



ConocoPhillips says will acquire Marathon Oil in all-stock deal

On May 29, ConocoPhillips and Marathon Oil Corp. announced they have entered into a definitive agreement pursuant to which ConocoPhillips will acquire Marathon Oil in an all-stock transaction with an enterprise value of \$22.5 billion, inclusive of \$5.4 billion of net debt.

Under the terms of the agreement, Marathon Oil shareholders will receive 0.2550 shares of ConocoPhillips common stock for each share of Marathon Oil common stock, representing a 14.7% premium to the closing share price of Marathon Oil on May 28, and a 16.0% premium to the prior 10-day volume-weighted average price.



RYAN LANCE

“This acquisition of Marathon Oil further deepens our portfolio and fits within our financial framework, adding high-quality, low cost of supply inventory adjacent to our leading U.S. unconventional position,” said Ryan Lance, ConocoPhillips chairman and chief executive officer. “Importantly, we share similar values and cultures with a

see **MARATHON DEAL** page 9

Hilcorp requests Milne Point gas offtake rate for 3rd party sales

Milne Point field operator Hilcorp Alaska is asking the Alaska Oil and Gas Conservation Commission for authority to sell some of the natural gas produced at the field to third parties, initially to Alaska CNG LLC. In a May 17 request, the company said it is negotiating to provide Alaska CNG LLC with Milne Point gas, which would be delivered at the Milne Point custody transfer meter and then “transported to customers across the North Slope,” with initial deliveries expected to begin in July.

Hilcorp said it may “enter into additional gas sales contracts with other entities for the same or similar purposes.”

Citing its authority under AS 31.05.030(e)(1)(F) to regulate for purposes of conservation the rate at which oil or gas are withdrawn from a well or field, AOGCC tentatively scheduled a public hearing on the matter for 10 a.m. June 27 at the commission’s Anchorage offices. The call-in number for the hearing is 907-202-7104 conference ID 433 773 304#.

AOGCC said in a May 23 public notice that if no timely requests for the hearing are received, it may issue an order without a hearing, and said to learn if the hearing will be held, call

see **OFFTAKE RATE** page 11

DNR posts updated Cook Inlet area unit maps showing PAs, Twps., etc.

On May 22, the Alaska Department of Natural Resources’ Division of Oil and Gas posted five updated Cook Inlet unit maps.

The new maps were for the Cannery Loop unit, Deep Creek unit, Kenai unit, Ninilchik unit and Pretty Creek unit.

All the units are operated by Hilcorp.

Except for the Ninilchik unit all the units had recently approved plans of development.

On May 1 Hilcorp requested the division delay mandatory unit contraction for Ninilchik, as well as filed the 20th Ninilchik POD. No decision for either appeared on the division’s website as of May 28.

All the maps appear on the division’s website under Information, and then under Maps & GIS. Among other things the five new maps show the location of each unit,

see **UPDATED INLET MAPS** page 8

FINANCE & ECONOMY

ANS has positive week

Crude rides AI optimism for economy; bullish summer travel expectations

By **STEVE SUTHERLIN**

Petroleum News

Alaska North Slope crude – despite a general risk-off chill in financial markets – vaulted \$2.01 over the trading week from Wednesday to Wednesday, from its close of \$84.35 May 22 to a close of \$86.36 May 29 — a loss of 70 cents on the day.

West Texas Intermediate gained \$1.72 the same week, from \$77.57 May 22 to \$79.23 May 29. It was down 60 cents on the day.

Brent was the laggard, up \$1.70 on the week to close at \$83.60 versus \$81.90 May 22: down 62 cents for the day.

A rebounding dollar put pressure on crude prices

The AAA predicted that the number of people flying over the weekend will be the highest in 20 years. Passenger numbers from the Transportation Security Administration bore out the bullish expectations.

May 29 after the reversal of a May 28 slide in the greenback which intensified robust crude price appreciation.

In a week that belonged to the bad news bears, May 28 was the day that made the favorable weekly price report possible.

ANS catapulted \$2.38 May 28 to close at \$87.06,

see **OIL PRICES** page 9

GEOTHERMAL ENERGY

Akin to making sausage

Legislation not always pretty, but HB 50 geothermal section nutritious

By **KAY CASHMAN**

Petroleum News

It’s common for Alaska lawmakers to combine loosely related bills near the end of a legislative session in order to get them passed before the session ends. House Bill 50 was one such measure. Lawmakers dumped various types of Cook Inlet energy bills into HB 50, including expansion of the state’s geothermal energy program.

The geothermal language was initially introduced by Gov. Mike Dunleavy in House Bill 74 and Senate Bill 69, which expanded the size of the tracts that may be leased to 100,000 acres from



PAUL CRAIG

51,200 acres. The bills also lowered the temperature threshold from 120 degrees Celsius to 80 degrees (176 degrees F), although the final language in HB 50 was somewhat unclear regarding temperature.

On May 23, Petroleum News interviewed Alaska’s premier leader in geothermal energy, Paul Craig, CEO of GeoAlaska LLC, based in Anchorage.

What does Craig think of the geothermal section of HB 50?

“What the legislature does in Juneau is akin to making sausage. It’s not always pretty nor does it always turn out exactly as you would hope, but in terms of geothermal policies, HB 50 looks like it is

see **GEOTHERMAL POLICY** page 11

EXPLORATION & PRODUCTION

Precise number required

Division tells Hilcorp to be specific in Cook Inlet PODs on wells it will drill

By **KRISTEN NELSON**

Petroleum News

In two recent plan of development approvals for Cook Inlet units, the Alaska Department of Natural Resources’ Division of Oil and Gas told Hilcorp Alaska that it wants a precise number of wells the company plans to drill in a given plan year, with a requirement that the division be made aware of any changes in those drilling plans with amendments to filed PODs.

Both approvals, for the Granite Point and North Cook Inlet units, include the same language in the division’s approvals, both signed by Division of



DEREK NOTTINGHAM

Oil and Gas Director Derek Nottingham.

Citing “purposes of accurate oil and gas forecasting,” the division said it “requires an accurate estimate of wells that will be or will not be drilled within the Unit. And although the Division comprehends Hilcorp’s rationale given the realities extent in the Cook Inlet, an ‘up to’ number of wells limitations by an Operator in its POD can mean anything from no wells to whatever number it chooses.”

The division said it would prefer that Hilcorp just state that it is committing to no wells in the POD period or that it commits to drilling “at least”

see **WELL PLAN** page 10

● EXPLORATION & PRODUCTION

Baker Hughes US rig count down 4 to 600

By KRISTEN NELSON

Petroleum News

The Baker Hughes' U.S. rotary drilling rig count was 600 the week ending May 24, down by four rigs from 600 the previous week, and down by 111 from 711 a year ago, following a gain of one rig last week. The rig count was down in six and up in two of the last eight weeks, with a loss of 24 against a gain of three over the period, following a downward trend dominant since the beginning of May. This is the lowest the domestic count has been since January of 2022.

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,

Baker Hughes shows Alaska with nine rotary rigs active May 24, unchanged from the previous week and up by two from a year ago when the count was seven rigs.

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 May 24 count includes 497 rigs targeting oil, unchanged from the previous week and down 73 from 570 a year ago, with 99 rigs targeting natural gas, down by four from the previous week and down 38 from 137 a year ago, and four miscellaneous rigs, unchanged from the previous week and unchanged from a year ago.

Forty-three of the rigs reported May 24 were drilling directional wells, 537 were drilling horizontal wells and 20 were drilling vertical wells.

Alaska rig count unchanged

Louisiana (41) and New Mexico (108) were each up by a single rig from the previous week.

Texas (287) was down by three rigs week over week, while West Virginia (6) was down two rigs.

Ohio (10) and Oklahoma (43) were each down by a single rig.

Rig counts in other states were unchanged from the previous week: Alaska (9), California (3), Colorado (14), North Dakota (32), Pennsylvania (21), Utah (12) Wyoming (11).

Baker Hughes shows Alaska with nine rotary rigs active May 24, unchanged from the previous week and up by two from a year ago when the count was seven rigs.

The rig count in the Permian, the most active basin in the country, was unchanged from the previous week at 312 and down by 38 from 350 a year ago. ●

Contact Kristen Nelson
at knelson@petroleumnews.com

contents

Petroleum News

Alaska's source for oil and gas news

ON THE COVER

ANS has positive week

Crude rides AI optimism for economy; summer travel expectations

Akin to making sausage

Legislation not always pretty, but HB 50 geothermal nutritious

Precise number required

Division tells Hilcorp to be specific in Cook Inlet PODs on wells

ConocoPhillips says will acquire Marathon Oil in all-stock deal

Hilcorp requests Milne Point gas offtake rate for 3rd party sales

DNR posts updated Cook Inlet area unit maps showing PAs, Twps., etc.

EXPLORATION & PRODUCTION

2 Baker Hughes US rig count down 4 to 600

4 April ANS volume down 1% from March

Overall drop of some 5,000 bpd led by Prudhoe Bay drop of 2.9%, nearly 8,000 bpd; largest gain at Kuparuk River, up 2%, 1,542 bpd

SIDEBAR, PAGE 4: Cook Inlet gas down 1.6%

6 More wells planned at Prudhoe IPA in 2024

Count fell short in 2023 POD, but operator Hilcorp North Slope says 2nd coil tubing rig to be added in June '24, upping count

7 Two wells proposed at Steelhead platform

2024 POD for Trading Bay unit approved by division, includes drilling, rig workovers, ESP repairs, gas lift optimization projects

THIS MONTH IN HISTORY

7 Pioneer looks to build drilling portfolio

20 years ago: Dallas independent opening permanent Alaska office, has concerns about state increasing oil industry taxes



DOYON DRILLING, INC.

- Rotational Schedule
- 401 (k) Employer Match
- Excellent Health Insurance with Low Cost Premiums
- Company Paid Vision, Dental, and Life Insurance
- Profit Sharing

www.doyondrilling.com

NOW HIRING

RIG PERSONNEL TO WORK ON ALASKA'S NORTH SLOPE



NEW LOOK SAME GREAT TEAM

NSTI

COMMUNICATIONS ENGINEERED FOR ALASKA AND BEYOND

- SYSTEMS DESIGN
- INSTALLATION
- PROJECT MANAGEMENT
- PROCUREMENT
- MATERIALS MANAGEMENT
- ONGOING SUPPORT

NSTIAK.COM
(907) 751-8200
info@NSTIAK.com

Alaska-Mackenzie Rig Report

Rig Owner/Rig Type Rig No. Rig Location/Activity Operator or Status

Alaska Rig Status

North Slope - Onshore

All American Oilfield LLC			
IDECO H-37	AAO 111	Magtec Yard, Stacked	Available
Doyon Drilling			
Dreco 1250 UE	14 (SCR/TD)	Milne Point, I-22	Hilcorp Alaska LLC
Dreco 1000 UE	16 (SCR/TD)	Deadhorse, Standby	Available
Dreco D2000 Uebd	19 (SCR/TD)	Badami, B1-33 Kennicott	Cook Inlet Energy LLC
AC Mobile	25	Kuparuk, 1H-112PH1	ConocoPhillips
OIME 2000	141 (SCR/TD)	Deadhorse, Standby	Mustang Holdings LLC
	142 (SCR/TD)	Kuparuk, 3S-626	ConocoPhillips
TSM 700	Arctic Fox #1	Deadhorse, Standby	Available
ERD	26	Alpine, MT7-91	ConocoPhillips
Hilcorp Alaska LLC			
Rotary Drilling	Innovation	Prudhoe Bay, Z Pad	Hilcorp Alaska LLC
Nabors Alaska Drilling			
AC Coil Hybrid	CDR-2 (CTD)	Milne Point, CPF-02A	Hilcorp Alaska LLC
AC Coil	CDR-3 (CTD)	Stacked	
Dreco 1000 UE	7-ES (SCR-TD)	Kuparuk, 1B-09	ConocoPhillips
Dreco 1000 UE	9-ES (SCR/TD)	Stacked	Available
Oilwell 2000 Hercules	16-E (SCR/TD)	Stacked	Brooks Range Petroleum
Emsco Electro-hoist			
Oilwell 2000 Canrig 1050E	27-E (SCR-TD)	Stacked	Available
Academy AC Electric CANRIG	99AC (AC-TD)		Available
OIME 2000	245-E (SCR-ACTD)	12 Acre Pad, stacked	Available
Academy AC electric CANRIG	105-E (AC-TD)	Stacked	Available
Academy AC electric Heli-Rig	106AC (AC-TD)	Stacked	Available
Nordic Calista LLC			
Superior 700 UE	1 (SCR/CTD)	Deadhorse	Available
Superior 700 UE	2 (SCR/CTD/TD)	Deadhorse, stacked	Available
Ideco 900	3 (SCR/TD)	Kuparuk	ConocoPhillips
Rig Master 1500AC	4 (AC/TD)	Oliktok Point	ENI
Parker Drilling Arctic Operating LLC			
NOV ADS-10SD	272	Pikka	Santos
NOV ADS-10SD	273	Prudhoe Bay	Hilcorp Alaska LLC

North Slope - Offshore

Doyon Drilling			
Sky top Brewster NE-12	15 (SCR/TD)	Nikaitchuq, SP42	ENI
Nabors Alaska Drilling			
OIME 1000	19AC (AC-TD)	Oooguruk, Cold Stacked	ENI

Cook Inlet Basin – Onshore

BlueCrest Alaska Operating LLC			
Land Rig	BlueCrest Rig #1	Stacked	BlueCrest Alaska Operating LLC
Nordic Calista LLC			
	Rig 37	Kenai	CINGSA
Hilcorp Alaska LLC			
TSM-850	147	Beluga River Unit, F Pad	Hilcorp Alaska LLC
TSM-850	169	Pearl Pad	Hilcorp Alaska LLC

Cook Inlet Basin – Offshore

Hilcorp Alaska LLC			
National 110	C (TD)	Platform C, Stacked	Hilcorp Alaska LLC
	Rig 51	Steelhead Platform, Stacked	Hilcorp Alaska LLC
	Rig 56	Monopod A-13, stacked	Hilcorp Alaska LLC
Spartan Drilling			
Baker Marine ILC-Skidoff, jack-up		Spartan 151, Tyonek Platform	Hilcorp Alaska LLC
Glacier Oil & Gas			
National 1320	35	Osprey Platform, activated	Glacier Oil & Gas

Mackenzie Rig Status

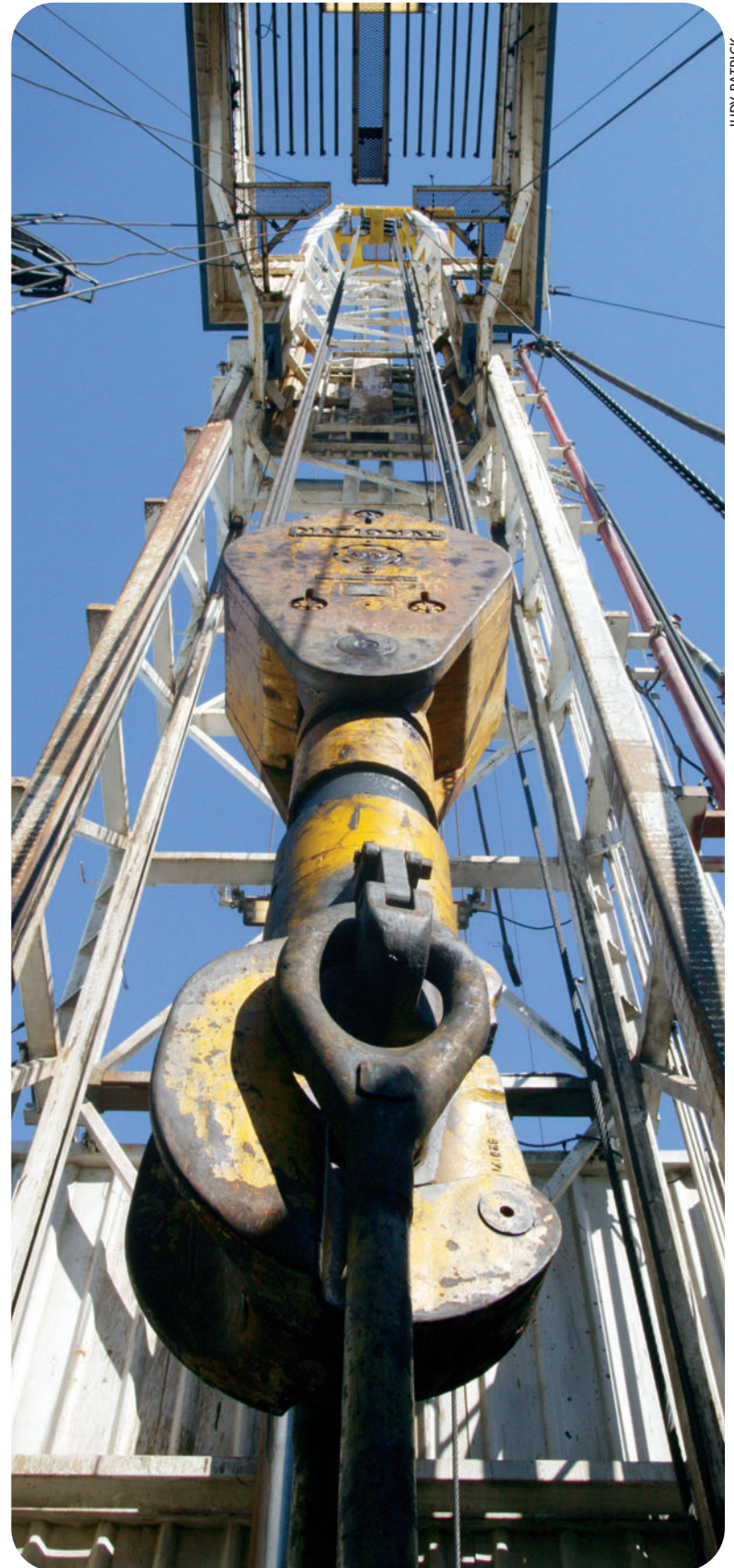
Canadian Beaufort Sea

SDC Drilling Inc.			
SDC Mobile Offshore Drilling Unit Rig #2		Set down at Roland Bay	Available

The Alaska-Mackenzie Rig Report as of May 29, 2024.
Active drilling companies only listed.

TD = rigs equipped with top drive units WO = workover operations
CT = coiled tubing operation SCR = electric rig

This rig report was prepared by Marti Reeve



JUDY PATRICK

Baker Hughes North America rotary rig counts*

	May 24	May 17	Year Ago
United States	600	604	711
Canada	120	114	87
Gulf of Mexico	20	19	20

Highest/Lowest

US/Highest	4530	December 1981
US/Lowest	244	August 2020

*Issued by Baker Hughes since 1944

The Alaska-Mackenzie Rig Report
is sponsored by:



● EXPLORATION & PRODUCTION

April ANS volume down 1% from March

Overall drop of some 5,000 bpd led by Prudhoe Bay drop of 2.9%, nearly 8,000 bpd; largest gain at Kuparuk River, up 2%, 1,542 bpd

Cook Inlet gas down 1.6%

Cook Inlet natural gas volumes averaged 202,262 thousand cubic feet per day in April, down 3,382 mcf per day, 1.6%, from a March average of 205,643 bpd and down 3.5% from an April 2023 average of 209,499 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 majority of Cook Inlet production, 84.9% in April, comes from the inlet's seven largest producers.

The Hilcorp Alaska-operated Beluga River field averaged 44,602 mcf per day in April, 22.1% of inlet production, down 422 mcf per day, 0.9%, from a March average of 45,023 mcf per day but up 25.8% from an April 2023 average of 35,447 mcf per day. Chugach Electric Association holds the majority working interest ownership at Beluga.

Hilcorp's North Cook Inlet averaged 40,711 mcf per day in April, 20.1% of the inlet total, down 2,301 mcf per day, 5.4%, from a March average of 43,013 mcf per day but up 5.6% from an April 2023 average of 38,539 mcf per day.

Hilcorp's Ninihik averaged 34,451 mcf per day in April, 17% of inlet production, down 1,756 mcf per day, 4.9%, from a March average of 36,207 mcf per day and down 20.3% from an April 2023 average of 43,214 mcf per day.

Hilcorp's Kenai gas field averaged 18,592 mcf per day in April, 9.2% of inlet production, up 403 mcf per day, 2.2%, from a March average of 18,188 mcf per day but

see **INLET GAS** page 5

By **KRISTEN NELSON**

Petroleum News

Alaska North Slope production averaged 476,321 barrels per day in April, down 1%, 5,026 bpd, from a March average of 481,347 bpd and down 1.2% from an April 2023 average of 482,310 bpd. ANS crude averaged 421,083 bpd in April, 88.4% of the ANS volume, down 2,646 bpd, 0.6%, from a March average of 423,728 bpd and down 1.2% from an April 2023 average of 426,014 bpd. ANS natural gas liquids averaged 55,238 bpd in April, 11.6% of the total, down 2,381 bpd, 4.1%, from a March average of 57,619 bpd and down 1.9% from an April 2023 average of 56,296 bpd.

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

The average temperature for the North Slope Borough in April was 10.9 degrees F, up from an average of -6.2 degrees F in March, and also up from an average of temperature of -1.8 degrees F in April 2023.

Temperature data are from the county time series maintained by NOAA's National Centers for Environmental Information, which has North Slope Borough temperatures beginning in 1925.

Largest drop at Prudhoe

The Hilcorp North Slope-operated Prudhoe Bay unit had the largest month-over-month volume decrease, averaging 267,017 bpd in April, down 7,968 bpd, 2.9%, from a March average of 274,985 bpd and down 0.9% from an April 2023 average of 269,475 bpd. Prudhoe crude averaged 215,017 bpd in April, 80.5% of the total, down 5,501 bpd, 2.5%, from a March average of 220,519 bpd and down 0.9%, from an April 2023 average of 216,992 bpd. Prudhoe NGLs averaged 52,000 bpd in April, 19.5% of the total, down 2,466 bpd, 4.5%, from a March average of 54,466 bpd and down 0.9% from an April 2023 average of 52,483 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 15,671 bpd in April, down 907 bpd, 5.5%, from a March

average of 16,578 bpd but up 22.7% from an April 2023 average of 12,772 bpd. GMT produces from two pools, Lookout and Rendezvous, with Looking contributing 8.1% of April production and Rendezvous 91.9%.

Hilcorp Alaska-operated Endicott averaged 5,738 bpd in April, down 264 bpd, 4.4%, from a March average of 6,002 bpd and down 8.8% from an April 2023 average of 6,294 bpd. Endicott crude averaged 4,999 bpd, 87.1% of the total, down 197 bpd, 3.8%, from a March average of 5,196 bpd and down 9.9% from an April 2023 average of 5,551 bpd. Endicott NGLs averaged 739 bpd in April, 12.9% of the total, down 68 bpd, 8.4%, from a March average of 806 bpd and down 0.7% from an April 2023 average of 744 bpd.

Savant Alaska's Badami averaged 752 bpd in April, down 92 bpd, 11%, from a March average of 844 bpd but up 48.9% from an April 2023 average of 505 bpd. Savant Alaska is a Glacier Oil and Gas company.

Largest increase at Kuparuk

The ConocoPhillips Alaska-operated Kuparuk River field had the largest month-over-month increase, averaging 79,995 bpd in April, up 1,542 bpd, 2%, from a March average of 78,454 bpd and up 2.3% from an April 2023 average of 78,231 bpd.

In addition to the main Kuparuk pool, Kuparuk produces from satellites at Tabasco and Tarn, and from West Sak.

Eni's Nikaitchuk averaged 14,648 bpd in April, up 939 bpd, 6.9%, from an April average of 13,708 bpd but down 8% from an April 2023 average of 15,920 bpd.

Hilcorp Alaska's Milne Point averaged 43,424 bpd in April, up 748 bpd, 1.8%, from a March average of 42,676 bpd and up 9.6% from an April 2023 average of 39,629 bpd.

Milne Point produces primarily from the Schrader Bluff and Kuparuk oil pools, with minor Sag River and Ugnu volumes.

ConocoPhillips' Colville River averaged 37,689 bpd in April, up 591 bpd, 1.6%, from a March average of 37,098 bpd but down 3.6% from an April 2023 average of 39,088 bpd.

In addition to oil from the main Alpine pool, Colville includes production from the Nanuq and Qannik oil pools.

Eni's Oooguruk averaged 5,842 bpd in April, up 203 bpd, 3.6%, from a March average of 5,639 bpd but down 22% from

see **ANS OUTPUT** page 5

www.OwlRidgeNRC.com


Regulatory & Ecological Support for Alaska

Permitting
Compliance
Aquatic Monitoring
Environmental Assessment
Stakeholder Engagement
Strategic Planning

OWL RIDGE
NATURAL RESOURCE CONSULTANTS

Petroleum NEWS

www.PetroleumNews.com

Kay Cashman	PUBLISHER & FOUNDER	ADDRESS P.O. Box 231647 Anchorage, AK 99523-1647 NEWS 907.522.9469 publisher@petroleumnews.com CIRCULATION 281.978.2771 circulation@petroleumnews.com ADVERTISING Susan Crane • 907-250-9769 scrane@petroleumnews.com <i>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.</i>
Mary Mack	CEO & GENERAL MANAGER	
Kristen Nelson	EDITOR-IN-CHIEF	
Susan Crane	ADVERTISING DIRECTOR	
Heather Yates	BOOKKEEPER	
Marti Reeve	SPECIAL PUBLICATIONS DIRECTOR	
Steven Merritt	PRODUCTION DIRECTOR	
Alan Bailey	CONTRIBUTING WRITER	
Eric Lidji	CONTRIBUTING WRITER	
Gary Park	CONTRIBUTING WRITER (CANADA)	
Steve Sutherlin	CONTRIBUTING WRITER	
Judy Patrick Photography	CONTRACT PHOTOGRAPHER	
Forrest Crane	CONTRACT PHOTOGRAPHER	
Renee Garbutt	CIRCULATION MANAGER	

OWNER: Petroleum Newspapers of Alaska LLC (PNA)
Petroleum News (ISSN 1544-3612) • Vol. 29, No. 22 • Week of June 2, 2024

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.

A HIGHER LEVEL OF RELIABILITY®

Acuren provides state-of-the-art NDT, inspection, engineering and rope access enabled industrial services. We strive to exceed our customers' expectations while maintaining the highest industry standards, providing safe working environments, and minimizing our impact on the environment.

ACUREN

www.acuren.com | info@acuren.com    **BEYOND INSPECTION**

continued from page 4

ANS OUTPUT

an April 2023 average of 7,488 bpd.

Hilcorp Alaska's Northstar averaged 5,511 bpd in April, up 148 bpd, 2.8%, from a March average of 5,363 bpd but down 16.9% from an April 2023 average of 6,628 bpd. Northstar crude averaged 3,012 bpd in April, 54.6% of the field's total, down 6 bpd, 0.2%, from a March average of 3,017 and down 15.4% from an April 2023 average of 3,558 bpd. Northstar NGLs averaged 2,500 bpd in April, 45.4% of the total, up 153 bpd, 6.5%, from a March total of 2,346 bpd but down 18.6% from an April 2023 total of 3,070 bpd.

AOGCC data show that Point Thomson, which had no crude production in February or March following a pipeline leak in mid-January, reported 1,030 barrels of crude in April, which averages to 34 bpd, although the data summary does not distinguish between days of crude production and days of gas production, and the field has reported continuous gas production, although at volumes

far below those for months prior to the pipeline shutdown.

Cook Inlet crude down 3.5%

Cook Inlet crude production averaged 8,885 bpd in April, down 318 bpd, 3.5%, from a March average of 9,203 bp but up 4.4% from an April 2023 average of 8,510 bpd. The volume is 99.25% crude, with just 0.75% NGLs and propane, all from the Swanson River field.

Hilcorp Alaska's McArthur River, Cook Inlet's largest crude producer, averaged 2,600 bpd in April, up 36 bpd, 1.4%, from a March average of 2,564 bpd and up 2.4% from an April 2023 average of 2,539 bpd.

All other Cook Inlet fields had month-over-month declines.

Cook Inlet Energy's West McArthur River averaged 977 bpd in April, down 86 bpd, 8.1%, from a March average of 1,063 bpd but up 143.8% from an April 2023 average of 401 bpd. CIE is a Glacier Oil and Gas company.

Hilcorp's Trading Bay averaged 885 bpd in April, down 75 bpd, 7.8%, from a March average of 960 bpd but up 3.9% from an April 2023 average of 852 bpd.

Hilcorp's Granite Point averaged 2,060 bpd in April, down 62 bpd, 2.9%, from a March average of 2,122 bpd and down 8.2% from an April 2023 average of 2,244 bpd.

Hilcorp's Swanson River averaged 768 bpd in April (702 bpd of crude and 66 bpd of NGLs and propane), down 32 bpd, 4%, from a March average of 800 bod but up 1.4% from an April 2023 average of 757 bpd.

CIE's Redoubt Shoal averaged 655 bpd in April, down 24 bpd, 3.6%, from a March average of 679 bpd but up 9.1% from an April 2023 average of 600 bpd.

Hilcorp's Beaver Creek averaged 267 bpd in April, down 17 bpd, 6.1%, from a March average of 284 bpd and down 33.1% from an April 2023 average of 399 bpd.

BlueCrest's Hansen averaged 673 bpd in April, down 9 bpd, 1.3%, from a March average of 682 bpd and down 6.2% from an April 2023 average of 718 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. ●

Contact Kristen Nelson
at knelson@petroleumnews.com

continued from page 4

INLET GAS

down 8.2% from an April 2023 average of 20,241 mcf per day.

Hilcorp's McArthur River averaged 11,992 mcf per day in April, 5.9% of inlet production, down 358 mcf per day, 2.9%, from a March average of 12,350 mcf per day and down 22.6% from an April 2023 average of 15,492 mcf per day.

Furie's Kitchen Lights averaged 11,116 mcf per day in April, 5.5% of inlet production, down 467 mcf per day, 4%, from a March average of 11,582 mcf per day but up 7% from an April 2023 average of 10,388 mcf per day.

Hilcorp's Beaver Creek averaged 10,283 mcf per day in April, 5.1% of inlet production, down 1,628 mcf per day, 13.7%, from a March average of 11,911 mcf per day but up 43.5% from an April 2023 average of 7,168 mcf per day.

Fourteen smaller producing fields accounted for a combined 15.1% of inlet production in April.

Hilcorp's Swanson River averaged 8,406 mcf per day in April, up 3,215 mcf per day,

61.9%, from a March average of 5,191 mcf per day but down 10.8% from an April 2023 average of 9,428 mcf per day.

Hilcorp's Cannery Loop averaged 4,894 mcf per day in April, down 58 mcf per day, 1.2%, from a March average of 4,952 mcf per day and down 13% from an April 2023 average of 5,626 mcf per day.

Hilcorp's Deep Creek averaged 3,334 mcf per day in April, down 113 mcf per day, 3.3%, from a March average of 3,448 mcf per day and down 15.2% from an April 2023 average of 3,929 mcf per day.

Hilcorp's Granite Point averaged 2,935 mcf per day in April, down 88 mcf per day, 2.9%, from a March average of 3,023 mcf per day and down 9.9% from an April 2023 average of 3,256 mcf per day.

Hilcorp's Ivan River averaged 2,830 mcf per day in April, up 404 mcf per day, 16.7%, from a March average of 2,426 mcf pr day but down 68.1% from an April 2023 average of 8,882 mcf per day.

AIX's Kenai Loop averaged 2,073 mcf per day in April, up 16 mcf per day, 0.8%, from a March average of 2,057 mcf per day and up 11.8% from an April 2023 average of 1,854 mcf per day.

Vision Operating's North Fork averaged 1,918 mcf per day in April, down 28 mcf per day, 1.4%, from a March average of 1,946 mcf per day and down 22.6% from an April 2023 average of 2,479 mcf per day.

Hilcorp's Lewis River averaged 1,664 mcf per day in April, up 126 mcf per day, 8.2%, from a March average of 1,538 mcf per day and up 678.5% from an April 2023 average of 214 mcf per day.

BlueCrest's Hansen averaged 1,066 mcf per day in April, down 32 mcf per day, 2.9%, from a March average of 1,098 mcf per day and down 24.9% from an April 2023 average of 1,420 mcf per day.

Hilcorp's Trading Bay averaged 731 mcf per day in April, down 310 mcf per day, 29.8%, from a March average of 1,041 mcf per day and down 39.7% from an April 2023 average of 1,212 mcf per day.

Cook Inlet Energy's West McArthur River averaged 240 mcf per day in April,

down 15 mcf per day, 6%, from a March average of 255 mcf per day but up 143.4% from an April 2023 average of 98 mcf per day. CIE is a Glacier Oil and Gas company.

Amaroq's Nicolai Creek averaged 198 mcf per day in April, up 174 mcf per day, 724.2%, from a March average of 24 mcf per day but down 23.3% from an April 2023 average of 258 mcf per day.

CIE's Redoubt Shoal averaged 165 mcf per day in April, down 10 mcf per day, 5.9%, from a March average of 175 mcf per day but up 5.6% from an April 2023 average of 156 mcf per day.

Hilcorp's Nikolaevsk averaged 61 mcf per day in April, down 133 mcf per day, 68.4%, from a March average of 194 mcf per day and down 69.1% from an April 2023 average of 198 mcf per day.

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

—KRISTEN NELSON



NORTECH

Construction Administration
Project Management
Engineering Design
Site Assessments
Site Closure

Contingency Planning
HSE Program Development
Certified Inspection Services
Regulatory Compliance Support

Fairbanks (907) 452-5688
Anchorage (907) 222-2445
Juneau (907) 586-6813



LOUNSBURY & ASSOCIATES
ESTABLISHED 1949
Surveyors • Engineers • Planners

PARTNERS IN QUALITY GROWING TOGETHER

Surveying • Engineering • GIS • Oil & Gas

experience you can use
ESTABLISHED 1949

www.lounsburyinc.com



RESOURCE DEVELOPMENT COUNCIL
Growing Alaska Through Responsible Resource Development

SAVE THE DATE!
49TH ANNUAL
RDC MEMBERSHIP LUNCHEON
WEDNESDAY, JUNE 12TH, 2024
DENA'INA CENTER | ANCHORAGE, AK

The Resource Development Council for Alaska invites you to join over 500 attendees and celebrate our members and supporters of RDC. This year's keynote speaker will be **Kirk Johnson, Senior Vice President, Global Operations for ConocoPhillips**. The luncheon will also feature updates on our tourism, fishing, oil & gas, mining and timber industries. You won't want to miss this opportunity to gather and support the responsible development of Alaska's natural resources!

2023 - 2024 RDC BOARD OF DIRECTORS AND STAFF
PHOTO COURTESY OF JUDY PATRICK PHOTOGRAPHY

301 W. NORTHERN LTS. BLVD., STE. 406, ANCHORAGE, AK 99503
RESOURCES@AKRDC.ORG | 907-276-0700 | LEARN MORE AT AKRDC.ORG
FOLLOW US! /RESOURCEDEVELOPMENTCOUNCIL @RDCALASKA RESOURCE DEVELOPMENT COUNCIL FOR ALASKA, INC.

EXPLORATION & PRODUCTION

More wells planned at Prudhoe IPA in 2024

Count fell short in 2023 POD, but operator Hilcorp North Slope says second coil tubing rig to be added in June 2024, upping count

By KRISTEN NELSON
Petroleum News

In its May 23 approval of Hilcorp North Slope's 2024 plan of development for the initial participating area at Prudhoe Bay, the Alaska Department of Natural Resources' Division of Oil and Gas said Hilcorp, the Prudhoe operator, attributed failure to drill the proposed number of wells during the 2023 POD to rig scheduling issues, specifically the availability of only a single coil tubing drilling rig.

In the April technical meeting on the PODs, Hilcorp told the division it expected a second coil tubing rig to be operational in the IPA by mid-June.

The 2024 IPA POD covers July 1 through June 30, 2025.

Hilcorp became operator at Prudhoe in 2020 after it acquired BP Exploration (Alaska) and changed the name of the operating entity to Hilcorp North Slope, the divi-

Increased drilling activity is planned in the IPA during the 2024 POD, with up to 36 wells planned, and workovers on an as-needed basis, with non-rig well interventions expected to remain flat.

sion said. Hilcorp holds an average ownership of 26.36% at Prudhoe, with ExxonMobil Alaska Production at 36.4%, ConocoPhillips Alaska at 36.08% and Chevron U.S.A. at 1.16%.

There are 12 Prudhoe participating areas and the IPA POD covers just the oil rim and gas cap PAs.

The division said that in 2023 the IPA produced some 2.759 billion cubic feet of natural gas, 53.62 million barrels of black oil and 16.555 million barrels of natural gas liquids, with average daily production of 146,905 barrels of black oil and 45,355

barrels of NGLs.

2023 POD

In the 2023 POD, Hilcorp told the division it planned to drill up to 38 wells in the IPA, although the company said some might be deferred to other areas of Prudhoe depending on well economics. Workovers were to be performed as needed, and the company said it expected fewer than in previous years because it had been working through a backlog of broken wells. Non-rig interventions were expected to remain flat during the 2023 POD.

Facility upgrades in the 2023 POD included CCP compressor upgrades, GC2 B bank slug catcher internals redesign, drill site 18 pipeline construction and H pad pipeline construction.

The division said that when the technical meeting on the 2024 POD was held in April, only 11 of the planned 38 wells in the IPA had been drilled, nine coil tubing drilling

sidetracks and two grassroots wells, with an additional five wells scheduled prior to the end of the POD period, four CTD sidetracks and one grassroots rotary well, all to be drilled with rigs currently at Prudhoe.

Hilcorp told the division the variance in planned and drilled wells was scheduling and availability of rigs and said during the technical meeting that the issue was not securing an additional CTD rig, which the company expected to be operational at the IPA in mid-June.

The division said both fluid handling and production were significantly lower than 2022 because of planned maintenance and downtime, with full-scale turnarounds at GC-3 and FS-3 and smaller shutdowns at FS-1, FS-2 and LPC.

There was also a decline in gas cap water injection because of elevated maintenance.

Six workovers were completed, restoring integrity or prepping wellbores for CTD sidetracks, with five additional workovers planned before the end of the 2023 POD period.

The company completed 426 non-rig well interventions.

Major facility projects completed or expected to be completed before the end of the 2023 POD period included: CCP compressor upgrades, GC2 B Bank slug catcher internals redesign, drill site 18 and H pad pipeline construction.

2024 POD

Increased drilling activity is planned in the IPA during the 2024 POD, with up to 36 wells planned, and workovers on an as-needed basis, with non-rig well interventions expected to remain flat.

Several facility upgrades are being evaluated, and the division said they would be pursued based on project economics and resource availability:

- 2024 scope of work for CCP compressor upgrades;
- Air inlet housing replacement at CCP;
- FS-2 de-oiler; and
- Eileen West End pipeline installation to debottleneck wet end production. ●

Contact Kristen Nelson
at knelson@petroleumnews.com

A TON MORE GO FOR YOUR CARGO.

We're expanding our fleet, our capacity, and more.

Say hello to more go-power, with new Boeing 737s that give you an extra 2,000 lbs. of capacity per passenger flight. And with new freighters that increase shipping capabilities by 40%. Add to that 100+ destinations, including same-day, coast-to-coast connections, and you now have more get-up-and-go for cargo than ever before.*

LET'S GO For more information or to book your shipment online, go to go.alaskacargo.com/lets-go. Or call us at 1-800-225-2752.

Alaska
AIR CARGO

*Per departure capacity based on allowable or maximum payload of new 737-9MAX and 737-800BCF vs. existing fleet.

TMI?

Petroleum News

Tidal power leads

A transmission upgrade

OPEC minus Russia?

MOST LIKELY.

To subscribe: Call 281-978-2771 or visit petroleumnews.com

● EXPLORATION & PRODUCTION

Two wells proposed at Steelhead platform

2024 POD for Trading Bay unit approved by division, includes drilling, rig workovers, ESP repairs, gas lift optimization projects

By **KRISTEN NELSON**
Petroleum News

Two new wells from the Steelhead platform are included in Hilcorp Alaska's 2024 plan of development for the Trading Bay unit in Cook Inlet, approved by the Alaska Department of Natural Resources' Division of Oil and Gas on May 22. The POD covers July 1 through June 30, 2025.

The Trading Bay unit was formed in 1967, the division said, and produces from two participating areas in the McArthur River field. Hilcorp became operator in January 2012 and the unit was expanded in 2013 to include the Trading Bay field. During 2023, the Trading Bay field produced 325,100 barrels of oil and 428.1 million cubic feet of natural gas, while McArthur River produced 944,600 barrels of oil and 5.256 billion cubic feet of natural gas.

2023 POD

During the 2023 POD, Hilcorp completed five rig

workovers, replacing failed electric submersible pumps, along with multiple non-rig operations, the division said. On the facilities side, the company evaluated additional rotary development and facility optimization projects, including Grayling platform gas and oil riser replacement, Dolly Varden platform waterflood reactivations, riser replacement and fuel gas line repair and King Salmon platform gas pipeline in-line inspections.

The company also attempted to drill the A-10RD3 sidetrack from the Monopod platform into the North Trading Bay unit, but mechanical issues prevented the well from reaching the intended target.

Hilcorp began drilling the TBU M-23 in March, targeting Grayling gas sands north of Steelhead. The division said since the 2024 POD was due the following month, an amendment to the 2023 POD was not required, just listing of the activity as a deviation from the submitted POD.

2024 POD

The division said Hilcorp has committed to drilling

two grassroots wells from the Steelhead platform during the 2024 POD period, with drilling of the TBU M-23 beginning prior to the 2024 POD period. The company will continue to build an inventory of development projects — grassroots wells, sidetracks and workovers — to maintain and enhance production.

Rig and non-rig work in the 2024 POD includes:

- K-17 rig workover, replacing failed ESP;
- G-01RD rig workover, repairing production casing;
- M-21 rig workover, installing velocity string;
- Repairing or replacing ESPs as necessary;
- Coil cleanouts;
- Perforation adding operations;
- Recompletions for Grayling gas sands production; and
- Gas lift optimization projects.

The division also said the riser on the Dolly Varden platform will be replaced and the fuel gas line repaired. ●

Contact Kristen Nelson
at knelson@petroleumnews.com

● THIS MONTH IN HISTORY

Pioneer looks to build drilling portfolio

20 years ago this month: Dallas independent opening permanent Alaska office, has concerns about state increasing oil industry taxes

Editor's note: This story first appeared in the June 6, 2004, issue of Petroleum News.

By **KAY CASHMAN**
Petroleum News

Alaska is one of four key exploration hot spots for Pioneer Natural Resources, Ken Sheffield told members of the Alaska Support Industry Alliance May 27, 2004. Sheffield is the president of Pioneer's Alaska subsidiary.

The Dallas-independent is opening a permanent, 15-person office in Anchorage and is looking for more North Slope drilling prospects.

Sheffield told Alliance members that could all change if the state of Alaska increases the tax burden on the oil and gas industry.

"We came to Alaska because it has a world-class petroleum system. ... It's a great place to find oil, but sometimes it's not such a great place to make money," he

said.

Sheffield acknowledged the state has been "improving the regulatory environment in the last couple of years."

Nonetheless, the North Slope is challenging for independents such as Pioneer, he said.

"It's the most expensive basin in the world," Sheffield said, citing the geologic risk common in any oil province, as well as Alaska's unique situations that add to the risk, including the high cost of transporting crude oil to West Coast markets; protracted project timelines because of limited winter access; and low activity levels which reduce the number of oilfield service and supply contractors in the state and ultimately drive up costs because of a lack of competition.

The stability of the state's fiscal policy is also a concern, Sheffield said, and could change his company's enthusiasm for Alaska.

"I'm concerned about the talk of increasing taxes. It would be hard for us to move forward if there were any new

taxes. The margins are too thin on the projects we're looking at."

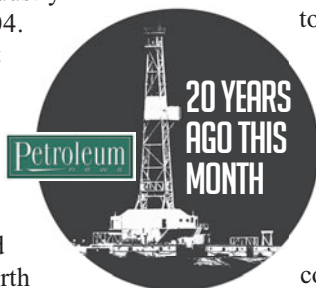
Alaska's competition for Pioneer's investment dollars — i.e. the company's other three key exploration hotspots — are the Gulf of Mexico, particularly the deepwater Gulf, North Africa and West

Africa, Sheffield told Alliance members.

Portfolio of drilling prospects

In Alaska, Pioneer hopes to build a "portfolio" of drilling prospects: "We're

see **HISTORY** page 8



Only pay for the speed you need...
Dynamic Routing!

On time and on budget.

At Lynden, we understand that plans change but deadlines don't. That's why we proudly offer our exclusive Dynamic Routing system. Designed to work around your unique requirements, Dynamic Routing allows you to choose the mode of transportation — air, sea or land — to control the speed of your deliveries so they arrive just as they are needed. With Lynden you only pay for the speed you need!



1-888-596-3361 | www.lynden.com

NANAWorley
nanaworley.com | [in](#) [f](#)

- Engineering & Design
- Project Management
- Procurement & Logistics
- Construction Support
- Laser Scanning
- Project Support Services
- Controls, Scheduling, Estimating

continued from page 7

HISTORY

not just looking to drill one to two wells per year,” he said, noting the company would achieve an “economy of scale” by drilling several wells each year.

Pioneer currently has four North Slope prospects that it has either drilled or hopes to drill, including Storms, south of Prudhoe Bay where Pioneer plans to shoot 3D seismic next winter; Gwydyr Bay, north of the ConocoPhillips-operated Kuparuk field; Caribou, which is “north of Point McIntyre on trend with (BP’s) Northstar” (unit); the new Oooguruk unit, which Pioneer successfully drilled the winter before last and, Sheffield said, expects to sanction for development in the fourth quarter of this year.

Goal to achieve step change

One of Pioneer’s goals in Alaska is to “achieve a step change in the North Slope cost structure,” Sheffield said.

“In looking for big reservoirs, you’re going to find small reservoirs,” against which Pioneer is applying what he calls the “independent mindset,” which involves “challenging existing methods.”

One thing that needs to be done, Sheffield said, is to “decrease project cycle times,” from the time of the lease sale until a project is in production. He believes this can be done without jeopardizing the environment.



KEN SHEFFIELD

Leveraging existing North Slope infrastructure is another way to bring down costs — something Pioneer is looking at doing in order to bring the Oooguruk unit online.

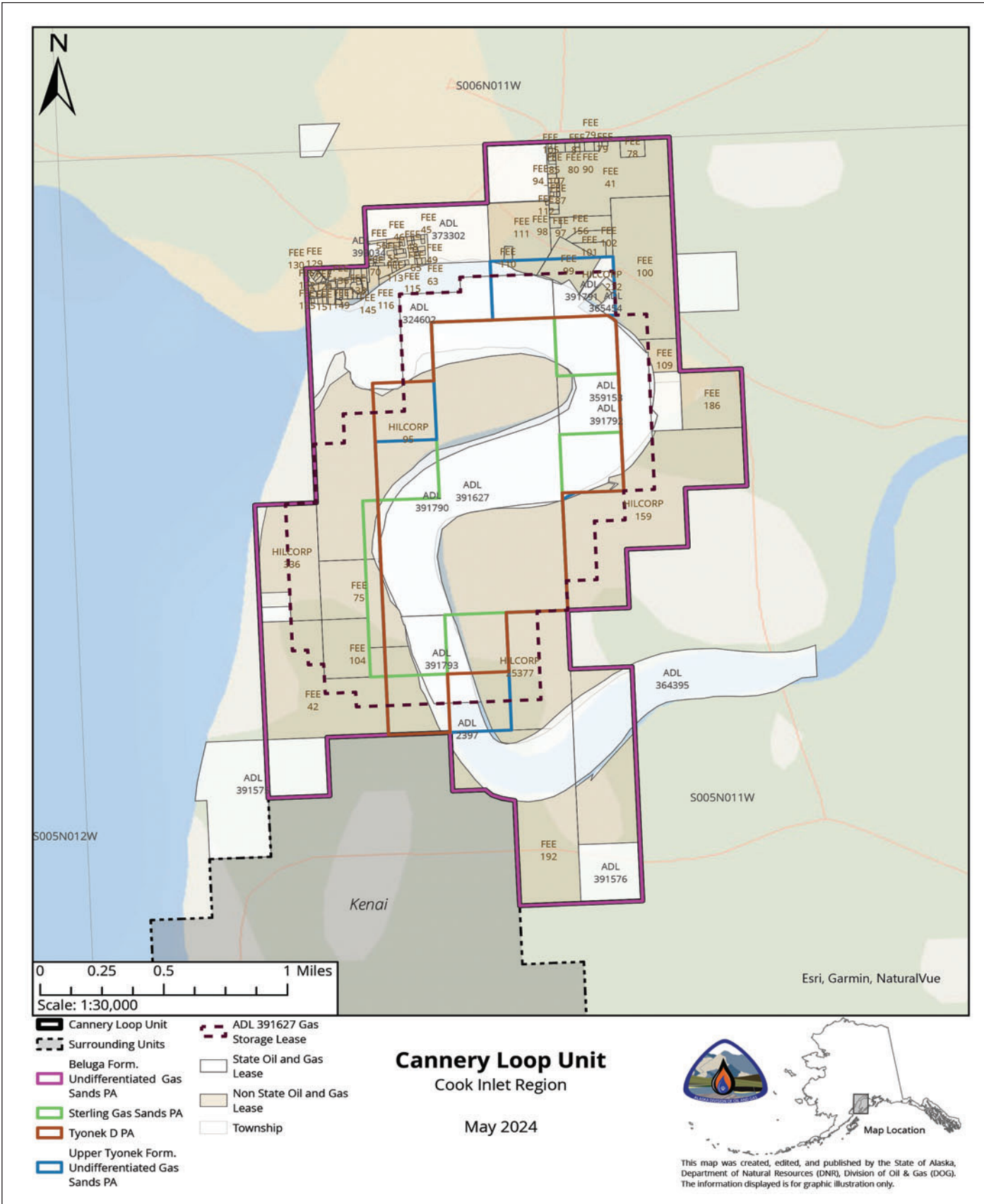
The unit is in the shallow waters of Harrison Bay offshore the North Slope, north and west of, and contiguous with, the ConocoPhillips-operated Kuparuk River unit. Due to a farm-in executed earlier this year by operator Pioneer and partner Armstrong Oil & Gas’s affiliate in Alaska, ConocoPhillips retains the right to participate in any Oooguruk project sanctioned by Pioneer and Armstrong. Pioneer executives have talked about possible production synergies with the Kuparuk unit’s existing facilities versus a standalone production facility.

Pioneer to open permanent Alaska office

Sheffield lent credence to the speculation that the Kuparuk facilities will be tied into the Oooguruk unit’s development when he told Alliance members May 27 that Pioneer has leased half of the sixth floor of the ConocoPhillips building in downtown Anchorage. Pioneer, which opened a small, 1,000 square foot office in Anchorage at Pacific Office Center on K Street earlier this year, was expected to expand its square footage in that building.

Sheffield said the sixth floor space is in the process of being remodeled and by August will have a staff of 15, including Sheffield; Pat Foley, manager of land, commercial and regulatory affairs; Mike Dunn, manager of engineering and development; Don Bryson, manager of exploration; as well as support staff that includes two engineers and five geoscientists. ●

Contact Kay Cashman at publisher@petroleumnews.com



continued from page 1

UPDATED INLET MAPS

Participating Areas, townships, surrounding units, and lease numbers for state and non-state leases.

Other Cook Inlet region maps that appear on the division’s website include activity maps, notification lessee maps, and working interest ownership maps.

North Slope maps on the website include activity maps, discovery and

prospect maps, unit maps, notification lessee maps, working interest ownership maps and royalty share maps.

—KAY CASHMAN

Contact Kay Cashman at publisher@petroleumnews.com

P | N | D
ENGINEERS, INC.

907.561.1011
pndengineers.com
ak | wa | or | tx

EST[®] 1979

Providing innovative multidisciplinary engineering services throughout the North Slope of Alaska for 45 years, including planning, design, permitting, and inspections/evaluations.

continued from page 1

OIL PRICES

eclipsing its weekly increase by 37 cents. WTI leapt \$2.11 on the day to close at \$79.83 while Brent leapt \$2.10 to close at \$84.22.

U.S. equities caught an updraft May 28 built around excitement over artificial intelligence stocks stoked by an announcement that Tesla founder Elon Musk had formed a multibillion-dollar investment group to build massive AI data centers using advanced microchips from market darling Nvidia.

The tech-heavy Nasdaq Composite notched a new high May 28, exceeding 17,000 for the first time, and Nvidia extended a post-earnings rally to breach a record \$1,140 a share, taking other AI stocks along on the rising tide.

U.S. crude markets were closed May 27 for Memorial Day, but the oil rally evidenced on May 28 had its roots in May 27 foreign trading that took Brent futures above \$83 per barrel while WTI cleared \$78.

The U.S. summer driving season kicks off after the Memorial Day weekend. It is a reliable indicator of summer gasoline demand that is watched closely by crude oil traders. The American Automobile Association forecasted a record 38.4 million drivers hitting the road for the long holiday weekend.

“Since the pandemic, the summer driving season has not seen a surge in demand, which can push pump prices higher, so it will be interesting to see if this year bucks that trend,” Andrew Gross, AAA spokesperson said in a May 23 release. “This week’s move by the Biden Administration to sell off the million barrel Northeast Gasoline Supply Reserve might help stave off any

regional pump price surges, but likely won’t move the national average that much.”

“We saw a very strong demand from the U.S. last week ahead of the Memorial Day long weekend, Giovanni Staunovo, UBS Group AG commodity strategist, was quoted in a May 27 Bloomberg article. “Record flight activity and strong gasoline demand should give some support to oil prices.”

Crude traders also look to airline passenger numbers over Memorial Day weekend to gain intelligence for predicting summer travel and its effect on jet fuel demand. The AAA predicted that the number of people flying over the weekend will be the highest in 20 years.

Passenger numbers from the Transportation Security Administration bore out the bullish expectations.

The TSA processed 2,771,151 passengers through its checkpoints nationwide on May 24, the big-travel Friday eve of the holiday weekend. The corresponding passenger count in 2023 was 2,596,978.

On Memorial Day, May 27, the TSA saw 2,951,163 passengers through its scanners, up from 2,744,590 on May 27, 2023.

Moreover, the holiday weekend surge had wide shoulders, with large numbers of travelers getting an early start on vacation travel.

“May 23 proved to be a very high number nationwide as 2,897,417 individuals were screened at airports across the country, which was the second highest number of people screened in a single day in TSA’s 22-year history,” the TSA said in a May 24 release.

Crude prices May 27 were further supported by “concern that Israel’s war in Gaza may expand to the broader region, threatening oil supplies, after an Egyptian soldier was killed in a clash with Israeli forces at the Rafah border crossing,” Bloomberg

reported May 27.

The Organization of the Petroleum Exporting Countries and its allied producing nations will meet virtually June 2 to discuss production levels. The group is widely expected to hold steady at its current production targets.

ANS and Brent each rose 76 cents May 24 to close at \$84.75 and \$82.12 respectively while WTI rose 85 cents to close at

\$77.72.

On May 23, ANS shed 36 cents to close at \$83.99, WTI lost 70 cents to close at \$76.87 and Brent fell 54 cents to close at \$81.36.

On May 29, ANS sported a \$7.13 differential over WTI and a \$2.76 differential over Brent. ●

Contact Steve Sutherlin at ssutherlin@petroleumnews.com

continued from page 1

MARATHON DEAL

focus on operating safely and responsibly to create long-term value for our shareholders. The transaction is immediately accretive to earnings, cash flows and distributions per share, and we see significant synergy potential.”

“This is a proud moment to look back on what we achieved at Marathon Oil. Powered by our dedicated employees and contractors, we built a top performing portfolio with a multi-year track record of peer-leading operational execution, strong financial results and compelling return of capital to our shareholders — all while holding true to our core values of safety and environmental excellence. ConocoPhillips is the right home to build on that legacy, offering a truly unique combination of added scale, resilience and long-term durability. With its premier global asset base, strong balance sheet and laser focus on operational excellence, ConocoPhillips’ track record of long-term investments, differentiated shareholder distributions and active portfolio management are unmatched. When

combined with the global ConocoPhillips portfolio, I’m confident our assets and people will deliver significant shareholder value over the long term” said Lee Tillman, Marathon Oil chairman, president and chief executive officer.

Marathon Oil began operating in Alaska in the 1950s and in 2012, when it sold its assets to Hilcorp, was a major Cook Inlet natural gas producer.

Marathon Petroleum split off from Marathon Oil as a standalone refining, marketing and transportation company in 2011.

Marathon Petroleum is a major player on the Kenai Peninsula, having acquired both the refinery and the mothballed LNG facility in 2018 when it merged with Andeavor, formerly Tesoro.

The merger gave Marathon Petroleum ownership and operatorship of both the Kenai oil refinery and the nearby Kenai LNG plant complex, which includes a dock and loading facility, or terminal.

—KAY CASHMAN

Contact Kay Cashman at publisher@petroleumnews.com



Oil Patch Bits

Sjostedt now managing PND’s Juneau operations

PND Engineers Inc. said May 24 that it has new leadership in its Juneau, Alaska, office. Sean Sjostedt, PE, has been promoted to PND vice president and will assume office coordinator responsibilities for the firm’s Southeast Alaska operations. PND Vice President Dick Somerville, PE, who has worked at PND for over 36 years and has managed the Juneau location since 1996, will continue to work at PND and support Sjostedt in his new role as

Somerville transitions into retirement. Sjostedt, who grew up in Cordova, Alaska, is approaching his 13-year work anniversary at PND, all from the Juneau office. Sjostedt specializes in civil and geotechnical engineering. “Sean gets leaned on a lot. He is a tremendous asset to PND in many ways, besides being an excellent civil and geotechnical engineer,” Somerville said. “He is an exceptional human being and routinely offers help in many personal ways both in and out of the office.”



SEAN SJOSTEDT

COURTESY PND

Companies involved in Alaska’s oil and gas industry

ADVERTISER	PAGE AD APPEARS	ADVERTISER	PAGE AD APPEARS	ADVERTISER	PAGE AD APPEARS	
A			N-P			
ABR, Inc.	10	CONAM Construction		Nabors Alaska Drilling		
Acuren	4	Construction Machinery Industrial (CMI)	12	NANA Worley	7	
AES Electric Supply, Inc.		Cook Inlet Tug & Barge		Nature Conservancy, The		
Airgas, an Air Liquide Company	10	Cruz Construction		NEI Fluid Technology		
Airport Equipment Rentals		Denali Industrial Supply, Inc.		Nordic Calista		
Alaska Air Cargo	6	Doyon Anvil		NORTECH	5	
Alaska Dreams		Doyon Associated		NSTI (North Slope Telecom Inc.)	2	
Alaska Frontier Constructors (AFC)		Doyon Drilling, Inc.	2	Owl Ridge Natural Resource Consultants	4	
Alaska Fuel Services		Doyon, Limited		Petroleum Equipment & Services, Inc.		
Alaska Marine Lines	7	EXP Energy Services		PND Engineers, Inc.	8	
Alaska Materials		F. R. Bell & Associates, Inc.		PRA (Petrotechnical Resources of Alaska)		
Alaska Railroad		Flowline Alaska		Price Gregory International		
Alaska Steel Co.		Frost Engineering, a division of PumpTech LLC		Q-Z		
Alaska Textiles		G-M			Republic Services (formerly US Ecology)	
Alaska West Express	7	GCI		Resource Development Council	5	
Arctic Controls		GeoLog		Sheet Metal Inc		
Armstrong	3	Greer Tank & Welding	10	Strategic Action Associates		
ASRC Energy		Guess & Rudd, PC		Tanks-A-Lot		
ASTAC (Arctic Slope Telephone Assn. Coop, Inc)		Inspirations		TOTE Maritime Alaska		
B-F			Judy Patrick Photography		Udelhoven Oilfield System Services Inc.	
Bombay Deluxe Restaurant	10	Little Red Services, Inc. (LRS)		Western Pacific Crane & Equipment	11	
Brooks Range Supply		Lounsbury & Associates	5	All of the companies listed above advertise on a regular basis with Petroleum News		
Calista Corp.		Lynden Air Cargo	7			
Coffman Engineers		Lynden Inc.	7			
Colville Inc.		Lynden Logistics	7			
Computing Alternatives		Lynden Oilfield Services	7			
		Lynden Transport	7			
		Matson				

continued from page 1

WELL PLAN

a certain number of wells.

When deviations occur, the division said, Hilcorp “shall notify” it before the POD period expires “and is welcome to submit a confidential portion of their POD with wells that will not be drilled, or may be drilled pending faster than anticipated drilling activities. Otherwise Hilcorp must submit an amendment to their POD per 11 AAC 83.343(e).”

Rig 151

The issue appears to center on Hilcorp’s use of Spartan Rig 151, the only jack-up rig currently in Cook Inlet, to drill both at Granite Point and at North Cook Inlet. In its 2023 North Cook Inlet POD Hilcorp showed anticipated spud dates in early and late July for the first of the three grassroots wells it planned at North Cook Inlet, NCIU A-17 and NCIU A-18. The drilling at Granite Point was scheduled for the fourth quarter of the year.

A bill to support bringing a second jack-up to Cook Inlet failed to advance in

“When looking at the total well count across the Cook Inlet offshore units, committing to drill numerous offshore platform wells is unlikely achievable by one rig during the drilling season,” the division said.

the Legislature this year.

PODs for both units cover July 1 through June 30 of the following year.

At issue are results from the 2023 PODs, which run through June 30 of this year.

In its Granite Point 2024 POD approval, the division said that during the 2023 POD, Hilcorp did not drill any grassroots wells at the unit, although there were “up to three” grassroots wells from the Bruce platform at Granite Point targeting the Tyonek formation in the 2023 POD for the fourth quarter of 2023 using Rig 151. The wells Hilcorp committed itself to were exploration wells testing a Tyonek formation gas accumulation, the division said.

“Rather than drill these wells, Hilcorp

instead chose to defer its commitment to drill the GPU wells and focused on drilling wells within its North Cook Inlet Unit (NCIU), because Hilcorp had higher confidence in bringing gas located in that unit to market.”

But, the division said in its approval of the North Cook Inlet unit 2024 POD, Hilcorp also failed to meet its drilling obligations there, drilling only two of the three grassroots wells in the 2023 plan and only one of two sidetracks in the plan. The grassroots wells the company drilled targeted the Upper and Lower Beluga sands and the sidetracked well targeted the Beluga. The division said Hilcorp also completed plugging and abandoning Cook Inlet State 17589 1A, drilled in 1962.

The division said that in the technical meeting on North Cook Inlet, Hilcorp explained that it states it will drill up to x number of wells because it may not achieve drilling all the wells in the POD, calling the number of wells in the POD a best-case scenario. “When looking at the total well count across the Cook Inlet offshore units, committing to drill numerous offshore platform wells is unlikely achievable by one rig during the drilling season,” the division said.

Granite Point

The division said Granite Point began producing in 1967, with the South Granite Point unit expanded in early 2015 to include the Granite Point field and renamed the Granite Point unit. During 2023, Hilcorp produced 811,400 barrels of oil and 1.189 billion cubic feet of natural gas at Granite Point, which includes the Hemlock and Granite Point sands participating areas, with exploration and production conducted from the Granite Point, Anna and Bruce platforms.

In the 2024 POD period, Hilcorp’s plan

includes up to one grassroots well from the Bruce Platform targeting a potential Tyonek formation gas accumulation.

“Due to qualifying language previously addressed in this decision, Hilcorp will need to both notify the Division and potentially submit an amendment to their POD by no later than the end of the third quarter of the POD period if it does, or will not, achieve this drilling commitment during the POD period,” the division said.

If commercial quantities of gas are found, the company will evaluate production facility and pipeline capacity constraints.

North Cook Inlet

North Cook Inlet has been in production since 1969, the division said, producing from the Tyonek Platform in northern Cook Inlet. Hilcorp acquired the unit from ConocoPhillips in 2016 and holds 100% working interest in all producing intervals.

Alaska Oil and Gas Conservation Commission data show 2023 North Cook Inlet production of 13.61 billion cubic feet of natural gas, up from 12.17 bcf in 2022.

For the 2024 POD, the division said “Hilcorp commits to drilling up to three grassroots wells targeting Beluga sands,” and up to two sidetracks. The division said Hilcorp reported in the technical meeting that it was not working on plans for the second sidetrack because of the limited drilling season.

In its 2024 POD plans Hilcorp said the anticipated spud for the first of the three wells, NCIU A-19, was in May, followed by A-20 in June and A-21 in July. No date is given for the sidetrack, NCIU B-01B. Various rig and non-rig well projects are also planned. ●

Contact Kristen Nelson
at knelson@petroleumnews.com




ABR
Environmental Research & Services

Fairbanks
907-455-6777

Anchorage
907-344-6777

www.abrinc.com

With over 45 years of Alaska-based environmental consulting experience, ABR provides exceptional scientific services to efficiently meet our clients' needs.



ALASKANS
BUILDING FOR
ALASKANS.

GREER


Tank & Welding, INC

1 (800) 770-TANK

One of the Latest Coating & Sandblasting Facilities **IN THE STATE!**

METAL SALES - Processing and Fabrication of Stainless, Aluminum, & Carbon Steel

Fairbanks, AK : (907) 452-1711
Anchorage, AK : 1 (800) 770-8265
Lakewood, WA : 1 (800) 725.8108



GREERTANK.COM

Bombay Deluxe

The Spice of Life...

Serving the finest Indian Cuisine in Alaska



Traditional chicken, lamb, seafood dishes
& Indian naan bread cooked in our
Tandoor (clay oven).

Vegetarian Specialties
 Delicious Appetizers — Samosas, Pakoras

<p style="text-align: center; font-weight: bold; margin: 0;">SOUTH ANCHORAGE</p> <p style="margin: 0;">1120 Huffman Road, Suite 5 Open seven days a week: 3-9 p.m.</p> <p style="text-align: center; font-weight: bold; margin: 0;">907-644-4521</p> <p style="margin: 0;">www.BombayDeluxe.com</p>	<p style="text-align: center; font-weight: bold; margin: 0;">MIDTOWN ANCHORAGE</p> <p style="margin: 0;">555 W. Northern Lights (Valhalla Center) Monday through Friday: 11 a.m.-9 p.m. Saturday & Sunday: 12-9</p> <p style="text-align: center; font-weight: bold; margin: 0;">907-277-1200</p>
---	---

Order on-line for pick-up or delivery at www.FoodOnTheWay.com



an Air Liquide company

Gases, Welding & Safety

Serving Alaska for over 50 years



Visit your local store today

Anchorage • Fairbanks • Homer • Kenai • Wasilla

907.562.2080 | Airgas.com

continued from page 1

GEOTHERMAL POLICY

reasonably nutritious. I think it will help move the geothermal energy industry in Alaska forward favorably to the benefit of all Alaskans,” Craig said.

“Moving from two-year geothermal prospecting permits to five-year exploration licenses is a major step forward and helps make geothermal energy prospecting realistic. A five-year permit is just not long enough in Alaska,” Craig said.

About GeoAlaska

GeoAlaska is a geothermal energy company based in Anchorage. The company was founded in May 2020 by Paul Craig with the goal of proving sustainable, affordable, carbon-free, baseload geothermal power to the benefit of Alaska and its citizens.

GeoAlaska owns and operates geothermal prospecting permits and leases at Mount Spurr and Augustine Island.

GeoAlaska is partnered with Ignis Energy Inc., a sister company to Geolog. Ignis is involved with geothermal energy projects internationally, while Geolog is well known to the energy industry in Alaska as a premier surface logging company over the past 25 years.

On April 16, GeoAlaska told Petroleum News that effective April 1, the Alaska Department of Natural Resources granted GeoAlaska a geothermal prospecting permit (ADL 394374) covering 7,299 acres on Augustine Island. This acreage expanded GeoAlaska's existing geothermal footprint at Augustine Island by 240%, encompassing the entire south-

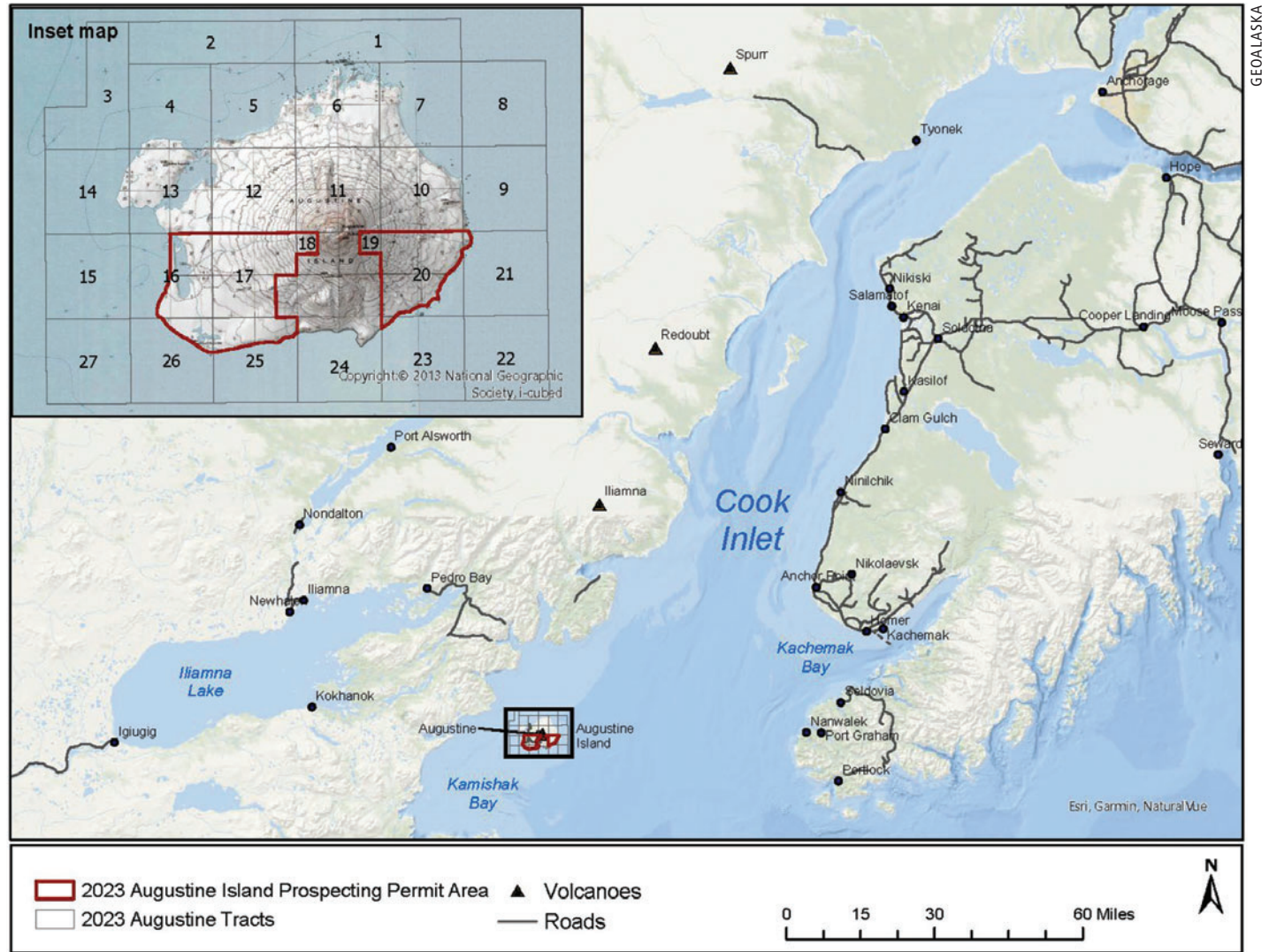


Figure 1. 2024 Augustine Island Noncompetitive Geothermal Prospecting Permit Area

ern half of the island.

The company already had (ADL 394080), which involved 3,031 acres. The two permits totaled 10,830 acres,

Based on the expanded acreage and the

recommendations contained in an independent geothermal reservoir engineering study commissioned during 2023, GeoAlaska and its partner are commissioning a new magnetotelluric survey cov-

ering the southern half of Augustine Island to be completed during June and July. ●

Contact Kay Cashman
at publisher@petroleumnews.com

continued from page 1

OFFTAKE RATE

907-793-1223 after June 12.

The Milne issue

Hilcorp said most pool rules do not address the offtake issue, but because of the commission's statutory authority to regulate offtake for conservation purposes, it is seeking approval for gas sales “on the grounds that this offtake is consistent with good oil-field engineering practices and conservation purposes.”

Hilcorp said gas produced from the oil pools at Milne Point — Kuparuk River, Schrader Bluff, Sag River and Ugnu — is processed through the Milne Point facility where gas is separated from oil and water. At Milne, the gas “is used for fuel gas for power generation, gas lift, and compressed natural gas for in-field fuel for trucks.”

The company said processed gas totals some 40 million cubic feet per day, of which some 15 million cubic feet is reinjected.

Water injection provides the “overwhelming majority of pressure support” at Milne, Hilcorp said, with some 120,000 barrels of water injected daily. It said available water could easily make up the loss of the amount of natural gas proposed for sale.

“Thus, diverting up to 1,500 mscfd of gas from injection to gas sales will not have a measurable impact on production or ultimate recovery of oil from the Milne Point Field oil pools,” the company told AOGCC.

Hilcorp is requesting approval to sell up to 1.5 million cubic feet per day of natural gas offtake allowables beginning this July.

Commission's public hearing notice

In its public hearing notice AOGCC said selling natural gas from Milne Point will reduce the amount available for reinjection at the field for pressure maintenance and enhanced oil recovery, “which has the potential for reducing ultimate recovery

from the field,” and noted Hilcorp's assertion that the loss of gas could easily be made up by increasing water injection, the main fluid used for pressure maintenance and EOR at Milne Point.

While gas offtake issues haven't been prominent recently, in the past AOGCC was heavily involved in gas offtake issues related to the volumes which could be removed from Prudhoe — where natural gas is reinjected to increase oil production — when a major natural gas pipeline was under consideration. Oil is a more valuable commodity than natural gas and the issue was how large a volume of natural gas could be sold off from Prudhoe without decreasing ultimate recovery of crude oil.

In its application, Hilcorp noted that “most existing pool rules do not address” gas offtake.

A big exception is Prudhoe, where pool rules limit gas offtake. A maximum offtake rate of 2.7 billion cubic feet per day was established in 1977 when the commission first adopted pool rules for Prudhoe.

A natural gas pipeline from the North Slope had been recognized as a way to monetize the natural gas from early on, with some expectation that a natural gas pipeline — initially expected to run south through Canada to the Lower 48 — would follow shortly after completion of the oil pipeline.

In discussions of natural gas pipeline proposals in the early 2000s, the commis-

sion undertook studies to determine whether the existing allowable offtake was still reasonable.

In a 2005 draft report, the commission said that of the existing 2.7 bcf a day limit, some 700 million cubic feet are used for fuel, field operations, production of saleable natural gas liquids, enhanced oil recovery and minor local sales, leaving approximately 2 bcf for sales gas.

Studies were done based on changing conditions and the Prudhoe offtake rate was ultimately revised to 3.6 bcf a day in 2015.

—KRISTEN NELSON

Contact Kristen Nelson
at knelson@petroleumnews.com



part of the **LANCO GROUP OF COMPANIES**

6720 ARTIC BLVD
ANCHORAGE, AK 995518
(907) 331-4876
(855) 342-7263
WWW.WPCRANE.COM

BUILT FOR ALASKA



GROVE GRT8100-1
100 TON CAPACITY
ROUGH TERRAIN CRANE
154' FULL POWER BOOM
33'-56' SWING AWAY JIB
COMPLETE ARCTIC PACKAGE
OPERATING RANGE TO -40°F

MACHINES AVAILABLE FOR IMMEDIATE DELIVERY

Authorized Distributor: **Manitowoc** **GROVE** **NATIONAL CRANE** **MANITOU**



United. Inspired.

Making advances

Construction Machinery Industrial and Epiroc

In the World – Epiroc, The best construction equipment technology.

In Alaska – CMI, The best sales and product support lineup.

In Your Corner – The Winning Team.

Surface Rigs • Underground Rigs • Drill bits • Steel



Alvin Ott,
Fairbanks
Mining Sales



Paul Larson,
Juneau
Mining Sales

Anchorage (907) 563-3822
Juneau (907) 802-4242

Fairbanks (907)931-8808
Ketchikan (907) 247-2228



Construction Machinery Industrial, LLC

epiroc.us

www.cmiak.com