



## AOGCC calls well integrity hearing after Prudhoe incident

The Alaska Oil and Gas Conservation Commission has scheduled a public hearing on Feb. 7, to assess the mechanical integrity of wells in the Prudhoe Bay field, operated by BP. The hearing announcement follows a second incident involving the leak of fluids from wellheads at Drill Site 2 in the field. The fact that two leaks have now taken place is causing the commission to worry about the mechanical integrity of Prudhoe Bay wells in general and to conduct an inquiry into well integrity in the field. Hence the Feb. 7 hearing.

The first incident occurred in April 2017, when two leaks in the wellhead structure of well 02-03 generated a spray of oil and gas that impacted the well pad. The leaks happened as a result of the wellhead structure rising by 2 to 3 feet and strik-

see **AOGCC HEARING** page 10

## AGDC names Joe Dubler interim president; Keith Meyer dismissed

The board of directors of the Alaska Gasline Development Corp. passed a resolution at its Jan. 10 meeting, relieving Keith Meyer of his duties as AGDC president and naming Joe Dubler as interim president, effective immediately.

Dubler, who has been serving as executive vice president of finance and administration for Cook Inlet Housing Authority, held senior leadership positions at AGDC between 2010 and 2016, including vice president of commercial operations and chief financial officer.



JOE DUBLER

In a release after the meeting the board said Dubler would

see **AGDC CHANGES** page 12

## Nova Scotia project shuttered

The shaky history of commercial production from Atlantic Canada's offshore natural gas fields quietly slipped into the history books on Dec. 31 when ExxonMobil permanently stopped production at the Sable Offshore Energy Project.

The culminated a 20-year production life marked by missed targets, increasing water production, and accelerated decommissioning plans.

The project, about 180 miles southeast of Halifax, Nova Scotia, shipped the bulk of its gas through the Maritimes & Northeast Pipeline to New England, but never came close to capacity of 600 million cubic feet per day.

The peak output was 530 million cubic feet per day in

see **SABLE PROJECT** page 10

## SAE issued state permit to shoot seismic west of Staines

On Jan. 16, the Alaska Department of Natural Resources' Division of Oil and Gas posted the Dec. 31 approval of a SAE Staines 3-D miscellaneous land use permit application filed Aug. 15.

The permit, MLUP NS 18-004, authorizes SAExploration to conduct a land and marine seismic survey within an area west of the Staines River on the east/central North Slope about 40 miles east of Deadhorse, encompassing approximately 673 square miles (see map in pdf or print format of this story).

The permit, which includes several pages of restrictions, is limited to state land and water within the North Slope Borough.

see **SEISMIC PERMIT** page 11

### EXPLORATION & PRODUCTION

## Pantheon buys Great Bear

Galvin stays; 2019 exploration activities already underway on North Slope

By **KAY CASHMAN**  
Petroleum News

A newly formed Alaska subsidiary of London-based Pantheon Resources Plc is in the process of acquiring two wholly owned companies from Great Bear Petroleum Operating LLC — Great Bear Petroleum Ventures I and II, per state of Alaska Division of Oil and Gas lease records and market announcements.

The deal is contingent upon several factors, including capital raising, the bulk of which will be used for exploration-related expenses in Alaska.



PATRICK GALVIN



PHILLIP GOBE

Founded in 2005, Pantheon currently has five employees and is listed on the AIM Stock Exchange, a sub-market of the London Stock Exchange that allows smaller, less-viable companies to float shares with a more flexible regulatory system than that of the main market.

As part of the deal, Pantheon Alaska Petroleum Operating LLC will gain a majority interest and operatorship of Great Bear's leases — between 250,000 and 290,000 acres on Alaska's North Slope, most immediately

see **GREAT BEAR SALE** page 9

### FINANCE & ECONOMY

## A question of royalty

BP has taken the state to court to force arbitration over an oil royalty dispute

By **ALAN BAILEY**  
Petroleum News

BP Exploration (Alaska) has taken the state of Alaska to court, claiming that arbitration procedures must be invoked to settle a dispute over the royalty value of oil produced on the North Slope. Royalties due to the state are calculated using the wellhead value of the oil. That value, essentially, consists of the sale price of the oil less the cost of transporting the oil to market. The dispute revolves around some components of the transportation costs.

### Contentious calculations

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*With many millions of dollars at stake, the numbers that go into the wellhead value calculations, and hence the royalty determinations, can be contentious.*

tions, and hence the royalty determinations, can be contentious. According to BP's complaint, filed in Alaska Superior Court in October, in 1991 the state and BP, after many years of litigation over royalty calculations, entered into an agreement that established a methodology for calculating the royalty value of oil "at the well." The agreement included procedures intended to enable the resolution of future disputes without the necessity of resorting to litigation. Those procedures included the use of

see **ROYALTY DISPUTE** page 8

### GOVERNMENT

## Upping the efficiency

Feige tells the Alliance that DNR is reviewing its regulations and procedures

By **ALAN BAILEY**  
Petroleum News

In support of Gov. Mike Dunleavy's priority of maximizing resource development in Alaska, the Department of Natural Resources is seeking ways of improving the efficiency of its operations, DNR Commissioner Corri Feige told the Alaska Support Industry Alliance on Jan. 10.

"We are right now undertaking a bottoms-up review of all of our regulations, all of our procedures, all of our programs, to make sure things are running as smoothly, as timely and as efficiently as they possibly can," Feige said.

DNR needs to figure out how to minimize its



CORRI FEIGE

operating costs, along the lines of a business, while also fulfilling its role of de-risking resource development investments in Alaska and ensuring resource protection for multiple uses, she said.

"This all has to be done under the umbrella of still offering significant oversight that ensures that our operators have a science-based permitting program that ends in legally defensible authorizations and permits," Feige said.

On the one hand the state administration has to operate within its means, with a budget that matches its revenues. On the other hand, DNR has a role in growing those revenues, she said.

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