Petroleum news

page 2 EIA forecasting lower oil prices, drop in US crude oil production

Vol. 31, No. 2 • www.PetroleumNews.com *A weekly oil & gas newspaper based in Anchorage, Alaska* Week of January 18, 2026 • $2.50

Revised Greater Point Thomson Unit formation OK'd for Donkel

DANIEL DONKEL

On Jan. 8 Alaska Division of Oil and Gas Director Derek Nottingham notified Daniel K. Donkel of Donkel Oil & Gas LLC that the division has approved a revised Greater Point Thomson Unit formation.

In the approval notification the Alaska Department of Natural Resources' Division of Oil and Gas said it had approved the formation of the Greater Point Thomson Unit, or GPTU, on June 25. The approved unit covers approximately 35,122 acres.

On July 30, applicant Donkel Oil and Gas, the unit operator, met with the division to discuss five of the eight leases, ADLs 392117, 392116, 392115, 393573 and 393574, that were excluded from the June 25 GPTU formation decision. Four of the five leases were excluded because geophysical analysis did not indicate the presence of a hydrocarbon reservoir or potential hydrocarbon accumulation. The remaining lease, ADL 393574, was not included because the working interest owner of that lease had not ratified either the GPTU

see **GPTU FORMATION** *page 10*

Glenfarne, Donlin Gold propose gas pipeline from Southcentral

On Jan. 7 Glenfarne Alaska LNG LLC and Donlin Gold LLC announced the signing of a non-binding letter of intent for the construction of a 315-mile natural gas pipeline from Southcentral Alaska to the planned Donlin gold mine, 10 miles north of the village of Crooked Creek on the Kuskokwim River. The pipeline would obtain gas via the gas pipeline that Glenfarne is planning to build from the North Slope to Southcentral.

Donlin Gold has previously considered the possibility of constructing a pipeline to ship Cook Inlet produced gas to the gold mine. Natural gas would be used for power generation at the mine.

The planned gold mine is owned by Novagold Resources Inc. and Paulson Advisors LLC. The two companies own Donlin Gold, the company that operates as the mine developer.

Glenfarne says that the companies will work to formalize an agreement for the potential sale of up to 50 million cubic

see **DONLIN GAS LINE** *page 8*

Feb. 3 first day to bid in Alaska Peninsula, Cook Inlet O&G sales

On Jan. 12 the Alaska Department of Natural Resources' Division of Oil and Gas posted a notice of sale for the Alaska Peninsula Areawide 2026 and Cook Inlet Areawide 2026 competitive oil and gas lease sales, offering State of Alaska lands. This notice is available on the State of Alaska Online Public Notice System at https://aws.state.ak.us/OnlinePublicNotices/.

The bidding method for the APA 2026 sale will be cash bonus with fixed royalty. The bid method for the CIA 2026 sale will be net profit share bidding with fixed cash bonus.

The sales will be conducted by sealed bid auction.

The Division of Oil and Gas has contracted with EnergyNet Services LLC to provide an online bidding system for this sale. Bidder registration and bid submission will be on the EnergyNet Government Listings site at https://www.energynet.com/govt_listing.pl.

All times listed below are Anchorage, Alaska Local Time.

• First day to submit bids with EnergyNet — Tuesday, Feb. 3.

see **LEASE SALES** *page 9*

FINANCE & ECONOMY

Geopolitics hike ANS

Iran focal point as violent crackdown on protests draws US attention

By STEVE SUTHERLIN
Petroleum News

Alaska North Slope crude jumped $1.35 Jan. 13 to close at $65.56 per barrel as President Trump halted talks with Iran's government officials and encouraged protesters against the regime in the country while hinting at a military strike if the government continued to kill demonstrators. West Texas Intermediate vaulted $1.65 to close at $61.15, and Brent vaulted $1.60 to close at $65.47.

Oil futures continued upward as the U.S. military ordered precautionary evacuation of some personnel from Al Udeid Air Base in Qatar Jan. 14 — defying a jump in U.S. inventories, taking WTI to a close of $62.02 and taking Brent to $66.52. The benchmarks then fell in Jan. 15 Asian trade after Trump said the killing of protesters was ending.

The U.S. Energy Information Administration released data Jan. 14 indicating commercial crude oil inventories were up 3.4 million barrels from the previous week to 422.4 million barrels — 3% below the five-year average for the time of year.

Total motor gasoline inventories surged 9.0 million barrels over the week to 251.0 million barrels — 4% above the five-year average for the time of year, the EIA said, adding that distillate fuel inventories "slightly decreased."

Crude prices had already been on the rise as traders digested the reality that massive investment would be needed to restore production from Venezuela, easing fears that renewed flow from the country would swiftly create a glut of oil on the world market.

ANS rose 63 cents Jan. 12 to close at $64.21, as

see **OIL PRICES** *page 8*

UTILITIES

Gas storage customers

Hilcorp Gas Storage signing up users of storage facility in Kenai gas field

By ALAN BAILEY
For Petroleum News

Hilcorp Alaska Gas Storage LLC, the recently formed natural gas storage affiliate of Hilcorp Alaska, has started signing up customers for its gas storage services on the Kenai Peninsula.

ARTHUR MILLER

As previously reported by Petroleum News, Hilcorp has opened up to other businesses the use of depleted gas reservoirs in the Kenai gas field for gas storage. Previously Hilcorp had been the sole user of the storage facilities — the company has been using the facilities to store excess produced gas production to ensure that it can meet its contractual obligations for gas supplies.

And Hilcorp Alaska Gas Storage's first signed-up customer is Hilcorp Alaska itself, under an arrangement that will presumably enable Hilcorp to continue to use the storage facilities. The gas storage utility has made a tariff filing with the Regulatory Commission of Alaska, asking for RCA approval of the contract with Hilcorp. The contract provides for a maximum storage quantity of 27 billion standard cubic feet of gas, an injection quantity of

see **HILCORP GAS STORAGE** *page 8*

EXPLORATION & PRODUCTION

Hilcorp continues P&A

Middle Ground Shoal wells added to work on Baker, Dillon and Spurr platforms

By KRISTEN NELSON
Petroleum News

Hilcorp Alaska is continuing its work to plug and abandon wells on inactive platforms in Cook Inlet.

In Other Order 193.001, issued Jan. 6, the Alaska Oil and Gas Conservation Commission conditionally approved an Aug. 21 request from Hilcorp to modify the plan set out in OO 193, issued in May 2022, for plugging and abandoning wells on three inactive platforms in Cook Inlet — Baker, Dillon and Spurr.

Dillion was considered to have the highest subsurface risk, and those wells were P&A'd first, in 2022 and 2023, with the Baker platform then prepared for P&A activities.

But another platform, C, became idle in September 2023, following a gas leak which developed in April of 2021 in the gas pipeline between Middle Ground Shoal A platform and MGS onshore facilities. The leak caused production from both platforms, A and C, to be shut in.

In its August request Hilcorp said it "completed an economic evaluation in late 2021 and determined that the resource assessable by platform 'A' could justify the pipeline repair in conjunction with other development projects or more favorable

see **HILCORP P&A** *page 11*

FINANCE & ECONOMY

EIA sees lower oil prices, US production

Brent forecast to average $56/barrel this year, $54 in 2027; WTI expected to drop below $50/barrel in the 4th quarter of this year

By KRISTEN NELSON

Petroleum News

In its January Short-Term Energy Outlook, released Jan. 13, the U.S. Energy Information Administration forecast that the Brent crude oil price would average $56 per barrel this year, down from $69 per barrel last year, and drop further to $54 per barrel in 2027.

U.S. crude oil production, which set a record at an average of 13.6 million barrels per day last year, is projected to drop 1% in 2026, remaining at the 13.6 million bpd average, but then drop 2% in 2027 to average 13.3 million bpd on lower prices.

EIA said it expects production to decrease "as the slowdown in drilling activity will outpace increases in drilling productivity."

West Texas Intermediate is forecast to average $52 per barrel this year and $50 per barrel in 2027, down from $65 per barrel in 2025, with an expected drop below $50 per barrel in the fourth quarter of this year, the agency said.

US natural gas

"U.S. energy production remains strong, and natural gas output is expected to grow to nearly 109 billion cubic feet per day this year," said EIA Administrator Tristan Abbey. "Natural gas supply is critical as we forecast that U.S. liquefied natural gas exports expand and electricity demand rises through 2027, driven largely by increasing demand from large computing facilities, including data centers."

TRISTAN ABBEY

EIA said U.S. dry natural gas production is forecast to increase through 2027, with the growth to almost 109 bcf per day an increase of 1% from last year, led by the Permian, where takeaway capacity is being added, particularly in the second half of this year. The projected production growth next year comes "as growth shifts to the Haynesville region, where increases in natural gas prices drive the deployment of drilling rigs."

Though production grows in 2027, EIA said it slows relative to demand, with U.S. natural gas demand, including exports, growing 2% in 2027, "resulting in demand exceeding total supply — production plus imports." Demand is forecast to reach 119 bcf per day in 2027, more than 1 bcf per day higher than supply.

The demand growth is driven by expanding LNG exports and rising electric power consumption, with LNG exports up 26% in 2025 and continuing to grow through 2027.

LNG exports averaged 15 bcf per day in 2025, are projected to grow to 16 bcf per day this year and to 18 bcf per day in 2027 with the ramp-up of new export facilities.

U.S. natural gas prices are forecast to remain relatively flat this year, EIA said, and then rise in 2017 under tightening market conditions.

The Henry Hub spot price is forecast to average just under $3.50 per million British thermal units in 2026, down 2% from 2025, and then rise 33% in 2027 to average almost $4.60 per million Btu, increasing as demand growth outpaces supply, EIA said.

US crude oil production

U.S. crude oil production, which averaged 13.6 million bpd last year, is forecast to also average 13.6 million bpd again this year but then drop to 13.3 million bpd in 2027, a projected drop by 340,000 bpd in 2027.

At the end of 2025 there were 13% fewer rigs drilling for oil in the U.S. than at the beginning of the year, EIA said, citing Baker Hughes, but "production reached a record high last year as rising well-level productivity outweighed this drop."

"Over the next two years, we expect sustained lower crude oil prices will result in a pullback in drilling and

see EIA OUTLOOK page 3

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GOVERNMENT

AOGCC drops $100k Hilcorp fine to $30k

Company reduced authorized secondary surface casing size on well from 47# L-80 to 40# L-80 without notifying commission

By KRISTEN NELSON
Petroleum News

The Alaska Oil and Gas Conservation Commission has reduced a proposed fine against Hilcorp Alaska from $100,000 to $30,000.

The commission notified Hilcorp on July 31 of a proposed enforcement action for an unauthorized change the company made to the casing used in Granite Point State 17586 011, a development well Hilcorp drilled in June using 9-5/8 inch 40 pound secondary surface casing, rather than the 9-5/8 inch 47 pound casing in the drilling permit, "a lighter casing with a larger internal diameter and lower burst resistance, than what was permitted," the commission said July 31.

Hilcorp requested an informal review of the matter with AOGCC staff, which was held in August, and in October the company requested a public hearing on the matter, which was held in December.

In its Dec. 22 decision the commission said: "Hilcorp stated in the informal review that because "47/40" #/ft was written in the 'Tubular Program' section of the permit application it believed it was authorized to run 40# casing in the well even though no engineering calculations were submitted for the thinner walled casing."

Hilcorp also told the commission the casing change was not substantive "in the Cook Inlet region of Alaska, but it would be a 'substantive change' on the North Slope of Alaska."

December public hearing

1John Howard of Atlus Well Experts testified on behalf of Hilcorp at the December public hearing, presenting "a design change stress assessment for the 9-5/8" 40# L-80 surface casing," the commission said, an analysis performed several weeks before the hearing.

Hilcorp told the commission at the hearing that it disagreed with the commission, and characterized the change as an engineering equivalency, not a substantive change, saying in overheads prepared for the hearing that: "The substitution did not materially alter the well design, safety margins, or barrier integrity."

The company also said the commission "has historically" applied substantive change "to modifications" materially affecting "wellbore integrity, barrier performance, or compliance with casing design requirements," and said the commission "has not issued clear guidance defining 'substantive change' for casing substitutions. Applying it here represents a new interpretation rather than consistent practice," Hilcorp said.

The Granite Point 17586 011 was drilled from the Bruce Platform and Hilcorp said wells from that platform "have historically run 9-5/8" 40# L-80 casing to greater depths without incident."

Substantive

The commission said in its Dec. 22 order that "if Hilcorp had confusion on whether changing the approved well casing would be considered a 'substantive change' by the AOGCC, it could have contacted the AOGCC for clarification. Hilcorp chose not to. Instead, Hilcorp unilaterally made the change without seeking AOGCC approval even though 20 AAC 25.507(b) allows for oral approval of changes when operational necessity requires prompt action."

The commission said Hilcorp did not provide evidence of a safety analysis of the 40-pound casing before it ran that casing in the well.

It said it found that Hilcorp committed the violation alleged and assessed a civil penalty of $30,000, citing consideration of "seriousness of the violation, Hilcorp's compliance history, the need to defer future violations, and the economic benefit resulting from noncompliance."

The commission cited "a recurring pattern of unauthorized changes in approved programs," with 10 violations, five in 2025. "This pattern calls into question the effectiveness of corrective actions implemented in responses to past enforcement actions and weighs heavily in favor of a meaningful penalty to deter continued noncompliance and reinforce the necessity of prior regulatory approval."

The reduction from the original penalty of $100,000, the commission said, "reflects consideration of the lack of demonstrated harm while still addressing the need for deterrence and regulatory accountability." ●

Contact Kristen Nelson at knelson@petroleumnews.com

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EIA OUTLOOK

completion activity that is enough to outweigh ongoing increases in productivity," the agency said.

The Permian has been the largest contributor to U.S. crude oil production growth over the last few years, but this year, EIA said, it is projecting that Permian production will remain largely unchanged.

Decreasing oil prices have contributed to a dropping rig count, and with fewer rigs drilling in the Permian, "production growth has primarily come from increasing production efficiency out of maturing wells" and in 2027, EIA said, it expects Permian production to decrease by 1% annually, "reflecting the full impact of the crude oil price decline on drilling activity."

Lower 48 onshore production is expected to fall by 170,000 bpd in 2026, a drop which will be partially offset by a 50,000 bpd production increase in Alaska and an additional 90,000 bpd from the Gulf of America, both increases driven by new projects set to come online this year.

The agency said it is forecasting an acceleration in production declines in 2027. ●

Contact Kristen Nelson at knelson@petroleumnews.com

ALTERNATIVE ENERGY

Turnagain Arm tidal energy permitting

Company pursuing the possibility of electrical power generation using tidal turbines seeks extension of preliminary FERC permit

By ALAN BAILEY
For Petroleum News

Turnagain Arm Tidal Energy Corp. has applied to the Federal Energy Regulatory Commission for a four-year extension to its preliminary permit for a proposed tidal energy system in the Turnagain Arm. The company's original permit was issued in 2021. The company has asked for an extension from July 1, 2025, to June 30, 2029 — the concept is to maintain priority for licensing this particular project while gathering data and determining project feasibility.

A phased approach

The company proposes a phased approach to a tidal energy development. Phase one would be a pilot project, involving the installation of a single 1 to 5 megawatt tidal turbine system. After testing this arrangement for 12 to 18 months the company would apply for a commercial license for a 10 to 20 megawatt system. This would involve the installation of an additional 5 to 15 megawatts of turbine capacity to the initial turbine system. Phase three would expand the system using an additional 80 megawatts to 190 megawatts of turbine capacity.

In each phase of the project energy storage, presumably using a battery energy storage system, would be installed, to maintain energy output during slack tidal conditions. And during phase two power cabling infrastructure would be installed, to enable the delivery of power from both the phase two and phase three developments.

Located near mouth of Turnagain Arm

The tidal power system would be located somewhere between Point Possession on the Kenai Peninsula and Fire Island near Anchorage. It would connect to Chugach Electric's electrical system near the Ted Stevens International Airport, the application says.

The permit application does not indicate what type of tidal turbine technology would be used, nor how the turbines would be installed. However, the application indicates that the project would have minimal environmental impacts.

"The tidal project can be designed to enable the free movement of fish and whales and produces no noise or other pollution when in place and operating," the application says. "The turbines turn at a very slow speed and can be compared to a hotel entrance revolving door."

The application also says that the installation depths of the turbines will allow the natural freezing and thawing of the water without any interruption of power generation. And recreational fishing, boating and commercial shipping would not be impacted, the application says.

Excess capacity could have industrial uses

The application says that electricity from the project would be delivered into the local electricity grid but that the potential energy generated would greatly exceed the local energy load. The most likely arrangement would be to use the excess electricity for the manufacture of hydrogen through the electrolysis of water. In addition to the use of hydrogen gas, hydrogen can be employed to manufacture materials such as ammonia, methanol and carbohydrate fuels, the permit application says. The availability of cheap excess electricity might also attract industries to Alaska, such as mining, aluminum smelting, zinc smelting and petrochemical production, the application suggests.

Studies underway

The application indicates a list of studies that have already been underway in support of project planning. Estimating is also in progress for the costs of permit applications, project planning and facility construction. Turnagain Arm Tidal Energy Corp. is also seeking preliminary commitments to the project from communities, state government, federal government and private sector energy users.

During the requested permit extension period the company proposes conducting a preliminary engineering study that includes an environmental impact assessment; a preliminary siting investigation; site selection; cost estimation for planning, engineering design and construction; and public relations activities. The company anticipates being able to raise private funding for these activities. However, the company will also seek government grant funding — in 2023 the Turnagain Arm project was named the "alternate project," for possible funding under a Department of Energy program to establish large-scale tidal and water current energy research.

The application says that facility construction will involve the hiring of large consulting, engineering and construction firms and that Turnagain Arm Tidal Energy Corp. has conducted discussions with major investment banks regarding project funding. ●

Contact Alan Bailey at alan.bailey@visualwriting.com

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Kay Cashman	PUBLISHER & FOUNDER
Mary Mack	CEO & GENERAL MANAGER
Kristen Nelson	EDITOR-IN-CHIEF
Susan Crane	ADVERTISING DIRECTOR
Heather Yates	BOOKKEEPER
Steven Merritt	PRODUCTION DIRECTOR
Alan Bailey	CONTRIBUTING WRITER
Eric Lidji	CONTRIBUTING WRITER
Steve Sutherlin	CONTRIBUTING WRITER
Judy Patrick Photography	CONTRACT PHOTOGRAPHER
Forrest Crane	CONTRACT PHOTOGRAPHER
Renee Garbutt	CIRCULATION MANAGER

ADDRESS
P.O. Box 231647
Anchorage, AK 99523-1647

NEWS
907.522.9469
publisher@petroleumnews.com

CIRCULATION
281.978.2771
circulation@petroleumnews.com

ADVERTISING
Susan Crane • 907-250-9769
scrane@petroleumnews.com

Petroleum News and its supplement, Petroleum Directory, are owned by Petroleum Newspapers of Alaska LLC. The newspaper is published weekly. Several of the individuals listed above work for independent companies that contract services to Petroleum Newspapers of Alaska LLC or are freelance writers.

OWNER: Petroleum Newspapers of Alaska LLC (PNA)
Petroleum News (ISSN 1544-3612) • Vol. 31, No. 2 • Week of January 18, 2026

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

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

EXPLORATION & PRODUCTION

Coastal areas open for tundra travel

The Alaska Department of Natural Resources' Division of Mining, Land & Water has opened both the eastern and western coastal areas of the North Slope for winter off-road tundra travel.

The western coastal area opened Dec. 31 followed by the eastern coastal area Jan. 9.

Soil temperatures and snow cover in both coastal areas have met criteria for opening — 6 inches of snow and soil temperatures colder than -5 degrees C at a depth of 30 centimeters.

The division said the openings apply only to operators with valid off-road vehicle travel permits for North Slope state lands and noted that the snow cover may be thin in some areas which should be avoided or special construction methods used there to protect the tundra surface.

State personnel may conduct inspections periodically to ensure compliance.

—PETROLEUM NEWS

EXPLORATION & PRODUCTION

DNR premiers comprehensive CCUS hub

The Alaska Department of Natural Resources said Dec. 30 that it has launched the Alaska CCUS Hub, https://alaska-ccus-hub-soa-dnr.hub.arcgis.com/, to provide "a centralized, user-friendly platform that brings together decades of geological, technical and regulatory data from across the entire state to inform carbon capture, utilization and storage (CCUS) opportunities.

DNR Commissioner-designee John Crowther said the hub "is an exciting new resource for explorers and developers."

"By making critical technical data and regulatory information available in one place, we're helping unlock new opportunities and drive responsible development across the state," he said.

DNR said the site "offers access to well data, seismic surveys, land information and spatial data — making it an essential resource for companies and individuals engaged in carbon storage or oil and gas exploration."

A grant from the U.S. Department of Energy made the project possible, DNR said. DNR's Division of Oil and Gas partnered with DNR's Division of Geological and Geophysical Surveys, the Alaska Oil and Gas Conservation Commission, the Alaska Center for Energy and Power at the University of Alaska, Fairbanks and Alaska Resources Education on the tool, with database work performed by local contactors from HDR.

"We successfully leveraged federal funding and brought Alaska organizations together to provide the public with information for carbon stage and other resource industries," said Haley Paine, deputy director of the Division of Oil and Gas.

Carbon storage information is available online:
https://dog.dnr.alaska.gov/Information/CarbonStorage.

—PETROLEUM NEWS

FINANCE & ECONOMY

Trends sees growth in O&G jobs in '26

Alaska Economic Trends, the monthly publication of the Alaska Department of Labor and Workforce Development, said in its January issue on the 2026 jobs forecast that it expects the state to add 3,000 jobs this year, topped by growth in oil and gas, health care, construction and transportation.

The 1,000-job increase expected in oil and gas this year comes as Pikka moves into production, she said, and overall activity rises.

The lead article, by economist Karinne Wiebold, cites Pikka moving into production as a driver in the increase in oil and gas jobs in the state.

From a monthly average of 8,300 jobs in 2024, the oil and gas industry grew 8.4% in 2025 to 9,000 jobs, a 700-job increase, and is forecast to add 1,000 jobs this year, an 11.1% increase, to average 10,000 jobs over the year.

Industry projects boosting construction and transportation, Wiebold said, include Pikka, where construction wrapped up late last year, and Willow, where work will continue for several years.

There has been a growth of 2,300 jobs in oil and gas since that industry hit a low of 6,700 jobs in 2021, Wiebold said, with production remaining "remarkably stable despite the big COVID-era employment drop and partial rebound since."

The 1,000-job increase expected in oil and gas this year comes as Pikka moves into production, she said, and overall activity rises. Oil and gas employment continues to increase in Anchorage, said economist Sam Tappen, "but remains at about half of its 2015 peak of 3,800 jobs," with major companies headquartering in Anchorage and hiring locally. The industry is forecast to add 100 jobs this year.

—KRISTEN NELSON

● EXPLORATION & PRODUCTION

Baker Hughes US rig count down 2 at 544

By KRISTEN NELSON
Petroleum News

Baker Hughes' U.S. rotary drilling rig count was 544 on Jan. 9, down two from the previous week. The domestic rig count has ranged from the 530s through the 550s since the beginning of June.

For 2025, the count peaked Feb. 28 (and again March 21) at 593, hitting its low point Aug. 29 at 526. For 2024, the count peaked March 1 (and again March 15) at 629, hitting its low point June 28 at 581. In 2023 the count peaked early in the year at 775 on Jan. 13, bottoming out Nov. 10 at 616.

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

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

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 Jan. 9 count includes 409 rigs targeting oil, down by three from the previous week and down 71 from 480 a year ago, with 124 rigs targeting natural gas, down by one from the previous week and up 24 from 100 a year ago, and 11 miscellaneous rigs, up two from the previous week and up by seven from a year ago.

Fifty-seven of the rigs reported Jan. 9 were drilling directional wells, 475 were drilling horizontal wells and 12 were drilling vertical wells.

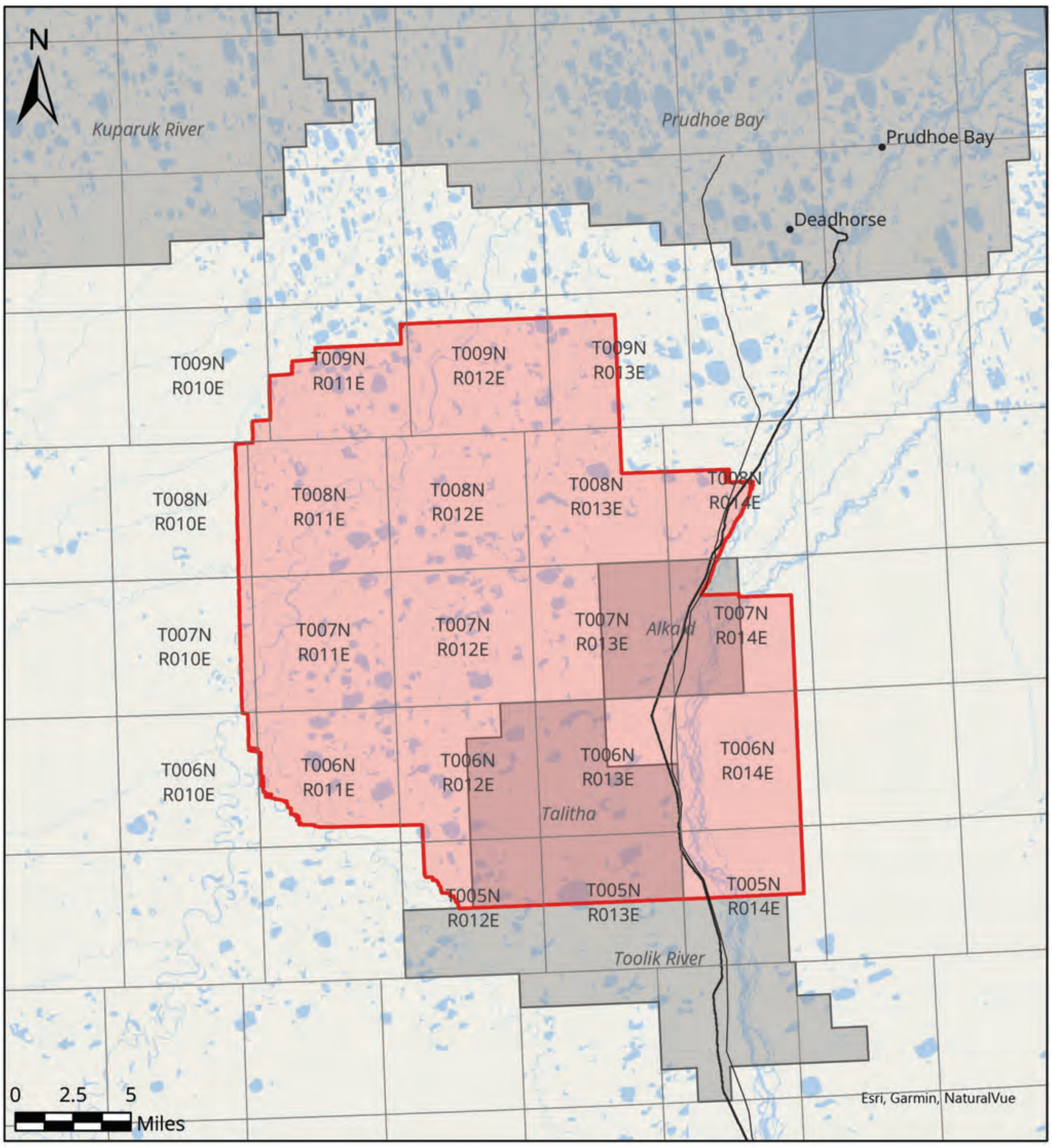
Alaska rig count unchanged

Utah (17) was up four rigs from the previous week while Colorado (12) was up by a single rig.

Louisiana (40) was down by three rigs week over week; New Mexico (100), North Dakota (26), Texas (230) and Wyoming (15) were each down by one rig.

Rig counts in other states were

see RIG COUNT page 11



E&P

Great Bear seismic data set for release

The Alaska Department of Natural Resources' Division of Oil and Gas will release and make available to the public the following exploration data and information, as submitted to the division, no less than 30 days following its Jan. 7 notice about the release.

The division is providing public notice under AS 43.55.025(f)(2)(C).

Specifically, the division is releasing North Slope, Alaska, MLUP/NS 14-012 Great Bear & Niksik 3D (Great Bear 2015).

The permittee is Geokinetics Inc.

The location is Umiat Meridian, Township 9N, Range 10–13E; Township 6–8N, Range 10–14E; & Township 5N, Range 12–14E.

The State of Alaska, DNR, 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. Please call 907-269-8800 or email dog.tcdata@alaska.gov to make any necessary arrangements.

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DONLIN GAS LINE

feet per day of natural gas for transmission through the pipeline. The companies also commit to cooperating on determining the most cost effective method to develop and construct the pipeline, and to construct a power plant for the mine.

If developed, the Donlin mine could become the largest gold mine in the United States. Alaska Native corporations Calista Corporation and The Kuskokwim Corp. own the mineral and surface land rights in the area of the planned mine.

The Alaska gas pipeline project

Glenfarne plans a two phase project for the export of natural gas from the North Slope. Phase one involves the construction of a 765-mile, 42-inch diameter gas pipeline from the Slope to Southcentral Alaska. Phase two adds an LNG terminal and related infrastructure for the export of liquefied natural gas from Alaska. The project is 75% owned by Glenfarne and 25% owned by the Alaska Gasline Development Corp. The pipeline to Donlin would presumably depend on the completion of phase one of the project.

Company support

"Alaska LNG offers abundant low-cost natural gas that will enhance the economics and facilitate development of energy-intensive mining projects in Alaska," said Adam Prestidge, president of Glenfarne Alaska LNG. "Adding a foundational customer like Donlin Gold, one of the largest known undeveloped gold deposits in the world, to Alaska LNG provides significant volume discount benefits that will result in lower energy costs for Alaska consumers."

"As Donlin moves into what we hope to be the largest single gold mine in the United States, natural gas from Alaska LNG could offer significant benefits not only for the mine, but for the entire southwestern Alaska region," said Greg Lang, president and CEO of Novagold. "We look forward to working with Glenfarne to unlock the value of both of these world-class Alaskan resources: Donlin gold and Alaska LNG."

—ALAN BAILEY

Contact Alan Bailey
at alan.bailey@visualwriting.com

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OIL PRICES

WTI rose 38 cents to close at $59.50 and Brent rose 53 cents to close at $63.87.

ANS added 81 cents Jan. 9 to close at $63.58, WTI leapt $1.73 to close at $59.12 and Brent leapt $1.75 to close at $63.34.

On Jan. 8 ANS surged $2.00 to close at $63.58, WTI jumped $1.40 to close at $57.39 and Brent leapt $1.63 to close at $61.59.

Prices fell Jan. 7, taking ANS 70 cents lower to close at $60.87, while WTI plunged $1.14 to close at $55.99 and Brent fell 74 cents to close at $59.96.

ANS leapt $3.99 over the trading week from its close of $61.57 Jan. 6 to its $65.56 close on Jan. 13.

Iran tension 2026

Tension between Iran and the United States is nothing new, but recent heat in the region may impact world oil supplies.

Iran has the world's third-largest proven crude reserves and was the ninth-ranked oil producer in the world in 2023, producing some 4 million barrels per day, according to EIA data.

In a conflict, "disruption can jump from manageable to systemic" because the potential hit of a loss in Iranian exports could ignite "second-round effects — higher war-risk insurance, fewer available tankers, rerouting and delays and higher freight costs," Rich Tabaka, president of Allied Resource Partners told MarketWatch.

"Those frictions can reduce effective supply far more than the headline barrel loss," he said.

Producers in the Organization of the Petroleum Exporting Countries have "spare" production capacity on paper, but "a lot of it is in the same region," Tabaka said. "If regional logistics and shipping lanes are impaired, that spare capacity becomes harder to deliver quickly and it doesn't function like a clean backstop when the bottleneck is transport, not production."

"Iran matters to the oil market more for fear than barrels," said Jay Young, founder and CEO of King Operating. "Prices move on risk before they move on reality" — so when tensions rise in the Middle East, the "market adds a premium even if supply has not changed yet."

On June 13, 2025, Israel launched airstrikes against Iranian military and nuclear infrastructure, and Iran retaliated, Yahoo News reported. The Strait of Hormuz was never closed, but Brent jumped some 7%, from $69 to $74 per barrel, in a day.

"In a situation of widespread upheaval, it's very likely that skilled workers are unable to actually get to (production and export facilities), and when they get there, do they have basic things like electric power?" said Clay Seigle, a senior fellow at the Center for Strategic and International Studies. ●

Contact Steve Sutherlin
at ssutherlin@petroleumnews.com

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HILCORP GAS STORAGE

80.25 million standard cubic feet per day and a contract withdrawal capacity of 97.5 million standard cubic feet per day.

The contract has an effective date of Feb. 20, 2026, and an initial term of five years, with the possibility of five 12-month extensions.

Contract with Chugach Electric

In a Jan. 8 press release Anchorage based Chugach Electric Association announced that it had entered into a five-year firm gas storage contract with Hilcorp Alaska Gas Storage. The electric utility said that the contract will enable Chugach Electric to gradually expand its reserved gas storage over a three-year timeframe, starting with 1.5 billion cubic feet of capacity in 2026, increasing to 3.5 billion cubic feet in 2027 and reaching the full contracted capacity of 5 billion cubic feet in 2028. Under the terms of the contract this full contracted capacity would continue to 2030.

The contract will presumably require RCA approval.

"This phased approach is a key element in ensuring Chugach's natural gas supply for the future, particularly as our current Hilcorp gas (supply) contract ends in early 2028," said Chugach Electric Chief Operating Officer Arthur Miller.

Miller emphasized the success of the Beluga gas field on the west side of the Cook Inlet — Chugach Electric has a two-thirds working interest ownership in the field, with Hilcorp owning the remaining one third. While continuing development of the field has boosted field production, the new gas storage agreement with Hilcorp Alaska Gas Storage will provide Chugach Electric with enhanced flexibility in storing and accessing natural gas, the utility said.

Supplements CINGSA usage

Chugach Electric already stores gas in the Cook Inlet Natural Gas Storage Alaska facility on the Kenai Peninsula. As well as increasing the flexibility of gas storage capacity, access to the Hilcorp gas storage facility will improve the reliability of gas supplies should there be some unforeseen interruption in supplies from gas sources such as the Beluga field or from CINGSA, Chugach Electric said. Differences in the rate structures between the two storage facilities will also enable more cost effective storage options than are available from the single storage facility, the utility said.

Electric and gas utilities in the Alaska Railbelt have long emphasized the critical importance of adequate gas storage capacity, to ensure adequate gas deliverability rates to customers during the winter when gas demand is particularly high. There have been significant concerns about the need for increased gas storage capacity, to handle future declines in gas production from Cook Inlet gas and oil fields.

Chugach Electric said that it currently has 2.1 billion cubic feet of gas storage capacity with CINGSA. Once fully utilized the Hilcorp storage facility will increase that capacity to 7.1 billion cubic feet, with the firm withdrawal capacity increasing to 58 million cubic feet per day, enough to meet the utility's needs during peak winter demand, the utility said.

MEA also seeking storage agreement

In a letter accompanying the tariff filing for the contract with Hilcorp Alaska, attorneys for Hilcorp Alaska Gas Storage notified the RCA that the gas storage utility is also working on forming a firm gas storage service agreement with electric utility Matanuska Electric Association. ●

Contact Alan Bailey
at alan.bailey@visualwriting.com

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LEASE SALES

• Deadline to submit bids with EnergyNet — Thursday, Feb. 26 at 12 p.m.
• Bidding results available to the public online at https://dog.dnr.alaska.gov — Wednesday, March 4 at 9 a.m.

The Cook Inlet Areawide includes approximately 2.9 million acres of state-owned land in 728 tracts, ranging in size from 640 to 5,760 acres.

Areawide lease sale locations

The Alaska Peninsula Areawide includes approximately 5.0 million acres of state-owned land in 1,004 tracts, ranging in size from 1,280 to 5,760 acres. The sale area encompasses onshore and offshore acreage that extends from the Nushagak Peninsula in the north then along the west side of the Alaska Peninsula to just north of Cold Bay. Portions of these tracts are located within the Bristol Bay Borough, the Lake and Peninsula Borough, the Aleutians East Borough, or the Dillingham Census Area.

The Cook Inlet Areawide includes approximately 2.9 million acres of state-owned land in 728 tracts, ranging in size from 640 to 5,760 acres. The sale area encompasses onshore and offshore acreage that extends from Wasilla in the north to Anchor Point in the southeast, then along Alaska's Submerged Lands Act boundary in Cook Inlet to the Iniskin Peninsula on the Alaska Peninsula and north toward the Susitna Valley. Portions of the tracts are located within the Kenai Peninsula Borough, the Matanuska — Susitna Borough, or the Municipality of Anchorage.

STATE OF ALASKA

Alaska Peninsula Areawide 2026 Terms and Conditions

Lease Sale Tracts	Bid Variable	Minimum Bid	Royalty Rate	Primary Lease Term	Annual Rental Rate	Lease Form
All APA 2026 Tracts	Cash Bonus	$5.00 per acre	12.5% Fixed	10 Years	Year 1: $1.00 per acre Year 2: $1.50 per acre Year 3: $2.00 per acre Year 4: $2.50 per acre Years 5-10: $3.00 per acre	DOG 202104

Cook Inlet Areawide 2026 Terms and Conditions

Lease Sale Tracts	Bid Variable	Minimum Bid	Per Acre Cash Bonus	Primary Lease Term	Annual Rental Rate	Lease Form
All CIA 2026 Tracts	Net Profit Share	5.00%	$30.00 per acre Fixed	5 Years*	Year 1: $1.00 per acre Year 2: $1.50 per acre Year 3: $2.00 per acre Year 4: $2.50 per acre Year 5: $3.00 per acre	DOG 202309 NPS

*State oil and gas leases may receive a one-time lease extension under certain conditions. AS 38.05.180(m)

Sale documents

Complete details regarding these lease sales are on the Division of Oil and Gas website at https://dog.dnr.alaska.gov/LeaseSale. Sale documents include this Notice of Sale, Sale Announcement and Instructions to Bidders, Areawide Sale Information, Attachment A with Estimated Acreages and deferred tracts, lease forms, mitigation measures, and tract map.

Best interest finding documents and supplements for these sales can be found on the Division of Oil and Gas website at https://dog.dnr.alaska.gov/LeaseSale.

Call 907-269-8800 or email dog.leasing@alaska.gov. if unable to access sale information.

Subscribe to leasing email announcements at https://list.state.ak.us/mailman/listinfo/DOG.Leasing.

Americans with Disabilities Act Compliance

The State of Alaska, DNR, DO&G complies with Title II of the Americans with Disabilities Act 1990. This publication will be made available in an alternative communication format upon request. Call 907-269-8800 or email dog.leasing@alaska.gov to make any necessary arrangements.

—KAY CASHMAN

Contact Kay Cashman at publisher@petroleumnews.com

Oil Patch Bits

Calista Corp. notes holding line leadership transition

Calista Corporation's holding line specializing in construction, environmental services and engineering, Calista Brice LLC, is entering 2026 with a long-planned leadership transition.

Sam Robert Brice, the outgoing president of Calista Brice, is a third-generation leader of the Brice companies. His grandparents Luther and helenka Brice founded Brice Inc. in Fairbanks in 1961. The family-oriented Brice companies developed a reputation for taking on tough, remote Alaska construction projects with competence, reliability and a focus on local hire.


SAM ROBERT BRICE

"Sam is an exceptional person and an exceptional leader in the construction industry. When Calista purchased the Brice companies in 2010, we were fortunate Sam remained in leadership. With his support, Calista Brice has grown into a $500 million company," said Andrew Guy, Calista Corp. President and CEO.

Sam is not fully retiring; for the time being, he will continue working for Calista Brice part time as an executive advisor.


STEFAN REARDEN

For more than three years, Sam has mentored incoming Calista Brice President Stefan Rearden who previously served as chief operating officer (2024-2025) and vice president of operations (2022-2024). Stefan is a Calista shareholder who grew up in Bethel. He received a bachelor's degree in mechanical engineering and worked in the oil and gas industry — first for BP, then Alyeska Pipeline Service Co. — before joining Calista Brice as a senior director of special projects in 2021.

"We appreciate Stefan's deep commitment to Calista's mission, vision and values. Like Sam, he is a servant leader with an important role in supporting our business growth and career opportunities for Calista shareholders and descendants. Quyana cakneq, Sam and Stefan, for your service," Guy said.

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GPTU FORMATION

Agreement or the GPTU Operating Agreement.

During the July 30 meeting, the Division of Oil and Gas outlined the technical data required to reconsider the five excluded leases for inclusion in the GPTU. On Oct. 27, the applicant submitted the requested information to the division.

Upon review, the agency determined that the data support extending the potential hydrocarbon accumulatios, or PHAs, associated with the Pre-Mississippian reservoirs encountered in the Stinson 1 well to the leases 392117, 392116, 392115, and 393573, positioned east and south of the Stinson 1 well location.

Through the supplemental technical data, the applicant demonstrated the potential presence of a hydrocarbon reservoir underlying leases 392117, 392116, 392115, and 393573. Further, the applicant submitted a transfer of working interest for lease 393574 from J.A. Bachner and K.C. Forsgren to Daniel K. Donkel and Samuel H. Cade, which the division approved on Dec. 26.

The June 25 GPTU Decision Section IV Findings and Decision was therefore revised as follows: "Except for the revised paragraphs set forth below, all other discussions, descriptions, terms and conditions as set forth within the division's June 25, 2025 decision remain in effect and are incorporated herein.

"The following amended provisions to the division's June 25, 2025 decision replace and supersede those paragraphs set forth in that same decision and immediately take effect upon issuance of this decision."

Prevention of economic and physical waste

The applicant, Daniel K. Donkel of Donkel Oil & Gas LLC, submitted geological, geophysical and engineering data to the division in support of the application.

Division technical staff determined that portions of the proposed GPTU area encompass all or part of one or more PHAs.

Nottingham wrote on Jan. 8 that "the available geological, geophysical, and engineering data justify including only the proposed lands, as described in Section III, A.2. of the June 25, 2025 decision, and only ADLs 392117, 392116, 392115, 393573, and 393574 discussed herein and for the reasons described previously."

Protection of all parties' interests

Nottingham wrote the following on Jan. 8:

"1. The GPTU formation as modified herein and approved protects all parties' interests including the people of Alaska who have an interest in the development of the State's oil and gas resources to maximize the economic and physical recovery of the resources.

"2. The geological, geophysical, and engineering data that the applicant provided reasonably justify the inclusion of the GPTU following acreage (1) western area leases 393893, 393894, 392134, 393577, 392133, 393892, and 393891; and (2) eastern area leases 393890, 393889, 393576, 393575, 392123, 392120, 392121, 392122, 392119, 392118, 39211, 392116, 392115, 393573, and 393574. Combined these leased lands total approximately 49,562 acres, and are subject to the terms of the applicable regulations governing formation, expansion, and operation of oil and gas units and participating areas (11 AAC 83.301–395) and the terms and conditions under which these lands were leased from the State.

"3. The division, however, excludes ADLs 392132, 392128, and 392127 from the unit formation as those leases, after additional geophysical analysis, fail to show the presence of either a hydrocarbon reservoir or potential hydrocarbon accumulation.

"4. The applicant holds sufficient interest in the unit area to give reasonably effective control of operations.

"5. The GPTU formation as approved herein meets the requirements of 11 AAC 83.303.

"6. The division complied with the public notice requirements of 11 AAC 83.311.

"7. The GPTU formation will not diminish access to public and navigable waters beyond those limitations (if any) imposed by law or already contained in the oil and gas leases covered by this decision.

"8. The GPTU Agreement provides for additional expansions and contractions of the unit area in the future, as warranted by data obtained by exploration or otherwise. The GPTU Agreement thereby protects the public interest, the rights of the parties, and the correlative rights of adjacent landowners.

"9. The GPTU as modified and approved herein is effective as of the date of this decision.

"10. Given the inclusion of the additional leased lands referenced above, and as assurance that the POE (plan of exploration) commitments as modified in the division's June 25, 2025 decision approving formation of the GPTU are completed, the division hereby amends the above referenced decision by requiring that there be posted a $3.5 million performance bond, with $1.75 million of that total to be posted no later than two years from issuance of this decision, on Jan. 8, 2028. An additional $1.75 million shall be posted no later than Jan. 8, 2030. Upon completion of drilling two exploration wells, the entire amount of the $3.5 million bond shall be returned to the applicant, Daniel K. Donkel of Donkel Oil & Gas. The division assigned no preference to the order in which the applicant drills the two exploration wells, provided that one is drilled in the western acreage and the other in the eastern acreage. If only one exploration well is drilled (either in the eastern or western section of the GPTU), the acreage where the second well has not been drilled shall be contracted from the GPTU automatically. The GPTU Agreement shall be amended to include this condition.

"11. Further, failure to post any bond payment on the dates specified in paragraph10 shall be considered a default of the terms of the GPTU Agreement. The GPTU Agreement shall be amended to include this condition.

"12. If one well is drilled (either in the eastern or western section of the GPTU as approved herein) and the second well is not drilled by the end of the fifth year of the POE as modified herein, the area (either eastern or western) where the second well has not been drilled shall be contracted from the GPTU automatically. The GPTU Agreement shall be amended to include this condition.

"13. If only one well is drilled (either in the eastern or western section of the GPTU as approved herein), and the second well is not drilled by the end of the fifth year of the POE as modified herein, one-half of the total amount of the bond shall be forfeit immediately. The area where the second well has not been drilled also shall be contracted from the GPTU automatically The GPTU Agreement shall be amended to include this condition.

"14. If the applicant makes significant capital expenditures related to the GPTU not already associated with the exploration wells (i.e., expenditures related to actual operations and not to activities like marketing), then the applicant may apply to the Department (of Natural Resources) to reallocate the amount of the performance bond to include such other capital expenditures, however such reallocation shall not increase or decrease the total amount of the performance bond due to be posted. The GPTU Agreement shall be amended to include this condition.

"15. If the applicant makes significant capital expenditures related to actual, definitive development or operations of the GPTU (e.g., conducting 3-D seismic survey), then the applicant may apply to the department for consideration of such an expenditure in lieu of drilling a second well. Any failure by the applicant to request such consideration by the department shall be considered a waiver by the applicant, and the applicant shall remain obligated to drill the second well within the GPTU. The GPTU Agreement shall be amended to include this condition.

"16. The applicant, in addition to providing the annual Plan of Development, or POD, shall provide an annual progress report discussing the exploration work being performed at the unit. This annual progress report will be provided no later than Dec. 31 of each calendar year and will be directed to the assigned unit manager.

"17. The applicant shall submit a revised GPTU Agreement with amended Article 9 to incorporate the performance bond terms as prescribed in paragraphs 1 through 15, an annual progress report and definition of well completion, as set forth herein, including revised Exhibits A, B, and G, within 30 days of the issuance of this decision. The GPTU Agreement shall be amended to include this condition.

This decision must be appended to the division's June 25 decision.

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

—KAY CASHMAN

Contact Kay Cashman at publisher@petroleumnews.com

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HILCORP P&A

market conditions. In no scenario did it make commercial sense to return the MGS 'C' platform to production based on the remaining reserves accessible by its wells."

Oil vs. gas

The commission said that in December 2023 Hilcorp proposed plugging only existing Middle Ground Shoal oil pools, "leaving the shallower MGS Gas pool available for potential perforating or rig sidetrack to test the gas potential under the platform."

The company said it wanted to P&A MGS C platform wells after it finished plugging MGS Oil pools on Baker platform, but before it did the Spurr platform wells.

Hilcorp told the commission in 2024 that it wanted to P&A the MGS C wells ahead of the Spurr wells "because the open perforations in wells at MGS-C were riskier than the plugged perforations in wells at Spurr Platform."

Production and injection operations ceased at Spurr in 1992, at Dillon in 2002 and at Baker in 2014.

P&A sequence

Dillon wells were P&A'd in 2022-23.

Baker platform MGS oil pools were P&A'd in 2024-25, AOGCC said, except for three wells which it has approved to be P&A'd when the MGS gas pool is P&A'd in the future.

The MGS C platform is scheduled for P&A work in 2026-27, with well inspections to be done on all Spurr platform wells in 2026.

The commission said the Spurr platform is inspected regularly, "is structurally in good overall condition, and not at imminent risk of structural failure."

Spurr wells are scheduled to be P&A'd in 2028, the commission said, and if MGS platform work is not completed in 2027, remaining MGS C wells and Spurr wells will be P&A'd concurrently in 2028, with exceptions "where wells are shown to have future utility."

At Baker, all remaining wells will be P&A'd in 2029, including MGS gas and oil pool wells with exceptions for wells with future utility.

AOGCC said it "intends to impose daily civil penalties for each well at Spurr platform not P&A'd in compliance with AOGCC regulations beginning November 16, 2028," with daily penalties which must be paid monthly starting Dec. 31, 2028, for the Nov. 16-Dec. 31 period, and on the last day of every month thereafter until all wells are P&A'd.

Work completed

In the 2022 order the commission required P&A work to be completed at the Dillon, Baker and Spurr platforms in 2022, 2023 and 2024, respectively.

Hilcorp was required to report on completed P&A work to the commission by Nov. 15 of each year.

In the current order the commission noted that P&A work on Dillon platform wells took two years to complete, not the one year envisioned in 2022, and the MGS oil pool wells on the Baker platform also took two years to P&A.

AOGCC said Hilcorp expected it would take two years to P&A wells on the Spurr platform.

P&A work at Dillon began in 2022 with installation of a temporary camp, followed by diagnostic work on all wells and P&A of roughly half of the platform wells. In 2023 Hilcorp P&A'd the remaining nine Dillon platform wells.

The temporary camp was then moved to the Baker platform and the Baker helideck was rebuilt.

In 2024 diagnostic work was completed at Baker, but only four wells were partially or completely P&A'd. The commission said progress stalled in 2024.

In 2025 all but three Baker platform wells were P&A'd, including all oil pool wells.

The commission said the MGS gas pool has not been plugged in any Baker wells, nor have surface plugs been placed.

"The wells are in a suspended status, with the exception of two disposal wells and one well that penetrated the West Foreland formation below the MGS oil pools." ●

Contact Kristen Nelson at knelson@petroleumnews.com

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RIG COUNT

unchanged from the previous week: Alaska (9), California (8), Ohio (14), Oklahoma (43), Pennsylvania (18) and West Virginia (7).

Baker Hughes shows Alaska with nine rotary rigs active Jan. 9, unchanged from the previous week and down by one from a year ago when the state's count was 10.

The rig count in the Permian, the most active basin in the country, was down three from the previous week at 244 and down by 60 from 304 a year ago. ●

Contact Kristen Nelson at knelson@petroleumnews.com