Petroleum news

page 4 History: Kerr-McGee presents NSB officials master plan for Nikaitchuq

Vol. 30, No. 16 • www.PetroleumNews.com A weekly oil & gas newspaper based in Anchorage, Alaska Week of April 20, 2025 • $2.50

AGDC faces questions from House Resources on Glenfarne selection

FRANK RICHARDS

The Alaska Gasline Development Corp. got a lot of questions on April 9 when it presented an update to the House Resources Committee. There didn't appear to be opposition to the project, but rather a desire to understand where the project is and how it got there.

On the agenda were AGDC's agreement with Glenfarne to move ahead with front-end engineering and design, FEED, on the Alaska liquefied natural gas project. Glenfarne is taking the lead — and a 75% interest in 8 Star Alaska, the AGDC subsidiary formed to hold the corporation's assets. The goal, the committee was told, was to complete FEED and reach a final investment decision, FID, for the entire project — carbon capture plant on the North Slope, 807-mile pipeline and LNG plant at Nikiski — possibly as soon as the end of the year.

The immediate goal is Phase 1 of the project, the pipeline,

see AGDC HEARING page 7

EIA forecasts lower oil demand, lower Brent prices in 2025, '26

The U.S. Energy Information Administration's April Short-Term Energy Outlook, issued April 10, is forecasting lower oil demand growth and a drop in the Brent spot price to an average of $68 per barrel this year, down 8.6% from a March forecast of $74, and down 10.2% for 2026, from a March forecast of $68 per barrel to a forecast this month of $61 per barrel.

Global oil demand growth is now forecast to average 0.9 million barrels per day, down 0.4% from a March forecast of 1.3 million bpd growth, and a drop in 2026 from a March forecast of growth at 1.2 million bpd to growth of 1 million bpd, a 0.1% decline.

"Oil consumption in our forecast continues to be below its pre-pandemic trend," EIA said.

Modeling and analysis for the April forecast was completed April 7, the agency said, citing recent developments in trade policy and oil production as leading to "a significant drop in oil prices during the first week of April." OPEC+ members said April 3 that some member countries will start to

see EIA FORECAST page 6

State accepts, denies, rental reductions based on work done

DEREK NOTTINGHAM

The Alaska Department of Natural Resources' Division of Oil and Gas has approved one request for lease rental reduction and denied another.

Both decisions were signed by Derek Nottingham, division director; both are dated April 11.

A request from Oil Search (Alaska) for rental reduction on two leases northeast of Nuiqsut was approved.

The issue in both cases is the rental terms under which the leases were issued, with a rate of $10 per acre or portion thereof for years one through seven of the 10-year term of the leases, and $250 per acre or portion thereof for years eight through 10, unless there is sustained production from the lease or "the state otherwise determines in its sole discretion, upon request, that the lessee has exercised reasonable diligence in exploring and developing" the lease, in which case the rental

see LEASE RENTAL page 5

EXPLORATION & PRODUCTION

Continuous improvement

120-mile pipeline for North Slope Pikka project basically complete

By KAY CASHMAN

Petroleum News

KEVIN GALLAGHER

After holding its 2025 annual general meeting on April 10, Santos Ltd. announced that the 120-mile pipeline for its North Slope Pikka project is now substantially complete — one year early — with minor tie-in and punch-list work remaining.

This creates the possibility for early startup of the project near the end of this year, instead of mid-2026, depending on weather and logistics which the company says, "will become clearer over the coming months."

According to Santos Managing Director and Executive Officer Kevin Gallagher, "the possibility of early production from Pikka has been created with completion of the pipeline a year ahead of schedule and I am very pleased with the good and improving well results we are seeing as we execute the drilling program."

Gallagher said drilling at the company's 80,000-barrel-per-day Pikka Phase 1 project is "progressing well" with 17 of 26 wells drilled to date.

The results, he said, "compare favorably to pre-drill expectations," with the four production wells tested to date "demonstrating continuous improvement" on hydraulic stimulation.

"The highest initial 30-day production rate is 7,850 barrels of oil per day, with an overall average rate so far of 6,900 barrels per day," Gallagher said.

The grind and inject facility for handling drilling wastes is "up and running, and the seawater treatment plant barge is being readied to leave Indonesia for Alaska in the third quarter of this year," he said.

Gallagher said he visited the Pikka project in March.

Finally, in its Pikka update at the annual general meeting, Santos noted that "No material impacts are expected as a result of U.S. tariffs, with the project supporting U.S. energy policy and goals."

CERA, elsewhere

In remarks at the CERAWeek conference in Houston in mid-March, Gallagher said Santos is looking to increase investments in the United States because of the pro-energy policies of U.S. President Donald Trump's administration; additional investment that will include areas near Pikka where the company has several undeveloped prospects, such as Quokka.

"The U.S. has very pro-development policy settings and we have a great project in Alaska and

see PIKKA PROJECT page 8

FINANCE & ECONOMY

ANS at lower altitude

Crude firms up a bit on new U.S. sanctions hitting Iranian oil exports

By STEVE SUTHERLIN

Petroleum News

Alaska North Slope crude jumped $1.19 April 16 to close at $68.65 per barrel, while West Texas Intermediate jumped $1.14 to close at $62.47 and Brent jumped $1.18 to close at $65.85.

Prices rose on supply disruption concerns following new U.S. sanctions on Iran's oil exports.

ANS was just 16 cents shy of its previous Wednesday close of $68.81 April 9, establishing a new lower trading range in the upper $60s, after notching a close of $76.26 two weeks prior on April 2. Prices slumped April 3 after the White House announcement of new U.S. import tariffs on a broad swath of trading partners.

The Trump administration escalated sanctions against Iranian oil April 16 by targeting Chinese entities, including a teapot refinery in Shandong province.

The new measures add to Trump's renewed "maximum pressure" campaign designed to reduce Iran's oil exports to zero and to curb its nuclear ambitions. The sanctions also target a "shadow fleet" — companies and vessels facilitating Iranian oil transport.

Prices were supported earlier in the day April 16 on Bloomberg reports that China had signaled a willingness to enter tariff negotiations with the United States.

Supply side support was bolstered by an April 16 announcement by the Organization of the Petroleum Exporting Countries that it had in hand updated plans

Analysts at Citi Research expect Brent to sink to $60 near term, with support in the $60-$65 range in the second half of the year and averaging some $65 in 2026.

for Iraq, Kazakhstan and other countries to cut production to compensate for pumping above quotas.

U.S. commercial crude oil inventories for the week ended April 11 — excluding the Strategic Petroleum Reserve — rose by a modest 0.5 million barrels from the previous week to 442.9 million barrels, 6% below the five-year average for this time of year, according to U.S. Energy Information Administration data released April 16.

Total motor gasoline inventories saw a bullish drawdown of 2.0 million barrels for the period to 234.0 million barrels — 1% below the five-year average for the time of year, the EIA said. Distillate fuel inventories fell 1.9 million barrels to 109.2 million barrels,11% below the five-year average for the time of year.

ANS drifted 24 cents lower April 15 to close at $67.45, as WTI fell 20 cents to close at $61.33 and Brent slipped 21 cents to close at $64.67.

Crude inched higher April 14. ANS added 16 cents to close at $67.69, WTI rose 3 cents to close at $61.53 and Brent added 12 cents to close at $64.88.

see OIL PRICES page 8

● EXPLORATION & PRODUCTION

Baker Hughes US rig count down 7 at 583

By KRISTEN NELSON

Petroleum News

The Baker Hughes' U.S. rotary drilling rig count was 583 on April 11, down by seven from the previous week, the steepest week-over-week drop since late June of last year, down by 34 from 617 a year ago and down by 11 from two weeks ago. Over the last eight weeks the rig count was down in four weeks, up in three and unchanged in one with a combined loss of 11 against a gain of six.

A drop of 17 to 731 on May 12, 2023, was the steepest weekly drop since June of 2020, during the first year of the COVID-19 pandemic, when the count also dropped by 17 to 284 on June 5, following drops as steep as 73 rigs in one week in April. The count continued down to 251 at the end of July 2020, reaching an all-time low of 244 in mid-August 2020.

For 2024, the count peaked March 1 (and again March 15) at 629, hitting its low point June 28 at 581. In 2023 the count peaked early in the year at 775 on Jan. 13, bottoming out Nov. 10 at 616.

When the count dropped to 244 in mid-August 2020, it was the lowest the domestic rotary rig count had 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 prior to the COVID-19 pandemic, where it remained through mid-March of that year 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 April 11 count includes 480 rigs targeting oil, down by nine from the previous week and down 26 from 506 a year ago, with 97 rigs targeting natural gas, up by one from the previous week and down 12 from 109 a year ago, and six miscellaneous rigs, up by one from the previous week and up by four from a year ago.

Forty-six of the rigs reported April 11 were drilling directional wells, 523 were drilling horizontal wells and 14 were drilling vertical wells.

Alaska rig count unchanged

Pennsylvania (16) was up by one rig.

Texas (274) was down three rigs week-over-week; California (6) and West Virginia (9) were each down by two rigs; and New Mexico (100) was down by a single rig.

Rig counts in other states were unchanged from the previous week: Alaska (10), Colorado (8), Louisiana (30), North Dakota (32), Ohio (10), Oklahoma (53), Utah (12) and Wyoming (21).

Baker Hughes shows Alaska with 10 rotary rigs active April 11, unchanged from the previous week and down by four from a year ago when the state's count was 14.

The rig count in the Permian, the most active basin in the country, was down by five from the previous week at 289 and down by 27 from 316 a year ago. ●

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ON THE COVER

EXPLORATION & PRODUCTION

THIS MONTH IN HISTORY

Congratulations

Congratulations Bill Armstrong!

Kudos to Bill Armstrong and his partners on their success on the eastern North Slope at the Sockeye-2 exploration well where they have extended the North Slope top-set play 94 miles east of the Pikka discovery.

Bill is repeating on the eastern North Slope what he and a partner did west of Prudhoe Bay; successfully leading the charge to find Pikka-look-alikes east of Prudhoe Bay.

Bill Armstrong

ABR, Inc.
Acuren
AES Electric Supply, Inc.
Airgas, an Air Liquide Company
Airport Equipment Rentals
Alaska Air Cargo
Alaska Dreams
Alaska Frontier Constructors (AFC)
Alaska Fuel Services
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NSTI (North Slope Telecom Inc.)
Owl Ridge Natural Resource Consultants
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PRA (Petrotechnical Resources of Alaska)
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Resource Development Council
Royal Alaskan Movers, LLC
Sheet Metal Inc.
Strategic Action Associates
Tanks-A-Lot
Terra Piniun LLC
TOTE Maritime Alaska
Udelhoven Oilfield System Services Inc.
Western Pacific Crane & Equipment

● THIS MONTH IN HISTORY

Kerr-McGee presents Nikaitchuq master plan

20 years ago: NSB officials get preview of Kerr-McGee and partner Armstrong Alaska's plans for proposed Nikaitchuq development

Editor's note: This story first appeared in the April 10, 2005, issue of Petroleum News.

By **KAY CASHMAN & KRISTEN NELSON**
Petroleum News

Although it has not made a formal development announcement yet, on March 31, 2005, Kerr-McGee and partner Armstrong Alaska presented their proposed "master plan" for development of their Nikaitchuq exploration unit to North Slope Borough land planning officials.

Close to finishing its second successful North Slope drilling season, the presentation followed a March 15 press release by unit operator Kerr-McGee that announced "encouraging" results from a horizontal appraisal well in the Nikaitchuq unit, which is located in the shallow waters of the Beaufort Sea offshore the Kuparuk River and Milne Point production units. The company said it had tested the Schrader Bluff reservoir at Nikaitchuq No. 4 at rates up to 1,200 barrels per day during periods of the initial test, with the oil testing at 16 to 17 degrees API.

Oklahoma City-based mega-independent Kerr-McGee and Armstrong Alaska, an affiliate of Denver-based Armstrong Oil and Gas, told the borough they are looking at building a production pad at Oliktok Point and up to three offshore gravel islands inside the barrier islands in the vicinity of Spy Island in water depths of 8 feet or less. They would drill up to "50 wells at each offshore location and about 20 wells at the onshore location for producing oil and gas."

In its design of the proposed development, the companies placed special emphasis on "command, control and containment for spill response" using a "pipe in pipe" design to provide protection for the three-phase produced fluid lines and an interstitial space for pipeline leak detection. Wellhead containment modules would be used for its production islands that would have remote leak detection and recovery systems.

Pipelines would be run inside of a larger conductor pipe to enhance containment between the island and production pads as three-phase flow. The remaining lines would either be placed in the same or separate conductor pipe (diesel line) or attached to the outside of the conductor pipe," Kerr-McGee and Armstrong said in their presentation paperwork to the borough.

The conductor pipe and any attached lines and cables would be placed in a trench below the seafloor.

Trenching operation would be conducted from February to April from the sea ice.

Processed crude would be shipped through a gathering line to either the Kuparuk unit 3R pad or the Kuparuk pipeline for transport to the trans-Alaska oil pipeline.

In production by April 2007

The companies told borough officials that completion of preliminary engineering studies, including pipeline route surveys, was expected by May.

"Partial production of oil" from the Oliktok pad was expected to begin later this year if Kerr-McGee, a 70% partner, and Armstrong, a 30% partner, sanctioned the project and had all their permits in place.

Construction of the offshore islands and onshore pad would begin in early 2006.

"Pipeline placement and completion of installation of processing facility" was also scheduled for 2006.

Under the proposed schedule Kerr-McGee and Armstrong said the project should be in full operation in April 2007.

Drilling onshore and offshore would continue "for at least two to three years."

At the completion of drilling operations the offshore islands would be unmanned.

ConocoPhillips producing Schrader Bluff

The viscous Schrader Bluff formation, called West Sak at Kuparuk, is under production at three fields onshore: the ConocoPhillips Alaska-operated Kuparuk River field and the BP Exploration (Alaska)-operated Milne Point and Prudhoe Bay fields. Both BP and ConocoPhillips have recently begun large-scale Schrader Bluff-West Sak developments using horizontal wells.

Kerr-McGee said March 15 that it also encountered the same Schrader Bluff interval at the Tuvaaq exploration well, some three miles to the west of Nikaitchuq No. 4, in the adjacent unit.


DAVE HAGER

Kerr-McGee has an 82% working interest in Tuvaaq with Armstrong holding the remaining interest.

Kigun in Kuparuk River unit

Based on the results of drilling, Kerr-McGee said it is drilling a sidetrack, the Kigun well, to earn additional acreage.

The Kigun target is on ADL 355024, which is part of the ConocoPhillips Alaska-operated Kuparuk River unit. Kerr-McGee will operate Kigun with a 55% working interest upon completion of the drilling operations.

Kerr-McGee did not say if the prospect would remain in the Kuparuk River unit if the well proves successful.

"We are encouraged with the results we've seen thus far in Alaska," Dave Hager, Kerr-McGee's senior vice president responsible for oil and gas exploration and production, said March 15. "Although we still need to complete the appraisal program, based on initial evaluation, it appears the Schrader Bluff interval might be developed throughout much of our 36,000 acres in the Nikaitchuq and Tuvaaq area."

Hager, speaking at the A.G. Edwards' Energy Conference in Boston March 15, said the company is targeting two reservoirs, the shallower Schrader Bluff and the deeper Sag River. The second horizontal appraisal well, the Nikaitchuq, is testing the Sag River formation; slides accompanying Hager's remarks described the No. 3 well as drilling a new fault block. "We did test the Sag River at one of our vertical wells last drilling season at a rate of 960 barrels a day, 38 degree API," he said. "What we want to see now is what will it do out of a horizontal well."

Results from the Tuvaaq well, Hager

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Petroleum News and its supplement, Petroleum Directory, are owned by Petroleum Newspapers of Alaska LLC. The newspaper is published weekly. Several of the individuals listed above work for independent companies that contract services to Petroleum Newspapers of Alaska LLC or are freelance writers.

OWNER: Petroleum Newspapers of Alaska LLC (PNA)
Petroleum News (ISSN 1544-3612) • Vol. 30, No. 16 • Week of April 20, 2025

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.

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HISTORY

said, prove "the existence of the Schrader Bluff formation, the shallower formation, three miles to the west of Nikaitchuq." The Kigun prospect, he said, is being drilled to earn that acreage.

Hager said Kerr-McGee believes "that the Schrader Bluff may be well developed over much of the approximately 36,000 acres in the Nikaitchuq, Kigun and the Tuvaaq areas."

Onshore, he said, the Schrader Bluff is being developed on 160-acre spacing, and with "approximately 36,000 acres gross … I think you can see the potential that exists with this particular program." One of the slides accompanying Hager's remarks showed a resource of 30 million to 60 million barrels for the company's Alaska discoveries now being appraised.

"We are encouraged with the results we've seen thus far in Alaska," Dave Hager, Kerr-McGee's senior vice president responsible for oil and gas exploration and production, said March 15. "

In 2004, Kerr-McGee said the vertical Nikaitchuq No. 1 tested at rates of more than 960 bpd of 38 degree API from the Sag River formation. The Nikaitchuq No. 2 was drilled 9,000 feet southeast of the discovery well and successfully extended the accumulation down dip. ●

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LEASE RENTAL

rate will return to $10 per acre. Decisions are to be based on funds expended and the type of work completed.

Nottingham said in the Oil Search decision that sustained production has not begun but said "Oil Search obtained licenses" to multi-client 3D seismic and imaging surveys which cover the leases and completed multi-stage reprocessing to combine the data into one contiguous data set.

The leases were also included in an application for the second expansion of the Pikka unit submitted March 29, 2024, and approved Sept. 10, with the leases committed to the Pikka unit in their entirety effective Sept. 10, extending the expiration of the leases indefinitely.

The division said an interpretation of the 3D seismic data and well data submitted to the division "supported interpretation of potential hydrocarbon accumulations across the proposed expansion."

Second application denied

A Jan. 15 application from J. Andrew Bachner for rental reduction on two leases at the mouth of the Nechelik Channel of the Colville River Delta was submitted by Bachner on behalf of himself and Keith Forsgren.

Bachner said drilling activity is required to be 1 mile off the Colville River. He said the leases were not included in DNR's approval of ConocoPhillips' formation and expansions of the Colville River unit, but "drilling activities from CD2 and CD3 have extended the Alpine reservoir north toward the North Nechelik leases" at issue here, ADL 393587 and ADL 383588.

Decisions are to be based on funds expended and the type of work completed.

Bachner said the leases "are located in an area with challenging regulatory and operational constraints which have delayed exploration and development."

He said representatives for the men "have conducted numerous in person meetings with representatives from ConocoPhillips, and other operators in the area, in an effort to market the North Nechelik Leases for exploration and development."

In denying the application, Nottingham said no expenditure on the leases was claimed in the application. "No data were purchased, collected, or submitted as a result of claimed work."

In listing the division's findings on the application, he said the working interest owners "did not conduct sufficient exploration or development activities on the Lease to inform new phases of exploration and development."

"The Division relies on significant lessee investment and action to characterize potential reservoirs and design drilling programs to development them," he said, and concluded the working interest owners "have not exercised reasonable diligence" in exploring and developing the leases to warrant rental reduction.

—KRISTEN NELSON

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EIA FORECAST

increase production in May, rather than July as originally planned, a move which EIA said is expected to lead to an increase in global oil inventories beginning in mid-2025.

Brent drops

Following the OPEC+ announcement, and an April 2 Executive Order from President Trump announcing 10% tariffs on imports from all countries, with higher rates on some, Brent dropped 14% to $66 per barrel on April 7.

"We expect that prices for crude oil and other commodities will continue to experience significant volatility as market participants assess the effects of trade policies," EIA said.

In addition to unwinding of production cuts by OPEC+ members, EIA said production continues to grow in non-OPEC countries, led by the United States, Canada, Brazil and Guyana, with overall global liquid fuel production forecast to increase by 1.3 million bpd this year and by 1.2 million bpd in 2026.

Drop in demand

EIA said reduction in liquid fuels demand growth compared to last month's forecast "is concentrated in Asia as a result of U.S. tariffs," but despite that, non-OECD Asia is still seen as a primary driver of oil demand growth.

India is expected to increase liquid fuels consumption by 0.3 million bpd this year and next, up from an increase of 0.2 million bpd in 2024, EIA said, "driven by rising demand for transportation fuels."

China's consumption is also forecast to grow, by 0.2 million bpd in 2025 and 2026, up from a 0.1 million bpd growth in 2024, "as economic stimulus efforts drive higher demand growth."

Natural gas demand

Domestic natural gas demand — domestic consumption plus exports — is expected to grow 4% in 2025, EIA said, led by an 18% increase in exports and a 9% increase in residential and commercial consumption for heating.

Domestic natural gas demand — domestic consumption plus exports — is expected to grow 4% in 2025, EIA said, led by an 18% increase in exports and a 9% increase in residential and commercial consumption for heating.

U.S. liquefied natural gas exports are expected to increase by 3.3 billion cubic feet per day this year to an average of 15.2 bcf per day, with two new LNG export facilities, Plaquemines LNG Phase 1 and Corpus Christi LNG Stage 3, beginning production in December 2024. Both are expected to ramp up exports this year, EIA said, with Plaquemines ramping up production more quickly than expected. U.S. LNG exports are now expected to be 1 bcf per day more than forecast in March, with feedgas deliveries for Plaquemines Phase 2 expected to begin in September or sooner.

Residential and commercial sector consumption of natural gas is expected to average 23 bcf per day this year, up 1.8 bcf per day from 2024.

Growth in natural gas demand in 2026 will be driven, as it is this year, mostly by growth in LNG exports. Additional capacity from Golden Pass will come online in mid-2026.

LNG exports grow by 1.2 bcf per day in 2026, reaching an average of 16.4 bf per day, with additional demand growth from pipeline exports, expected to grow 0.8 bcf per day.

Natural gas prices

The U.S. benchmark Henry Hub price averages more than $3.90 per million British thermal units in the second quarter, up almost 90% compared with the second quarter 2024, EIA said. For all of 2025, Henry Hub is forecast to average some $4.30 per million Btu, and nearly $4.60 per million Btu in 2026.

Higher prices this year are expected to encourage increased production from the Appalachia and Haynesville regions.

Dry natural gas production is forecast to average some 105 billion cubic feet per day in the second quarter of the year, nearly 3 bcf per day greater than the second quarter of 2024.

Annual outlook

U.S. energy consumption is expected to decrease over the next few years and then increase again beginning in the early 2040s, EIA said in its Annual Energy Outlook 2025, released April 15, with most scenarios the agency modeled forecasting domestic consumption in 2050 to be lower than in 2024.

"The U.S. energy system underwent major changes in the first quarter of the 21st century as oil and natural gas production surged, renewables were deployed more widely, and energy consumption patterns changed," EIA said. The 2025 annual outlook "can help stakeholders examine the ways in which the system could further change through 2050."

In most cases, the agency said it considers laws and regulations implemented as of December 2024, and the outlook reflects "business-as-usual trends, given known technological and demographic trends and current laws and regulations, and so provides a policy-neutral Reference case and an accompanying set of core side cases that can be used to analyze policy initiatives."

There is a reference case and a number of alternate cases, among them price and supply cases.

The reference case assumes both global oil supply and demand will increase, with crude oil prices rising steadily beginning in 2025, with the 2025 Brent oil price in the reference case $72.10 per barrel in 2025 and $95 in 2050 (prices are based on 2024 dollars). The low oil price case assumes lower demand and higher supplies, with muted impact on global quantities produced and consumed "because the demand and supply effects somewhat offset each other at equilibrium," with Brent at $46.24 per barrel in 2025 and at $47.04 in 2050, both at 2024 dollars. In the high oil price case, liquid fuel demand is higher, there are fewer industrial efficiency gains and liquid fuels continue to meet fuel demand in the nonmanufacturing sector, with Brent at $121 per barrel in 2025, rising to $154.92 in 2050.

Offsetting the reference case on oil and gas supply are low and high cases.

The low oil and gas supply case uses an estimated ultimate recovery per well 50% lower than in the reference case in three areas:

•Lower 48 tight oil, tight gas and shale gas;

•undiscovered resources in Alaska; and

•offshore Lower 48 resources.

In the high oil and gas supply case, estimated ultimate recovery is assumed to be 50% higher in those same three areas.

—KRISTEN NELSON

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AGDC HEARING

and moving natural gas to Cook Inlet to meet the impending natural gas shortage in Southcentral.

AGDC President Frank Richards and Matt Kissinger, AGDC's venture development manager, led the presentation, with AGDC Board Vice Chair Janet Weiss available for committee questions.

Among the lines of questioning, there was considerable interest in timing.

Kissinger said in response to a question from Rep. Donna Mears, D-Anchorage, that the next major milestone is FEED entry on the pipeline, with news of that expected this month. Asked if the information expected to come in April would include a FID date, Kissinger said he was uncertain if a target FID date would be included because of timing uncertainty around financing and equity investments, but said he expected milestones to be included with the announcement, and information on the pipeline consortium coming together, and concurrent with that, or shortly after, details around FEED entry.

Confidentiality, approvals

Confidentiality was an issue for some committee members, who asked about access to agreements AGDC signed with Glenfarne.

Rep. Zack Fields, D-Anchorage, asked if AGDC could provide unredacted versions of the agreements it signed with Glenfarne. He also asked if Glenfarne committed to a timeframe and asked what the terms were of those timeframes.

Richards said the agreements were confidential.

Fields asked if AGDC's board members had reviewed the documents before signing off on the deal.

Weiss said the board was provided the full agreements, along with explanations and time to review the agreements.

Asked if the board had the opportunity to review other proposals and compare benefits to the state she said the board saw the types of companies, the actual companies which came forward, their ability to do such a project and screening criteria.

Fields pursued the question later in the hearing, asking Weiss if she was aware that Richards told other companies not to continue providing information, and wanted to know if other companies screened by Goldman Sachs were eliminated from consideration.

A big part of what Goldman Sachs did for AGDC, Weiss said, was to identify whether a company had the wherewithal to fund the $150 million estimated to take the project to FID. Some companies were screened out on that basis. As to Richards telling companies to stop reaching out, Weiss said it was her belief that she had seen the activity and heard from AGDC on companies that came forward.

Non-disclosure agreements?

Rep. Julie Coulombe, R-Anchorage, asked if members could see the agreements AGDC signed with Glenfarne if they signed non-disclosure agreements; Richards said he would consider that in consultation with AGDC's legal counsel. She asked if AGDC had met the requirements that it consult with the commissioners of the departments of Natural Resources and Revenue on the proposal.

Richards said AGDC consulted with the commissioners in conjunction with the Attorney General's office.

Coulombe also asked about late proposals received by AGDC and Kissinger said he'd correct what he said earlier from proposals to engagement.

There was late engagement, he said, but AGDC started working with Glenfarne in March of 2024 and in June of 2024 entered into exclusivity with them, carving out a contingency to carry on with the Phase 1 pipeline if negotiations with Glenfarne failed to bear fruit.

Kissinger said AGDC was ethically obligated to carry out negotiations with Glenfarne in good faith, and by October and November the two were trading a term sheet back and forth — a term sheet in line, he said, with everything AGDC had asked for.

Acting in good faith, AGDC in December closed the last bit of exclusivity around Phase 1 so it could conduct the final bit of due diligence.

Coulombe asked if the process was competitive, and Kissinger said it was a years long process. Companies weren't banging on AGDC's doors, he said, we were banging on theirs.

When AGDC got traction with Glenfarne there wasn't anybody else at the time. A couple of companies were looking but not to the extent Glenfarne was and those other companies weren't doing due diligence, an indicator, he said, of whether a company is really interested.

Rep. Dan Saddler, R-Eagle River, said he didn't know if anyone was being shut out but didn't want to second guess work AGDC has done.

He said the questions the committee was asking were questions the public was asking.

As the committee concluded the meeting, Resources Co-Chair Rep. Robyn Burke, D-Utqiaġvik, said there were a lot of questions and formally invited AGDC to come back before the committee, along with the DNR and Revenue commissioners and possibly Goldman Sachs.

—KRISTEN NELSON

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Oil Patch Bits

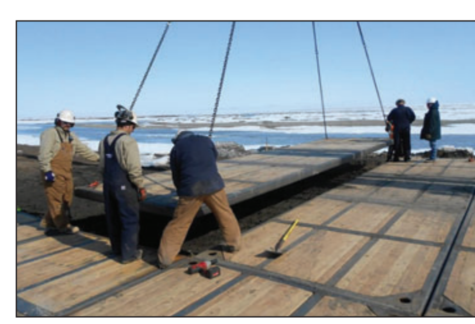
Alaska Materials and US Mat Systems enter into agreement

John Horjes, president of Alaska Materials, announced April 13 that the company has entered into a definitive agreement with US Mat Systems.

The agreement includes "exclusive rights" to all US Mat Systems rig mats and production for Alaska.

US Mat Systems specializes in the manufacture of quality rig mats. Founder Mike Wold worked in the industry for years, then in 2010, US Mat Systems was born. Focusing on design, building bigger, better, and tougher rig mats and walking mats, US Mat Systems became a main provider to the energy and logistics industries. Over the years, US Mat Systems has continued to introduce new patented designs along with its innovative parker linking system that can be employed to connect the mats into a 3-dimensional matrix.

Horjes said, "I believe it's safe to say that US Mat Systems have designed, built, and provided more mats to Alaska's North Slope than anyone."



ALASKA MATERIALS

An additional portion of this strategic alliance is in the works, and Alaska Materials looks forward to announcing it soon.

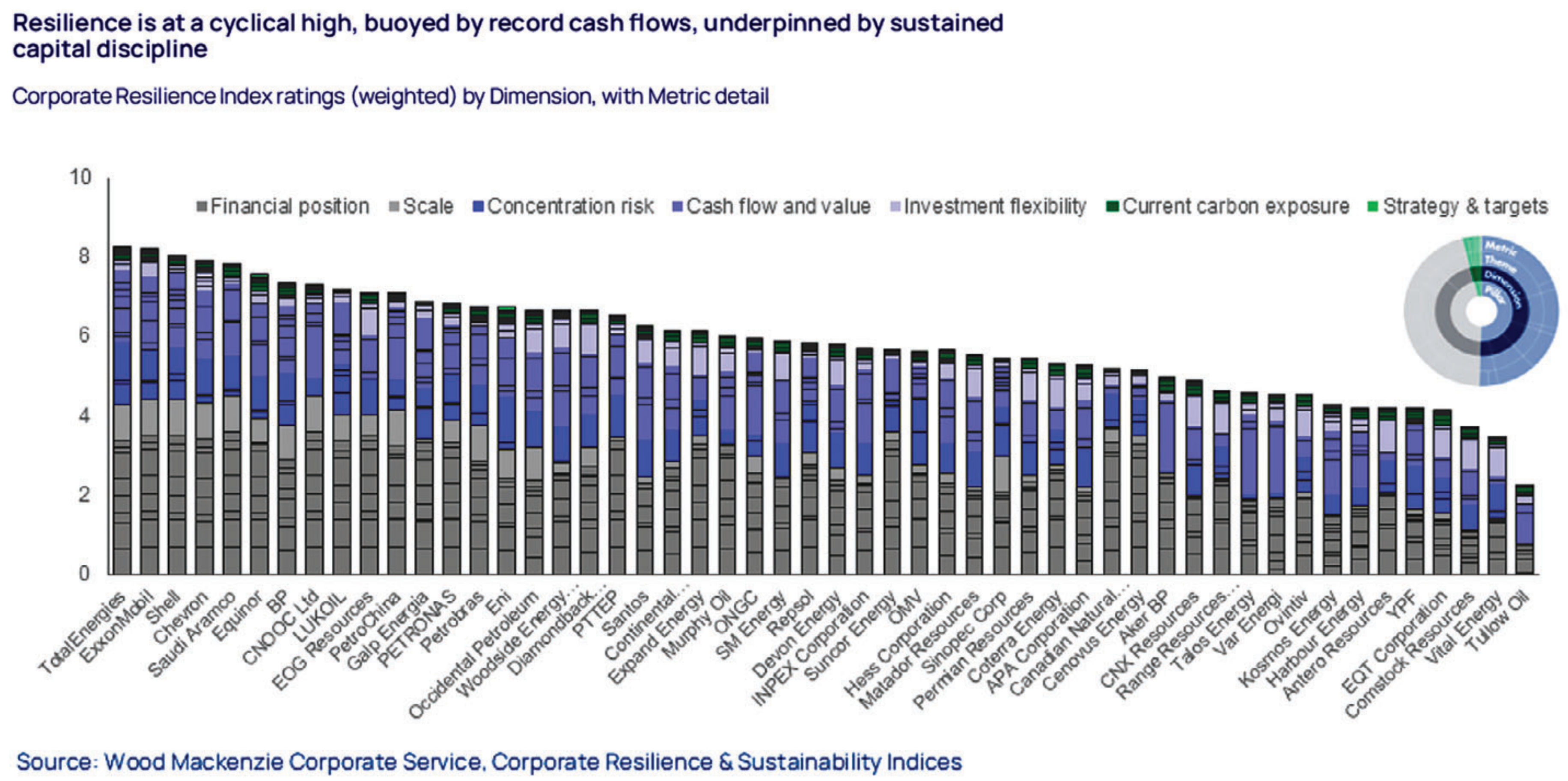
Alaska Materials agrees with the mantra "Drill Baby Drill" and looks forward to working with US Mat Systems and increasing its offerings.

Alaska Materials directly ships wholesale building, construction and specialty materials to all points in Alaska. For more information visit https://alaskamaterials.com/ or https://usmatsystems.com/.

Companies involved in Alaska's oil and gas industry

All of the companies listed above advertise on a regular basis with Petroleum News

How are companies positioned to handle a price slump?



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OIL PRICES

ANS leapt $1.24 April 11 to close at $67.53, as WTI and Brent each leapt $1.43 to close at $61.50 and $64.76 respectively.

Crude prices took a dramatic dive April 10 as the trade war between the United States and China escalated. ANS plummeted $2.52 to close at $66.29, WTI plummeted $2.28 to close at $60.07 and Brent plunged $2.15 to close at $63.33.

On April 16, ANS closed at a $6.18 premium over WTI and at a $2.80 premium over Brent.

Tariff to rock demand, prices

High sustained tariffs will make waves in crude markets, according to Wood Mackenzie analysis.

"Should tariffs be imposed at anything approaching Trump's starting position, the impact on companies will be profound but may also present opportunities for the bigger players," according to Simon Flowers, Wood Mackenzie chief analyst.

"The main impact will be indirect through weaker commodity demand and prices," Flowers said in The Edge April 10, adding that Wood Mac's scenario saw a hit to global GDP growth calculated at Trump's initial position will reduce oil demand for 2026 by some 1 million bpd, and prices down in 2026 by $7 per barrel, causing Brent to average $64 for 2026.

The average Brent breakeven price would be $62 per barrel after dividend — but before share buy-backs — based on Wood Makenzie estimates across a peer group of 52 companies.

Most oil companies are in much better shape now than before the crude price collapse a decade ago and the 2020 pandemic, Flowers said.

Companies may have to cut capex, dividends, or both.

"So much depends on how low prices go, how long the industry expects the downturn to last, and how many levers individual companies have at their disposal to pull," Flowers said. "Buy-backs, funded by free cash flow at higher prices, will go first."

Capital expenditure has been on a tight rein generally — as companies have purposefully seek investment flexibility over cash flow ups and downs, he said.

Balance sheets, strengthened in recent years, can help support dividends and investment for a period but very few companies can support dividends below $50 Brent, Flowers said. Adding that it is very likely that new upstream projects be delayed in the scenario.

The company's global project tracker has 28 upstream projects expected to gain final investment decisions in 2025, and another 35 in 2026, he said, adding that price volatility and capital preservation put these projects at risk of delay.

Much merger and acquisition activity will be chilled as falling prices and price volatility widen the bid-ask spread, killing smaller deals in the short-term, Flowers said.

"The bigger players will look to make the most out of a downturn," he said. U.S. Majors can use high share price ratings to build portfolios further; NOCs may look to diversify internationally."

Analysts at Citi Research expect Brent to sink to $60 near term, with support in the $60-$65 range in the second half of the year and averaging some $65 in 2026.

"Physical oil markets will likely bear the brunt of the trade tariff-related real activity shock in the coming weeks and months," Citi said in a report. "Beyond the negative effects via lower global trade, a period of uncertainty is most likely still ahead of us, leaving firms and households underspending until things become clearer, and raising the probability of an undershoot in global activity over the coming months." ●

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PIKKA PROJECT

potential around it and the opportunity to invest there in the future," Gallagher was quoted as saying at CERA by Reuters.

Phase 1 of the Pikka project is only 25% of the discovered resource, Gallagher said.

According to Reuters, he told investors last that Santos' annual oil and gas production would grow by more than 30% in two years, in part because of the Pikka project.

Gallagher was equally bullish on Alaska and Pikka at a Feb. 18 Santos 2024 Full-Year Results webcast, in which a slide showed Pikka Phase 1 producing 80,000 barrels of oil per day for five or six years.

Gallagher also mentioned that the Pikka Phase 2 project is fully appraised with all major permits in place. It will be FEED ready this year and is expected to produce 80,000 barrels per day, just like Pikka Phase 1.

A Santos presentation slide said Phase 2 will develop "significant 2C contingent resource from the future NDC3 and NDA3." ●

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