



## In 3rd quarter ConocoPhillips AK incurs \$341M in taxes, royalties

On Oct. 31 in connection with ConocoPhillips' quarterly 2024 earnings presentation, ConocoPhillips Alaska reported a net income of \$267 million in the third quarter of 2024.

During the quarter, ConocoPhillips Alaska incurred an estimated \$341 million in taxes and royalties, which includes \$251 million to the state of Alaska and \$90 million to the federal government.

Additionally, in the third quarter, ConocoPhillips Alaska invested \$691 million in capital.

"Continued progress on projects like Willow and Nuna, along with our agreement to acquire certain Chevron oil and gas assets in Alaska, underscores our commitment to Alaska and demonstrates the effectiveness of the stable fiscal regime," said Erec Isaacson, president of ConocoPhillips Alaska.

"Year to date, we've invested more than \$2 billion in Alaska projects, which surpasses our total 2023 capital expenditures. This investment creates jobs and promotes economic

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## Nikaitchuq, Oooguruk purchase from Eni cost Hilcorp \$1 billion

Eni said Nov. 4 that its sale to Hilcorp of 100% of its Nikaitchuq and Oooguruk has closed for a value of \$1 billion, adding that the transaction had received approval of relevant authorities, and "is in line with Eni's strategy focused on the rationalization of the upstream activities of rebalancing its portfolio and divesting non-strategic assets." The company said it would continue to be present in the U.S. in the upstream Gulf of Mexico "as well as in energy transition projects in the renewables, biofuels and magnetic fusion."

Hilcorp did not comment on closure of the sale, but when the acquisition was announced in June, Greg Lalicker, chief executive officer of Houston-based Hilcorp Energy Co., parent company of Hilcorp Alaska, said: "The addition of the Oooguruk and Nikaitchuq assets seamlessly integrated with Hilcorp Alaska's existing portfolio, presenting us with an exceptional opportunity to invest and optimize operations in a way that will drive increased production. We will leverage our experience gained at

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## Cost of upgrading rural power houses has increased dramatically

During an Oct. 23 presentation to the Regulatory Commission of Alaska Curtis Thayer, executive director of the Alaska Energy Authority, commented that the cost of upgrading powerhouses in rural Alaska has doubled in recent years. AEA helps rural communities by replacing outdated and inefficient generation equipment with modern equipment. Powerhouses that used to cost \$3 million to \$4 million now cost \$5 million to \$7 million, Thayer said.

AEA is now seeing deferred costs of over \$300 million for equipment replacements, Thayer said, adding that recent federal grants for energy upgrades from the Infrastructure Investment and Jobs Act and the Inflation Reduction Act did not provide any funding for the upgrading of diesel generation

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EREC ISAACSON



CURTIS THAYER

### EXPLORATION & PRODUCTION

## Narwhal unit approved

Commits to drilling 2 exploration wells in 2026 to evaluate Nanushuk

By **KAY CASHMAN**  
Petroleum News

On Nov. 1 the Alaska Department of Natural Resources' Division of Oil and Gas approved the formation of the Narwhal unit by joint venture partners Narwhal LLC and EE Partners Corp., which each hold a block of leases in the unit.

In state of Alaska submerged lands of West Harrison Bay offshore the National Petroleum Reserve-Alaska, the Narwhal unit encompasses approximately 77,848.60 acres and encircles Shell Offshore's recently relinquished 88,000-acre West Harrison Bay unit.

The Narwhal unit area is on trend with pub-



DEREK NOTTINGHAM

lished maps of Nanushuk topset trends that connect to existing discoveries.

### Exploration plans

EE Partners submitted a unit plan of exploration, or POE, as part of the application, and met with the division for a technical presentation in August.

In the POE, EE Partners outlines a comprehensive five-year plan.

For the years 2024 and 2025, Narwhal commits to several non-drilling initiatives, including completing and filing critical path permits, evaluating drilling rig options, continuing the comprehensive geological and geophysical technical

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### FINANCE & ECONOMY

## Oil ricochets back

Oil plummets on dollar rise and inventories, GOM hurricane rescues prices

By **STEVE SUTHERLIN**  
Petroleum News

Crude futures plummeted in early European trading Nov. 6 as the U.S. dollar firmed up in the wake of the Nov. 5 presidential election, but oil prices came roaring back after U.S. markets opened, to deliver a small loss.

Alaska North Slope crude pared away 36 cents to close at \$74.35, as West Texas Intermediate trimmed 16 cents to close at \$71.83 and Brent fell 35 cents to close at \$75.18.

The U.S. dollar on Nov. 6 sprang to the highest level seen since September 2022, taking oil prices down by more than \$2.00. Crude — priced in dollars — becomes more expensive for buyers that must

exchange foreign currency to buy it, which exerts downward pressure on its price.

Later in the day, the U.S. Energy Information Administration reported a bearish build in U.S. commercial crude inventories for the week ending Nov. 1, up 2.1 million barrels from the previous week to 427.7 million barrels — 5% under the five-year average for the time of year.

Analysts polled by Reuters had on average expected inventories to rise by just 1.1 million barrels.

Total motor gasoline inventories rose by 0.4 million barrels for the period to 211.3 million barrels, 2% below the five-year average for the time of year, the EIA said. Distillate fuel inventories jumped 2.9 million barrels to 115.8 million barrels, 6% below the

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### UTILITIES

## Valuable Railbelt asset

Bradley Lake hydro has cheapest power but also transmission constraints

By **ALAN BAILEY**  
For Petroleum News

During an Oct. 23 presentation to the Regulatory Commission of Alaska Curtis Thayer, executive director of the Alaska Energy Authority, talked about the importance of the Bradley Lake hydroelectric project to power supplies in the Alaska Railbelt, and the steps that AEA is taking to improve access to power from the facility through the transmission system.

Thayer characterized Bradley Lake, situated in the southern Kenai Peninsula, as the "crown jewel" of the Railbelt power generation arrangements.

"It provides 10% of the energy on the Railbelt and it provides it at 4-cent power, which is one of

the cheapest on the Railbelt," Thayer told the commission. And 17% of the Bradley Lake power goes all of the way to Fairbanks, he commented.

### The Dixon Diversion

AEA is currently assessing the Dixon Diversion Project, a project that would divert water from the nearby Dixon Glacier to increase the annual electricity production from Bradley Lake by around 50%. The project would involve directionally drilling a tunnel from the glacier to Bradley Lake and, thus, raising the water level in the lake by somewhere around 14 to 28 feet. And the Bradley Lake powerhouse has the space to install an additional generator, in support of the project, Thayer said.

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