division of Oil and Gas for a five-year land use permit for a bitcoin mining test project at Franklin Bluffs. Sparrow Mahoney is president and CEO of STaX.

STaX had requested authorization to utilize up to 30 acres of available space on the Franklin Bluffs Pad for Phase 1 of a Bitcoin mining test project.

STaX plans to place 10 megawatt mobile

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Companies involved in Alaska’s oil and gas industry

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## STERLING GAS FIELD

for SU 43-10 had not yet been issued when this edition of Petroleum News went to press.

### Spacing exceptions

Spacing exceptions are required for wells which do not meet default well spacing limits as specified in regulations.

“Well spacing regulations protect the oil and gas rights of adjacent landowners and maximize resource recovery by establishing default limits on how close, under the land’s surface, oil and gas wells can be to property lines where ownership changes,” the commission said in its July 14 decisions.

In Conservation Order 824, the decision on SU 32-16, the commission said the well “targets unproven reserves in the Sterling and Beluga Undefined Gas Pools. These

reserves cannot be reached and efficiently developed by conforming to applicable statewide spacing regulations because of the narrow, discontinuous, and lenticular nature of the Sterling and Beluga reservoir sands and their most prospective locations on the subsurface structure.”

In Conservation Order 825, on SU 43-10RD, the backup well to SU 43-10, the commission said both wells “target unproven reserves in the Tyonek Undefined Gas Pool. SU 43-10RD targets potential reserves that cannot be reached by conforming to applicable statewide spacing regulations because of the narrow, discontinuous, and lenticular nature of the Tyonek reservoir sands and their most prospective locations on the subsurface structure.”

### Sterling unit

The commission said the federal oil and gas Sterling unit, approved in July 1961,

had some 2,760 acres and between May 1962 and April 2015 produced 14.47 trillion cubic feet of natural gas from five undefined gas pools, in descending order: Sterling, Upper Beluga, Beluga, Lower Beluga/Tyonek and Tyonek.

Hilcorp Alaska was designed operator of the unit in 2013.

Sterling unit wells have not produced in paying quantities since May 2015 and in December 2017 the U.S. Bureau of Land Management terminated the federal Sterling unit agreement.

For the proposed SU 32-16, affected landowners are Cook Inlet Region Inc. and the state for properties within 1,500 feet of the proposed well, with CIRI the landowner for lease C-061723 containing proposed surface, target and bottomhole locations. The state is the landowner for ADL 394294, traversed by part of the well. Hilcorp is 100% working interest owner of all properties within 1,500 feet of SU 32-

16; CIRI, the state and the MHTA are landowners of all properties within 3,000 feet of the well.

ADL 394294 is one of two leases in the former Sterling unit acquired by Hilcorp Alaska in the state’s 2024 lease sale.

In the second decision the commission said affected landowners are CIRI and the Alaska Mental Health Trust Authority for the properties “traversed by, or within 1,500 feet of, the proposed SU 43-10RD well,” with CIRI the landowner for C-061723 which contains the proposed surface, target and bottomhole locations and MHTA the landowner for MHT 9300101, portions of which are within 1,500 feet of SU 43-10RD. Within 3,000 feet of the well landowners are CIRI, MHTA and the state of Alaska.

—KRISTEN NELSON

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## ALYESCHEM PROJECT

recovery, or EOR, chemicals.

In a recent interview with Petroleum News, Alyeschem CEO JR Wilcox said DME can easily be made out of methanol and is a “potential alternative fuel that burns like propane but burns cleaner.”



JR WILCOX

Alyeschem’s project has received strong support from Gov. Mike Dunleavy, the North Slope Borough and other state leaders. With major permits secured and front-end engineering and design completed, Alyeschem is preparing for construction.

“That giant check wasn’t cashable. Right now, we’re trying to move from loan closing to beginning fabrication,” Wilcox said.

Alyeschem’s plant shares the 15-acre gravel pad with Hilcorp subsidiary Harvest, which is on the west side, while Alyeschem is on the east side. Hilcorp is the operator of Prudhoe Bay.

The two companies will also be sharing a gas pipeline.

Using the existing pad will minimize new environmental disturbance, AIDEA said in its July 9 press release. Its location is strategically positioned to serve oilfield operations and reduce long-haul transport needs.

Alyeschem’s project is anticipated to generate more than \$5 million annually in tax and royalty revenue for the state of Alaska and the North Slope Borough. AIDEA expects to receive a minimum of \$2.39 million annually from loan repayment and royalties.

By producing methanol and diesel locally, the facility will reduce reliance on imported fuels, cut transportation

costs, and enhance the resilience of the Trans-Alaska Pipeline System, or TAPS. (Methanol is a critical chemical used to prevent pipeline corrosion and freezing.)

“This facility is an Alaskan solution to long-standing logistical challenges, which will allow us to replace key fluids currently imported to the North Slope with locally made methanol and clean diesel,” Wilcox said. “The North Slope is a world-class energy basin and can be for generations to come. Its future hinges on the ability to lower operating costs, increase the resource base, monetize gas, and adapt to changing markets. Value-added chemistry is an invaluable tool for addressing all of these challenges.”

### Long-term employment

This initial project is expected to create approximately 80 construction jobs and 15 permanent operational positions, with a strong emphasis on hiring Alaskans and supporting long-term employment in the Arctic. It is projected to reduce CO<sub>2</sub> emissions by 93% — approximately 45,000 tons per year — compared to current supply methods. Additionally, the facility will eliminate an estimated 4,000 truck trips annually, reducing road wear and emissions across the region.

### 50-50 split

“We have to supply \$1 of equity for every dollar loaned to us — a \$140 million project will be a 50-50 split,” Wilcox said.

Founded by Alaskans, Alyeschem, is committed to sustainable development and long-term partnerships with Alaska-based investors, local communities, government entities, and industry partners.

The company is backed by leading private equity spon-

sors, including McKinley Alaska Private Investment (www.mckinley-alaska.com) and BP Energy Partners (www.bpenerypartners.com).

BP stands for Boone Pickens, not the oil and gas giant that used to operate on the North Slope.

“Founded in 2012 by Alex Szewczyk and Michael Watzky, in collaboration with the late T. Boone Pickens, our story is rooted in deep sector experience, an unwavering commitment to our investors, and a shared vision for a more viable future,” BP Energy said on its website.

### AIDEA’S mission

Dana Pruhs, chairman of AIDEA’s board of directors, emphasized the Alyeschem project’s alignment with AIDEA’s mission in saying, “This Alaskan project would meet AIDEA’s mission by creating Alaskan jobs and providing an economic return to Alaskans for generations. AIDEA is committed to supporting projects that strengthen Alaska’s economy and enhance our energy independence.”

“This is exactly the kind of project AIDEA was created to support,” said Randy Ruaro, AIDEA executive director. “It unlocks the economic value of stranded gas, creates jobs, and strengthens Alaska’s energy infrastructure for decades to come.”

Geoff Johns, AIDEA’s chief financial officer, added, “This investment reflects AIDEA’s commitment to financially sound, high-impact projects that deliver long-term value to the state. Alyeschem’s facility not only generates strong returns for public funds but also catalyzes private capital and innovation in Alaska’s energy sector.” ●

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## CHUGACH UPDATE

plant, to assist with dealing with fluctuations in power supplies from renewable energy sources.

Then there are other potential projects that are at the proposal stage. These include Golden Valley Electric Association’s Shovel Creek wind farm and Alaska Renewables’ proposed Little

Mount Susitna wind farm.

### Transmission upgrade

Long distance power transmission lines are also critical to Chugach Electric’s operations. In particular the single transmission line connecting the Anchorage area to the Kenai Peninsula is used to serve the utility’s customers in the northern Kenai Peninsula and to ship power from the Bradley Lake facility.

Laughlin talked about a multiyear project to upgrade the transmission line to the Kenai Peninsula. The upgrade involves increasing the voltage level of the line from 115 kilovolts to 230 kilovolts and improving the line’s resilience to natural factors such as avalanches and rock falls. Another objective is to improve resilience to vibrations that can occur in the line, Laughlin said.

With an expected eventual cost of

around \$100 million, the utility has so far spent more than \$57 million on the project. The project began in 2012 and is now more than 50% complete, Laughlin said. Chugach Electric is also assisting Alaska Energy Authority and Homer Electric Association with the reconstruction of a transmission line sector between the Quartz Creek and Soldotna substations in the northern Kenai Peninsula.

### A drop in demand

In the background to all of Chugach Electric’s activities the utility is also having to deal with an overall drop in electricity demand — annual demand has dropped by around 5% in the past year, for example. A primary driver of the reduced demand has been warmer weather, with lower than average temperatures in 2024 and higher than average temperatures in 2025, Clarkson told the commission, adding that he understands that his has been a consistent trend over a number of years. ●

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## INSIDER

gas turbine generator sets, or similar generators capable of providing in total up to 50 megawatts of power to modular Bitcoin mining pods at the pad.

The Phase 1 project is temporary and will serve as proof-of-concept for potential future development.

The project area has two sections; the main project will utilize the southeast corner of the main Franklin Bluffs pad, while

a support site will be located on the west corner of the Franklin Bluffs satellite pad. STaX will utilize the existing access road between the two sites.

The Franklin Bluffs main pad will contain the Bitcoin mining pods, power generators, maintenance equipment and materials, staging area and other supporting equipment. The satellite pad will contain mobile camps for housing workers and supporting equipment.

Both sites will have temporary fencing around the perimeter that will not restrict access to the roadway.

In its decision the division said the scope of the decision is to issue a temporary land use permit to STaX to conduct a pilot test of a Bitcoin mining operation on pre-disturbed state land on the North Slope, including tidelands, shorelands and submerged land.

The permit term was to begin July 2 with an ending date of July 1, 2030.

—KAY CASHMAN

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