



## North Slope LNG plant expected to start operations in September

During a June 3 board meeting of Fairbanks based Interior Gas Utility, Clay Beethe from Hilcorp Alaska told the board that the LNG plant that Hilcorp affiliate Harvest Alaska LLC is constructing on the North Slope is now anticipated to begin commercial operations at the beginning of September. The plant will supply LNG to IGU. First LNG production, on a test basis, is expected in July, Beethe said.

### LNG for Fairbanks

IGU stores LNG in tanks in central Fairbanks and North Pole in support of its expanding number of natural gas customers in the Fairbanks region. Currently, the LNG is transported to Fairbanks by road from IGU's LNG plant near Point Mackenzie on the Cook Inlet. Hilcorp supplies gas to the LNG plant from its Cook Inlet gas fields.

However, given pending shortages in firm Cook Inlet gas supplies, in 2023 IGU agreed to contract with Hilcorp to obtain the gas from the North Slope instead of from Cook Inlet. IGU also signed a contract with Harvest for the construction and operation of a 150,000 gallons-per-day LNG plant to be built on a gravel pad near pump station 1 of the trans-Alaska pipeline. IGU has

see **SLOPE LNG PLANT** page 4

## NPR-A environmental assessment largely reverts to previous plan

The new environmental assessment for the National Petroleum Reserve in Alaska integrated activity plan, released June 17, is a step toward a new record of decision for the National Petroleum Reserve-Alaska, returning the area available for leasing to an area similar to what it was in 2020, as opposed to the plan under an April 2022 ROD, which was consistent with the plan adopted in 2013.

The Bureau of Land Management is taking comments on the new plan through July 1.

Acreage available for leasing in NPR-A has changed as administrations have changed in Washington, D.C.

In 2013, under a Democratic administration, only some 11.8 million acres, about 52% of the total, were available for leasing. That changed when a Republican administration took over, with the 2020 ROD making 18.58 million acres, 82% of the total 22.8 million acres, available for leasing.

Then in 2022, under a Democratic administration, the area made available for leasing in 2022 was cut back to the 11.8 mil-

see **NPR-A ACREAGE** page 6

## Greater Point Thomson unit gets conditional approval, large bond

Effective June 25, Alaska's Division of Oil and Gas conditionally approved formation of the Greater Point Thomson unit (GPTU) on and offshore the eastern North Slope adjacent to the Hilcorp-operated Point Thomson unit.

On the east it 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 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 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 Donkel's 5-year exploration plan "fails to show a

see **GPTU APPROVAL** page 4

### FINANCE & ECONOMY

# ANS War premium falls

ANS nosedives \$9.27 in two trading days as Israel/Iran peace declared

By **STEVE SUTHERLIN**

Petroleum News

Alaska North Slope crude plummeted June 23 on news of a peace agreement between Israel and Iran in the wake of a decisive U.S. strike on Iran's massive underground nuclear weapons facility. ANS closed at \$72.99 per barrel — down \$6.77 on the day, as West Texas Intermediate plummeted \$6.42 to close at \$68.51 and Brent plummeted \$5.53 to close at \$71.48.

Prices continued to crater June 24 with ANS diving 2.50 to close at \$70.50, WTI plunging \$4.14 to close at \$64.37 and Brent plunging \$4.34 to close at \$67.14.

In two trading days, ANS saw a \$9.27 war premium erased from its price of \$79.77 June 20.

Futures trading turned positive June 25 as losses were stemmed by strong U.S. crude demand seen in data from the U.S. Energy Information Administration showing a second consecutive massive weekly draw-down in commercial crude inventories.

In early Asian trade June 26 as Petroleum News went to press, WTI traded at \$65.46, and Brent traded at \$68.14.

U.S. commercial crude oil inventories for the week ended June 20 — excluding those in the Strategic Petroleum Reserve — plunged 5.8 million barrels from the previous week to 415.1 million barrels — 11% below the five-year average for the time of year, the EIA disclosed in its weekly report issued June 25.

Analysts answering a Reuters poll had called for a

see **OIL PRICES** page 7

### LAND & LEASING

# Cade, Donkel get leases

Work completed on Houston-Willow license earns 6 leases, plus Trust lease

By **KAY CASHMAN**

Petroleum News

The Houston-Willow exploration license issued to investors Samuel Cade and Daniel Donkel on Dec. 1, 2018, was converted to six oil and gas leases in January because the partners met their \$500,000 work commitment for the license.

The six 10-year leases were issued by the Alaska Department of Natural Resources' Division of Oil and Gas "for the same approximate acreage that the license covered," or 18,698 acres, Jonathan S. Schick, natural resource specialist for the division, told Petroleum News on June 24.

The leases were issued with Samuel Cade at 75% WIO (working interest owner) and Daniel

Donkel at 25% WIO.

The lease ADLs are 394297, 394298, 394299, 394300, 394301 and 394302, all effective Jan. 29.

When asked what work was done to cover the \$500,000 work commitment, Schick said "the work included: a good deal of aerial imagery, magnetic and seismic surveys. It also included some surface geology studies, passive seismic data collection, processing of open source data, as well as costs for mobilization and demobilization."

These were costs that "qualified as direct expenditures and allowed them to apply to convert the license to leases," he explained.

The original license called for a five-year term with a \$750,000 work commitment but was later

see **VALLEY LEASES** page 6

### EXPLORATION & PRODUCTION

# Milne S Pad expansion

Hilcorp planned work would upgrade facility, allow for up to 22 new wells

By **KRISTEN NELSON**

Petroleum News

Hilcorp Alaska filed an application June 5 with the Alaska Department of Natural Resources' Division of Oil and Gas for a unit plan of operations amendment to expand the Milne Point S Pad by 3.62 acres allowing for the drilling of up to 22 new wells.

The division said in a June 18 public notice that the plan would "upgrade the facility in anticipation of future additional wells and well work" and would include placing some 23,800 cubic yards of gravel to expand the existing pad and allow for "a header expansion, remote shelter, upgrades to the polymer skid, a booster pump module and drilling

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

of up to 22 additional wells using the Doyon 19 rig.

The division is taking comments on the proposal through July 15.

### Earlier proposals

In its June 5 request Hilcorp said an S Pad expansion was previously approved in October

see **MILNE EXPANSION** page 5