



page 6 Unusual year for Arctic sea ice; sixth lowest minimum ice extent

## BLM, Corps issue joint ROD for Conoco's Greater Mooses Tooth 2

The federal Bureau of Land Management said Oct. 16 that it issued a joint record of decision with the U.S. Army Corps of Engineers Oct. 15 for ConocoPhillips Alaska's Greater Mooses Tooth 2 project.

BLM published a final supplementary environmental impact statement for GMT2 in early September, essentially the preferred option in the SEIS is ConocoPhillips' plan to build a 14-acre drill pad that could hold up to 48 wells, operating as an Alpine satellite.

This is the second National Petroleum Reserve-Alaska development for the company, which announced earlier in October that first production from Greater Mooses Tooth 1 occurred Oct. 5. That was the first production from federal

see **GMT-2** page 7

## Great Bear files ops plan for Winx well in western lease block

Great Bear Petroleum Operating LLC has filed a lease plan of operations with the Alaska Department of Natural Resources, Division of Oil and Gas, for an exploration well within the western lease block this winter season.

The Winx No. 1 well will be drilled in section 21 of township 8 north, range 5 east, Umiat Meridian, on one of a block of four leases on which the expiration date was recently extended to April 30, 2021, on the condition that a well be drilled by May 30, 2019.

Three Australian companies — 88 Energy Ltd., Otto Energy Ltd. and Red Emperor Ltd. — have acquired a collective 90 percent interest in the leases from Great Bear, which has an option to acquire back 10 percent working interest in the leases if it pays

see **WINX WELL** page 9

## AGDC has signed for half of RIK-TAG Prudhoe, Point Thomson gas

The Alaska Gasline Development Corp. has agreements to enter into definitive gas sales agreements with both BP and ExxonMobil, AGDC Vice President of Commercial and Economics Lieza Wilcox noted at AGDC's Oct. 11 board meeting. What that means, she said, is that AGDC has signed for more than half of royalty-in-kind and tax-as-gas volumes, giving confidence to buyers in discussions.

Wilcox said they are making good progress in discussions with ConocoPhillips, and while she couldn't promise the board an announcement date, she said AGDC is in the final stages of negotiating key terms with Conoco.

And discussions with BP and ExxonMobil to paper the

see **GAS SALES** page 8

## Cenovus inks big rail deals, 3-year contracts to Gulf Coast

Cenovus Energy, one of the largest oil sands producers, watched its shares jump in value by more than 9 percent a day after it locked in three-year deals with Canada's two largest railroads to move 100,000 barrels per day of heavy crude to key markets on the U.S. Gulf Coast.

The contracts with Canadian Pacific and Canadian National railways were seen as clear proof that producers believe delays in multibillion-dollar pipeline expansions will drag on longer than expected.

Until now, many of the upstream companies have been reluctant to commit to major shipping contracts.

"Our rail strategy provides a means of mitigating the price

see **CENOVUS DEALS** page 7

### GOVERNMENT

# A bonding question

AOGCC hears testimony on proposed major increase to the bonding of wells

By **ALAN BAILEY**

Petroleum News

In the latest step in the lengthy process of reviewing the surety bonding requirements for operators of oil and gas wells in Alaska, on Oct. 16 the Alaska Oil and Gas Conservation Commission held a public hearing on its latest proposal for bonding changes.

The purpose of a surety bond, which an operator has to post prior to drilling a well, is to indemnify the state against the financial liability for effectively plugging the well, when the well is eventually abandoned. Without effective plugging, typically by injecting cement into the well, the

Oil Search, the company planning to develop a major oil field in the Pikka unit on the North Slope, suggested a bonding approach that integrates the bonding requirements for different state agencies.

well will become an environmental and safety hazard. But, depending on the characteristics of the well, the plugging operation can be very expensive.

Current state statutes require the commission to mandate bonding of not less than \$100,000 for a

see **BONDING QUESTION** page 12

### EXPLORATION & PRODUCTION

# 3 factors boosting oil

Conoco's Marushack lists tax regime, technology, cost control in Slope production

By **ALAN BAILEY**

Petroleum News

A competitive oil tax system, the use of new technologies and the effective management of production costs are all helping fuel a resurgence in oil exploration, development and production in Alaska, Joe Marushack, president of ConocoPhillips Alaska, told the Anchorage Chamber of Commerce on Oct. 15. Recent years have seen an upsurge in new oil discoveries in the state, new oil developments moving forward, and intense efforts to slow production declines from established oil fields.

Greater Mooses Tooth 1, ConocoPhillips' new drill site in the northeastern National Petroleum



**JOE MARUSHACK**

Reserve-Alaska, has just gone into operation; development of the environmental impact statement for another NPR-A drill site, Greater Mooses Tooth 2, is underway; and ConocoPhillips is planning the development of Willow, a major new oil field, also in northeastern NPR-A. Elsewhere on the North Slope, Oil Search is planning the development of Pikka, another major new oil field;

Brooks Range Petroleum is moving ahead with the development of the Mustang field; and Hilcorp Alaska is progressing plans to develop the Liberty field in the Beaufort Sea.

Other possibilities include Caelus Energy

see **SLOPE PRODUCTION** page 11

### PIPELINES & DOWNSTREAM

# Eagle Spirit set to fly

First Nations coalition puts final touches to planned pipelines to Prince Rupert

By **GARY PARK**

For Petroleum News

When Enbridge's plan to build the Northern Gateway pipeline from the Alberta oil sands to a tanker port at Prince Rupert was scuppered by the Canadian government two years ago that seemed to shatter any hopes of moving crude oil across northern British Columbia.

Not so fast, is the message from First Nations-controlled Eagle Spirit Energy which is now boldly forecasting that its C\$16 billion project — double the final price tag on Northern Gateway — could be carried by 35 indigenous communities covering 100 percent of the planned route to approval from Canada's National Energy Board.

Company President Calvin Helin goes even one

The current plan involves a line costing C\$12 billion to deliver 2 million barrels per day (almost four times the capacity designed for Northern Gateway) to the tanker port.

step better, claiming Eagle Spirit presents several advantages over the Trans Mountain expansion.

He also says the risks associated with shipping crude from Prince Rupert are very low.

**Alaska remains an alternative**

But if those arguments don't carry the day,

see **EAGLE SPIRIT** page 10