Two year program per Lagniappe operations plan for E. North Slope

The Alaska Department of Natural Resources’ Division of Oil and Gas received a Lease Plan of Operations from Lagniappe Alaska LLC on Oct. 6 to drill up to six exploration wells in the next two winters on its eastern North Slope leases acquired in the last three years. HEX LLC, which owns 100% of HEX Cook Inlet, is seen HEX UPDATE page 10

Givex Kochanowski appointed head of BOEM’s Anchorage office

On Oct. 30 the U.S. Bureau of Ocean Energy Management, or BOEM, said Givex Kochanowski has been appointed director of the bureau’s Anchorage office. Kochanowski will oversee the “responsible management of offshore energy and mineral resources on the U.S. OCS offshore Alaska, which comprises more than one billion acres adjacent to more than 6,000 miles of coastline — more coastline than the rest of the United States combined.”

“We are excited to welcome Givex Kochanowski to lead our Alaska region,” said BOEM Director Elizabeth Klein. “His extensive experience in Alaska and passion for responsible resource development will be invaluable as we work to advance offshore energy while protecting the environment.”

“I’m honored to take on this role and lead the Alaska region at such a pivotal time,” said Kochanowski. “I look forward to working with Alaska’s diverse partners and stakeholders to promote offshore development that creates jobs and economic growth for Alaska.”

ANS holds upper $80s

Strong dollar, economic weakness in Europe and China hit crude prices

Alaska North Slope crude flirted with the $90s over five trading days ending Nov. 1, but fell to its lowest point of the stretch on the first day of November, slipping 76 cents to close at $86.53. From Wednesday to Wednesday, ANS dropped $4.55 from its close of $91.08 Oct. 25 to $86.53 Nov. 1.

West Texas Intermediate held the lower end of the $80s Nov. 1, slipping 58 cents to close at $80.44, and Brent plunged $2.78 to close at $84.63. Nov. 1 was the third straight day of lower prices, as the U.S. Federal Reserve the same day held interest rates steady as expected but held the door open for higher rates in the future due to U.S. economic strength. The dollar gained against other currencies on the Fed news, making oil more expensive for holders of those currencies.

U.S. commercial crude inventories rose for the week ending Oct. 27, according to the Nov. 1 Energy Information Administration report, but the 800,000 gain was smaller than what analysts had expected.

Coming into the day, crude prices were under pressure as European Union economies struggled and China factory activity slowed. The risk premium for the as Israel-Hamas war seeking bids for firm additional gas storage. Sims said that the company received bids from two of its existing customers. CINGSA has also recently signed an agreement with Marathon Petroleum for interruptible gas storage services, he said.

A vital role

CINGSA plays a vital role in Southcentral Alaska by enabling its customers to store excess produced gas when gas demand is low, especially during the summer, and then to retrieve the gas during high winter demand. Without the CINGSA storage facility, utilities in Southcentral would be unable to obtain gas at high enough flow rates to meet their customers’ winter needs.

CINGSA expansion needed

An increase in capacity at the Kenai Peninsula gas storage facility is planned

CINGSA plans to increase the storage capacity at its gas storage facility on the Kenai Peninsula, John Sims, CINGSA president, told the Regulatory Commission of Alaska on Oct. 25. Sims said that CINGSA will soon be filing paper work for RCA approval of the expansion. The concept includes the drilling of two new wells in the existing facility, he said. The facility currently has five wells and stores gas in what used to be a subsurface sand reservoir of the Cannery Loop gas field, south of the city of Kenai.

As previously reported by Petroleum News, CINGSA held an open season earlier this year to meet their customers’ winter needs.

Gas possible at MGS

State OKs Hilcorp’s field studies lease plan of operations, 10-year easement

Hilcorp Alaska is continuing efforts to produce more natural gas in Cook Inlet, where supplies from existing fields are dwindling.

The company, faced with repairing or replacing a fuel gas line at its Middle Ground Shoal in Cook Inlet, determined neither was economic — but is looking at whether an accumulation of natural gas north of the Baker platform could be developed.

The Alaska Department of Natural Resources’ Division of Oil and Gas has approved a plan Hilcorp filed Sept. 1 for a desktop study of the potential of producing a natural gas accumulation north of the Baker platform. The proposal for a field studies lease plan of operations at Middle Ground Shoal follows the company’s voluntary termination of the MGS unit earlier in the year. The company relinquished two leases and requested suspension of operations and production for three other leases formerly part of the unit.

Middle Ground Shoal, one of Cook Inlet’s older offshore units, was shut-in in April 2021 after Hilcorp discovered a leak in a fuel gas line taking gas to the unit from shore. Hilcorp initially said it would determine whether it was more economic to repair or replace the line, but in April this year, it told the division that the cost of repairing or replacing the fuel gas line at MGS was not economic as a stand-alone project.