



Jade, DNR meet on Sourdough; Pt Thomson producing into storage

THE EASTERN NORTH SLOPE Sourdough development is still on hold, with operator Jade Energy unwilling to spend more than the \$20 million its already invested in the project until it can convince Alaska Department of Natural Resources officials to reverse their decision that put the acreage in default.

The parties are still talking.

On March 29, DNR Commissioner John Boyle, Deputy Commissioner John Crowther and DNR's Division of Oil and Gas Director Derek Nottingham met with Jade Managing Member Erik Opstad and his team.

In response to an email from Petroleum News about the outcome of the meeting, Crowther responded on April 8 confirming the meeting had taken place.

"We are reviewing their requests but cannot comment further at this time," Crowther said, promising to provide results when they were available.

A follow-up email sent by Opstad to the DNR meeting attendees said, "I hope we successfully conveyed that the conditions imposed by DOG for its approval of the 5th POD

see **INSIDER** page 10

Drought poses problem for water-intensive gas industry

Unless there is a sudden change in weather patterns, persistent drought conditions pose a big challenge for the natural gas sector in Western Canada says a report by Deloitte Canada.

The report, made public in early April, says the potential water shortage is a key risk facing gas producers in 2024.

It says some of the most extreme drought conditions are currently in the gas-dependent regions of northeastern British Columbia and northwestern Alberta where water use is critical to the development of gas that underpins the LNG facilities expected to come on stream in the next year.

Andrew Botterill, national oil, gas and chemicals leader at Deloitte Canada, said the upcoming availability of new processing and transmission infrastructure is "the moment the natural gas industry has been waiting for for 10 years," but the prospect of water restrictions means "we've now got another complication."

see **DROUGHT POTENTIAL** page 9

POD: Hilcorp continues to look at drilling into NTBU from Monopod

Hilcorp Alaska has been trying to reach gas reserves in the North Trading Bay unit by sidetracking wells from the Monopod in the Trading Bay unit, but so far without success.

In the company's 2024 plan of development for North Trading Bay, submitted April 1 to the Alaska Department of Natural Resources' Division of Oil and Gas, the company reviewed two failed attempts to sidetrack in 2022 and a third in 2023, and told the division that drilling into the NTBU is unlikely in the 2024 POD period, July 1 through June 30, 2025, "due to the need to refresh access options following the recent failed drill wells, as well as winter drilling constraints limiting the drilling season."

Hilcorp said it "needs time to further evaluate its options to develop the NTBU and will be able to provide additional insight in the 2025 POD."

Production ceased in 2005

In its May 25, 2023, approval of the 2023 POD for NTBU,

see **HILCORP DRILLING** page 10

FINANCE & ECONOMY

ANS hovers near \$90

ANS, Brent back in low-\$90s as Middle East tensions fan oil prices higher

By **STEVE SUTHERLIN**

Petroleum News

Alaska North Slope crude and Brent crude both jumped back into the \$90s April 10 as traders contemplated the specter of a direct confrontation between Iran and Israel.

ANS lifted 96 cents to close at \$90.57 per barrel, while West Texas Intermediate jumped 98 cents to close at \$86.21 and Brent jumped \$1.06 to close at \$90.48.

ANS was up 86 cents for the trading week ending Wednesday, April 10, from a close of \$89.71 April 3 to \$90.57 on April 10.

Fears are that Iran may attack Israel in the wake of Israel's hit on the Iranian embassy in Syria in

early April.

U.S. intelligence and U.S. allies believe drone or missile attacks by Iran on government and military targets in Israel is imminent, Bloomberg said, citing people familiar with the situation.

Prices were also fanned higher as a deadly air strike by Israel in Gaza killed three sons and other family of a senior Hamas official, complicating negotiations for a cease fire and hostage deal between Israel and Hamas.

"Bottom line, tensions remain elevated between Israel and Hamas and while ceasefire talks are as close as they have been yet, there remain risks of further escalation and a contagion effect in the region, particularly with Iran who recently threatened to

see **OIL PRICES** page 9

EXPLORATION & PRODUCTION

APA: Lagniappe update

Three-rig drilling operations continue on eastern North Slope

By **KAY CASHMAN**

Petroleum News

When asked for an update on the eastern North Slope drilling program operated by Bill Armstrong's Lagniappe Alaska, Alex Franceschi, a spokesperson for APA Corp.'s Apache Corp., sent Petroleum News the following statement on April 8: "The three rig drilling operation is ongoing and we have no results to report at this time. We plan to provide an update after we finish the drilling program and analyze the technical data."

Lagniappe, APA and Santos are partners in a two-year exploration program on a 148-lease



BILL ARMSTRONG

block south of Badami. Their goal is to drill six wells in the 275,000 acres, three each winter season, starting with first quarter 2024.

Armstrong's work led to the discovery of Pikka, a billion-barrel new field now under construction west of Prudhoe Bay. He thinks there are new oil discoveries to be made east of Prudhoe Bay, also in the Brookian.

In a text to Petroleum News before the partnership deal was struck between APA, Santos and Lagniappe, Armstrong described the area as "defined off of high effort, reprocessed modern 3D. Really exciting stuff. Big targets," adding

see **LAGNIAPPE UPDATE** page 11

GOVERNMENT

Cook Inlet bills move

Legislation for encouraging new gas development reaches House Finance

By **ALAN BAILEY**

For Petroleum News

Three bills designed to encourage natural gas exploration and development in the Cook Inlet basin have been passed from the House Resources Committee to the House Finance Committee for review. And on April 4 House Finance listened to presentations on the bills.

The bills consist of House Bill 257, to authorize the Alaska Department of Natural Resources to supply certain Cook Inlet seismic survey data free of charge to people qualified to use it; House Bill



TOM MCKAY

223 to eliminate state royalties on newly developed Cook Inlet gas fields; and House Bill 387 that would award tax credits to a company that brings a jack-up rig to the Cook Inlet.

Four other bills aimed at encouraging Cook Inlet development remain in House Resources.

The bills come in response to growing concerns about pending shortages of natural gas supplies from the Cook Inlet basin. Natural gas is used to heat buildings and is the primary fuel for power generation in Southcentral Alaska.

see **INLET BILLS** page 8