



page ANS October output up 5.1% from
2 Sept.; up marginally year over year

Amaroq's Nicolai Creek 51st POD approved by state of Alaska

On Nov. 26, G. Scott Pfoff, president of Amaroq Resources, received a certified letter from Derek Nottingham, director of Alaska's Division of Oil and Gas, saying that the Nicolai Creek Unit's 51st plan of development, or POD, has been approved for the period of Dec. 29, 2024, through Dec. 29, 2025. During that time Amaroq commits to drilling up to three wells in the Nicolai Creek unit, an onshore field on the west side of Cook Inlet.



G. SCOTT PFOFF

These wells are to target the seismic anomalies identified in the previous POD period.

In its Nov. 26 approval letter the division described the history of the Nicolai Creek unit, or NCU, saying that the NCU commenced natural gas production in 1968. The field was shut in from 1977 until 2001 when production was restarted following Aurora Gas succeeding Union Oil of California as operator and sole working interest owner. After Aurora Gas filed a reorganization plan with the federal bankruptcy court,

see **AMAROQ POD** page 7

AOGCC approves pool rules, area injection order for KRU Coyote

The Alaska Oil and Gas Conservation Commission has approved pool rules and an area injection order applied for by ConocoPhillips Alaska for the Coyote oil pool in the Kuparuk River unit.

The commission said the Coyote oil pool is in the eastern-most portion of the Brookian Nanushuk formation and is the hydrocarbon accumulation correlating with the portion of the Nanushuk shown on the Palm 1 reference log between 4,270 and 5,115 feet measured depth, equivalent to 4,038 and 4,720 feet true vertical depth below mean sea level.

"The Nanushuk Oil Pool in the Pikka Unit, the Qannik Oil Pool in the Colville River Unit, and the proposed Willow development in the Bear Tooth Unit are all part of the same Nanushuk progradational sequence that the COP is in, but are located in further west facies that are not in communication with the COP," AOGCC said in its Nov. 27 order.

The Coyote oil pool thins in the west and expands in the

see **COYOTE POOL** page 5

Division OKs exploration plan for Quokka drilling this winter

The Alaska Department of Natural Resources' Division of Oil and Gas has approved a plan, as amended and modified, submitted by Santos subsidiary Oil Search (Alaska) in September for this winter's Quokka 1 exploration program.

In a Nov. 29 decision, the division said it amended the plan with conditions of approval requiring Oil Search to indemnify the state for claims and damages, requiring status reports on May 1 and Nov. 1 until final completion report is filed, among other requirements.

Separately, the division is requiring bi-weekly reports to the division during the exploration operations "summarizing activities undertaken and their location within the permit area," with the frequency and content of the reports to be modified by the division as needed.

The division said that based on the exploration results it anticipates that Oil Search may submit plans for additional exploration drilling.

see **QUOKKA DRILLING** page 8

EXPLORATION

Heading back

Armstrong to drill Sockeye-2 exploration well on eastern North Slope

By **KAY CASHMAN**

Petroleum News

Bill Armstrong's Lagniappe Alaska is returning to the eastern North Slope this winter to drill the Sockeye-2 exploration well on state of Alaska acreage approximately 8 miles southeast of Badami, within the Lagniappe-operated oil and gas lease block.



The Sockeye-2 well surface location is approximately 1,000 feet north of the Sockeye-1 well, drilled in the winter season of 2023-24 as part of the Lagniappe Exploration Program in a search for Pikka-look-alikes east of Prudhoe Bay. The wells

each targeted large 3D-defined opportunities.

The program called for drilling a total of six wells using three rigs drilling simultaneously over a period of 2 years with a maximum of three exploration wells per season. But because of record bad weather on the North Slope none of the wells were able to be completed and tested and only one, the King Street-1, reached its target depths.

The record bad weather included unusually warm temperatures, then really windy weather, followed by more wind, snow and below normal temps.

As a result, the Sockeye-1 and Voodoo-1 wells were plugged before reaching their targeted formations as there wasn't time to drill and evaluate them prior to the end of the drilling season.

see **SOCKEYE-2** page 6

FINANCE & ECONOMY

ANS price firms up

Surprise inventory draw offset by strong dollar; OPEC+ decision looms

By **STEVE SUTHERLIN**

Petroleum News

Alaska North Slope crude dropped \$1.28 Dec. 4 to close at \$71.47, while West Texas Intermediate plunged \$1.40 to close at \$68.54 and Brent dropped \$1.31 to close at \$72.31.

Despite an amplification of volatility over the three trading days following the Thanksgiving holiday weekend, ANS closed just 15 cents below its close of \$71.62 on the previous Wednesday, Nov. 27.

U.S. commercial crude oil inventories for the week ended Nov. 29 — excluding Strategic Petroleum Reserve levels — dropped 5.1 million

"Market participants are closely watching to see if OPEC+ will focus on bolstering prices by extending production cuts or opt to defend its share of the global crude oil market by easing those cuts," said Satoru Yoshida, a commodity analyst with Rakuten Securities.

barrels from the previous week to 423.4 million barrels — 5% below the five-year average for the time of year, the U.S. Energy Information Administration said Dec. 4.

see **OIL PRICES** page 8

GOVERNMENT

An ANWR injunction?

AIDEA asks District Court to block leasing of land from its contested leases

By **ALAN BAILEY**

For Petroleum News

The Alaska Industrial Development and Export Authority has requested the federal District Court in Alaska to issue an injunction prohibiting the Bureau of Land Management from the leasing of some land in an upcoming lease sale for the Coastal Plain of the Arctic National Wildlife Refuge. Leases on the land in question had been obtained by AIDEA in the 2021 lease sale for the coastal plain.

AIDEA's requested injunction comes within a court case in which the agency has appealed BLM's cancellation of AIDEA's ANWR leases in 2023, after the agency had determined that the

environmental impact statement for the 2021 lease sale had been deficient.

A possible major impact

An injunction, if issued, would likely have a major impact on an upcoming coastal plain lease sale — AIDEA told the court that approximately 265,000 acres of land leased to the agency in 2021 may overlap with the 400,000 acres of land that are to be offered for leasing in the lease sale. The Tax Cuts and Jobs Act, passed in 2017, mandated the conducting of two ANWR coastal plain leases sales. The first of these lease sales was held in 2021, with the second sale having to be held by the end of this year. The act also mandated that BLM

see **ANWR INJUNCTION** page 5

● EXPLORATION & PRODUCTION

ANS production up 5.1% month over month

At 471,010 bpd, also up marginally from October 2023; biggest increases at Colville River, Prudhoe; Badami also up significantly

By KRISTEN NELSON

Petroleum News

Alaska North Slope production averaged 471,010 barrels per day in October, up 22,925 bpd, 5.12%, from a September average of 448,085 bpd and up marginally, 0.22%, from an October 2023 average of 469,988 bpd. ANS crude, 88.95% of the total, averaged 418,984 bpd in October, up 19,026 bpd, 4.76%, from a September average of 399,957 bpd and up 0.46% from an October 2023 average of 417,085 bpd. ANS natural gas liquids, 11.05% of the total, averaged 52,026 bpd in October, up 3,898 bpd, 8.1%, from a September average of 48,128 bpd but down 1.66% from an October 2023 average of 52,904 bpd.

North Slope Borough temperatures averaged 19.6 degrees F in October, down from an average of 35.7 degrees in September and 6.2 degrees above the 1925-2000 mean. Temperature data is from the county time series maintained by NOAA's National Centers for Environmental Information, which has NSB temperatures beginning in 1925.

Production data are from the Alaska Oil and Gas Conservation Commission which reports production by field and well on a month delay basis.

Increases at Colville, Prudhoe, Greater Mooses Tooth

September to October increases occurred at several units, most notably Colville River, Prudhoe Bay and Greater Mooses Tooth.

The largest month-over-month volume increase was at

ConocoPhillips Alaska's Colville River, which averaged 35,898 bpd in October, up 10,265 bpd, 40.05%, from a September average of 25,632 bpd and up 4.06% from an October 2023 average of 34,498 bpd. In addition to oil from the main Alpine pool, Colville has production from the smaller Nanuq and Qannik oil pools.

There are five drill sites at Colville, with CD4, which produces from all three pools, showing the largest month-over-month increase, accounting for more than 30% of Colville production, compared to just 18% in September, and with a single CD4 Qannik well accounting for almost 100,000 barrels over the month.

The Hilcorp North Slope-operated Prudhoe Bay unit averaged 254,596 bpd in October, up 7,793 bpd, 3.16%, from a September average of 246,803 bpd but down 1.41% from an October 2023 average of 258,228 bpd. Prudhoe crude averaged 205,580 bpd in October, 80.75% of the total, up 4,255 bpd, 2.11%, from a September average of 201,325 bpd, but down 1.49% from an October 2023 average of 208,690 bpd. Prudhoe NGLs averaged 49,016 bpd in October, 19.25% of the total, up 3,538 bpd, 7.78%, from a September average of 45,478 bpd but down 1.05% from an October 2023 average of 49,538 bpd.

In addition to the primary reservoir, production volumes from Prudhoe include Aurora, Borealis, Lisburne, Midnight Sun, Niakuk, Polaris, Point McIntyre, Put River, Raven and Schrader Bluff.

ConocoPhillips Alaska's Greater Mooses Tooth in the National Petroleum Reserve-Alaska averaged 16,689 bpd in October, up 2,572 bpd, 18.22%, from a September average of 14,118 bpd but down 4.13% from an October 2023 average of 17,407 bpd. Greater Mooses Tooth produces

from the Lookout oil pool at MT6, which accounted for just under 10% of the volume, and the Rendezvous oil pool at MT7, accounting for just over 90% of the unit's volume; there were month-over-month increases from both oil pools.

Endicott, Badami, Kuparuk

Other units with substantial month-over-month increases include Endicott, Badami and Kuparuk.

Hilcorp Alaska-operated Endicott averaged 5,434 bpd in October, up 1,266 bpd, 30.36%, from a September average of 4,168 bpd but down 7.78% from an October 2023 average of 5,892 bpd. Endicott crude averaged 4,946 bpd in October, 91.03% of the total, up 983 bpd, 24.79%, from a September average of 3,964 bpd but down 2.63% from an October 2023 average of 5,080 bpd. Endicott NGLs averaged 487 bpd in October, 8.97% of the total, up 138.4% from a September average of 204 bpd but down 39.99% from an October 2023 average of 812 bpd.

Savant Alaska's Badami had the largest month-over-month increase by percentage, averaging 3,809 bpd in October, up 1,242 bpd, 48.39%, from a September average of 2,567 bpd and up 305.71% from an October 2023 average of 939 bpd. The B1-33A well was completed in September and was in production for 18 days that month, providing the most oil of any of the Badami wells. In October, online for the full month, the well accounted for 92,650 of 118,085 barrels produced at Badami in the month. Savant is a Glacier Oil and Gas company.

ConocoPhillips Alaska-operated Kuparuk River

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Cook Inlet natural gas down 1.07%

Cook Inlet natural gas production averaged 189,457 thousand cubic feet per day in October, down 2,051 mcf per day, 1.07%, from a September average of 191,508 mcf per day and down 6.58% from an October 2023 average of 202,795 mcf per day.

Volumes are calculated from Alaska Oil and Gas Conservation Commission data, reported on a month-delay basis. For natural gas AOGCC reports measurements in thousands of cubic feet, mcf.

The five largest Cook Inlet gas fields, those accounting for 5% or more of the monthly total, accounted for 76.27% of inlet production in October.

Hilcorp's North Cook Inlet averaged 44,716 mcf per day in October, 23.6% of the inlet total, up 2,370 mcf per day, 5.6%, from a September average of 42,346 mcf per day and up 24.16% from an October 2023 average of 36,013 mcf per day.

The Hilcorp-operated Beluga River field (Chugach Electric Association holds the majority working interest ownership) averaged 43,441 mcf per day in October, 22.93% of the inlet total, up 1,484 mcf per day, 3.54%, from a September average of 41,956 mcf per day and up 10.21% from an October 2023 average of 39,415 mcf per day.

Hilcorp's Ninilchik averaged 26,957 mcf per day in October, 14.23% of the inlet total, down 912 mcf per day, 3.27%, from a September average of 27,869 mcf per day and down 30.66% from an October 2023 average of 38,874 mcf per day.

Hilcorp's Kenai gas field averaged 18,075 mcf per day in October, 9.54% of the inlet total, up 583 mcf per day, 3.34%, from a September average of 17,492 mcf per day and down 6.63% from an October 2023 average of 19,358 mcf per day.

Hilcorp's McArthur River averaged 11,320 mcf per day in October, 5.97% of the inlet total, down 288 mcf per day, 2.48%, from a September average of 11,607 mcf per day and down 16.59% from an October 2023 average of 13,572 mcf per day.

Next in scale are fields collectively providing less than 24% of inlet gas.

Furie's Kitchen Lights averaged 9,104 mcf per day in October, 4.81% of the inlet total, down 297 mcf per day, 3.15%, from a September average of 9,400 mcf per day and down 16.99% from an October 2023 average of 10,968 mcf per day.

Hilcorp's Swanson River averaged 8,731 mcf per day in October, 4.61% of the total, down 1,685 mcf per day, 16.17%, from a September average of 10,416 mcf per day but up 54.34% from an October 2023 average of 5,657 mcf per day.

Hilcorp's Beaver Creek averaged 5,002 mcf per day, 2.64% of the total, up 324 mcf per day, 6.92%, from a September average of 4,678 mcf per day but down 59.86% from an October 2023 average of 12,461 mcf per day.

Hilcorp's Cannery Loop averaged 4,802 mcf per day in October, 2.53% of the total, down 188 mcf per day, 3.77%, from a September average of 4,990 mcf per day and down 2.27% from an October 2023 average of 4,913 mcf per day.

Hilcorp's Granite Point averaged 3,020 mcf per day in October, 1.59% of the total, up 42 mcf per day, 1.41%, from a September average of 2,978 mcf per day but down 6.4% from an October 2023 average of 3,226 mcf per day.

Hilcorp's Deep Creek averaged 2,822 mcf per day in October, 1.49% of the total, down 256 mcf per day, 8.31%, from a September average of 3,078 mcf per day and down 21.23% from an October 2023 average of 3,583 mcf per day.

Hilcorp's Lewis River averaged 2,464 mcf per day in October, 1.3% of the total, down 544 mcf per day, 18.08%, from a September average of 3,007 mcf per day but up 8% from an October 2023 average of 2,281 mcf per day.

Hilcorp's Ivan River averaged 2,428 mcf per day in October, 1.28% of the total, down 2,953 mcf per day, 54.88%, from a September average of 5,381 mcf per day and down 54.11% from an October 2023 average of 5,291 mcf per day.

AIX's Kenai Loop averaged 1,894 mcf per day in

October, 1% of the total, down 101 mcf per day, 5.05%, from a September average of 1,995 mcf per day and down 14.99% from an October 2023 average of 2,228 mcf per day.

Vision Operating's North Fork averaged 1,772 mcf per day in October, 0.94% of the total, up 8 mcf per day, 0.45%, from a September average of 1,765 mcf per day, but down 17.54% from an October 2023 average of 2,149 mcf per day.

BlueCrest's Hansen averaged 1,000 mcf per day in October, 0.53% of the total, up 4 mcf per day, 0.4%, from a September average of 997 mcf per day and up 6.65% from an October 2023 average of 938 mcf per day.

Hilcorp's Trading Bay averaged 843 mcf per day in October, 0.45% of the total, up 192 mcf per day, 29.45%, from a September average of 651 mcf per day but down 24.98% from an October 2023 average of 1,124 mcf per day.

Amaroq's Nicolai Creek averaged 498 mcf per day in October, 0.26% of the total, up 110 mcf per day, 28.23%, from a September average of 388 mcf per day and up 212.32% from an October 2023 average of 159 mcf per day.

Cook Inlet Energy's West McArthur River averaged 222 mcf per day in October, 0.12% of the total, up 8 mcf per day, 3.62%, from a September average of 214 mcf per day and unchanged from an October 2023 average of 222 mcf per day. CIE is a Glacier Oil and Gas company.

Hilcorp's Nikolaevsk averaged 203 mcf per day in October, 0.11% of the total, up 34 mcf per day, 20.13%, from a September average of 169 mcf per day but down 12.37% from an October 2023 average of 232 mcf per day.

Cook Inlet Energy's Redoubt Shoal averaged 143 mcf per day in October, 0.08% of the total, up 12 mcf per day, 9.6%, from a September average of 130 mcf per day and up 23.89% from an October 2023 average of 115 mcf per day.

Cook Inlet natural gas production peaked in 1990 at more than 850,000 mcf per day.

—KRISTEN NELSON

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ANS OUTPUT

averaged 78,879 bpd in October, up 1,025 bpd, 1.32%, from a September average of 77,854 bpd but down 1.61% from an October 2023 average of 80,169 bpd. In addition to the main Kuparuk pool, Kuparuk produces from Coyote, Tabasco, Tarn, Torok and West Sak. Coyote, the newest pool to be developed at Kuparuk, averaged 3.03% of Kuparuk production in October, while Kuparuk accounted for 63.33%, West Sak for 21.05%, Torok for 6.03%, Tarn for 4.75% and Tabasco for 1.36%.

Smaller changes, up and down

Two fields had smaller month-over-month increases.

Eni's Ooguruk, taken over by Hilcorp Alaska in November, averaged 6,215 bpd in October, up 265 bpd, 4.45%, from a September average of 5,950 bpd but down 4.21% from an October 2023 average of 6,488 bpd.

Hilcorp Alaska's Northstar averaged 5,233 bpd in October, up 73 bpd, 1.42%, from a September average of 5,159 bpd but down 7.71% from an October 2023 average of 5,670 bpd. Northstar crude, 51.79% of the total, averaged 2,710 bpd in October, down 4 bpd, 0.15%, from a September average of 2,714 bpd and down 13.02% from an October 2023 average of 3,116 bpd. Northstar NGLs, 48.21% of the total, averaged 2,523 bpd in October, up 77 bpd, 3.16%, from a September average of 2,445 bpd but down 1.23% from an October 2023 average of 2,554 bpd.

Hilcorp Alaska's Milne Point averaged 46,315 bpd in

October, down 911 bpd, 1.93%, from a September average of 47,226 bpd but up 11.22% from an October 2023 average of 41,644 bpd. Milne Point produces primarily from the Schrader Bluff and Kuparuk oil pools, with minor Sag River and Ugnu volumes.

Eni's Nikaitchuq, taken over by Hilcorp Alaska in November, averaged 13,308 bpd in October, down 621 bpd, 4.46%, from a September average of 13,930 bpd and down 16.89% from an October 2023 average of 16,013 bpd.

Hilcorp Alaska-operated Point Thomson averaged 4,634 bpd in October, down 44 bpd, 0.95%, from a September average of 4,678 bpd but up 52.51% from an October 2023 average of 3,038 bpd.

Cook Inlet crude up 3.07%

Cook Inlet liquids production averaged 8,435 bpd in October, up 254 bpd, 3.07%, from a September average of 8,183 bpd but down 5.54% from an October 2023 average of 8,930 bpd. Oil is 99.21% of Cook Inlet production, with just 0.79% NGLs, and those all from Swanson River.

Hilcorp's McArthur River averaged 2,458 bpd in October, down 43 bpd, 1.74%, from a September average of 2,501 bpd and down 8.64% from an October 2023 average of 2,690 bpd.

Hilcorp's Granite Point averaged 2,055 bpd in October, up 95 bpd, 4.84%, from a September average of 1,960 bpd but down 6.93% from an October 2023 average of 2,208 bpd.

Cook Inlet Energy's West McArthur River averaged

934 bpd in October, up 97 bpd, 11.54%, from a September average of 837 bpd and up 0.77% from an October 2023 average of 927 bpd. CIE is a Glacier Oil and Gas company.

Hilcorp's Trading Bay averaged 880 bpd in October, up 82 bpd, 10.28%, from a September average of 798 bpd but down 1.24% from an October 2023 average of 891 bpd.

Hilcorp's Swanson River averaged 692 bpd in October (90.41% crude and 9.59% NGLs), down 38 bpd, 5.23%, from a September average of 730 bpd and down 2.78% from an October 2023 average of 712 bpd.


BlueCrest's Hansen averaged 632 bpd in October, down 5 bpd, 0.82%, from a September average of 637 bpd and down 9.69% from an October 2023 average of 700 bpd.

Cook Inlet Energy's Redoubt Shoal averaged 587 bpd in October, up 79 bpd, 15.63%, from a September average of 508 bpd and up 14.13% from an October 2023 average of 515 bpd.

Hilcorp's Beaver Creek averaged 196 bpd in October, down 15 bpd, 6.91%, from a September average of 211 bpd and down 31.58% from an October 2023 average of 287 bpd.

ANS crude oil production peaked in 1988 at 2.1 million bpd; Cook Inlet crude oil production peaked in 1970 at more than 227,000 bpd. ●

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EXPLORATION & PRODUCTION

Division OKs Western Satellites POD

The Alaska Department of Natural Resources' Division of Oil and Gas has approved the 2025 Prudhoe Bay unit Western Satellites participating areas plan of development from Prudhoe operator Hilcorp North Slope.

The Nov. 26 approval covers Jan. 1 through Dec. 31, 2025.

The Western Satellites include five participating areas: Aurora, Borealis, Midnight Sun, Orion and Polaris. Aurora, Borealis and Midnight Sun produce primarily from the Kuparuk River formation, with Orion and Polaris producing higher viscosity Schrader Bluff formation oil.

In the 2024 Western Satellites POD, Hilcorp committed to 19 wells, but drilled only one with an additional four planned for completion before the end of the 2024 POD period. "Hilcorp deferred the remaining 14 wells for the Initial Participating Areas, which consists of the Oil Rim and Gas Cap PAs," the division said. Workover operations completed included two recompletes with four more pending prior to the end of the POD period.

The 2024 POD also included phase 1 construction of the EWE LDF twin pipeline, planned to begin in 2024 and continue into 2025. The division said the pipeline "work will lead to debottlenecking production and allowing additional wells to be put back into service."

An evaluation of GC2 Bank Slugcatcher retrofit was also included in the 2024 POD, but the division said "Hilcorp deferred the slugcatcher retrofit as it was evaluated and determined to not be necessary."

In the 2025 POD Hilcorp North Slope committed to seven wells in the Western Satellites PA, with another eight possible "depending on rig availability and priority of wells within other areas of the PBU." The division said Hilcorp would need to notify the division — and may need to submit an amendment to the POD — if it anticipates a change in the 2025 commitments.

One well has been identified for recompletion, but more may be recompleted or worked over "pending necessity and rig availability," the division said.

Completion of phase 1 of the EWE LDF twin pipeline is planned for 2025, along with GC2 inter-stage vessel installation, GC2 LPS compressor bundle upgrade and gas conditioning upgrades and GC2 A Bank vessel internal upgrades.

—KRISTEN NELSON

The Western Satellites include five participating areas: Aurora, Borealis, Midnight Sun, Orion and Polaris. Aurora, Borealis and Midnight Sun produce primarily from the Kuparuk River formation, with Orion and Polaris producing higher viscosity Schrader Bluff formation oil.

EXPLORATION & PRODUCTION

Baker Hughes US rig count down 1 at 582

By KRISTEN NELSON

Petroleum News

The Baker Hughes' U.S. rotary drilling rig count was 582 on Nov. 27, down one from the week ending Nov. 22 — reported early prior to Thanksgiving. The count was down by 43 from 625 a year ago and down two from two weeks ago. Over the last eight weeks the rig count was unchanged in three weeks, down in four and up in one week with losses of four and a gain of one, continuing a downward trend dominant since the beginning of May. This is the lowest domestic rig count since December 2021.

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 2023, the count hit its low point Nov. 10 at 616, down from a high of 775 on Jan. 13, 2023. In 2022, the count bottomed out at 588 Jan. 1, reaching a high for the year of 784 on Nov. 23.

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

Baker Hughes shows Alaska with 10 rotary rigs active Nov. 27, unchanged from the previous week and unchanged from a year ago.

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 Nov. 27 count includes 477 rigs targeting oil, down two from the previous week and down 28 from 505 a year ago, with 100 rigs targeting natural gas, up one from the previous week and down 16 from 116 a year ago, and five miscellaneous rigs, unchanged from the previous week and up by one from a year ago.

Forty-five of the rigs reported Nov. 27 were drilling directional wells, 521 were drilling horizontal wells and 16 were drilling vertical wells.

Alaska rig count unchanged

Wyoming (18) was down one rig from the previous week.

Rig counts in other states were unchanged from the previous week: Alaska (10), California (5), Colorado (10), Louisiana (30), New Mexico (102), North Dakota (34), Ohio (10), Oklahoma (44), Pennsylvania (15), Texas (281), Utah (11) and West Virginia (10).

Baker Hughes shows Alaska with 10 rotary rigs active Nov. 27, unchanged from the previous week and unchanged from a year ago.

The rig count in the Permian, the most active basin in the country, was unchanged from the previous week at 303 and down by 11 from 314 a year ago. ●

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ANWR INJUNCTION

offer at least 400,000 acres of land for leasing in each of the two lease sales.

At the time Petroleum News went to press BLM had not yet announced a date for the second lease sale.

But the agency under the Biden administration had challenged the validity of the environmental impact statement for the lease sales and in October issued a supplementary environmental impact statement that would apply to the second lease sale. The preferred alternative for the second sale stipulates that the minimum area of 400,000 acres should be offered for leasing and specifies the area of land that encompasses that acreage.

Failure to hold the lease sale by the end of this year and to offer at least 400,000 acres for leasing would presumably violate the 2017 federal statute.

In its court filing, requesting the injunction, AIDEA said that the court case has been fully briefed and that the parties in the case had requested a court decision by Oct. 25, approximately two months before the deadline for the second lease sale. However, the court has not yet issued a decision, presumably at least in part because the Alaska District Court currently only has one judge to handle its workload of cases.

“AIDEA is familiar with and recognizes the docket congestion the court is facing due to the lack of judges,” AIDEA wrote in its court filing.

Potential for significant legal issues

However, the lack of legal clarity has the potential to create some significant

legal issues in relation to the upcoming lease sale. And at this stage there are several possible outcomes.

If the court rejects AIDEA’s appeal against the lease cancellations, the lease sale would presumably not be impacted. If, on the other hand, the court, before the lease sale, either agrees to issue the requested injunction or to uphold AIDEA’s appeal against the lease cancellations, BLM would presumably be unable to issue the legally required minimum of 400,000 acres for leasing without modifying its SEIS for the sale. If, worse still, the court were to uphold AIDEA’s appeal after the upcoming lease sale, the outcome could be two different entities being granted overlapping leases on the same land, a situation that AIDEA has characterized as potential legal “scrambled eggs,” given that it would be “very difficult and may be impossible to meaningfully implement any future remedy.”

Meeting with DOI officials

In its filing AIDEA told the court that it is meeting with Department of the Interior officials on Dec. 5 to discuss the situation and that AIDEA will notify the court of the outcome of those discussions and, hence, whether an injunction decision will be required.

But, by cancelling all the leases from the first lease sale and then overlapping areas offered for leasing in both the 2021 and 2024 lease sales “DOI now proposes to lease only a total of 400,000 acres by the end of 2024, as if Congress had mandated one rather than two such lease sales,” AIDEA wrote. ●

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COYOTE POOL

east, with a presumed water-oil contact at 4,260 feet TVD, limiting the proposed development to about the upper 200 feet of the proposed pool. The pool also has a small gas cap which will be produced out, the commission said.

Production plans

In the drill sites 3S and 3T proposed development area, original oil in place is 508 million to 646 million barrels, with 638 million to 810 million barrels in the “entire proposed affected area,” the commission said.

ConocoPhillips proposed and AOGCC approved an affected area including a portion of the Kuparuk River unit and extending beyond the area proposed for the Coyote participating area, with the affected area bordered by Oooguruk to the north; to the south by Quokka and lands not committed to a unit; to the east and west by lands within Kuparuk.

Primary recovery is estimated at some 5% of the original oil in place, 25.4-32.3 million barrels, with primary plus waterflood recovery resulted in 20-30% recovery, 102-194 million barrels and further recovery with primary plus water alternating gas under evaluation.

Coyote will be developed from the Kuparuk 3S and 3T drill sites with 40 wells total, split between producers and injectors, using horizontal line drive waterflood and with all wells fracture stimulated. Waterflood will use produced water from Kuparuk and/or Beaufort seawater from the Oliktok Point seawater treatment plant.

Coyote production will be commingled at the surface with Kuparuk and Oooguruk production and transported to

Central Processing Facilities 2 and 3.

The area injection order, also issued Nov. 17, authorizes underground injection for enhanced oil recovery at Coyote. An earlier 3-year temporary injection order was rescinded.

Santos-ConocoPhillips issues

The commission said Oil Search (Alaska), a subsidiary of Santos Ltd., submitted comments objecting to continued confidentiality of the KRU 3S-701/701A and KRU 3S-704 as those wells are in production and requested a 1-mile setback at the property line between Quokka and Kuparuk instead of the 500-foot setback in the agency’s regulations.

On the issue of confidentiality of wells, the commission said wells producing from Coyote, 3S-24B, 3S-701, 3S-701A and 3S-704, “were all properly classified as exploratory wells when they were permitted and drilled” and therefore data — except production volumes — must be held confidential for 24 months as required by state statutes.

Confidentiality for 3S-24B, where Coyote production began in January 2022, expired in January 2024, the commission said, and data has been released to the public. Data for 3S-701, 3S-701A and 3S-704 will be released in March and April 2025. Coyote production began from 3S-701A in March 2023 and from 3S-704 in April 2023.

On the property-line issue, the commission said Santos provided no evidence that an increase from 500 feet to 1 mile at the property line “over a tenfold increase, is necessary to protect its correlative rights.”

—KRISTEN NELSON

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SOCKEYE-2

The King Street-1 well was drilled to a total depth of 10,241 feet. Hydrocarbons were found in two separate zones at depths of 8,130 feet and 9,850 feet. Wireline eval-

uation, sidewall cores and MDT data from the well indicated pay in both lower and upper zones in high-quality late Cretaceous clastic reservoirs. But further evaluation was needed to determine the scope and focus of future appraisal drilling necessary to determine the size and extent of the King Street-1 discoveries.

Began with Pikka

In 2013, Armstrong Oil & Gas along with its partner Repsol, kicked off one of the hottest exploration plays in the world west of Prudhoe Bay in the Pikka field.

This discovery was followed by other Pikka look-a-likes: Brookian topset plays such as Willow, Stirrup, Mitquq and Coyote. In aggregate the fields have projected resources in excess of 5 billion barrels.

With Bill Armstrong's understanding of Brookian topset plays, he identified multiple Pikka look-a-like prospects 70-90 miles to the east.

In the 2023-24 winter season Lagniappe held a 25% working interest ownership in the 275,000-acre block of eastern North Slope leases the company drilled on behalf of partners APA Alaska LLC (50% WIO), an APA Corp. affiliate company, and Oil Search (Alaska) LLC (25% WIO), a Santos affiliate.

Based on information gleaned from these wells, Lagniappe amended their exploration plan for the 2024-25 season with the Alaska Department of Natural Resources' Division of Oil and Gas.

That lease plan of operations amendment was applied for on Oct. 29 and approved on Dec. 3.

But the targeted objectives are slightly younger than what Santos and partner Repsol have at Pikka but with better reservoir qualities — porosity and permeability — even though they are deeper.

The Sockeye-2 well has two completion options; either it will be plugged and abandoned or it will be suspended after drilling and testing is complete. It will be drilled using the Doyon 141 rig.

Project mobilization

Project mobilization for Sockeye-2 will follow a similar route to the 2023-24 season. The Doyon 141 drill rig will be transported to the drill site via a 35-mile ice road beginning at the Endicott Road. The ice road will measure approximately 36 feet wide and 18 inches deep.

The drill site will be an ice pad measuring up to 1,000 feet by 1,000 feet in size.

A hardened snow trail measuring 4.1 miles long and 26 feet wide will be constructed from Badami to facilitate early season ice construction.

Temporary facilities will include personnel camps, tanks, generators, maintenance shops, and other containers and connexes.

Ice and snow road construction will be approved separately through LAS 34790. Pre-packing activities are anticipated to begin as soon as conditions allow.

Drilling is scheduled to start as early as Jan. 1. Demobilization is scheduled for May 1.

Better oil

All reports say the play concept in the Lagniappe-operated acreage on the eastern North Slope is very similar to the Brookian at Pikka. Multiple zones, onshore, good gravity oil, reasonably close to infrastructure.

But the targeted objectives are slightly younger than what Santos and partner Repsol have at Pikka but with better reservoir qualities — porosity and permeability — even though they are deeper.

There have been very few wells drilled in and near Lagniappe's eastern area — and most of those wells were drilled in the 1970s trying to find another Prudhoe Bay, but almost all of the wells bypassed good oil shows, Armstrong said in a 2021 interview. ●

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AMAROQ POD

Aurora Exploration acquired the NCU from Aurora Gas, effective Jan. 1, 2018.

Aurora Exploration later changed its name to Amaroq Resources and became the designated operator of the NCU.

During the period beginning Sept. 1, 2023, through Aug. 31, 2024, the NCU produced a cumulative total of 76,312 thousand cubic feet, mcf, an average of 209 mcf per day. This production represented a 32% decrease from the prior 12-month period, the division said in its unit history.

50th POD

During the 50th POD period, Amaroq committed to progressing work to install a booster compressor at the south production facility. The compressor installation would allow additional gas production from wells No. 2 and No. 11, while maintaining production from well No. 9, and was anticipated to occur in the first half of 2024.

Additionally, Amaroq committed to searching for funding and interpretation of newly licensed 3D seismic data focusing on identifying natural gas bearing formations as opposed to the deeper, potentially oil-bearing formations.

Following discussions between Amaroq and the division, the agency imposed the following conditions on the 50th POD:

- Amaroq will commit to the complete preparation of plans for workover of the NCU No. 3 well to restore production by year end 2025; or

- Because Amaroq has identified 1 bcf (billion cubic feet) of proven undeveloped gas reserves in the NCU

PRA identified two shallow seismic anomalies that represent natural gas prospects.

No. 10 well, Amaroq will commit to conducting a workover or re-drilling of the NCU No. 10 well before the end of 2025.

At the time of a technical meeting with the division on Nov. 14, 2024, Amaroq commenced transportation of the booster compressor to the NCU and anticipates installation of the compressor upon its arrival at the south production facility. Additionally, Amaroq hired Petrotechnical Resources of Alaska, or PRA, to interpret the newly licensed 3D seismic data. PRA identified two shallow seismic anomalies that represent natural gas prospects. When the anomalies are tied to existing well data, they represent proven undeveloped resources and thus are considered exploration rather than exploration targets.

51st POD

During the 51st POD period, Amaroq commits to drilling three wells. These wells target the seismic anomalies identified by PRA.

These seismic anomalies represent potentially significantly greater reserves of natural gas than a workover on NCU No. 3 or NCU No. 10 would bring and could result in a superior way to access the proven resources associated with NCU No. 10.

Therefore, Amaroq is requesting that the division replace, or at a minimum defer, the conditions placed on the 50th POD. The division, through analysis of information provided by PRA and discussions with Amaroq agrees and approves the replacement of the conditions. If, however, Amaroq decides to workover the NCU No.

3 or No. 10, then this activity also would satisfy the conditions of the POD, which are set forth in the finding and decision.

Finding and decision

When considering a POD, the division must consider the criteria in 11 AAC 83.303(a) and (b).

Accordingly, Nottingham wrote in his decision, the agency “considered the public interest, conservation of natural resources, prevention of economic and physical waste, protection of all interested parties including the state, environmental costs and benefits, geological and engineering characteristics of reservoirs or potential hydrocarbon accumulations, prior exploration activities, plans for exploration or development, economic costs and benefits to the state, and any other relevant factors, including mitigation measures. 11 AAC 83.303(a),(b).”

The division may impose conditions as proposed modifications to a POD under 11 AAC 83.343(b), he said.

“Based upon the foregoing, the Division imposes the following conditions:

- “Amaroq will drill at least one of the three proposed wells during the 51st POD period; or

- “Amaroq will work over NCU #3 or NCU #10, which were previously proposed.”

This approval is only for a general plan of development. Specific field operations require separate approval under 11 AAC 83.346, Unit Plan of Operations.

Under 11 AAC 83.343, the 52nd POD is due Sept. 30, 2025, 90 days before the 51st POD expires.

—KAY CASHMAN

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Oil Patch Bits



PND board of directors elects new leadership

PND Engineers Inc. said Nov. 25 that President and Principal Engineer Jim Campbell, PE, is retiring at the end of the year. Effective Jan. 1, 2025, PND Senior Vice President and Principal Engineer Dempsey Thieman, PE, SE, will become the fifth president in PND’s 45-year history. Campbell, who served as president from 2016 to 2025, was hired at PND in January 1995; Thieman was hired five months later and will celebrate his 30th year with PND in 2025. A professionally licensed civil and structural engineer, Thieman has managed hundreds of projects at PND from the Aleutian Islands to the North Slope of Alaska, including several large waterfront and expansive civil infrastructure developments. His arctic, coastal, and waterfront engineering expertise continues to push PND’s propensity for producing ambitious and innovative design.

“We pride ourselves on high quality and responsiveness,” Thieman said of PND. “We’re all motivated to do good work, be responsive to our clients, and solve challenging problems.”



JIM CAMPBELL

PND’s board of directors also elected PND Principal Engineer Bryan Hudson, PE, SE, to serve as the company’s next senior vice president. Hudson has two decades of professional experience at PND, specializing in bridge engineering and waterfront infrastructure design. Both Thieman and Hudson operate out of PND’s Anchorage headquarters. Campbell, whose career focus was geotechnical and hydraulic/hydrologic engineering, resigns after 30 years at PND. He was the second-longest tenured president in PND history after co-founder Dennis Nottingham served 30 years in that capacity from 1979 to 2009.

“PND has grown over the years but has always maintained the values of providing the best possible engineering for our clients, research/innovation in our fields of practice, and loyalty to our employees,” Campbell said. “We really value our employees. There’s a lot of loyalty there. The quality of our service is rooted in the expertise of our employees.”



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QUOKKA DRILLING

The Quokka unit, held 51% by Oil Search and 49% by Repsol, is on the North Slope generally south and east of Pikka and west of the Southern Miluveach and Kuparuk River units.

Ice pad, ice road

The division said the Quokka 1 will be an appraisal well with an associated side-track, drilled from an ice pad measuring some 10 acres about 3 miles southeast of the Nanushuk Operations Pad along the Pikka access road, with a staging ice pad of some 5.7 acres to support project activities and an ice road some 1.2 miles long connecting the Quokka ice pad and the staging pad to the existing Pikka access road.

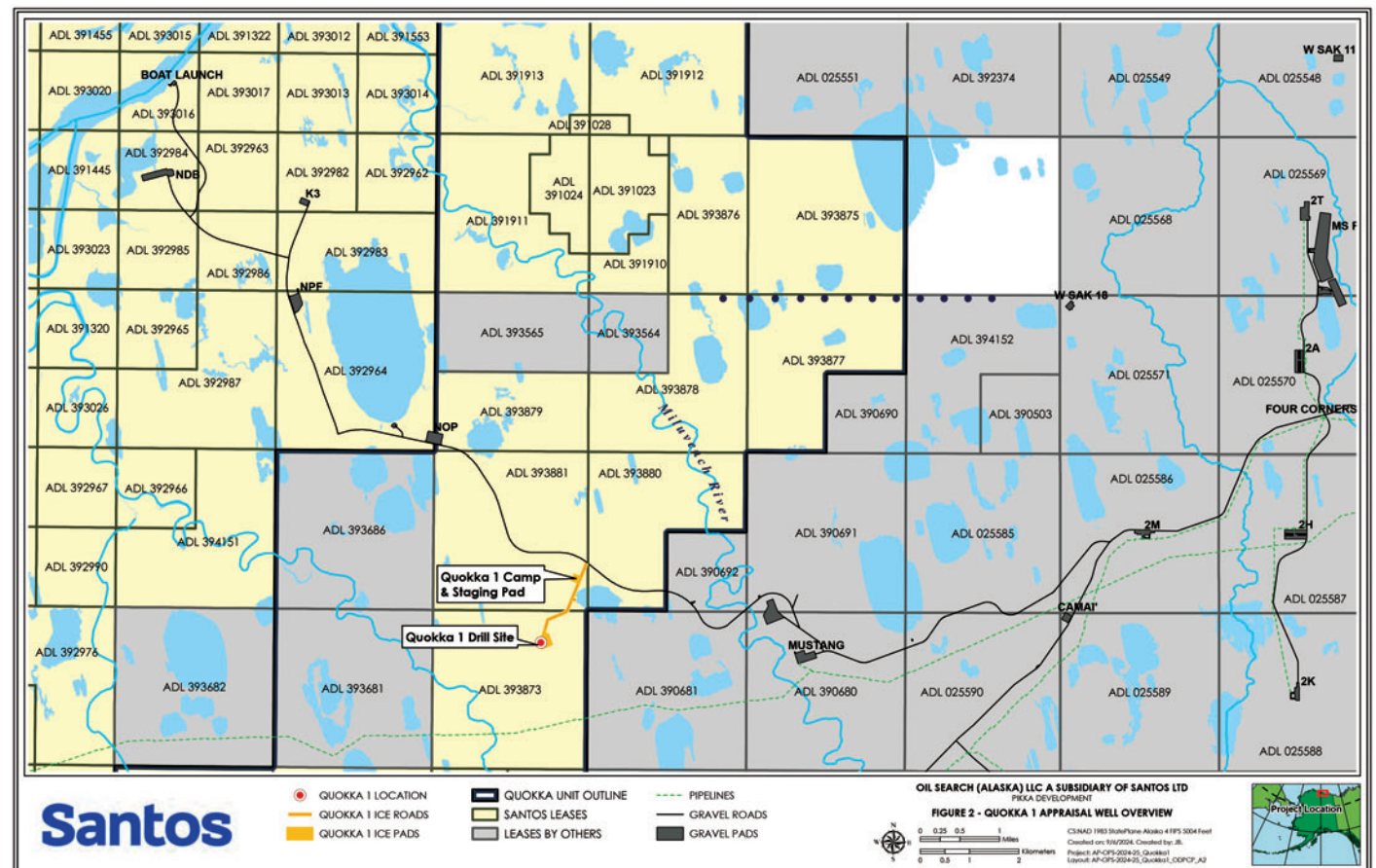
Oil Search will use Doyon 16 or a comparable rig, the division said, and the wells will be plugged and abandoned after completion.

Temporary buildings and structures will be used at the ice pad, mobilized to the pad and removed after drilling operations are complete. Temporary camps will be on the ice pad, on gravel pads in the area or at Deadhorse.

Power will be from portable generators.

The division said the nearby Pikka development “will provide support camps, medical services, and associated equipment as needed.”

The Quokka unit was formed in June 2022 and encompasses leases previously in the Placer unit. The division said prior to



formation of the unit “a number of exploration activities were conducted to acquire data to better characterize the field.”

This includes merging of prior 3D surveys “to create maps of reservoir characteristics” defining the Quokka unit and surrounding areas which Oil Search operates, with the volume totaling more than 1,700 square miles and 95% of Oil Search’s acreage including Quokka.

A vertical seismic profile was done at Stirrup 1 in the 2019-20 winter season, and in 2019 Oil Search drilled the Mitquq 1 and Mitquq ST1, plugged and abandoned in 2020.

Prior to unit formation other companies drilled in the area, including three Placer wells drilled by ASRC Exploration in 2004, 2011 and 2016 and Atlas 1 and Atlas 1A drilled by Phillips Alaska in 2001, since

plugged and abandoned.

The southernmost well drilled in the unit area was Cronus 1, drilled and abandoned in 2006 by Pioneer Natural Resources.

—KRISTEN NELSON

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OIL PRICES

The drawdown dwarfed analyst expectations from a Reuters poll of a 700,000-barrel decline, while also exceeding a 1.6 million barrel draw called for in survey of analysts conducted by S&P Global Commodity Insights.

Total motor gasoline inventories increased by 2.4 million barrels for the period, reaching 214.6 million barrels — 4% below the five-year average for the season, the EIA said. Distillate fuel inventories rose by 3.4 million barrels on the week to 118.1 million barrels — 5% below the five-year average for this time of year.

The S&P Global Commodity Insights survey forecast inventory gains of 1.6 million barrels for gasoline, and 800,000 barrels for distillates.

Such negative price action Dec. 4 in the face of many bullish factors may be in large part a correction from the previous day’s price action, out of a market rife with speculation and rumor as it awaits more concrete developments to drive its direction.

On Dec. 3, prices moved sharply skyward as ANS leapt \$1.77 to close at \$72.75, WTI leapt \$1.84 to close at \$69.94 and Brent leapt \$1.79 to close at \$73.62.

Crude prices made their 2% spike Dec. 3 after Israel said it would attack the Lebanese state if its truce with Hezbollah should collapse, Reuters reported.

Meanwhile, China’s expanding factory activity fanned hopes that crude demand could improve, as analysts waited to see if the world’s second largest economy will add new stimulus measures for growth, the Wall Street Journal said.

The Organization of the Petroleum Exporting Countries and its OPEC+ allies will likely extend temporary oil production cuts for at least first quarter 2024, when the group meets to decide the mat-

ter Dec. 5, OPEC+ sources told Reuters.

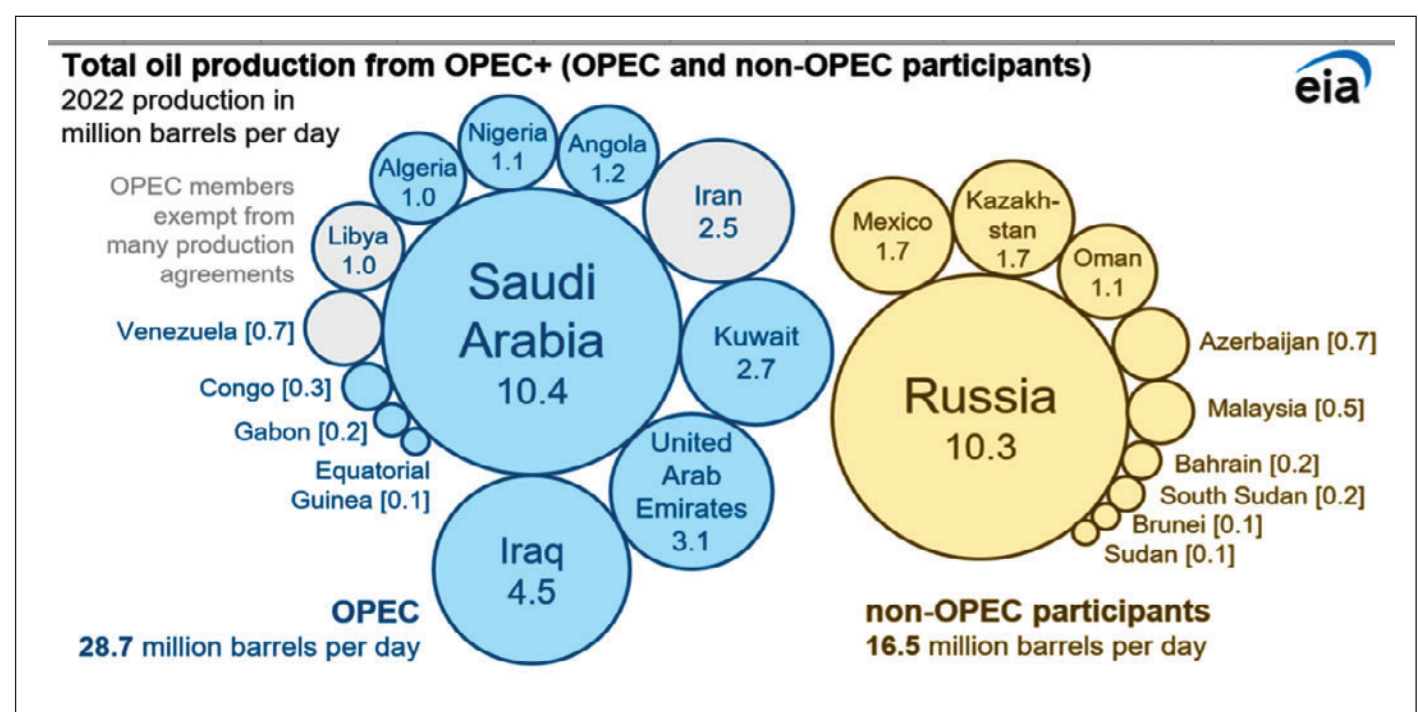
“Market participants are closely watching to see if OPEC+ will focus on bolstering prices by extending production cuts or opt to defend its share of the global crude oil market by easing those cuts,” said Satoru Yoshida, a commodity analyst with Rakuten Securities.

“The OPEC+ decision may prompt a short-term reaction, but the oil market is likely to rise by year-end on expectations of a U.S. economic recovery under the Trump administration and ongoing Middle East tensions,” he said.

Saudi Arabia has a plan to keep prices elevated, but “increasingly fractious” OPEC+ members want to pump more and maximize short-term profits, The Wall Street Journal reported Dec. 3.

ANS fell 63 cents Dec. 2 to close at \$70.99, as WTI fell 62 cents to close at \$68.10 and Brent fell a dollar to close at \$71.83.

On Dec. 4, ANS traded at a \$2.93 cent premium over WTI, and at an 84-cent discount to Brent. The Transportation



Total motor gasoline inventories increased by 2.4 million barrels for the period, reaching 214.6 million barrels — 4% below the five-year average for the season, the EIA said.

Security Administration saw 3,087,392 people through security checkpoints nationwide Dec. 1 — “the most screened in a single day over its 23-year history,” the agency said in a Dec. 2 release. It was the second time that more than 3 million people were screened in a single day.

Dollar: Dose of moderation

The dollar is playing its role in the marketplace, and of recent, its role has been moderation of crude prices. A dollar-denominated commodity such as oil is more expensive for buyers that must convert to an appreciated dollar to purchase crude — unless the crude price falls to compensate.

The DXY dollar index had the dollar at 106.32 Dec. 4, a premium level far above its lows in September and October of 100 and change.

The dollar rose from its lows coming into the Nov. 5 election. After the election, a new momentum took the dollar to a year-to-date high of 107.55 Nov. 22 — before a consolidation — then a rally, which pegged the dollar at a multi-day range near 106.

In mid-November, analysts reckoned that the dollar was soaring due to market expectations of rising inflation rising out of proposed economic policies of the new administration.

On Dec. 2 the WSJ Dollar Index rose 0.6% as markets reacted to President-elect Trump’s threat to enact 100% tariffs on Brazil, Russia, India, China and South Africa, the Wall Street Journal reported, adding that Trump wants the BRICS countries to shelve plans for a common currency to compete with the dollar. ●

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