Petroleum news

Vol. 27, No. 7 • www.PetroleumNews.com | A weekly oil & gas newspaper based in Anchorage, Alaska | Week of February 13, 2022 • $2.50

page 2 EIA: production trails consumption, Brent nearly $88 in first half of year

$451 million earned Q4 in Alaska; Conoco spend in state for '22 $1B

EREC ISAACSON

ConocoPhillips reported a net income from Alaska operations of $451 million in the fourth quarter of 2021, the company said in a Feb. 3 release.

In Alaska it incurred an estimated $420 million in taxes and royalties in Q4 2021, which includes $326 million to the State of Alaska and $94 million to the federal government, it said. For the full year of 2021, it incurred an estimated $1.4 billion in taxes and royalties which includes $1.1 billion to the state and $0.3 billion to the federal government.

In Q4 2021, ConocoPhillips invested $284 million in Alaska, it said. For the full year of 2021, it invested $982 million on projects

see **CONOCO INCOME** *page 8*

Pooled electricity complication: Chugach, MEA hit pricing snag

Chugach Electric Association and Matanuska Electric Association have been encountering some glitches in their efforts to implement a tight power pool that involves jointly making maximum use of their most efficient power generation plants. The idea is to minimize the cost of power for consumers by producing the power as efficiently as possible.

On Feb. 2 the Regulatory Commission of Alaska held a public meeting to review and discuss the status of the tight pool implementation. The commission had ordered Chugach Electric and MEA to form a tight pool as one of the conditions of commission approval of Chugach Electric's purchase of Anchorage electric utility Municipal Light & Power in 2020.

see **POOL PRICING** *page 8*

Alaska's Division of Oil & Gas okays CINGSA's plan for 2022

DEREK NOTTINGHAM

On Feb. 1, Alaska's Division of Oil and Gas approved a 2022 plan of development that Cook Inlet Natural Gas Storage Alaska, or CINGSA, submitted for gas storage lease ADL 391627 on Jan. 25, 2022.

The application was submitted by Matt Federle, director of gas storage plant, and the approval was signed by the division's new director, Derek Nottingham.

Paragraph 11 of the lease requires annual updates to the POD, which must describe the gas storage formation, long-range activities, proposed

see **CINGSA PLAN** *page 6*

Gas use grows in Interior; new IGU storage allows more customers

With new liquefied natural gas storage facilities now in operation in central Fairbanks and in North Pole, Fairbanks based Interior Gas Utility has been steadily expanding its customer base, IGU General Manager Dan Britton told the board of the Alaska Industrial Development and Export Authority on Jan. 27. New gas supplies for the Fairbanks region come as part of the Interior Energy Project, an AIDEA sponsored project to bring increased supplies of affordable natural gas to Fairbanks and its surrounds, to alleviate the cost of energy in the region and to address severe air quality problems during the winter.

Since 2021 IGU has received 654 service requests from potential customers, with gas supplies being installed to meet 311 of

see **INTERIOR GAS** *page 5*

EXPLORATION & PRODUCTION

Tracking exploration

BLM issues Merlin 2 drilling permit, Theta West 1 expected to be at TD

By KAY CASHMAN
Petroleum News

ERIK OPSTAD

Winter North Slope exploration is moving right along, although there is no word yet from Eni US Operating on the third well scheduled to be drilled this winter, Nikaitchuq North 2.

On Feb. 9 Emerald House, operator of the Merlin 2 well, accepted the conditions of its approved drilling permit from the U.S. Department of the Interior's Bureau of Land Management, clearing the way to mobilize the Arctic Fox Rig to the drill site in the National Petroleum Reserve-Alaska (see map in pdf and print versions of this story). Among other things the operator has finished its 111-mile single-lane snow road between KRU 2P and the Merlin 2 well location in Project Peregrine.

Emerald House is one of 88 Energy's four Alaska subsidiaries. They are run by Erik Opstad, vice-president Alaska.

On Feb. 9 Opstad told Anchorage-based BLM Branch Chief Robert Brumbaugh: "After reviewing all 404-pages of APD ID #104000811366 as approved by the BLM, Emerald House finds that the BLM's Conditions of Approval and other general terms, are constant with our drilling program goals and objectives, as well as being in accordance with established industry best practices. In that

see **EXPLORATION UPDATE** *page 10*

FINANCE & ECONOMY

Drawdowns boost ANS

US stocks fall by 4.8 million barrels; Iran nuclear deal could add supply

By STEVE SUTHERLIN
Petroleum News

Oil prices can go higher from here, according to Troy Vincent, DTN senior market analyst.

Alaska North Slope crude gained 49 cents Feb. 9 to close at $91.96 per barrel, while West Texas Intermediate gained 30 cents to close at $89.66 and Brent gained 77 cents to close at $91.55.

The gain, which followed two days of losses, was ignited by a surprise drawdown of oil supplies in the United States.

For the week ending Feb. 4, U.S. commercial crude oil inventories — excluding Strategic Petroleum Reserves — decreased by 4.8 million barrels from the previous week, the U.S. Energy Information Administration said in a Feb. 9 release. At 410.4 million barrels, inventories are 11% below the 5-year average for the time of year. Analysts in a Reuters poll had forecast a 369,000-barrel rise.

Total motor gasoline inventories fell also, down by 1.6 million barrels — 3% below the 5-year average for the time of year, the EIA said. Finished gasoline and blending components inventories both decreased. Total commercial petroleum

see **OIL PRICES** *page 7*

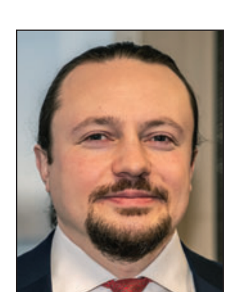
GOVERNMENT

State v. federal actions

DNR reviews what Alaska doing in response to change in policy direction in DC

By KRISTEN NELSON
Petroleum News

CORRI FEIGE



JOHN CROWTHER

Alaska Department of Natural Resources Commissioner Corri Feige and Deputy Commissioner John Crowther talked to the House Resources Committee Jan. 31 about federal actions affecting Alaska's oil and gas industry — and, more broadly, affecting the state, and what actions the state is taking in response.

Feige said the significant shift in policy direction at the federal level since January 2021 is reverberating through the oil and gas industry and presents specific challenges to Alaska's industry.

The commissioner reviewed the status of North Slope production, which represents some 98% of the oil produced in Alaska. It averaged just a 1% year-on-year decline from fiscal year 16 to FY21, Feige said, driven largely by operators capturing efficiencies in field operations and well workovers and updating facilities. Prudhoe Bay unit production is up 5% due to well and facility optimization and Milne Point has seen production growth of

see **POLICY DIRECTION** *page 9*

● FINANCE & ECONOMY

EIA: crude production trails consumption

Agency's February Short-Term Energy Outlook sees Brent at nearly $88 in first half of year on dropping commercial inventories

By KRISTEN NELSON
Petroleum News

The U.S. Energy Information Administration said Feb. 8 in its February Short-Term Energy Outlook that it expects Brent crude to average $90 per barrel in February and $88 per barrel over the first half of 2022.

The agency increased its Brent forecast for 2022 by nearly 11% over its January forecast, when it expected Brent to average $75 per barrel in 2022, after a 2021 average of $71 per barrel, and drop to $68 per barrel in 2023.


STEVE NALLEY

EIA's 2023 Brent forecast at $68 per barrel remains unchanged from last month.

Brent averaged $87 per barrel in January, EIA said, up $12 from December. "Crude prices have risen steadily since mid-2020 as a result of consistent draws on global oil inventories," averaging 1.8 million barrels per day from the third quarter of 2020 through the end of 2021.

EIA estimates that commercial oil inventories in Organization for Economic Cooperation and Development countries have fallen to their lowest levels since 2014, contributing to current high prices.

Production v consumption

"Petroleum production has been slow to catch up with consumption, which has prevented oil prices from moderating," said EIA Acting Administrator Steve Nalley. "Market concerns about oil production disruptions, supply chain vulnerabilities, and uncertainties around how central banks may react to combat inflation all contribute to a highly unpredictable environment for oil and petroleum product prices."

EIA said potential macroeconomic outcomes could affect energy markets, along with pandemic effects on consumer energy demand behavior, while on the supply side there are uncertainties due to potential disruptions, OPEC+ production decisions "and the rate at which U.S. oil and natural gas producers increase drilling."

Downward price pressures in mid-2022 are expected "as growth in oil production from OPEC+, the United States, and other non-OPEC countries outpaces slowing growth in global oil consumption."

U.S. crude production reached almost 11.8 million bpd in November, EIA said, the last month for which historical data is available, the most of any month since April 2020.

EIA is forecasting U.S. crude production will average 12 million bpd this year and 12.6 million bpd in 2023, "which would be record-high production on an annual-average basis," compared to the previous annual average record of 12.3 million bpd in 2019.

Natural gas

U.S. natural gas spot prices averaged $4.38 per million British thermal units at Henry Hub in January, up 16% from a December average of $3.76, EIA said.

January prices were driven by colder-than-normal weather in parts of the country, EIA said, with temperatures continuing cold in parts of the country in early February, which the agency expects to contribute to Henry Hub averaging $4.70 in February.

Global demand for U.S. liquefied natural gas remains high, EIA said, limiting downward pressure on prices.

U.S. LNG exports are estimated to have averaged 11.2 billion cubic feet per day in January, the agency said, up from 10.4 bcf per day in the fourth quarter of 2021, "supported by large price differences between the Henry Hub price in the United States and spot prices in Europe and Asia."

Inventories in Europe remain much lower than their five-year averages, contributing to strong demands for LNG imports.

EIA said it expects high levels of U.S. LNG exports

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● EXPLORATION & PRODUCTION

US rotary drilling rig count up 3 to 613

By KRISTEN NELSON
Petroleum News

Baker Hughes shows Alaska with eight rigs active Feb. 4, up by two from the previous week and up by four from a year ago, when the state's rig count stood at four.

Baker Hughes' U.S. rotary drilling rig count was 613 the week ending Feb. 4, a gain of three rigs over the previous week and up by 221 from a count of 392 a year ago.

When the count dropped to 244 in mid-August 2020 it was the lowest the domestic rotary rig count has been since the Houston based oilfield services company began issuing weekly U.S. numbers in 1944.

Prior to 2020, the low was 404 rigs in May 2016. The count peaked at 4,530 in 1981.

The count was in the low 790s at the beginning of 2020, where it remained through mid-March, when it began to fall, dropping below what had been the historic low in early May with a count of 374 and continuing to drop through the third week of August 2020 when it gained back 10 rigs.

The Feb. 4 count includes 497 rigs targeting oil, up by two from the previous week and up 198 from 299 a year ago, with 116 rigs targeting gas, up by one from the previous week and up 24 from 92 a year ago, and no miscellaneous rigs, unchanged from the previous week and down by one from a year ago.

Thirty-four of the rigs reported Feb. 4 were drilling directional wells, 555 were drilling horizontal wells and 24 were drilling vertical wells.

Alaska rig count up by 2

North Dakota (30) and Texas (287) were each up by three rigs from the previous week.

Alaska (8) was up by two rigs while Ohio (12) and West Virginia (12) were each up by a single rig.

Louisiana (55), New Mexico (92) and Pennsylvania (21) were each down by two rigs, while California (7) and Oklahoma (50) were each down by a single rig.

Rig counts in all other states were unchanged week over week: Colorado (12), Utah (10) and Wyoming (15).

Baker Hughes shows Alaska with eight rigs active Feb. 4, up by two from the previous week and up by four from a year ago, when the state's rig count stood at four.

The rig count in the Permian, the most active basin in the country, was up by one from the previous week at 294 and up by 98 from 189 a year ago.

International count gains 7

Baker Hughes issues its international rig count monthly, information it began providing in 1975. The company said international rigs exclude North America; those rigs are included in worldwide figures.

The international count for January, issued Feb. 4, is up by seven from December to 841, Baker Hughes said, with land rigs down by two to 646 and

see RIG COUNT page 4

continued from page 2

EIA OUTLOOK

to continue into 2022 and to average 11.3 bcf for the year, up 16% from 2021.

Global demand for natural gas is expected to remain strong and additional U.S. LNG export capacity is expected to come online.

Dry U.S. natural gas production averaged 95.5 bcf per day in January, down 2.1 bcf from December, with the lower January production due in part to freezing temperatures in certain production areas, EIA said. Natural gas production is forecast to average 95.6 bcf per day in February and 96.1 bcf per day for the year, "driven by natural gas and crude oil price levels that we expect will be sufficient to support enough drilling to sustain production growth." Production is forecast to average 98 bcf per day in 2023.

Crude oil

EIA said global oil consumption has exceeded supply since mid-2020, "leading to six consecutive quarters of global oil inventory draws," with global inventories estimated to have declined again in January, "contributing to commercially held inventories in OECD countries reaching the lowest levels since mid-2014."

Some OPEC+ countries have produced below targeted amounts due to operational difficulties, contributing to

U.S. crude production reached almost 11.8 million bpd in November, EIA said, the last month for which historical data is available, the most of any month since April 2020.

low inventories. Looking at U.S. production by region, EIA said the major shale regions averaged 8.2 million bpd in the second half of 2021, up from 7.7 million bpd in the first half, "largely because of rising production in the Permian Basin," where favorable geology combined with technological and operational improvements to support record production levels.

Permian production is forecast to exceed 5 million bpd in February, with other shale basins forecast to average 3.5 million bpd in February, down some 1.1 million bpd from record production in those regions in October 2019.

"The lack of growth and recovery in these other regions reflects more investments flowing to the Permian Basin than to other basins," EIA said.

From late January 2021 through late January 2022, EIA said, Baker Hughes shows oil-directed rigs in the Permian up from 192 to 293, accounting for more than half of the 200-rig increase for the entire U.S. during the period. ●

Contact Kristen Nelson at knelson@petroleumnews.com

GOVERNMENT

BLM seeks input for supplemental analysis

In a Feb. 3 release the federal Bureau of Land Management said it will seek public input for development of a supplemental environmental impact statement on the Willow master development plan submitted by ConocoPhillips Alaska.

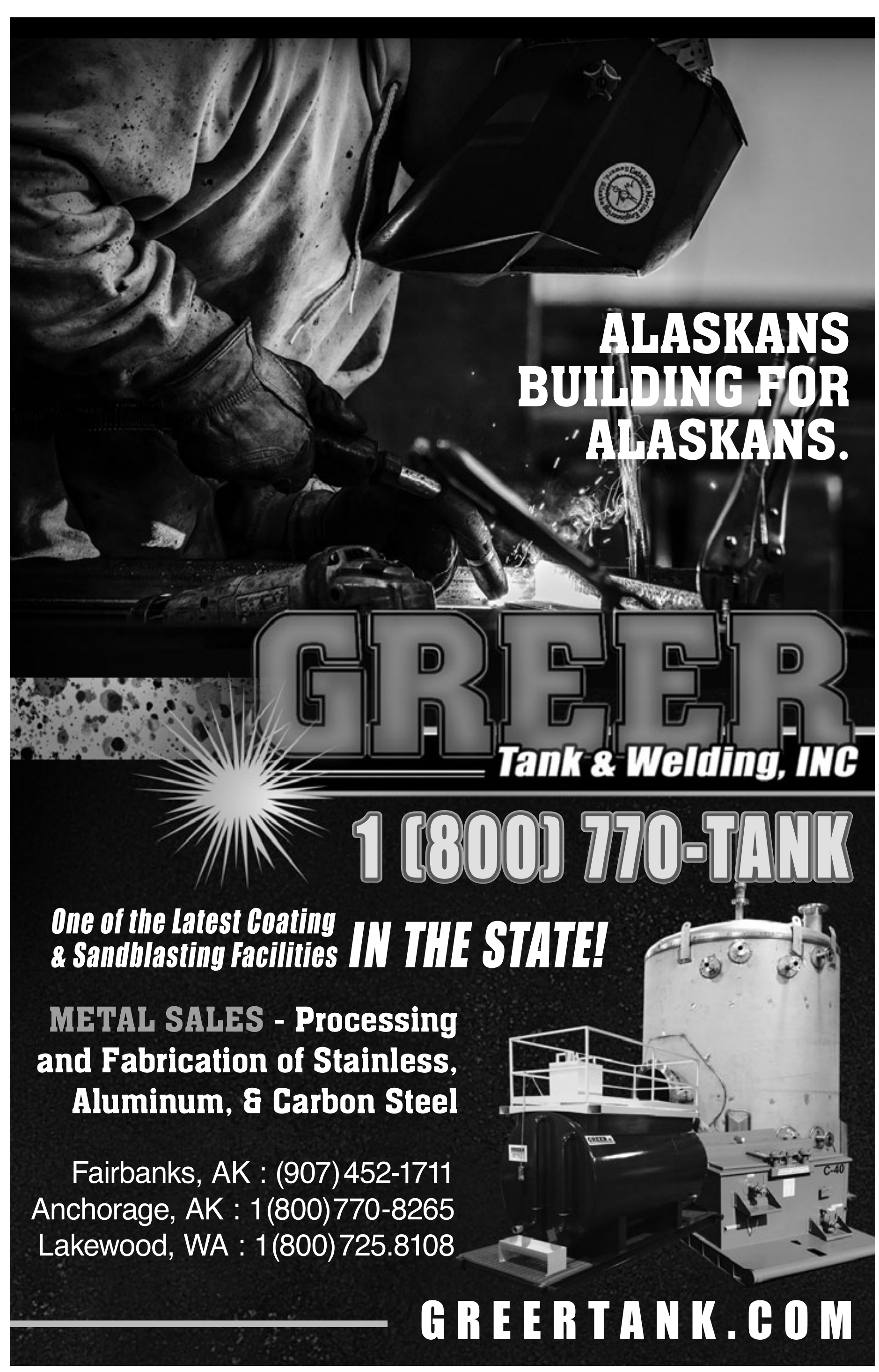
A Federal Register notice said BLM is preparing the SEIS "to address deficiencies identified by the U.S. District Court for Alaska" in the 2020 EIS prepared for the Willow master development plan. A record of decision based on that EIS was issued in October 2020.

BLM said it will not hold a formal scoping period but has begun outreach to stakeholders. Input and comment will be accepted through March 9, with a draft SEIS is scheduled to be released in the second quarter.

BLM said the U.S. District Court for Alaska vacated the record of decision and remanded the matter to BLM "to correct deficiencies in the EIS regarding analysis of foreign greenhouse gas emissions and screening of alternatives for detailed analysis."

There will be additional opportunities for public participation, including public meetings, once the draft SEIS has been published.

—PETROLEUM NEWS



EXPLORATION & PRODUCTION

Hilcorp installing VSMs at Slope fields

The Alaska Department of Natural Resources' Division of Oil and Gas has recently approved four amendments to operations plans requested by Hilcorp North Slope for installation of vertical support members, VSMs, at fields the company operates.

A Feb. 2 approval is for installation of 18 new VSMs at the Lisburne Production Center in the Prudhoe Bay unit.

The VSMs are on well lines running from the Lisburne Production Center to DSL3 in the Prudhoe Bay unit.

The division said the new 14-inch diameter VSMs, necessary to mitigate subsidence on the well lines, will be installed adjacent to existing supports using a vibratory hammer.

The project is expected to begin in February, with all equipment stored and refueled on existing gravel pads or roads, and no slurry or other discharges to wetlands.

A Feb. 3 approval is for installation of 18 new VSMs along pipelines adjacent to the West Dock Staging Pad within the Prudhoe Bay unit. The division said the new VSMs will be installed via a vibratory hammer adjacent to existing supports. The VSMs are necessary to mitigate subsidence issues on the well lines. The project is expected to begin in February with all equipment stored and refueled on existing gravel pads or roads.

A Feb. 4 approval is for installation of 18 new VSMs on well lines adjacent to Flow Station 2 in the eastern operating area of the Prudhoe Bay unit. The division said the new 14-inch diameter VSMs will be installed adjacent to existing supports using a vibratory hammer. The VMSs are necessary to mitigate subsidence on the lines. The project is expected to begin in February and all equipment will be stored and fueled on existing gravel pads or roads with no slurry or other discharge to wetlands.

A Feb. 8 approval is for installation of 12 new 14-inch VSMs on and adjacent to D Pad, some 7 miles northwest of Deadhorse in the Prudhoe Bay unit. The division said the new VSMs will mitigate subsistence on existing well lines. The new VSMs will be installed adjacent to existing supports with all equipment to be stored and refueled on existing roads.

—PETROLEUM NEWS

● LAND & LEASING

State renews lease at Rig Tenders Dock

By KRISTEN NELSON

Petroleum News

Derek Nottingham, director of the Alaska Division of Oil and Gas, signed a decision renewing Hilcorp Alaska's lease for the Rig Tenders Dock Jan. 31.

Hilcorp Alaska applied on Dec. 17 for a 20-year extension of ADL 29513, location of the Rig Tenders Dock.

Tideland lease ADL 29513 was issued Feb. 21, 1966, for a primary term of 55 years expiring Feb. 20, 2021, the decision says.

"The purpose of acquiring the Lease was to construct a dock facility to support activities related to offshore oil and gas development and production in the Cook Inlet region," the decision says. The lease was amended and assigned numerous times and at the end of the primary term contained 41.711 acres.

Prior to expiration of the primary term, the lease was extended for two years, expiring Feb. 20, 2023.

The lessee at the time of the extension was ASRC Energy Services LLC; the extended lease was assigned to Hilcorp June 29, 2021, "as part of a purchase and sale agreement for the upland parcel and related onshore facilities."

In renewing the lease, the division said it allows for continued use of the dock facility, which supports Cook Inlet offshore oil and gas facilities. There are some 41.7 acres of tidelands in the lease, an industrial dock facility near Nikiski.

Hilcorp is the current upland owner of the parcel adjacent to the lease and the current named lessee on the lease.

The decision says no changes to the acreage or projected use are requested in the new term.

Gravel dock structure

The decision says the primary structure on lease ADL 29513 is a 68-foot by 710-foot gravel dock bordered with sheet steel walls near the lease's northwest corner. There are multiple small structures and storage containers on the lease, "as well as seasonal storage of the Spartan 151 jack-up rig on the north side of the dock facility."

A conceptual barge landing within the footprint of the lease is shown on the supplemental renewal application, "but no changes to the existing infrastructure or uses are proposed at this time," the decision says.

Spartan jack-up

In its application, Hilcorp lists proposed use of the lease as a safe harbor berth for the Spartan Rig "while in non-drilling status and for such other similar storage activities."

In a development plan, Hilcorp said it may have one to two people on site at any given time for inspection purposes.

Under sublessee use, Hilcorp said that during the winter a three-person crew occupies the Spartan during daylight hours. For a period of 30-45 days in the spring, a crew of seven occupy the rig for the first two weeks, then a crew of 21 until the last week before mobilization when a crew of some 35 occupy the rig.

Hilcorp said no solid waste is generated on the lease by the lessee.

see DOCK LEASE *page 6*

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Petroleum News (ISSN 1544-3612) • Vol. 27, No. 7 • Week of February 13, 2022

Published weekly. Address: P.O. Box 231647 Anchorage, AK 99523-1647

Subscription prices in U.S. — $118.00 1 year, $216.00 2 years

Canada — $206.00 1 year, $375.00 2 years

Overseas (sent air mail) — $240.00 1 year, $436.00 2 years

"Periodicals postage paid at Anchorage, AK 99502-9986."

POSTMASTER: Send address changes to Petroleum News, P.O. Box 231647 Anchorage, AK 99523-1647.

CORRECTION

Projected Alaska LNG $6.70 per Btu

There is an error in the story in the Feb. 6 edition of Petroleum News, "Study: AK LNG competes."

In the last paragraph, a reference to the projected cost of supply for Alaska LNG incorrectly says $7.60 per million Btu. As noted elsewhere in the story, the correct number is $6.70 Btu.

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RIG COUNT

offshore rigs up by nine to 185.

The international count is up by 164 rigs from the comparable count in 2021, 677, with land rigs up by 139 and offshore rigs up by 25.

The Middle East accounts for the most rigs in the international count, 289 in January, followed by Asia Pacific with 197, Latin America with 158, Europe with 111 and Africa with 86.

The U.S. rig count averaged 601 in January, up 22 from December's average of 579, and up by 232 from January 2021, while the Canadian count for January averaged 190, up by 40 from a December average of 150 and up by 53 from January 2021.

Worldwide the rig count was 1,632 in January, up by 69 from 1,563 in December and up by 449 from 1,183 last January. ●

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INTERIOR GAS

these requests, Britton said. Construction has already been approved for the 2022 construction season for hooking up connections to meet a further 41 of the requests. While 70 of the requests were cancelled, mostly by customers, 145 of the requests are not feasible at present because of the lack of suitably placed gas supply mainlines. Of the remaining 87 requests still being reviewed, 14 are unlikely to result in installations, while the rest will likely be implemented in 2022, Britton said. In 2022 IGU expects to install nearly twice as many service lines as the utility installed in 2021, he said.

About 40% of the applications for gas supply services come from North Pole. And, overall, about 80% of the applicants are residential, with the rest being commercial, Britton said.

The installation of new gas supply services during the 2021 construction season included the construction of about 6 miles of new gas mainline pipework, he said.

Along with the expansion in its business, IGU has moved into a new, larger building that houses both its business administration and its operations staff.

IGU obtains its gas from the Cook Inlet region, with the gas being converted to LNG at the Titan LNG plant near Point Mackenzie on the inlet. The LNG is shipped to Fairbanks by road tanker. At the end of 2019, as part of the IEP, IGU completed the construction of a new 5.25 million-gallon LNG storage facility in central Fairbanks, for the distribution of gas through a pipeline system in the city. Britton said that in February of this year IGU completed a new LNG storage facility in North Pole, enabling 70 miles of distribution system in North Pole to be gasified and making gas available in North Pole for the first time ever.

IGU did experience one glitch in its services last November, when a component failure in its new Fairbanks LNG storage facility resulted in a loss of gas pressure for several hours for some customers. Following completion of a failure analysis, the utility is implementing procedural changes and the installation of additional failsafe arrangements in the plant controls and components, Britton said.

Gas cheaper than fuel oil

A key factor in the economics of gas supplies in Fairbanks is the relative costs of natural gas and fuel oil — Britton said that at present the cost of oil in Fairbanks is about 31% higher than the cost of natural gas for the equivalent amount of energy. And, in addition to the use of natural gas for the space heating of buildings, people are using gas fueled equipment such as water heaters — the use of an electric water heater roughly doubles the cost of a gas-fired water heater, Britton said. The installation of state-of-the-art high efficiency gas heaters can further improve the economics of using gas. Natural gas can also be used to fuel backup power generators, as a contingency against power outages.

A Fairbanks North Star Borough program that provides funding assistance to customers for their conversions from oil to gas usage has also been very important in helping IGU meet its customer sign-up goals, Britton commented.

Equipment supply constraints have been a significant challenge in conducting gas supply installations, but IGU has been maintaining its equipment inventory, Britton said.

Titan plant expansion

The overall plan is to expand the Titan plant in stages, as gas demand in the Fairbanks region increases. IGU had planned to make a final investment decision in the spring of 2020 for the initial expansion of the plant. However, with fuel oil prices collapsing following the onset of the COVID-19 pandemic, IGU deferred the FID, given the ensuing uncertainty over the economics selling gas in Fairbanks. Nevertheless, with the availability of the new, greatly expanded LNG storage capacity in Fairbanks and North Pole, IGU has been able to expand its customer base as planned — essentially, the utility can warehouse excess LNG produced during the summer, when demand is low, for use to support an increased customer base during winter when demand is high.

But, as that customer base increases, IGU is now at a point where it needs to reconsider the Titan plant FID, with the likely need to begin the plant expansion at some time in the next year or two, Britton told the AIDEA board.

Bond funding

However, the bonding that IGU is using for its capital expenditures is scheduled to sunset on June 30, 2023 — IGU is looking at the possibility of introducing legislation in the state Legislature to extend the bonding by another five years, Britton said. The total bonding amounts to $78 million, with $10 million of that allocated to gas distribution expansion and the remainder to the expansion of the Titan plant. So far IGU has expended about $3 million of the bond funding, Britton said.

Britton also commented that IGU, Fairbanks North Star Borough and the Matanuska-Susitna Borough had proposed a project for funding under the federal Economic Development Administration's Build Back Better Regional Challenge Program. However, that the project had not been selected. The proposed project would have secured federal funding support for the Titan plant expansion and for extensions to the Alaska Railroad that would enable the shipment by rail of LNG from the Titan Plant to the Fairbanks LNG storage facility. Britton commented that the application had highlighted the importance of the IEP and the potential for use of the Railroad system.

"It was a worthwhile effort and we'll continue to look for opportunities such as that," Britton said.

New gas supply contract

Fundamental to the whole Fairbanks natural gas system is the maintenance of adequate gas supplies from Cook Inlet gas producers. In January IGU signed a new gas supply contract with Hilcorp Alaska. The pricing in this contract is slightly lower than that in the previous Hilcorp contract, Britton said. The base contract runs for five years, with the possibility of two three-year extensions at IGU's discretion. The contract also has an option for an expansion to daily gas deliveries, to provide for any expansion of the Titan plant. And the gas pricing is stable, with a small 1% escalator.

"We're very pleased with the contract and the flexibilities and security that it supplies," Britton said.

A financial summary for the current financial year shows that, although IGU's revenues from gas sales have been a bit lower than anticipated, lower than expected gas costs have resulted in a higher than expected operating margin. And the utility has received two national awards: one for the utility's safety record and one for its marketing efforts for the opening of the North Pole storage facility, Britton said.

—ALAN BAILEY

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COURTESY OF CINGSA

Wellheads in the Cook Inlet Natural Gas Storage Alaska facility on the Kenai Peninsula.

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CINGSA PLAN

operations for the coming year, and a sequence and schedule of operations.

Per the division, CINGSA provided this information in its proposed 2022 POD.

2021 was the 10th calendar year of operation of CINGSA' s natural gas storage facility. During 2021, CINGSA injected approximately 5.2 billion cubic feet of natural gas and withdrew approximately 6.6 bcf.

Also during the 2021 POD period CINGSA conducted normal semi-annual shut-ins in April and September for maintenance. Compressors were upgraded and commissioned.

Installation of a 3.5-inch velocity string in Well S-5 was completed and the well is now operational.

The division approved the 2022 POD for gas storage for the period April 3, 2022, through April 2, 2023.

The approval is for a general plan of development. Specific field operations will require separate approval. Under Paragraph 11 of the lease, the 2023 POD is due on Feb. 1, 2023, 60 days before the expiration of the 2022 POD.

Planned 2022 activities

CINGSA's scheduled storage operations for the 2022 POD period include adding Pipeline Inspection Gauge, or PIG, launchers in order to meet Department of Transportation Pipeline and Hazardous Materials Safety Administration, or PHMSA, requirements for the pipeline between the well pad and the facility. This will include expanding the well pad by approximately 15,000 square feet within the existing leased area to accommodate safe installation and operation of the PIG launcher.

CINGSA will also build a small pad on the plant side in 2022 for pig launch operations "as well as construction on the piping to complete this task."

CINGSA will also build a small pad on the plant side in 2022 for pig launch operations "as well as construction on the piping to complete this task."

Construction will take place in phases to meet permitting requirements over the course of two years.

CINGSA anticipates completion of the PIG launcher in December 2023.

CINGSA told the division that it has no plans for expansion or sale of found gas at this time.

CINGSA background

Various companies, including gas and power utilities, use the facility, located south of the city of Kenai, to hold gas for later use, in particular to warehouse summer produced gas for use in the winter when gas demand is high.

The facility stores the gas in the Sterling C sands of a depleted section of the Cannery Loop gas field.

The Sterling C is vertically bounded at the top by the base of the B5 Coal formation and at the base by the top of the Upper Beluga formation.

Hilcorp Alaska, as successor in interest to Marathon Alaska Production, retains working interest ownership of the deeper Beluga Gas and Upper Tyonek Gas Pools, both of which remain in active gas production, as well as any zones above the Sterling C.

Compressor station facilities are east of the intersection of Beaver Loop Road and Bridge Access Road within T05N, Rl 1W Section 4, Seward Meridian, on property purchased by CINGSA.

Well facilities are located between Boat Launch Road and Bridge Access Road within T05N, Rl 1W Section 9, SM, on property owned by the State of Alaska and leased to CINGSA.

CINGSA commenced storage injections by free flow of gas on April 1, 2012. Injection using compression began on April 28, 2012. Initial withdrawal from the facility occurred on Nov. 9, 2012.

The facility plays a particularly critical role in the depths of the winter when gas production from the Cook Inlet basin struggles to keep pace with utility gas demand.

—KAY CASHMAN

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DOCK LEASE

NRC Alaska provides sublessee Spartan Rig with any deck spill cleanup. Garbage or household waste generated on the rig during de-winterizing is collected into an offshore trash container and carried to the Nikiski landfill daily.

The lessee generates no sanitary waste.

Any sanitary waste (black and grey water) generated by the sublessee during the de-winterizing of the Spartan Rig is collected into a 31,416 gallon tank and before the rig mobilizes to the drilling site the waste is pumped into a tank truck and hauled offsite for processing by Peninsula Pumping in Soldotna.

The lessee does not use a water supply. During de-winterizing of the Spartan by the sublessee, potable water is trucked in from Peak Oilfield Service Co. in Kenai. ●

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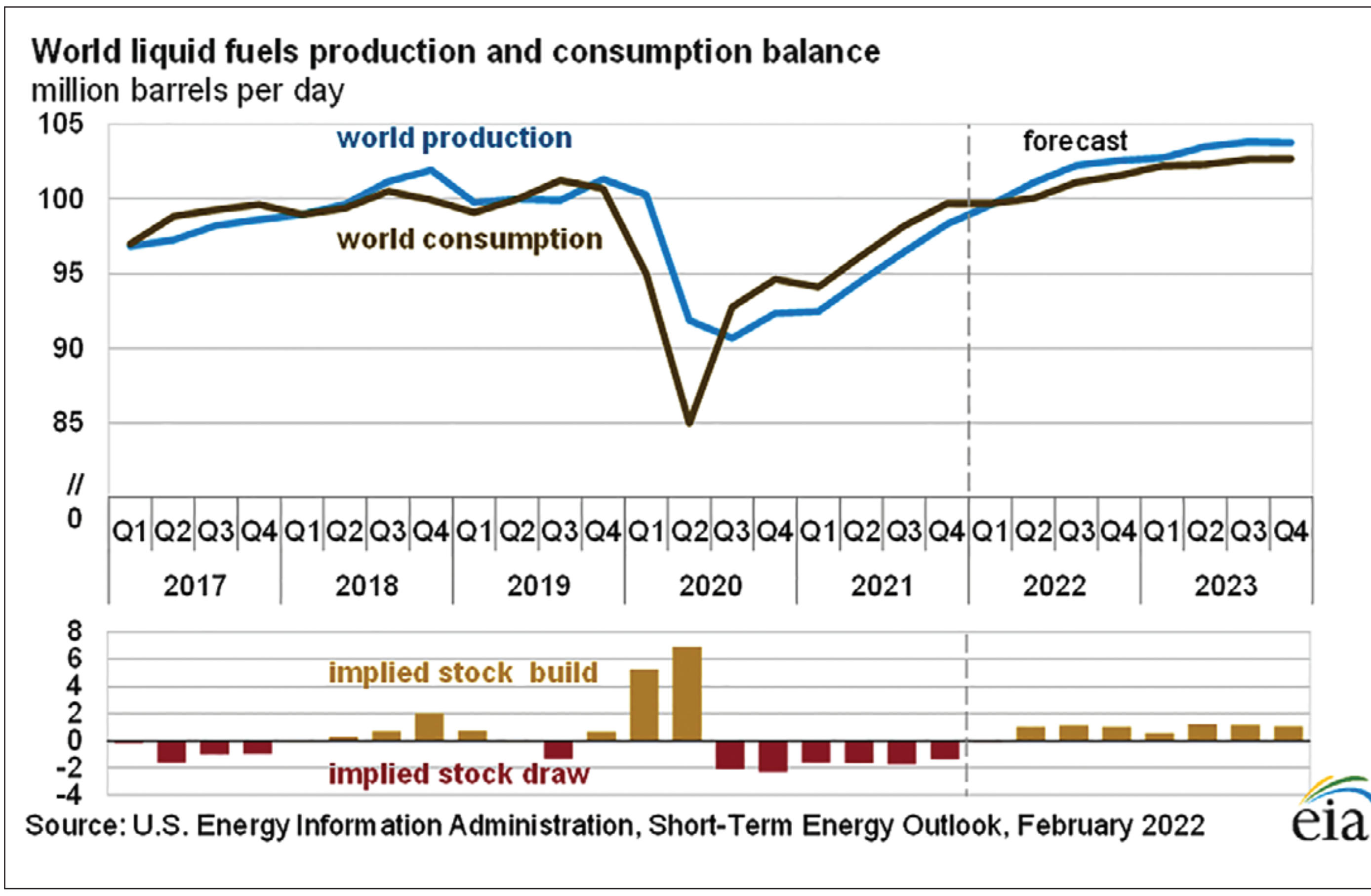
OIL PRICES



inventories decreased by 8.1 million barrels.

As of Feb. 4, ANS stood at its highest post-COVID level of $93.54, while WTI stood at $92.31, and Brent was $93.27.

The Feb. 4 highs capped a seventh consecutive week of gains, as the Organization of the Petroleum Exporting Countries and its allied producing countries struggled to deliver on planned production increases.

Fears of a Russian invasion of Ukraine also pushed prices higher on the week.

By Feb. 7, however, prices slipped on optimism that the United States and Iran might make progress on nuclear talks, which if successful would lead to a lifting of sanctions on Iranian oil sales.

The red ink piled on Feb. 8 with ANS plunging $1.74 to close at $91.46, WTI dropping $1.96 to close at $89.36, and Brent off $1.91 to close at $90.78.

From Feb. 2 to Feb. 9, ANS and Brent stayed above $90 per barrel, while WTI crossed above the level on Feb. 3 for a three-day trading stretch that ended with the slide on Feb. 8.

On Feb. 9, the price premium of ANS over Brent slipped to 41 cents, down from a premium of $1.07 Feb. 2. The narrowed spread may indicate that Chinese purchases of Pacific oil cargoes have slowed as factories close around the country for the Chinese New Year holiday the first week of February. This year traditional holiday travel over the festival has been muted by COVID-19 lockdowns in various Chinese cities.

On the other hand, as the omicron variant proves tamer than delta, European nations are lifting COVID restrictions leading to demand-pull Brent price increases.

EIA sees downward price pressure mid-year

The EIA expects Brent prices will average $90 in February as continuing draws in global oil inventories in its forecast keep crude oil prices near current levels in the coming months, it said in its Short-Term Energy Outlook released Feb. 8.

But the EIA said it projects that downward price pressures will emerge in the middle of the year as growth in oil production from OPEC+, the United States, and in other non-OPEC countries outpaces slowing growth in global oil consumption, adding that this dynamic leads to rising global oil inventories from Q2 2022 through the end of 2023.

The agency forecasts the Brent spot price will fall to an average of $87 in Q2 and $75 in Q4 2022, and that the Brent price will average $68 for all of 2023.

"However, low inventory levels create an environment for potentially heightened crude oil price volatility and potential risk for prices to rise significantly if supply growth does not keep pace with demand growth," it said.

Global supply chain disruptions have likely exacerbated inflationary price effects across all sectors in recent months, the EIA said.

The response of central banks to inflation may affect economic growth and oil prices during the forecast period, it said.

"Global oil consumption has exceeded global oil supply since mid-2020, leading to six consecutive quarters of global oil inventory draws," the EIA said.

It estimated that global oil inventories declined again in January, "contributing to commercially held inventories in OECD countries reaching the lowest levels since mid-2014."

A major contributing factor to low global oil inventories is some OPEC+ countries producing less than their targeted amounts due to operational difficulties ramping up production, the EIA said.

The case for higher prices

Oil prices can go higher from here, according to Troy Vincent, DTN senior market analyst.

"For multiple reasons, there's still room to go higher in the coming weeks," Vincent told Yahoo Finance Live Feb. 7.

$100 oil is possible, he said. Adding, "I wouldn't say it's inevitable, but it's going be very easy to get there."

"We're in a precarious situation," Vincent said. "Especially as it pertains to OPEC's spare capacity to be much smaller by the time we get to summer than what we've seen in many years."

"I've no good news to deliver, oil prices will remain high," Patrick Pouyanne, TotalEnergies CEO said in an RTL Radio interview.

"What we can expect is volatility over the coming months and years," BP CEO Bernard Looney told Reuters Feb. 8.

Oil markets could see supplies tighten more this year and further support prices, Looney said. ●

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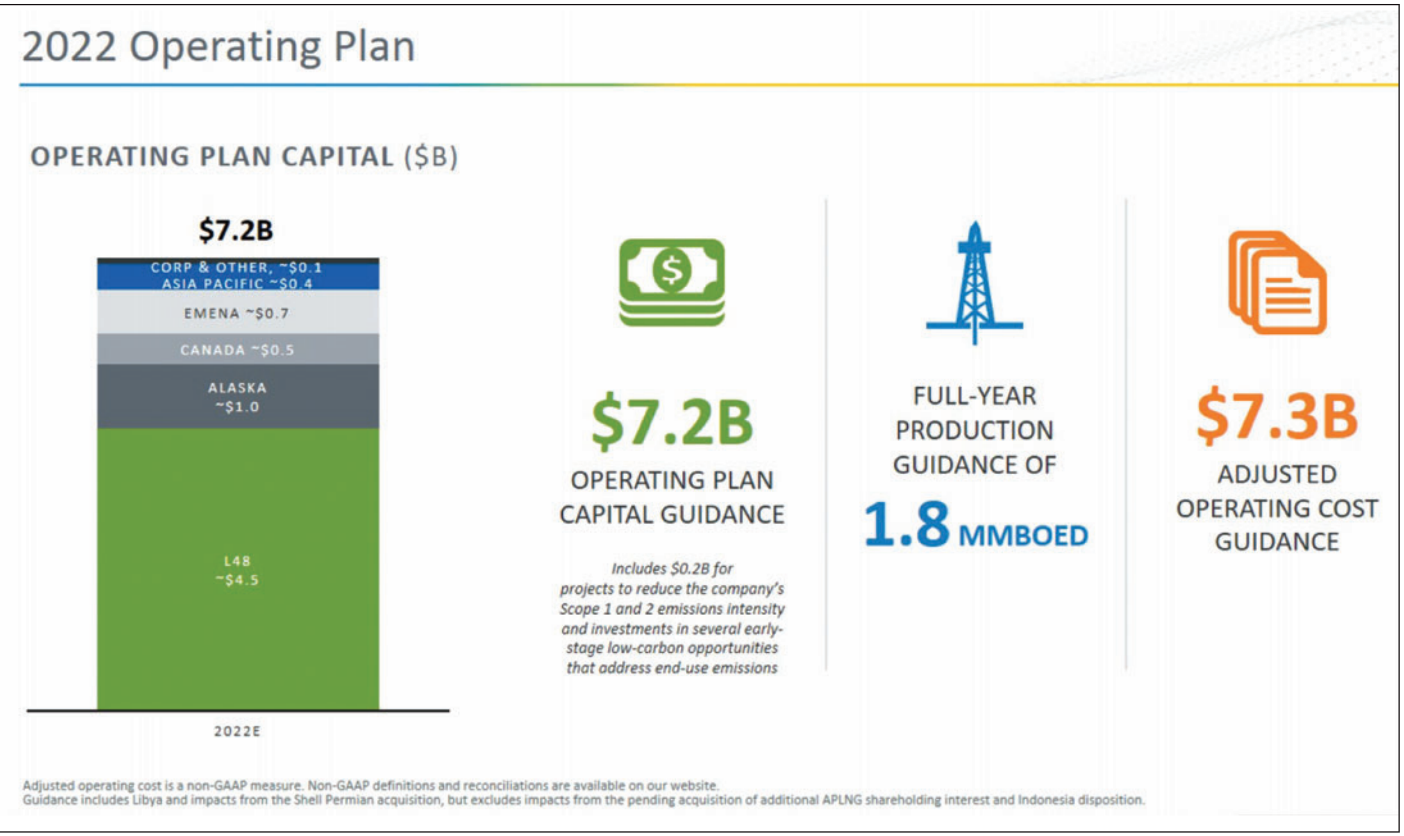
CONOCO INCOME



in Alaska — 18% of the corporation's global capital expenditures and investments.

Companywide, the ConocoPhillips 2022 operating plan capital budget is $7.2 billion, of which Alaska will see approximately $1 billion.

"Following more fiscal certainty with the defeat of Ballot Measure 1 and the improving market conditions, ConocoPhillips continued with investment in Alaska of nearly $1 billion in capital in 2021," said Erec Isaacson, president, ConocoPhillips Alaska. "After many years of investment, we achieved first oil at GMT2 in December 2021, on schedule, at rates in line with expectations, and nearly ten percent under budget. That project, like all our projects, represented significant investment and hundreds of direct jobs."

Isaacson said every dollar the company earns from projects like GMT2 allows it to continue its investment in Alaska's future and keeps Alaskans employed.

Companywide Q4 earnings $2.6 billion

ConocoPhillips reported Q4 2021 companywide earnings of $2.6 billion, compared with a Q4 2020 loss of $0.8 billion. Excluding special items, Q4 2021 adjusted earnings were $3.0 billion, compared with a Q4 2020 adjusted loss of $0.2 billion.

Full-year 2021 earnings were $8.1 billion, compared with a full-year 2020 loss of $2.7 billion.

Production excluding Libya for Q4 2021 was 1.567 million barrels of oil equivalent per day, an increase of 423,000 boepd from the same period a year ago.

After adjustments, Q4 2021 production increased by 70,000 boepd, or 5% from the same period a year ago, the company said, adding that the increase was primarily due to new production from Lower 48 and other development programs across the portfolio, partially offset by normal field decline.

In the Lower 48, production averaged 818,000 boepd, including 483,000 boepd from the Permian, 213,000 boepd from the Eagle Ford and 100,000 boepd from the Bakken, the company said. In the Lower 48 ConocoPhillips ended Q4 2021 with 20 drilling rigs and nine frack crews at work, including ongoing activity on Permian assets acquired in the fourth quarter.

In Alaska, GMT2 achieved first oil on schedule at rates in line with expectations, it said.

Earnings and adjusted earnings increased from Q4 2020 due to higher realized prices and volumes, partially offset by higher operating costs associated with the higher volumes, the company said. Its total average realized price was $65.56 per barrel of oil equivalent, 97% higher than the $33.21 per boe realized in Q4 2020, as production remains unhedged and thus realizes the full benefit of higher marker prices.

The company plans to stay unhedged in 2022.

"We think shareholders buy our shares because of the upside that it represents in the commodity price and the torque that we have to the upside in the way we set up the company," said Ryan Lance, ConocoPhillips chairman & CEO. "We prefer to remain unhedged, and frankly, hedging would do little help."

"We have a very strong balance sheet, which helps us on the downside and shareholders ought to expect full exposure to the upside that we're experiencing to date," he said.

The company's 2022 production guidance is 1.8 million boepd, including Libya but excluding impacts from a pending Indonesia disposition and acquisition of additional shareholding interest in Australia Pacific LNG — a joint venture between Origin Energy, ConocoPhillips, and Sinopec.

"2021 was a truly remarkable year for ConocoPhillips," said Lance. "Our operating performance around the globe was outstanding, we generated strong returns on and of capital for our shareholders and closed on two significant, highly-accretive acquisitions in the heart of the Permian Basin."

The company plans to continue to high-grade its portfolio, Lance said, adding, "We see some more opportunities to do that across the Lower 48, primarily the Permian as we think about what's going to be competitive in the current portfolio."

"Since 2007, ConocoPhillips Alaska has paid over $39 billion in taxes and royalties to the State of Alaska and the federal government," the company said. "Of that amount, about $31 billion went directly to the state. In that same period, ConocoPhillips Alaska's earnings have been approximately $22 billion."

—STEVE SUTHERLIN

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POOL PRICING

Shortly before the completion of the ML&P acquisition, the commission approved a tariff advice from the utilities, setting a plan for establishing the tight pool and also for establishing a single electricity load bearing area encompassing both utilities.

Under the approved tariff advice, there would be an 18-month implementation period, starting on Nov. 2, 2020. The implementation of the tight pool subsequently proceeded, as planned, with tight pooling starting in April 2021 and continuing thereafter. The full implementation of the tight pool and associated load bearing area needs to be completed in April of this year.

Gas pricing issue

The commission called the Feb. 2 meeting as a consequence of a cost of power adjustment notice filed by MEA at the end of December, indicating that Chugach Electric had informed MEA that it was changing the manner in which it was pricing the natural gas used for power generation in the tight pool. MEA had determined that the new pricing was not viable and has subsequently been negotiating with Chugach Electric over changes to the pricing arrangements. A Jan. 20 letter from MEA to the commission indicated that tight pooling had been suspended, pending resolution of the gas pricing problem.

The commission is now concerned that the utilities may not be able to comply with the approved conditions associated with the ML&P purchase.

"I have to say I find this whole episode incredibly disturbing," said Commissioner Antony Scott in relation to the gas pricing issue.

Pricing mechanism needed

Essentially, as part of the tight pool there has to be an agreed cost distribution mechanism whereby the utilities share the costs of the power generation, with a fair allocation of the cost savings from the power pooling. Ed Jenkin, MEA chief operations officer, told the commission that the issue that has arisen entirely relates to the cost settlement process and that the power pooling itself is working. He also commented that the acquisition of computer software for ultimately running the system is taking longer than anticipated. However, the power pooling arrangements are providing economic benefits to electricity consumers and the two utilities need to work through the mechanism for splitting the cost savings equally, Jenkin said.

—ALAN BAILEY

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POLICY DIRECTION

some 20% in FY20 and FY21 due to consistent drilling. At Point Thomson, up over 40%, Feige said it had taken the operator a while to get the technology right for managing the high-pressure field. Gas is re-injected at Point Thomson and re-injection required reaching a higher pressure than the 10,000 psi in the reservoir. That was a big hurdle, but they finally got it figured out, she said.

There are also add-ons and future projects, including the Narwhal participating area at the Colville River unit where production began in December, Greater Mooses Tooth 1 in the National Petroleum Reserve-Alaska, where production began in November, and ongoing expansion and drilling at the Colville River CD5 pad and at Fiord West, with Raven Pad at Milne Point upcoming.

Projects further out include Pikka, with a final investment decision expected in the second quarter and Willow, with an estimated supplemental environmental impact state and federal record of decision by yearend and construction projected to start in 2023.

North Slope acreage

Feige said the state has some 41% of its 6.8 million acres on the North Slope under oil and gas lease.

But federal acreage in the National Petroleum Reserve-Alaska, at 23.3 million, acres, is three and a half time the size of state lands, she said, and the Arctic National Wildlife Refuge at 19.3 million acres, with just 1.5 million acres, some 7% of the total, called out in section 1002 of the Alaska National Interest Lands Conservation Act of 1980, as available for oil and gas drilling. Within the 1002 area some 438,000 acres, just 2% of ANWR, was made available for leasing in 2020.

Feige said Alaskans should care about North Slope federal acreage because of potential resources. A 2017 U.S. Geological Survey estimate of mean average undiscovered and technically recoverable resources in NPR-A is 7.7 billion barrels of oil and 25 trillion cubic feet of natural gas.

Industry has been moving westward, following the geology, so federal decisions are of great concern to the state and industry.

In the coastal plain of ANWR, the 1002 area, some 1.5 million acres, the USGS mean estimate is 10.4 billion barrels of recoverable oil and 7 tcf of gas. The U.S. Energy Information Administration once estimated that full production in the 1002 area could yield 800,000 barrels per day.

Potential monies to state

In NPR-A, the royalty rate varies between 12.5% and 16.67%, and although the state royalty is 0%, 50% of NPR-A royalties go into a mitigation fund and communities in the area can apply for monies out of the fund. Amounts going into that find to date have been small, Feige said, but with GMT1 and GMT2 both in production, the amounts of money will be significant, especially after Willow comes online.

Forestalling development in NPR-A impacts those communities, she said.

Deputy Commissioner Crowther said that while the state receives no royalties from NPR-A, state oil and gas production tax applies to all production in the state, as does corporate income tax, so the state does receive a direct fiscal benefit.

In ANWR, the royalty rate is 16.67%, and the state share is 50%.

Crowther said the Alaska Statehood Compact called for a 90/10 state/federal split from federal lands. Western states get 50%, he said, but another 40% goes into a reclamation fund for water resource projects. Alaska doesn't have that need, Crowther said, so Alaska got 90%.

But, as legislation was passed, that changed. And while it wasn't appropriate from the state perspective, 50% of something was better than 90% of nothing, he said. In NPR-A the amount was adjusted to 50% and the mitigation fund established to receive the other 50%, benefiting communities impacted by any development.

Federal actions

Crowther reviewed actions the federal government can take, ranging from those requiring only a stroke of the pen to those requiring administrative process.

Over the last year there were some very significant executive orders early on, leading to secretarial orders which often lead to processes in which the public and state can participate.

One of President Joe Biden's original executive orders was essentially a look back at actions taken under the administration of President Donald Trump, Crowther said, directing federal agencies to review actions taken during the previous 4 years which were viewed as conflicting with current national objectives and also to begin work confronting climate issues.

That executive order, EO 13990, among other actions, suspended the ANWR leasing program and began a review of the federal oil and gas leasing program.

30x30 initiative

A second early order, EO 14008, was more forward looking, Crowther said, pausing new federal oil and gas leasing, directing a review of the leasing program and setting a goal of conserving at least 30% of federal lands and waters by 2030 — called the 30x30 initiative.

Crowther said more than 30% of federal lands in Alaska are already conserved and the federal government didn't acknowledge existing conservation efforts in the state.

Feige said the amount of Alaska already in federal conservation units, 140 million acres, is 40% of Alaska.

"Do we get 10% back?" she asked.

The state will be leaning in hard on ANILCA, the Alaska National Interest Lands Conservation Act, which says no more: Congress recognized that that was it, Feige said.

Secretarial orders

Following the executive orders came secretarial orders.

Those from the Department of the Interior included a temporary suspension of delegated authority, which meant decisions had to go through Washington, D.C., and one halting all activities in ANWR related to the coastal plain oil and gas leasing program.

Crowther said some things restricting activities the federal government can do immediately, and some things require federal processes which allow the state and public to participate. There is also litigation which began in the Trump administration and which the Biden administration may stop defending in court, which is why, he said, the state wants to participate, so the state can defend if the federal government doesn't.

Delay

Crowther said the federal government has a tremendous ability to delay and control the flow of action, which can be explicit or implicit, such as requiring approval from Washington, D.C., and the state has limited capacity to compel action, through court or otherwise.

And a completed federal process does not necessarily compel action, as a completed process may authorize federal programs or actions, but those can be delayed or

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EXPLORATION UPDATE

regard, Emerald House accepts the Permit, without reservation, and intends to move forward to implement it by drilling the Merlin-2 well, which we now expect to spud in early March."

Drilling, the company said Feb. 9, would take approximately three to four weeks, including wireline logging.

The Merlin 2 appraisal well is planned for a total depth of 8,000 feet and is targeting 652 million barrels of oil in the prospective N18, N19 and N20 targets that were encountered in the Merlin 1 well (drilled in March 2021 to a depth of 5,267 feet).

88 Energy said Merlin 1 well demonstrated the presence of oil in these multiple stacked sequences within the Brookian Nanushuk formation.

On Feb. 7 London-based Pantheon Resources said its Alaska subsidiary Great Bear Pantheon expected to reach target depth in its Theta West 1 vertical test well

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GREAT BEAR PANTHEON

Drilling Theta West 1 well on the morning of Jan. 23, 2022.

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POLICY DIRECTION

suspended by federal agencies as they implement the program.

"Delay is denial — slow is 'no' spelled differently," is how the state describes it, he said.

As for the state's ability to compel action, Crowther said that unless statutes have specific deadlines and explicitly required actions, cases to compel are difficult to pursue, and even successful cases take time.

Statehood defense team

Feige said the state's response to federal actions in early 2021 was to stand up the statehood defense team, composed of the departments of Fish and Game, Environmental Conservation, Natural Resources, Law and policy directors from the governor's office.

Under ANILCA Alaska has unique legal rights, rights which it asserts through advocacy, participation and litigation, citing the U.S. Supreme Court's decision in the Sturgeon case.

Significant state resources have already been put into this effort, Feige said, pushing the federal government to respect state sovereignty and challenging overreach, and the governor is continuing to seek sufficient funding for the efforts through the budgetary process.

Key areas

Feige discussed four federal policy areas key to Alaska oil and gas.

Emphasis on "climate crisis" led to the pause in oil and gas lease sales nationwide, while emphasis on fair share sees the federal government moving to increase royalties, fees and taxes on developments. That goes directly to the economics of projects, Feige said.

Another key area is an emphasis on the social cost of carbon, requiring project proponents to look at greenhouse gas emissions, evaluate for reasonably foreseeable outcomes and look at the impact on local, regional and national levels, which has resulted in a lot of litigation around pipelines and powerplants in the Lower 48.

Then there is the emphasis on protecting ANWR, Feige said, noting that of the 19 million acres in ANWR, 2% is under lease in an area set aside for that purpose in ANILCA. It is important, she said, that the public understand that this is a very small area.

NPR-A

In NPR-A, there were no lease sales in 2020 or 2021, and none are expected this year.

A federal court vacated the Willow project's permits last August, Feige said, and in October the Department of Justice declined to appeal that decision.

The project cannot move forward until a new environmental review is complete and new permits granted by the Bureau of Land Management and the Fish and Wildlife Service.

Feige said BLM is proceeding with a new environmental review and the state is participating as a cooperating agency in the review process, with a draft EIS expected in March, final EIS and federal decision in October and state permitting decisions in December, allowing construction to begin in the first quarter of 2023.

The Willow decision is important because the project is important to the state. It means jobs for Alaska and is the next big development moving westward into NPR-A, she said.

Crowther said the delay has another impact because every year of delay delays monies going into the impact fund, and with 80,000 to 100,000 bpd of production projected, that could be $500 million in a given year flowing into the fund.

Also in NPR-A, BLM has said it intends to abandon their decision for the 2020 integrated action plan and return to the 2013 IAP, and that reversion, Feige said, takes 30% more of NPR-A off the plate. There are impacts to existing leases through slow permitting process or outright denials based on climate litigations, with impact on pipeline corridors and special use areas which could end up stranding resources, she said.

Outer continental shelf

Crowther said EO 13990 resumed the Obama-era withdrawal of virtually all of Alaska's OCS from leasing, including the Chukchi, Beaufort and Bering seas.

The Biden administration rejected Trump-era proposed changes, which were based on new information in scientific reports, and were intended to improve operational flexibility to accommodate different approaches.

Cook Inlet is not part of the OCS, Crowther said, and a federal lease sale was scheduled there. The Bureau of Ocean Energy Management, BOEM, issued a draft EIS Jan. 15, 2021, but then cancelled the public notice Feb. 2 pursuant to the pause of all sales.

Following a federal judge's order temporarily blocking the pause, BOEM re-published the draft EIS in late October.

But Crowther said that while the state continues to push to hold the sale, its future is uncertain as the current Cook Inlet outer continental shelf leasing program expires this year. ●

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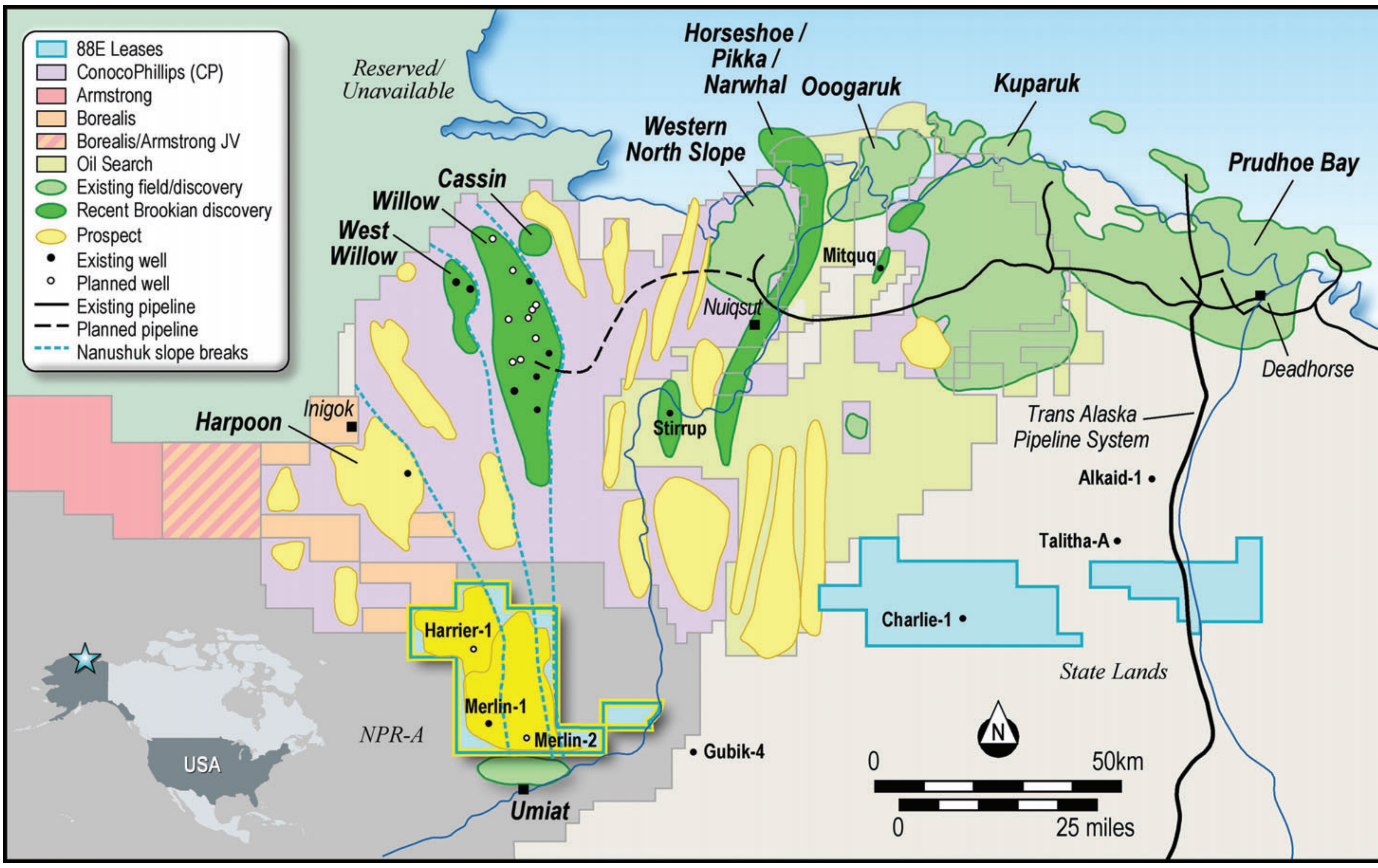

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EXPLORATION UPDATE

that day or on Feb. 8. The company also said that "drilling is on track and on budget."

As of late Feb. 9, when this issue of Petroleum News went to press, no further information was available, but Pantheon had said Theta West 1's target depth was approximately 9,300 feet. The top of the formation was expected at a depth of about 7,600 feet with approximately 1,300 feet of reservoir thickness.

Theta West 1 was spud on Jan. 21 using the Nordic Calista Rig 3.

Pantheon has said it is targeting 1.4 billion barrels of recoverable resource.

Pantheon: Talitha A testing

Pantheon said Feb. 7 that testing operations in the 2021 Talitha A vertical test well have been completed on the Lower Basin Floor Fan, a Brookian aged horizon. According to Pantheon three separate 10-foot intervals were perforated over 370 feet out of 600 feet of gross section, at 9,405 to 9,415 feet, 9,205 to 9,215 feet and 9,045 to 9,055 feet.

"These three intervals were individually stimulated and flow tested, producing high quality c. 35 to 39 degree API oil and averaging 73 barrels of oil per day over a three day test period," the company said.

On the final day of testing, the well was flowing at a sustained rate of approximately 40 bpd.

"Encouragingly, the bottom hole pressure is near to the reservoir pressure, thus providing an indication of the production potential of this portion of the oil accumulation, which is at the distal limits of the field. Future development wells would all be drilled horizontally and stimulated with multiple stage fracs, meaning that flow rates are expected to be many times higher," Pantheon said.

Talitha A testing operations commenced over the weekend of Jan. 22 and 23, and started from the lowest formation, the Lower Basin Floor Fan.

Next Great Bear Pantheon will proceed sequentially to the two shallower Slope Fans (which will be tested together) and the Shelf Margin Deltaic horizons.

Eni: No extension yet

Eni hasn't yet made its intentions public about an exploration well planned north of its Nikaitchuq unit for April.

In its 14th plan of development for the Nikaitchuq unit, which runs from Oct. 1 through Sept. 30, 2022, operator Eni told Alaska's Division of Oil and Gas that facility upgrades would be completed to support a second Nikaitchuq North extended reach exploration well in second quarter 2022.

NN-02 was supposed to be drilled unless Eni received an extension from the feds, which it once did for two years. That extension runs out in April.

But as of Feb 9, Eni has not requested any extensions, per Washington, D.C.-based Sandy Day, press secretary for Interior's Bureau of Safety and Environmental Enforcement. ●

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