



page 4 State OKs geothermal permit for southern area of Augustine Island

## ConocoPhillips Alaska gets okay to drill 16 new 2022 Kuparuk wells

Two June 30 plan of operation amendment approvals from Alaska's Division of Oil and Gas are expected to result in a total of 16 new wells in the central North Slope's Kuparuk River unit this year.

One of the approvals authorizes Kuparuk operator ConocoPhillips Alaska Inc., or CPAI, to drill 12 new wells on the Drill Site 3S, or DS-3S, pad, which is the farthest west drill site in the Kuparuk unit.

The other approval authorizes CPAI to drill four new wells on the DS-1C pad.

Both amendment applications were filed by the company on May 24.

The four new wells will be drilled on ADL 25649; the 12 wells will be drilled on ADL 380107.

The two projects are expected to begin upon issuance of permits.

### DS-3S and Coyote prospect

Here are some of the things CPAI executives have said. or see **KUPARUK WELLS** page 10



EREC ISAACSON

## BLM delays completion of draft supplemental ANWR leasing EIS

The Bureau of Land Management has delayed from June 2022 to November 2022 the anticipated completion of a draft supplemental environmental impact statement for its Arctic National Wildlife Refuge coastal plain oil and gas leasing program, according to filings in court cases in the federal District Court in Alaska. The court cases are challenging the legality of the lease sale program but are on hold, pending the outcome of the SEIS — the findings of the SEIS could render the court cases moot.

As part of the Tax Cuts and Jobs Act of 2017 the U.S. Congress approved the conducting of lease sales in the 1002 area of the ANWR coastal plain, with BLM being required to hold at least two area-wide lease sales in the 1002 area by December 2024. The first of the lease sales was conducted on Jan. 6, 2021, with the Alaska Industrial Development and Export Authority, Knik Arm Services and Regenerate Alaska obtaining leases in the sale.

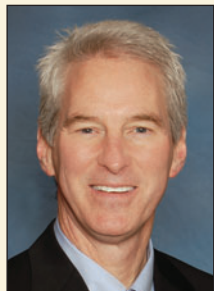
Interior Secretary Deb Haaland subsequently argued that see **DELAYED EIS** page 10

## AGDC: DOE draft supplemental EIS for AKLNG project is positive

The U.S. Department of Energy released its draft supplemental environmental impact statement for the Alaska LNG project June 24, and it looks positive, the project's proponent, the Alaska Gasline Development Corp., said June 29.

The draft SEIS examines the effects of Alaska liquefied natural gas "and its conclusions validate previous federal authorizations for the project," AGDC said. The agency said the new report also documents ample quantities of natural gas exist on the North Slope to support Alaska LNG.

"With this report, the Biden Administration confirms that Alaska LNG can deliver environmental benefits globally and provide environmental and socioeconomic benefits for Alaskans," AGDC President Frank



FRANK RICHARDS

see **AKLNG PROJECT** page 8

### LAND & LEASING

# Cook Inlet included

Interior's proposed 2023-28 OCS lease sales could include as many as 11 sales

By KRISTEN NELSON

Petroleum News

The U.S. Department of the Interior is inviting public comment on its proposed five-year offshore oil and gas leasing program.

"This is the second step in a three-step planning process to determine whether or how many offshore oil and gas lease sales to hold over the next five years," Interior Secretary Deb Haaland said in a July 1 statement.

The proposed plan has several options from no lease sales to as many as 11 sales, she said.

"Like the current program finalized in 2016, it removes from consideration the federal waters off the Atlantic and Pacific coasts while inviting public



DEB HAALAND

comment on 10 potential sales in the Gulf of Mexico and one in the Cook Inlet off south-central Alaska."

Haaland said that she and President Joe Biden have made "clear our commitment to transition to a clean energy economy. Today, we put forward an opportunity for the American people to consider and provide input on the future of offshore oil and gas leasing. The time for the public to weigh in on our future is now."

The draft proposed program was released in 2018 under the Trump administration, proposing 47 lease sales in 25 of 26 outer continental shelf planning areas. The current proposed program has narrowed proposed sales to areas with existing production and

see **LEASING PROGRAM** page 11

### GOVERNMENT

# Reflections from Feige

Outgoing DNR chief known for common sense, creative solutions, science bent

By KAY CASHMAN

Petroleum News

It was Corri Feige's last day as commissioner of the Alaska Department of Natural Resources, June 30, 2022.

Petroleum News asked Feige, a proponent of limited federal over-reach, what she thought of the U.S. Supreme Court's June 29 ruling limiting the U.S. Environmental Protection Agency's widespread power to regulate carbon dioxide emissions using the Clean Air Act.

"While I have not had a chance to read the ruling in great detail, what I have looked at so far in the summary of the decision tells me that clearly



CORRI FEIGE

common sense has won," Feige said.

"We need good science and we need repeatable methods for measuring these things like CO2 before we can legitimately step out and regulate. Right now it's so politically charged. The science isn't there.

"The ruling has huge implications for businesses and for the cost of power across the nation, especially in Alaska. I'm really very pleased with the decision and I absolutely believe that common sense won this time."

Another area where she would like to see science and common sense prevail is in the revised

see **FEIGE REFLECTS** page 7

### UTILITIES

# GVEA talks strategy

Utility to close coal plant, invite new wind power, install battery storage

By ALAN BAILEY

for Petroleum News

During a June 27 meeting the board of Fairbanks based Golden Valley Electric Association approved a new strategy for meeting GVEA's power generation needs in the coming years. The new strategy was the outcome of an 18-month review of the utility's generation portfolio by the board, utility employees and supporting consultants, the utility says.

There are five components to the strategy: an upgrade to the utility's Healy Unit 1 coal fired power station; the retirement of the Healy Unit 2 coal fired power station; a request for proposal for a

Rather than retire Healy 1, one of GVEA's most reliable and low-cost generations systems, the utility now plans to invest \$26.1 million to install the necessary emissions control technology by Dec. 31, 2024, GVEA says.

large-scale wind power facility; the installation of a new battery energy storage system; and the securing of a power purchase agreement for natural gas fueled power generation.

see **GVEA STRATEGY** page 9

## ● PIPELINES &amp; DOWNSTREAM

# RCA order demands information by July 8

Final documents could lead to Anchor Point Energy, owner North Fork's natural gas pipeline, being transferred to Gardes Holdings

By **KAY CASHMAN**  
Petroleum News

As reported in the March 6 issue of Petroleum News, Alaska's Division of Oil and Gas signed off Feb. 24 on the 2022 plan of development for the North Fork unit on the southern Kenai Peninsula, which is operated by Vision Operating. It was the 57th POD for the unit.

Vision Operating told the division, per the POD, that it was in discussions with the Regulatory Commission of Alaska for approval to transfer Cook Inlet Energy's controlling interest in Anchor Point Energy, owner of North Fork's pipeline, to Gardes Holdings. (Gardes Holdings' operating entity in Alaska is Vision Operating and its lease owner is Vision Resources.)



**BOB GARDES**

Unlike most hydrocarbon producers that have entered Alaska, Lafayette, Louisiana-based Robert "Bob" Gardes is first and foremost looking for natural gas, not oil. He told Petroleum News when he first arrived in November 2020 that he views the Cook Inlet basin as one of four top gas regions in the world.

*Unlike most hydrocarbon producers that have entered Alaska, Lafayette, Louisiana-based Robert "Bob" Gardes is first and foremost looking for natural gas, not oil.*

## Took over May 2021

In its POD approval the division said Vision Operating took over as operator of 2,602-acre unit on May 1, 2021.

The field had averaged 3,058 thousand cubic feet per day of natural gas production through November 2021.

The most recent Alaska Oil and Gas Conservation Commission data, for May, shows North Fork averaged 3,080 mcf per day in May.

Vision Operating said it had initiated right-of-way remediation work on the Anchor Point Energy pipeline to repair the depth of cover on the pipeline in compliance with its U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration special permit.

The company had also done a lot of work in the North Fork unit, which drew praise from the division.

## Joint applicants Gardes, CIE

According to RCA, Gardes and Cook Inlet Energy

jointly applied to RCA to transfer Anchor Point Energy pipeline ownership to Gardes Holdings on April 1, 2021.

RCA approval is needed for transfer of ownership of a pipeline carrier.

In a Feb. 28 order, RCA cited additional information and documents which it required for the transfer, listing 18 items, and requiring receipt by March 18.

RCA said if that timeline was met, it would issue a final order by May 6.

## Explanation of differences

But not all the information and documents have yet been filed, so controlling interest in North Fork's pipeline remains with Cook Inlet Energy.

On July 1, RCA issued an order in the matter, asking for the materials it still needs to further assist it in its analysis of whether Gardes' proposed acquisition of Anchor Point Energy meets RCA's statutory standards.

One of the things the agency needs is an explanation of why Anchor Point Energy's gas operating revenue and total gross operating revenue differ for the year-end periods of 2017, 2018 and 2019 in its annual reports and its regulatory cost charge reports that were filed for the same year-end periods.

see **RCA ORDER** page 3

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continued from page 2

## RCA ORDER

The second RCA request was that the applicants file Anchor Point Energy's 2021 annual operations report (the 2021 total gross operating revenue was reported to RCA by Anchor Point Energy in its 2021 regulatory cost charge report).

### Whose gas in pipeline?

The third request deals with whose natural gas will be in the pipeline.

Per RCA, the joint application states, "[Gardes Holdings] anticipates that since [Gardes Holdings] is acquiring the production facilities that are the source of all present throughput on [North Fork Pipeline], [Gardes Holdings] will be [North Fork Pipeline's] only shipper."

Per the agency the joint application also said, "[Gardes Holdings], and its subsidiary [Vision Resources, LLC], as a producer and shipper on Cook Inlet's pipelines, rely on access to a sound and well-maintained pipeline infrastructure."

The North Fork Pipeline was constructed to transport North Fork unit gas to market, RCA notes in its order. It connects with Enstar Natural Gas Co., a Division of SEMCO Energy, Inc.'s Anchor Point Pipeline, enabling sales to Enstar Alaska Pipeline Co. and the potential for sales to other customers through further transport on the common carrier Kenai Beluga Pipeline system.

"We require that the joint applicants provide a narrative discussing whether they anticipate any throughput from sales by Vision Resources, LLC of North Fork unit gas to customers other than Alaska Pipeline Co. in the foreseeable future," RCA said in its July 1 order.

### Throughput, audited statements

In its fourth request, RCA said "To determine whether a common carrier pipeline service is or will be required for the public convenience and necessity, we look at the need for shipments through the pipeline. We require that the joint applicants provide historical throughput volumes for the year-end periods Dec. 31, 2017; Dec. 31, 2018; Dec. 31, 2019; Dec. 31, 2020, Dec. 31 2021 and all monthly 2022 throughput volumes available at the time a response to this request is filed."

Gardes and Cook Inlet Energy provided audited financial statements for Gardes for calendar years 2017, 2018, 2019, and 2020, and provided unaudited financial statements for calendar year 2021.

In its order RCA asked the applicants whether 2021 audited financial statements for Gardes are now available.

### Who are the experts?

The joint application states that Gardes and Vision Resources "have assembled a team of industry experts with decades of relevant Alaska experience to operate their newly acquired Cook Inlet assets. These professionals have specific Alaska expertise with drilling, production, engineering, geology, geophysics, land management, marketing, liquefaction technology, regulatory compliance, pipelines, power generation and distribution."

In its July 1 order, RCA said it requires the applicants to identify the professionals with "relevant Alaska experience" and provide a narrative describing the "relevant Alaska experience" possessed by each of those professionals.

### Details on DNR application

Gardes and Cook Inlet Energy had told RCA that they had filed an application with DNR to transfer the interest of Cook Inlet Energy, as sole owner of Anchor Point Energy, in the right-of-way agree-

ment for the North Fork Pipeline to Gardes and that they would "notify the Commission when they receive a final decision from DNR regarding the application."

In its July 1 order, RCA said the joint applicants must "provide a narrative describing the current status of the application filed with DNR, including any decisions issued by DNR and any additional filings with DNR that pertain to the right-of-way agreement for the North Fork Pipeline."

### Corporate guarantee

In its order RCA said it "commonly" requires a corporate guaranty from a parent company of a pipeline carrier.

"Anchor Point Energy and Cook Inlet Energy are aware of this practice," the agency said.

The corporate guaranty must be in an "acceptable form and guaranty the common carrier of obligations of the pipeline carrier. We require the joint applicants to submit a proposed form of corporate guaranty of Gardes Holdings, guarantying the common carrier obligations of Anchor Point Energy," RCA said in its July 1 order.

### Details re. pipeline tariffs

Finally, RCA said the joint application "included proposed revisions to Anchor Point Energy's tariff. According to the joint application, the transfer in controlling interest in Anchor Point Energy will not have an adverse effect on Anchor Point Energy's rates or terms and conditions of service, and no change to the existing tariff should be required other than to update contact information and replace reference to Cook Inlet Energy."

RCA said it did not require that changes to a pipeline carrier's tariff necessitated by the transfer of a controlling interest in the pipeline be filed with the application for transfer.

"If changes are needed as the result of a transfer, we require a compliance filing after the transfer is approved. However, since revised tariff sheets were filed, we reviewed them for compliance with our regulations. Our review identified a number of errors," RCA said.

The deadline for filing the information and documents noted in the July 1 order is July 8. ●

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## EXPLORATION & PRODUCTION

### US rotary drilling rigs down by 3 to 750

The Baker Hughes' U.S. rotary drilling rig count was 750 on July 1, down by three from the previous week and up by 275 from 475 a year ago.

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

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

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

The July 1 count includes 595 rigs targeting oil, up by one from the previous week and up 219 from 376 a year ago, with 153 rigs targeting natural gas, down four from the previous week and up 54 from 99 a year ago, and two miscellaneous rigs, unchanged from the previous week and unchanged from a year ago.

Forty-three of the rigs reported July 1 were drilling directional wells, 682 were drilling horizontal wells and 25 were drilling vertical wells.

The rig counts in Louisiana (64) and New Mexico (112) were each up by one from the previous week.

Texas (360) was down by two rigs week over week.

Ohio (11), Pennsylvania (24) and Utah (13) were each down by a single rig.

Rig counts in all other states were unchanged week over week: Alaska (8), California (6), Colorado (19), North Dakota (35), Oklahoma (60), West Virginia (14) and Wyoming (19).

Baker Hughes shows Alaska with eight rotary rigs active July 1, unchanged from the previous week and up by four from a year ago, when the state's rig count stood at four. Seven of the rigs in Alaska were onshore, one was offshore — also unchanged week over week.

The rig count in the Permian, the most active basin in the country, was unchanged from the previous week at 349 and up by 112 from 237 a year ago.

—KRISTEN NELSON

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## UTILITIES

### Ownership change triggers RCA filings

Following a May announcement that Enstar Natural Gas has been sold to TriSummit Utilities (see story in June 5 issue of Petroleum News), the Regulatory Commission of Alaska has received applications for its approval of the change.

Transfer of certificates of public convenience and necessity require RCA approval and there are three in this transaction, that for Enstar Natural Gas and separate certificates for Alaska Pipeline and for the 65% indirect controlling interest in Cook Inlet Natural Gas Storage. The companies said in their joint application that the remaining indirect owners of CINGSA, Berkshire Hathaway Inc. and Cook Inlet Region Inc., are not changing as a result of the transition.

The application said the proposed transaction requires a corporate restructuring of Enstar, because it is not a separate corporate entity under the previous ownership, but a division of a company and TriSummit is only acquiring Enstar.

The application says TriSummit “is a utility and renewable power company that has extensive experience operating utilities in extreme cold weather environments across Canada, all areas with remote, challenging terrain and winter conditions” which are akin to those in Enstar’s and CINGSA’s service areas.

The companies also said the TriSummit senior management team has significant operational experience and expertise and note that TriSummit’s President and CEO Jared Green was president of Enstar and CINGSA from 2014 to 2017.

TriSummit is committed, the companies said, to maintaining local management and operation, and “expects to bring utility support functions previously performed out of state back to Alaska within the first year of ownership.” These functions include “full-time employees in finance, information technology, procurement, legal services and human resources,” the companies said.

RCA said it will determine whether the applications are complete by July 18.

The commission said applicants have requested confidential treatment for portions of the proposed transaction and sales agreement and comments on that request are being accepted through July 21.

—PETROLEUM NEWS

## ALTERNATIVE ENERGY

# State OKs S. Augustine geothermal permit

Final written finding of O&G director released June 30, approving noncompetitive permit for 3,048 acres on south Augustine Island

By KRISTEN NELSON

Petroleum News

The Alaska Department of Natural Resources’ Division of Oil and Gas has issued a final written finding and decision for a noncompetitive geothermal prospecting permit requested by GeoAlaska LLC, owned by Dr. Paul Craig, for South Augustine Island in Cook Inlet.

The June 30 decision by the director of the division, Derek Nottingham, is for 3,048 acres of the onshore portions of three tracts, ranging from 320 to 2,240 acres, on the southern portion of the island. The permit is for 2 years at a rental rate of \$3 per acre.



PAUL CRAIG

A 2013 decision by the division determined that leasing tracts on and around Augustine Island for geothermal exploration was in the state’s best interest, and a lease sale was held that year, offering 65,992 acres in 26 tracts. One bid was received but no exploration was attempted and the lease from that offering was relinquished in 2014.

The division said it received a proposal from GeoAlaska in April 2021, which triggered a call for public comments and competing proposals. The division received no competing proposals or comments, and then offered the area as a noncompetitive prospecting permit for 2 years at a rental rate of \$3 per acre.

A preliminary finding was issued April 28.

### Area, potential work

The division listed geologic hazards from Augustine Volcano as “lahars, pyroclastic flows, debris avalanches, volcanic blasts, and other volcano-related hazards” and listed geothermal resources as hot water, hot dry steam or hot dry rock. All

three, the division said, are indicated by the presence of Augustine Volcano, “although no hot springs are known from Augustine Island.”

Eruptions from the volcano happen at 17.5-year intervals, the division said.

The division said it is not currently known “whether geothermal resource exploration, development, power production, or power transmission will be proposed, and if proposed, what specific location, type, size, extent, and duration would be.”

Initial work could include geological and geophysical surveys and exploration drilling, the division said.

“If a commercially viable geothermal resource is identified, development could include construction of well pads, wells, pipelines, power plant, roads, personnel housing, transportation and maintenance facilities, and a subsea power cable.”

### Northwest Mount Spurr

This is not GeoAlaska’s first geothermal permit.

In May 2021 the division issued a final finding for a noncompetitive geothermal prospecting permit to GeoAlaska for Northwest Mount Spurr. The division said the Northwest Mount Spurr permit area is some 6,376 acres on the southern flank of Mount Spurr, northwest of Trading Bay and some 40 miles west of Tyonek. The Northwest Mount Spurr permit is also for two years.

### GeoAlaska

Craig formed GeoAlaska in May 2020 to identify and develop geothermal energy resources in Alaska, he told Petroleum News in 2021 (see stories in the May 30, 2021, and June 6, 2021, issues of PN).

He told PN he isn’t switching industries. “For 28 years I have been in the energy industry,” he said.

“GeoAlaska is trying to move Alaska’s energy industry one step forward into the future by creating a source of green elec-

see **GEOTHERMAL PERMIT** page 7



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## UTILITIES

### RCA schedules RRC public hearing

The Regulatory Commission of Alaska has scheduled a public hearing to gather electricity consumer comments on the Railbelt Reliability Council’s application for a certificate to operate as the electric reliability organization for the Alaska Railbelt electrical system. The consumer input hearing will be held as an online video conference at 8:30 a.m. on July 20, 2022. The commission says that participants should be prepared to limit their comments to five minutes or less. Information about how to participate is available from the RCA law office assistants.

If granted an ERO certificate, the RRC would set enforceable reliability standards for the Railbelt electric utilities; conduct regional integrated resource planning; and administer rules for open access to the transmission grid. The concept is to achieve a more unified approach to the overall management of the system, which is owned and operated by five independent utilities and the state of Alaska. While customers of the utilities would pay the costs of operating the ERO, the ultimate result of unified overall management of the system should be the minimization of electricity costs within acceptable levels of supply reliability.

Information about the RRC’s ERO application is available on the RCA website, under docket E-22-001. The docket filings can be accessed through the “Find a matter” search box on the website’s home page.

—ALAN BAILEY

EXPLORATION & PRODUCTION

# Hilcorp S Kenai stratigraphic tests OK'd

By KRISTEN NELSON  
Petroleum News

Hilcorp Alaska's proposal to drill stratigraphic test wells on state subsurface leases on the southern Kenai Peninsula has been approved by the Alaska Department of Natural Resources' Division of Oil and Gas.

The division said the company plans 18 stratigraphic test wells on the Southern Kenai Peninsula near Ninilchik and Anchor Point. The division's approval of the test program is for the seven wells which will be drilled on state subsurface. In a June 29 lease plan of operations decision the division said a truck-mounted water well rig will be used to drill the wells "at identified locations accessible from established roads." The wells will be plugged and abandoned following completion and evaluation.

The division said the proposed activities would begin upon authorization and the work may last until August.

Of the seven wells on state subsurface, three are on private surface land and four are on state surface land.

*The wells will be plugged with a grout/bentonite mixture and after the plug has been set to within 10 feet of the surface, the top 20-30 feet of casing will be cut off and removed and the surface of the wellbore buried, the division said.*

## Well sites

The division said each test well will require an area some 35 by 70 feet, with rig mats used if ground conditions require.

Each well will be drilled to approximately 600 feet, evaluated and then plugged and abandoned to the satisfaction of the Alaska Oil and Gas Conservation Commission and the landowner.

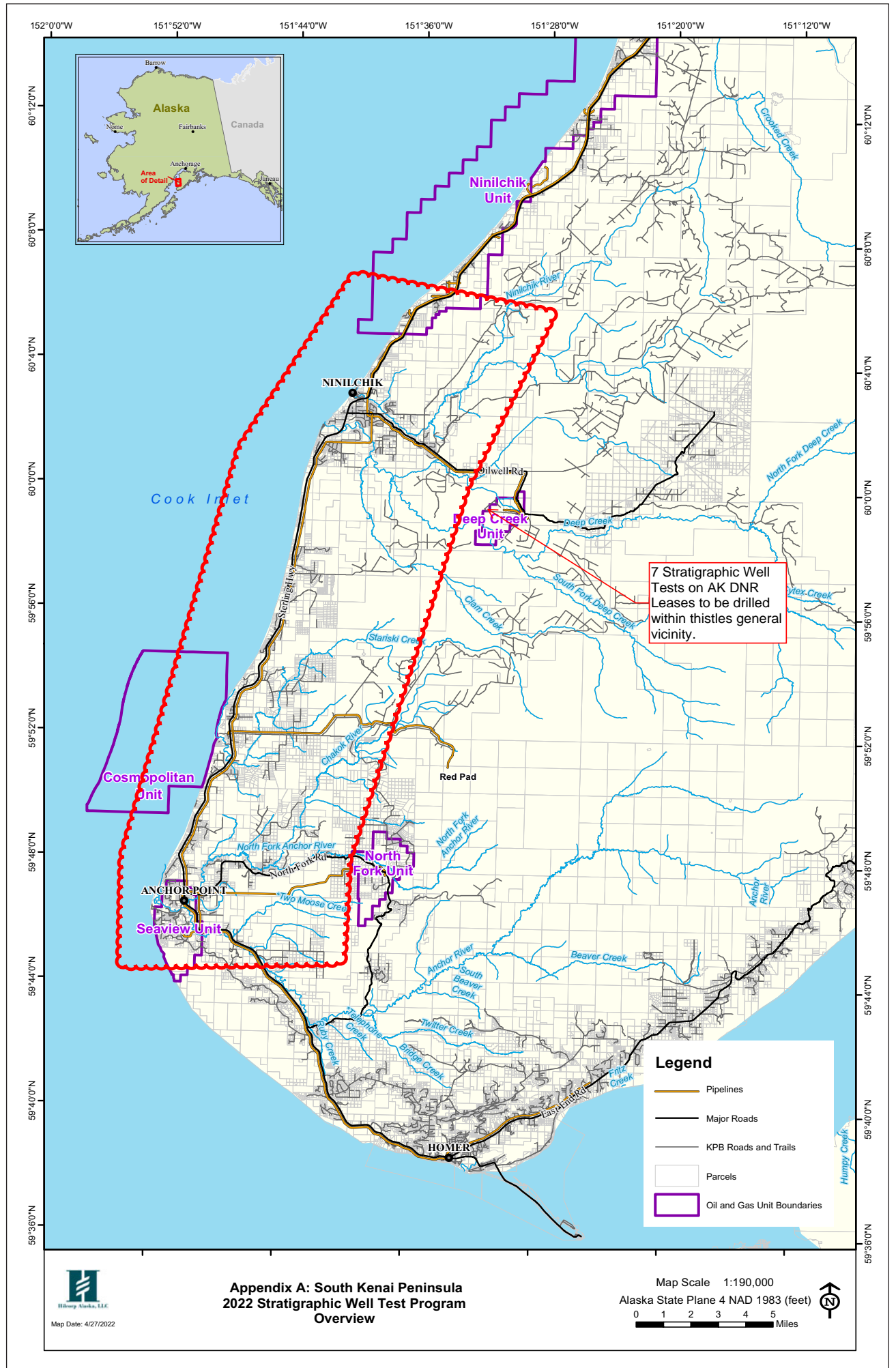
The wells will require casing in the top 100 to 200 feet due to formation instability. Samples will be obtained every 30 feet or so of the wellbore.

The wells will be plugged with a grout/bentonite mixture and after the plug has been set to within 10 feet of the surface, the top 20-30 feet of casing will be cut off and removed and the surface of the wellbore buried, the division said.

In its lease plan of operations (see story in June 12 issue of Petroleum News) the company told the division that since 2017 it has successfully completed 28 southern Kenai Peninsula stratigraphic well tests. The company has used the stratigraphic test wells to identify locations for traditional exploration wells.

Last summer Hilcorp also drilled a series of stratigraphic test wells in the Yukon Flats basin in the Interior. ●

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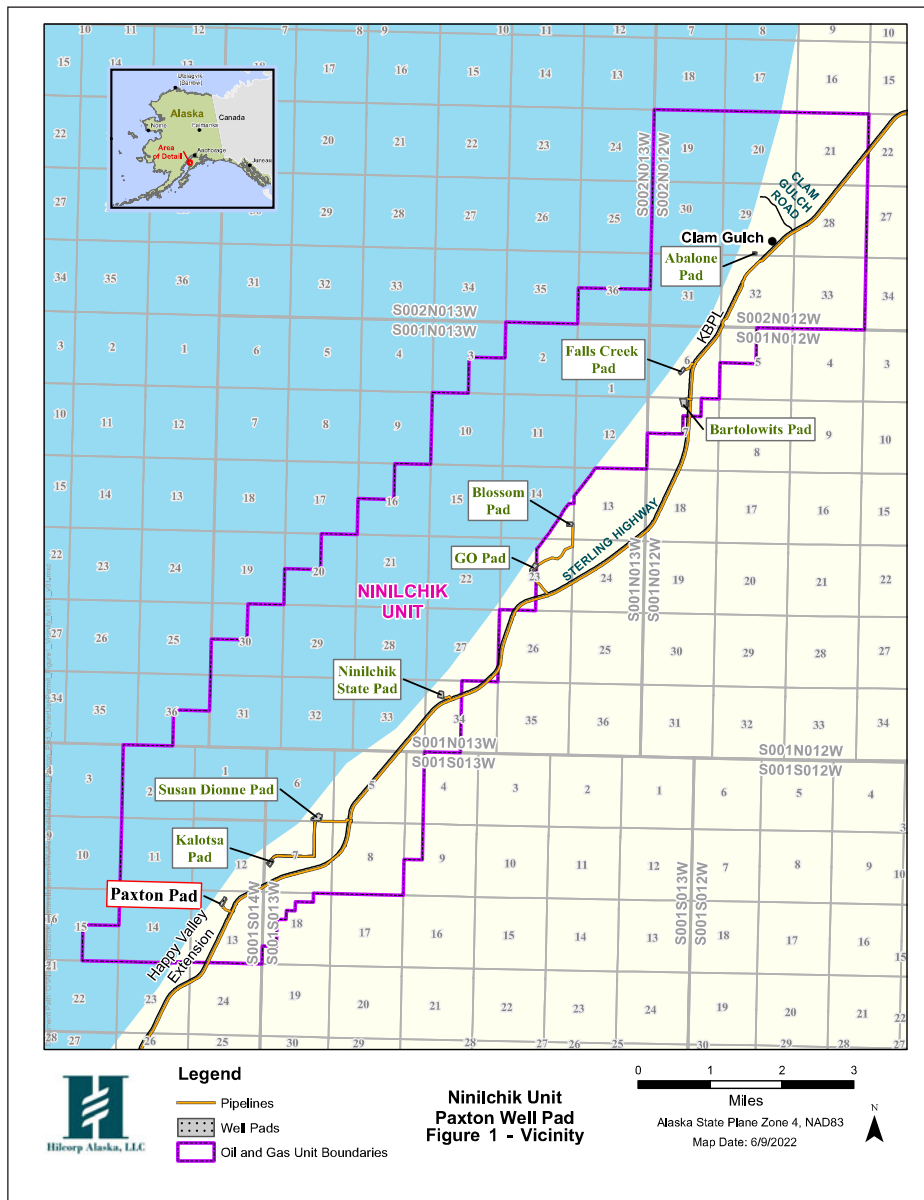
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## EXPLORATION &amp; PRODUCTION

# Hilcorp plans work at Paxton, Pearl pads

Expansion for drilling planned at Paxton, gas production facilities to be added at Pearl pad; both amend unit plan of operations



By KRISTEN NELSON  
Petroleum News

Hilcorp Alaska has applied for changes to its Ninilchik unit plan of operations to expand the Paxton pad to provide additional space for development drilling and increased gas production and to add gas production infrastructure to the Pearl pad and drill a new well, Pearl No. 8.

Both applications are to the Alaska Department of Natural Resources' Division of Oil and Gas, and both proposals were public noticed June 29, with comments due by July 28.

## Paxton pad

In its public notice the division said the Paxton pad is on privately owned land some 4 miles northeast of Ninilchik near milepost 131 of the Sterling Highway.

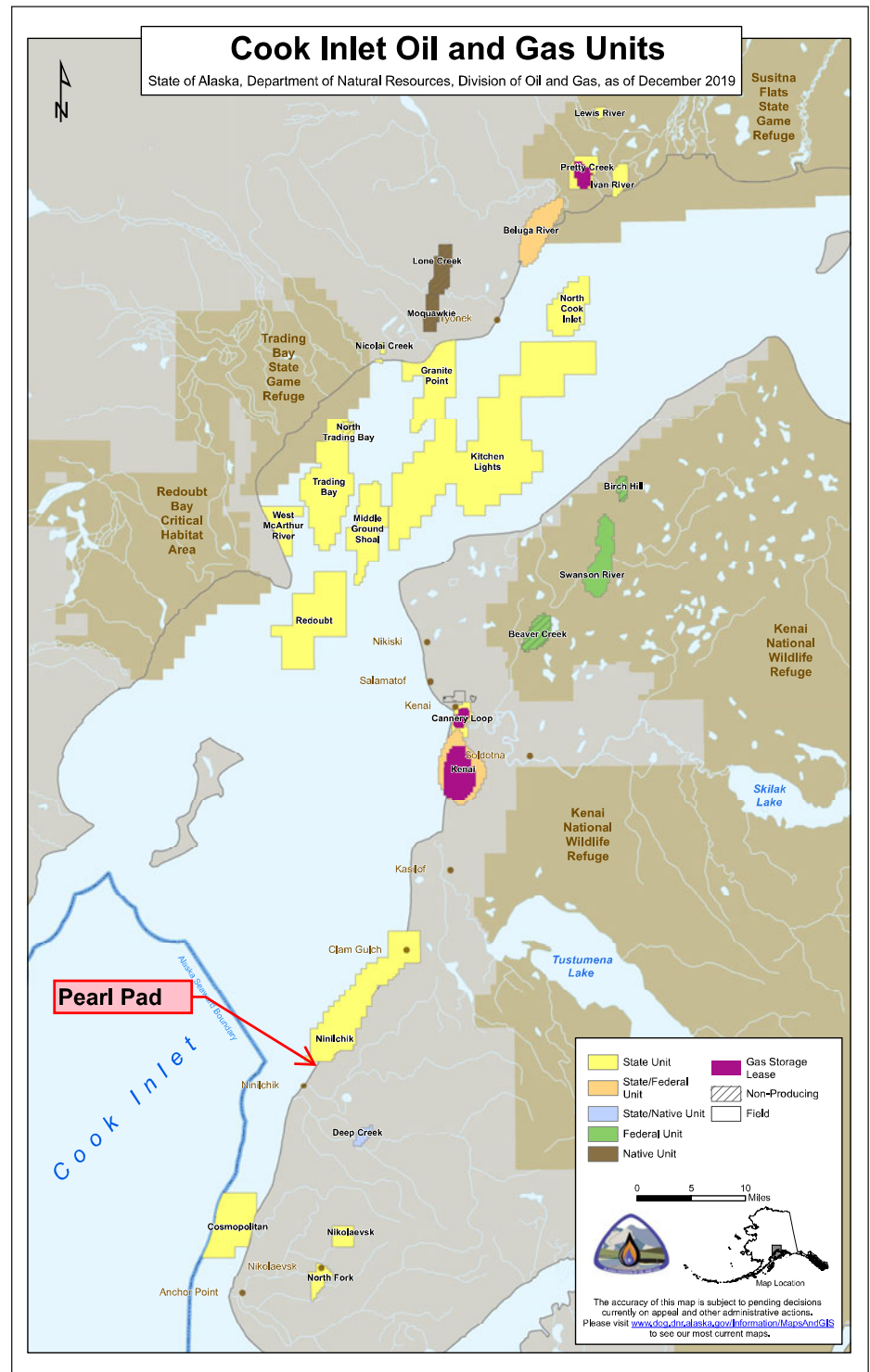
The Paxton pad expansion would add

approximately 3.11 acres to the south and southwest portion of the existing pad.

In its application Hilcorp said the expansion "would provide additional space to allow for production well drilling and increased gas production" within the unit, with drilling of additional wells planned for 2022-23. That work will be permitted separately, the company said.

"Pad expansion would provide the space necessary to accommodate the drill rig for drilling these wells while allowing safe access and uninterrupted facility operations," Hilcorp said. The company said the pad expansion will be primarily on upland areas adjacent to the existing pad within already disturbed areas.

There were nine gas production wells online at the Paxton pad in May. A new well, Paxton 6, is included in Hilcorp's latest Ninilchik unit plan of development, filed with the division May 2.



Ninilchik had the most natural gas production of any Cook Inlet area field in May, 33,804 thousand cubic feet per day, 15.6% of inlet production, and Paxton produced an average of 14,852 mcf per day, 43% of Ninilchik's production.

## Pearl pad

The division said the Pearl pad is some 4 miles northeast of Ninilchik on privately owned surface.

Proposed gas production infrastructure to be added would include produced water tanks, heater separator unit skids, compressor skids, glycol dehydration modules and a vent scrubber. A pipeline would connect Pearl infrastructure to the Kenai Kachemak Pipeline.

Two development wells are planned — the Pearl No. 8 would produce from a state oil and gas lease. Because the other produced well, Pearl No. 9, would produce from privately held subsurface it is not included in the application.

Hilcorp said the plan includes installation of associated infrastructure including gas flowlines, electrical instrumentation, well cellars and conductors as needed.

"No new gravel footprint or off-pad work is proposed for the drilling and installation of the proposed wells," the company said.

The Pearl pad is not yet in production.

In August 2017 the division approved Hilcorp's plan to develop the Pearl pad just south of the unit to access a target within the unit.

*In August 2017 the division approved Hilcorp's plan to develop the Pearl pad just south of the unit to access a target within the unit.*

In its 18th Ninilchik unit plan of development, submitted to the division April 29, the company said facilities planned for the Pearl pad would accommodate gas production from Pearl 2A and additional delineation wells, with facility work to begin as early as the third quarter of the year. In related action, Kenai Beluga Pipeline applied to the Regulatory Commission of Alaska to connect to Pearl pad production facilities.

The Alaska Oil and Gas Conservation Commission approved a spacing exception allowing the Pearl 2A to be drilled on March 15. "Pearl 2A will be the first exploration well drilled at the southern extent of the existing Ninilchik Unit/Field," the commission said, and will target unproven gas reserves in the Beluga and Tyonek formations within the Pearl undefined gas pool and Beluga/Tyonek pool.

Pearl 1, drilled in 2002, was an exploration well which was plugged and abandoned. Pearl 2 was a stratigraphic test, one of seven Hilcorp did in 2017, all plugged and abandoned. ●

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## FEIGE REFLECTS

environmental review the U.S. Bureau of Land Management is set to issue for ConocoPhillips' Willow project in the National Petroleum Reserve-Alaska.

Willow, a \$6 billion project, has been stalled for almost a year since a federal court in Anchorage voided permits for the project after conservation groups filed lawsuits. Since the court decision the company and BLM have been working on a revised development plan.

The new plan will likely be described in the draft supplemental environmental impact statement that was expected out for public notice and comment on June 30, the day of PN's interview with Feige, but is now expected to be released sometime after July 4.

If construction is allowed to proceed, Willow, which holds some 600 million barrels of oil, will produce 160,000 barrels per day with production beginning in late 2025, or early 2026.

An associated record of decision will "hopefully" come out by the end of the calendar year, the outgoing commissioner said, encouraging everyone to comment on the draft SEIS being released in July.

"Put your thoughts on paper, and let it be known in the record how important this project is. There needs to be stability and a level playing field for everybody," Feige said.

### Advice for Division of Oil and Gas

Feige, a fan of creative solutions and open communication in her three and a half years as commissioner, was asked in the June 30 interview for the most important advice she could offer the leadership of DNR's Division of Oil and Gas.

"Unquestionably," she replied, "be open and collaborative in crafting solutions to the difficulties and the problems that industry is going to bring to the division.

"There is so much change happening in the energy space, and in particular the oil and gas sector. The division and DNR derive huge strength from our ability to sit down with explorers and producers, understand what their challenges are because — as landowner/lessor — there are similar challenges to the state.

"Putting on our regulatory hat, understanding how we help them have compliant operations but come up with solutions that may have never been done before because now we have some new technology or now we understand reservoirs better.

"So keep communications open, listen, and don't be afraid to work collaboratively to find really good, creative solutions," Feige advised.

### NPR-A near-term, ANWR long-term

The next question PN asked Feige: In your opinion is it more important to support opening the ANWR 1002 area to exploration or to make sure eastern NPR-A is

*"There is tremendous potential in the Brookian in eastern NPR-A, in particular the Nanushuk formation. ... The area and projects like Willow matter and should not be susceptible to change with the political winds. Lessees should know what to expect," Feige said.*

open to oil and gas exploration and development?

"Both are equally important," she replied, "but in the near-term we cannot lose ground in the petroleum reserve; we have to keep supporting existing federal leases in eastern NPR-A, especially the Willow project.

"There is tremendous potential in the Brookian in eastern NPR-A, in particular the Nanushuk formation. ... The area and projects like Willow matter and should not be susceptible to change with the political winds. Lessees should know what to expect," Feige said.

"In regard to the ANWR 1002 area, of the 19 million acres in ANWR 2% is under lease in an area set aside for oil and gas

exploration and development. This is a very small area.

"I view the 1002 area as a long-term revenue account for the state and there are still land questions regarding the boundary.

"We must support both areas with equal vigor, but the issues around the ANWR 1002 area will take more time to resolve."

### Carbon capture

When asked to address DNR's work to facilitate a carbon capture, use and sequestration industry in Alaska, the outgoing commissioner said that "starting back in January, the department began the overview work necessary to facilitate a carbon capture utilization and sequestration (CCUS) industry in the state. This work will benefit the state and its resource industries for many years to come

"There is very robust potential for Alaska to play a meaningful role in global climate response. Now in addition to extraction, some value may come from the global significance of the state's natural resources as storehouses of greenhouse gases. Depleted oil and gas fields, for example, have been proposed as good geological formations for the long-term storage of carbon," Feige said.

And what does she think of her replace-

ment, Akis Gialopsos, who was appointed acting DNR commissioner by Alaska Gov. Mike Dunleavy after her resignation.

"I've had several meetings with him, and I was pleased that he understands the importance of our department to the state."

### What's in store for her?

Although Feige is clear that her next few months will be devoted to her family, including spending time in Wyoming with family members there, PN asked whether she will become active in her own consulting company again.

"It's early days yet so check back with me in a few months. That said, resources are in my blood. I've been doing this for 35 years."

And what will Feige be doing first thing in the morning of July 1?

"Sleep in."

And later?

"I'm going to sit down and enjoy a cup of coffee. And then I'll have a second cup and read a book."

Does she have any travel plans?

"Travel for the next few days won't be more than 30 feet from my home." ●

Contact Kay Cashman at [publisher@petroleumnews.com](mailto:publisher@petroleumnews.com)

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## GEOHERMAL PERMIT

trical energy that has a zero-carbon footprint on the environment," Craig said in a 2021 interview.

"We are not anti-oil.

"We are not anti-natural gas.

"We are pro-business and pro-energy, but we want to do it in a way that creates a sustainable future for our children and our grandchildren for generations to come." ●

Contact Kristen Nelson at [knelson@petroleumnews.com](mailto:knelson@petroleumnews.com)

## UTILITIES

### AEA seeks comments on EV infrastructure

The Alaska Energy Authority is seeking public comments on the requirements for implementing an infrastructure to support the use of electric vehicles in Alaska. Under the National Electric Vehicle Infrastructure Formula Program, a component of the Infrastructure Investment and Jobs Act passed by Congress last year, Alaska will receive more than \$50 million over 5 years to help fund an EV infrastructure in the state, AEA says.

Critical to the widespread adoption of EVs in Alaska is the ready availability of the means of charging the vehicles, both for local use and for long distance travel.

AEA has already been helping fund the installation of some high speed, commercial EV charging stations on Alaska highways, using funds from a settlement with Volkswagen over the company's fraudulent manipulation of emissions testing on its diesel vehicles a few years ago, and from the U.S. Department of Energy's State Energy Program.

AEA says that it anticipates using the new federal funds available through the Infrastructure Investment and Jobs Act "to build a statewide EV fast-charging network and community based charging sites in rural and urban areas across Alaska." However, receipt of the funds is contingent on AEA submitting an EV infrastructure implementation plan for Alaska to the Federal Highway Administration by Aug. 1. The plan must describe AEA's goals and the agency's intended uses for the funds.

AEA has published a draft version of its plan on its website. The agency is now inviting public comments on the plan. Comments must be submitted by 5 p.m. on July 29 — they can be emailed to [electricvehicles@akenergyauthority.org](mailto:electricvehicles@akenergyauthority.org) or filed using an online form on the AEA website.

—ALAN BAILEY

continued from page 1

### AKLNG PROJECT

Richards said. "As the world turns away from Russian energy, LNG investors, developers, and customers are all searching for reliable, low-emissions energy sources," Richards said. "Alaska LNG, the only permitted LNG project on the West Coast, is poised to safely delivery to allies across the Pacific and enable other U.S. LNG projects to strengthen service to European nations in need," he said.

#### Environmental advantages

AGDC said DOE notes two environmental advantages of Alaska LNG — shorter shipping routes to Asia produce fewer emissions, with the shortest distance between China and the U.S. West Coast 140% longer than the Alaska route. DOE also said Alaska's natural gas generates fewer emissions than that produced elsewhere because it is produced alongside oil, and gas and oil produced independently generate higher overall emissions.

AGDC said some 75% of Alaska North Slope natural gas is associated gas, versus only about 40% on the U.S. Gulf Coast.

DOE also confirmed that there is more than enough identified natural gas on the North Slope for AKLNG's lifespan without development of new fields — more than 41.1 trillion cubic feet, "exceeding the volume required by Alaska LNG for in-state and export use."

AGDC said findings of the DOE draft SEIS "confirm the conclusions of the comprehensive 2020 Federal Energy Regulatory Commission Environmental Impact Statement. Together, the two reports span 6,000 pages and seven years of cooperation between all major federal agencies."

#### DOE summary

In its summary of the draft SEIS, DOE

*Under scenario 3, with CO<sub>2</sub> used at Kuparuk for EOR, Prudhoe production would be 849 million barrels, as in scenario 2, but Kuparuk would produce an additional 512 million barrels, for an overall gain of 6 million barrels over scenario 1.*

said the purpose of the SEIS was to evaluate potential environmental impacts of North Slope natural gas production and do a life-cycle analysis calculation of the greenhouse gas emissions for LNG exported from the proposed Alaska LNG Project based on a request from the Sierra Club for rehearing of the DOE decision to allow Alaska LNG export to non-free trade agreement countries.

DOE said the SEIS looked at three scenarios:

- Scenario 1: Business as usual — no major gas sale and no Alaska LNG project. This, DOE said, is essentially the no action case, with no development of a pipeline or other means to export gas from Prudhoe Bay and Point Thomson.

- Scenario 2: Reduced gas reinjection — major gas sale occurs and oil production from Prudhoe Bay is reduced as decreasing volumes of gas are reinjected and reservoir pressure drops. Focus shifts from oil production to gas production. CO<sub>2</sub> is not used in enhanced oil recovery but is stored in saline formations beneath Prudhoe Bay.

- Scenario 3: Use and storage of byproduct CO<sub>2</sub> — major gas sale with CO<sub>2</sub> stored and used for enhanced oil recovery.

In this third scenario, CO<sub>2</sub> would be used for EOR at the Kuparuk River field, DOE said. DOE said Kuparuk is a likely candidate for EOR using CO<sub>2</sub> because of proximity to Prudhoe and the Kuparuk reservoir's capacity to use CO<sub>2</sub>.

DOE said that as production was modeled for scenario 3 compared to scenario 1, "modeled estimates suggest in practice the two scenarios have the potential to produce similar volumes based on known variability in future reservoir performance."

Scenario 3 would require a 30-mile CO<sub>2</sub> pipeline from Prudhoe to Kuparuk, which would utilize existing or adjacent right of way to the maximum extent possible.

#### Production variabilities

DOE said under scenario 1, the no action scenario, 1,355 million barrels of oil would be produced from Prudhoe.

Under scenario 2, reduced gas injection, Prudhoe production would be 849 million barrels, a reduction of 506 million barrels.

Under scenario 3, with CO<sub>2</sub> used at Kuparuk for EOR, Prudhoe production would be 849 million barrels, as in scenario 2, but Kuparuk would produce an additional 512 million barrels, for an overall gain of 6 million barrels over scenario 1.

The volume of natural gas going to the gas treatment plant, zero in the no action scenario, would be 36.7 trillion cubic feet (27.3 tcf from Prudhoe and 9.4 tcf from Point Thomson) in scenario 2, and the same in scenario 3.

Available gas for LNG export would be the same in both scenario 2 and scenario 3: 27.83 tcf.

Carbon dioxide stored on the North Slope, zero in scenario 1, would be 3.87 tcf in both scenario 2 and scenario 3.

—KRISTEN NELSON



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## GVEA STRATEGY

GVEA did not include within its strategy the possibility of constructing a gas line to Fairbanks or the construction of a major new hydroelectric facility, given the uncertainties and long lead times associated with these concepts. The gas fueled power would be transmitted to Fairbanks using the electricity transmission intertie from Southcentral Alaska.

The development of the new strategy was initially triggered by the need to upgrade emission controls on Healy 1, to meet Environmental Protection Agency regulations — during the assessment of the Healy 1 upgrade requirements it became evident that the interconnected nature of power generation decisions required an analysis of the generation system as a whole, GVEA says. The new strategy will ensure reliability of electricity supplies at fair and reasonable prices in the future, while also helping reduce carbon emissions from GVEA's operations, the utility says.

Rather than retire Healy 1, one of GVEA's most reliable and low-cost generations systems, the utility now plans to invest \$26.1 million to install the necessary emissions control technology by Dec. 31, 2024, GVEA says.

## RCA opens docket for proposed renewable energy system

The Regulatory Commission of Alaska has opened a docket to investigate a tariff that Golden Valley Electric Association has filed for power supplies from a proposed 36 mW renewable energy power system at Delta Junction. As previously reported by Petroleum News, Delta Junction Renewable Resources LLC has proposed a project that involves 90% wind power and 10% solar energy, coupled with a battery energy storage system. The system would connect to GVEA's electrical system via a 35 kV transmission line and an associated transformer.

Under regulations relating to what is referred to as a renewable energy "qualifying facility," GVEA had to file a tariff for the proposed electricity supply.

In an RCA filing responding to the tariff filing, Delta Junction Renewable Resources disagreed with GVEA's assessment of the avoided cost of the energy that the new facility would replace. The avoided cost is a key factor in determining the price of the energy that a renewable power facility is entitled to sell. Delta Junction Renewable Resources also claimed that GVEA's unjustified application of new facility "integration costs" into the tariff could actually require the renewable energy facility to pay GVEA to accept its power in some years.

The RCA says that an assumption by GVEA that Delta Junction Renewable Resources' proposed battery system would have no impact on the avoided cost would be one of several issues investigated under the new docket.

—ALAN BAILEY

*The utility sees a need to secure sources of firm power supplies, including additional gas fueled generation, to replace power currently produced by Healy 2.*

because of a design flaw. In 2018 GVEA announced that it had brought the plant back online, having fixed the flaw.

GVEA now says that the decision to retire Healy 2 comes after years of effort to improve the plant's reliability, and that the plant has never performed as anticipated "despite the incredible efforts of employees and contractors." The retirement of the plant will take at least 30 months to complete and the utility is developing an implementation plan that will address opportunities available for Healy employees, GVEA says.

The utility sees a need to secure sources of firm power supplies, including additional gas fueled generation, to replace power currently produced by Healy 2. The utility also wants to secure around 40 mW of wind power, together with battery energy storage with capacity to regulate the varying wind power. ●

Contact Alan Bailey at [abailey@petroleumnews.com](mailto:abailey@petroleumnews.com)

### Healy 2

The unfortunate history of Healy 2 goes back to 1996 and 1997, when the plant was constructed next to Healy 1 as a clean coal project, to demonstrate a new technology for the efficient burning of coal. Following

test running, the plant was placed in a warm lay-up status in 2000. Originally owned by the Alaska Industrial Development and Export Authority and later purchased by GVEA, the plant was damaged during attempted startups in 2016 and 2017



## Oil Patch Bits



### Nathan Zeigler of Coffman Engineers receives award

Coffman Engineers Inc. said July 1 that it congratulates mechanical engineer, Nathan Zeigler, for receiving the American Society of Heating, Refrigerating and Air-Conditioning Engineers Achievement Award for research promotion. The award was presented to Zeigler during an honors and awards program at the 2022 annual conference in Toronto.

The full award name is the ASHRAE William J. Collins Jr. Research Promotion Award, in honor of presidential member Collins, who was instrumental in organizing ASHRAE's fundraising program and beginning the research promotion campaign. It recognizes the chapter research promotion chair who excels in all activities supporting ASHRAE's fundraising campaign, including promoting research at the chapter level, raising money for scholarships and all of the society's activities. This honor is awarded annually to one RP chair out of the 190 ASHRAE chapters worldwide.

Zeigler is a senior project engineer with Coffman Engineers and has more than 21 years of engineering experience, particularly in Arctic and Antarctic environments. His background

is in project management, detailed engineering and commissioning for industrial and commercial projects. His deep understanding of the HVAC discipline provides invaluable support to Coffman's mechanical-industrial team on key projects in the oil and gas, and energy sectors.

While serving as RP chair for the Alaska ASHRAE chapter, Zeigler's accomplishments include exceeding the chapter's fundraising goals by more than 50% as well as creating a RP endowment fund to build long-term funding stability for future research promotion efforts.

In reflecting about his time with ASHRAE, Nathan said, "ASHRAE has had and continues to have a very positive impact on my career, through education, networking and career development opportunities. I continue to learn from others as I also seek opportunities to engage and share my professional knowledge, this is the strength of ASHRAE which I have come to appreciate and value."

For more information visit [www.coffman.com](http://www.coffman.com).



NATHAN ZEIGLER

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## KUPARUK WELLS

CPAI state filings have revealed, about Drill Site 3S and the Coyote and Nuna prospects.

In 2015-16 the company drilled the Torok reservoir at DS-3S, drilling a well pair and contacting more than 4,000 feet of reservoir in a single lateral.

Among CPAI's "notable activities" completed within the Kuparuk participating area in 2021 was the completion of a well sidetrack into the "Brookian-age Coyote reservoir" from DS-3S.

In mid-2021, CPAI announced the Coyote discovery east of Nuna. At the time, company President Erec Isaacson said Coyote was in the Brookian topset above the Nuna Torok discovery, describing Coyote as shallow, i.e. possibly a Nanushuk play.

In late 2021 and 2022 CPAI officials said that the primary Greater Kuparuk Area field development projects include Coyote, Nuna and Northeast West Sak.

Regarding the status of Nuna, the company told PN

on May 4: "We continue to progress the project planning and approvals for the development at 3T, a planned future drill site where we plan to locate the Nuna development. It will be sited on the existing gravel pad within the Nuna acreage we acquired from Caelus. We plan to drill some wells in the same reservoir in the 3S area in Q3 2022 that will provide key learnings to help us further optimize the 3T development plans."

Also on May 4, a CPAI spokesperson told Petroleum News that well test results from its Coyote prospect were "very successful," exceeding CPAI expectations and "providing key data to help us better understand the Coyote reservoir interval."

The company had side-tracked an existing well at 3S drill site in the Greater Kuparuk Area to test the Coyote prospect, which had been identified from review of a 2015 3D seismic survey. CPAI got the well down at the end of 2021.

The company plans to drill a follow-up pair of wells (one producer, one injector) in the same area in Q4 2022 that "will enable us to gather other critical data to help us

better plan for a future development of this reservoir from the 3S pad."

### Back to new drilling

For the two new drilling projects approved June 30, CPAI will utilize typical construction equipment, which includes a drill rig, excavator, pile driver, crane and skid-steer loader. All planned wells and associated activities will take place within the existing gravel pad footprint.

A condition the division put on both drilling projects is that a "certified As-Built survey of the activity shall be provided within one year of placement of the improvement. This As-Built must contain a hard copy, as well as digital GIS file containing a Shapefile or ESRI Feature Class."

If drilling activities have not commenced, the approval for both expires on June 30, 2025.

—KAY CASHMAN

Contact Kay Cashman  
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# AOGA

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## DELAYED EIS

there were deficiencies in the EIS for the lease sale program and that, as a consequence, a supplemental EIS was required. The original plan for the preparation of the SEIS envisaged the publication of a draft SEIS in June 2022. The final SEIS would be published in April 2023. Interior would then issue a record of decision for the SEIS in June 2023. The recent court filings say that BLM anticipates that the delay in completion of the DSEIS will result in corresponding delays to the

other stages of the SEIS development.

Meanwhile, BLM has prohibited any oil and gas lease activities on the coastal plain, until the SEIS has been completed. AIDEA, Kaktovik Inupiat Corp., the North Slope Borough and Arctic Regional Corp. are challenging the lease sale activity ban through a District Court lawsuit. Regenerate Alaska has asked BLM to cancel its leases and refund its bonus bid and rental payments.

—ALAN BAILEY

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## LEASING PROGRAM

infrastructure, the Gulf of Mexico and Cook Inlet, Interior said.

The sales proposed for the 2023-28 program in the Gulf of Mexico and offshore Alaska are the same as the previous 5-year program finalized in 2016, Interior said. “These potential lease sales, including the GOM, could be further refined and targeted, based on public input and analysis prior to program approval,” Interior said. “The Final program also may include fewer potential lease sales, including no lease sales.”

### Proposed final program

Interior said that following the 90-day public comment opportunity, which begins after notice of availability is published in the Federal Register later in July, the Bureau of Ocean Energy Management will prepare a proposed final program and final programmatic environmental impact statement, including analysis of size, timing, location and number of potential lease sales. “Those may be further narrowed or areas could be excluded,” Interior said. The secretary then has a minimum of 60 days to approve the program and finalize the record of decision.

The draft programmatic environmental impact statement, PEIS, analyzes the proposed action, a range from no leasing to leasing in 25 planning areas.

B(a), the leasing alternative discussed in Haaland’s statement, includes the GOM (the western GOM planning area, a small portion of the eastern GOM planning area, most of the central GOM planning area and a small portion of the eastern GOM planning area) and the northern portion of the Cook Inlet planning area. Alternatives include alternatives with leasing in six planning areas, nine planning areas and 25 planning areas.

Under the B(a) proposal for 11 sales, sale 267, the Cook Inlet sale, would be held in 2026. GOM sales would be held in 2023, two in 2024, two in 2025, two in 2026, two in 2027 and one in 2028.

### Recent Cook Inlet leasing

The most recently scheduled Cook Inlet OCS sale, sale 258, was cancelled in May 2021. BOEM said at that time that it would not move forward with sale 258 in Cook Inlet because it “did not receive any nominations or direct indications of industry” interest.

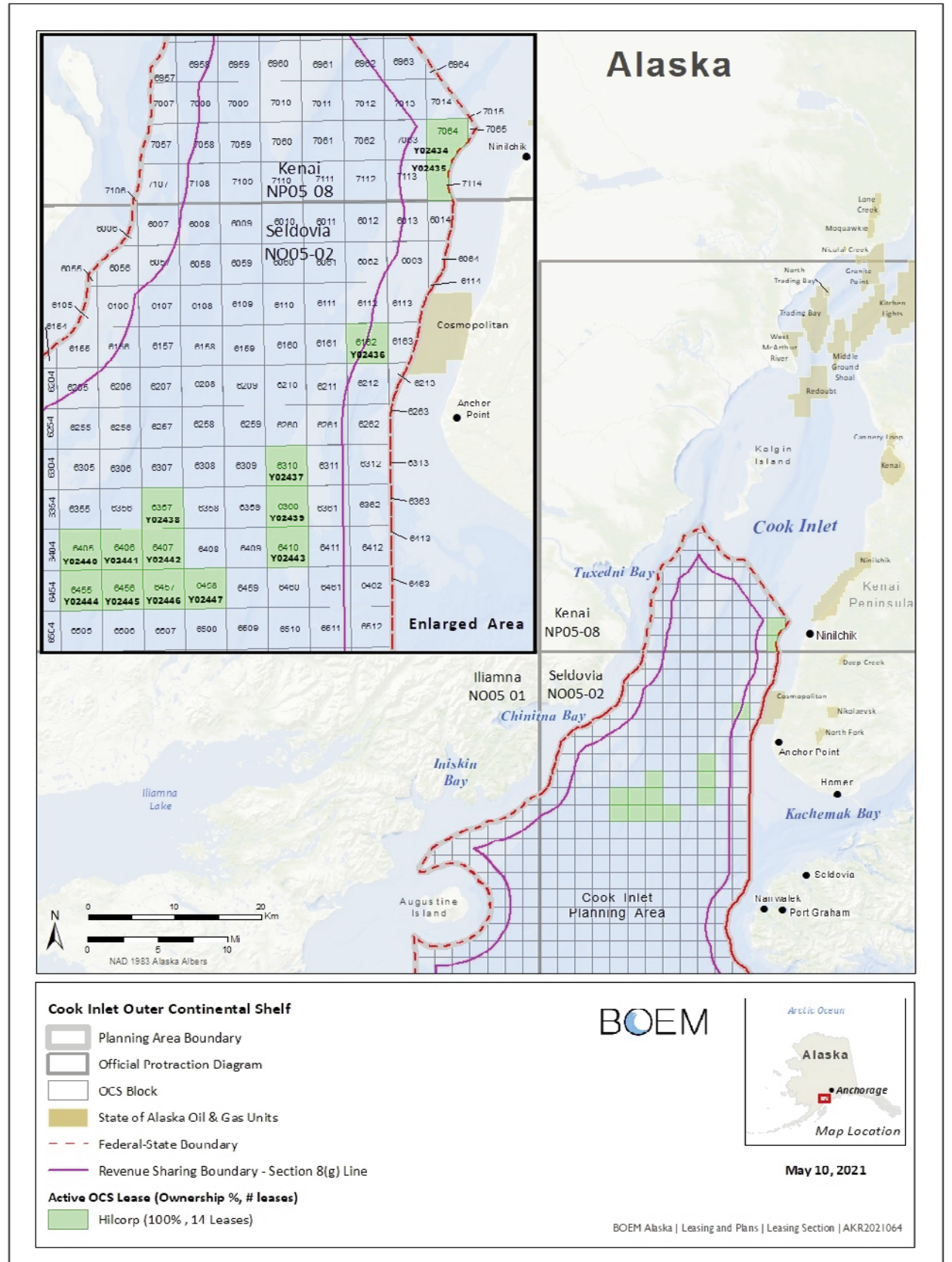
Following the May 2004 Cook Inlet sale 191, in which BOEM received no bids, the department “gave greater weight to expressions of industry interest during the individual sale planning process in deciding whether to hold lease sales in Cook Inlet.”

In the next five-year plan, for 2007-12, BOEM said the secretary “decided to include the Cook Inlet Planning Area on the schedule as a ‘special interest sale.’ If industry interest reflected in comments on a call for information did not support consideration of a sale, the sale would be postponed,” with a request for nominations and comments issued the next year.

Sale 211 was deferred a year in 2008, and subsequently cancelled, with a new sale scheduled.

Sale 219 was cancelled in 2011 due to lack of industry interest.

Sale 244 was held in 2017, with 14 leases awarded to Hilcorp. Those currently held Cook Inlet leases include two offshore Hilcorp’s Ninilchik unit; one offshore



BlueCrest’s Cosmopolitan unit; and two groupings of three and eight leases in mid Cook Inlet between Iniskin Bay and Kachemak Bay. These 14 leases, all acquired in 2017, expire Sept. 30, 2027.

### Work in federal waters

Last summer, BOEM approved an application from Hilcorp to conduct geohazard surveying over the company’s federal leases in Cook Inlet, encompassing four lease blocks. Hilcorp has indicated an interest in drilling up to four exploratory wells on its federal leases in lower Cook Inlet, and a geohazard evaluation is a requirement prior to any drilling.

Hilcorp has previously expressed an interest in testing the Blackbill prospect, discovered in 1982 at ARCO’s Raven No. 1 well. Hilcorp conducted a 3D seismic survey in 2019 which found that the prospect, with oil in a Cretaceous reservoir, is associated with a 65,000-acre, four-way closure in the rock strata.

These federal leases lie north of the Augustine-Seldovia arch, a geologic structure to the south of which the Tertiary strata hosting producing Cook Inlet oil and gas fields thins out. Cretaceous rocks associated with Blackbill are part of the older Mesozoic sequence underlying the Tertiary. ●

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