



Glacier Oil puts North Slope Badami unit assets on market

JUST WHEN WE THOUGHT small independent Glacier Oil & Gas Corp. was here to stay, the company put its North Slope Badami oil field up for sale.

Asked in early November why Glacier sold its Kenai Peninsula North Fork field, company President Stephen Ratcliff told Petroleum News that Glacier's focus was on the North Slope, particularly on the Badami unit, and selling the Cook Inlet basin gas producing asset to Gardes Holdings helped provide needed capital.

But something was apparently amiss because on Nov. 16 BMO Capital Markets Energy Group put out a divesture

see **INSIDER** page 8



Oil Search: JV's North Slope oil reserves up 33%, could go higher

In Oil Search's Nov. 18 ASX filing, the Oil Search/Repsol joint venture's 2C contingent resource in their Alaska portfolio increased by 33%, taking it from 728 million barrels of oil to 968 million barrels — and putting it 93% higher than at asset acquisition in 2018.

Operator Oil Search says it is well positioned to progress into front-end engineering design, or FEED, in early 2021 for a single drillsite in the first phase of the three-phase Pikka project, delivering a breakeven cost of less than US\$40 a barrel, with

see **PORTFOLIO RESERVES** page 8



KEIRAN WULFF

Positive news counteracts COVID; 2020 found resources near 10 bboe

After a slump into the \$30s to end October, a modicum of stability has settled over oil prices for more than a week leading into Nov. 19, with major benchmarks steadily traversing the channel between \$40 and \$45 per barrel.

Alaska North Slope crude found itself on the high end of the range Nov. 19, closing at \$43.90, up 44 cents. West Texas Intermediate closed at \$41.82, up 39 cents, while Brent closed at \$44.34, up 59 cents.

Despite currently rising levels of COVID-19 cases, good news on vaccines for the disease has created optimism for a recovery of oil demand.

Pfizer said Nov. 18 that its vaccine — developed in cooperation with Germany based BioNTech — tested at 95%

see **OIL PRICES** page 9

Talitha unit formation OK'd; Great Bear plans exploration wells

The Alaska Department of Natural Resources' Division of Oil and Gas has approved formation of the Talitha unit on the North Slope. Working interest owners are Great Bear Petroleum, the operator, and Borealis Alaska. The 44,463-acre unit is adjacent to the southern border of the recently approved Alkaid unit (see story in Nov. 8 issue of Petroleum News) where Great Bear Petroleum is the working interest owner.

The division said in its Nov. 12 unit approval that the area of the potential hydrocarbon accumulations at Talitha, "although meeting the regulatory requirement for inclusion in a unit, will require extensive drilling, testing, and additional delineation work to determine its commercial viability."

Due to the lack of exploration within the proposed unit,

see **TALITHA UNIT** page 10

EXPLORATION & PRODUCTION

COP: Down but not out

ConocoPhillips Alaska expects to go from zero to 4 rigs on North Slope in 2021

By **KAY CASHMAN**
Petroleum News

ConocoPhillips Alaska President Joe Marushack said Nov. 18 that in the wake of the defeat of Ballot Measure 1 and a stabilization of oil prices in the \$40 range, the company hopes to restart drilling projects on the North Slope beginning in mid-December, pending corporate budget approvals.

Marushack made the announcement at the Resource Development Council of Alaska's annual conference.

He cited the defeat of Ballot Measure 1 as the main reason for restarting drilling.

"Since April when COVID-19 caused oil prices



JOE MARUSHACK

to drop and we were facing a potentially large increase in oil taxes, we've had no rigs running in the Prudhoe Bay, Kuparuk River and Colville River units," he said.

"This year has been a really tough year," Marushack said, setting the tone with a quote from American boxer Muhammad Ali — "You don't lose if you get knocked down. You only lose if you stay knocked down."

"It's now our plan, pending corporate budget approvals, to have three rigs total working in Kuparuk and Colville in the second half of 2021," and "by the end of 2021, there will be four rigs

see **CONOCO DRILLING** page 9

EXPLORATION & PRODUCTION

New attitude at Prudhoe

Hilcorp operatorship brings entrepreneurial, owner view to state's largest field

By **KRISTEN NELSON**
Petroleum News

Hilcorp took over as operator at Prudhoe Bay on July 1, bringing a corporate culture of entrepreneurship and ownership to the state's largest field where it acquired a 26% interest — the biggest chunk of its acquisition of BP's Alaska assets.

Jill Fisk, asset team leader at Prudhoe Bay West, provided some perspective on what has changed on Nov. 18 at the Resource Development Council's 41st annual Alaska Resources Conference, this year a virtual event due to COVID-19.

Hilcorp has COVID management in place, Fisk said, but due to an increase in cases and close con-



JILL FISK

tact the company paused some work at Prudhoe in November, reducing head count at the field by about 150.

Hilcorp has 320 employees at PBU east, 270 at PBU west, 135 employees at power and gas, and 85 employees in infrastructure and maintenance. There are also some 1,200 contractors at the field, Fisk said.

Entrepreneurship

Hilcorp has a culture of entrepreneurship and ownership, Fisk said, with a focus on unlocking energy for the betterment of the company's employees and the community and keeping the field profitable for decades to come.

see **NEW ATTITUDE** page 10

LAND & LEASING

ANWR action amps up

State stiffed on ANWR border dispute; BLM bolsters lease sale preparation

By **STEVE SUTHERLIN**
Petroleum News

The State of Alaska got some bad news in early November, followed by some good news, regarding its interests with respect to the Arctic National Wildlife Refuge.

The U.S. Department of the Interior Board of Land Appeals ruled against the state Nov. 9 in a decades-long border dispute which has prevented the state from taking title to 19,322 acres along the western edge of the refuge between the Staines River and the Canning River, which it selected under the Alaska Statehood Act of 1959.

The IBLA ruling — which denied an appeal filed

As of Petroleum News press time, the state had not made a decision on whether to press forward in federal court on the ANWR border issue, Brent Goodrum, DNR deputy commissioner, told PN in a Nov. 17 interview.

by the Alaska Department of Natural Resources' Division of Mining, Land and Water over a 2016 decision of Interior's Bureau of Land Management — clears the way for the state to litigate its position in federal court, should it so choose.

see **ANWR ACTION** page 7

ENVIRONMENT & SAFETY

Canada out to woo US on emissions issues

Ottawa about to legislate greenhouse gas emissions limits on road to net zero; concern potential withdrawal of Keystone XL approval

By GARY PARK
For Petroleum News

The Canadian government is about to legislate greenhouse gas limits through rolling five-year targets, ending with net-zero emissions by 2050.

For many observers, the move is long overdue after a failure by the administration of Prime Minister Justin Trudeau to take action during its five years in office.

For some, it is seen as a move by the government to open the doors to negotiations if Joe Biden moves into the White House.

Even the newly elected Green Party leader Annamie Paul believes Canada would have a chance under a Biden presidency to negotiate a North American pact to impose tariffs on countries that export crude oil to the United States and Canada and operate under weak emissions standards.

Such a trading bloc would contain “a simple message to (countries that sell their crude into North American markets) ... if you want to trade with us you either produce your goods cleanly ... or you pay the price, because we are not going to penalize our own businesses by accepting your

James Rajotte, the Alberta envoy in Washington, D.C., said Canada currently exports oil and natural gas worth over US\$120 billion to the U.S. every year.

dirty goods,” she said.

That option is presented in anticipation of a Biden administration that could withdraw permits for the Keystone XL pipeline because of the Republican leader’s negative view of “tar sands” production from Alberta that is shipped to U.S. refineries.

James Rajotte, the Alberta envoy in Washington, D.C., said Canada currently exports oil and natural gas worth over US\$120 billion to the U.S. every year.

“We actually think we can address Biden’s goal of moving towards a clean economy” and save Keystone XL, which he noted covers an agreement with four U.S. labor unions that will gain 11,000 jobs during the pipeline construction and offer substantial spin-off benefits to U.S. Native communities.

TC Energy, Keystone XL’s owner, is “also working towards greening the pipeline as much as possible and addressing concerns about emissions from the oil sands,” he said.

Reducing fossil fuel emissions

Rajotte said Canada has to make a strong argument to the next U.S. administration about its progress in reducing fossil fuel emissions, its federal-provincial deal to lower methane emissions by 45% over the next five years and the fees already imposed on carbon producers that will remove the equivalent of 300,000 vehicles from the road.

On Canada’s planned “legally binding” emission limits, Environment Minister Jonathan Wilkinson told the parliamentary environment committee that achieving the goal “will certainly be challenging and will require leadership from every region.”

But a key hurdle facing the Trudeau government will be to introduce reporting mechanisms, especially in the

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Alaska’s source for oil and gas news

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• LAND & LEASING

Division of O&G signs off on Premier exit

As 88 Energy looks to promising targets in NPR-A, Charlie 1 investor lease interests assigned back to Accumulate and Burgundy

By **KAY CASHMAN**
Petroleum News

After the Charlie 1 exploration well was drilled last winter, investor Premier Oil withdrew from the joint venture because well results did not meet its expectations. In a Feb. 23 presentation to investors, 88 Energy, which put together the JV, had said Charlie 1 was targeting “multiple stacked drillable prospects identified on Icewine 3D interpretation” that totaled 480 million barrels of oil net to the company. Instead, drilling showed a gas condensate discovery.

According to the recently released Alaska Department of Natural Resources’ Division of Oil and Gas October lease report, an Oct. 5 decision made at Premier’s request changed the lessee name on 112 state leases in the area from Premier to 88 Energy subsidiary Accumulate Energy Alaska.

Also in the Oct. 5 decision, effective June 1, 2020, Premier’s working and royalty interests in the leases were assigned to Accumulate (45% WI, 36.9750% RI) and the other member of the joint venture, Burgundy Exploration (15% WI, 13.125% RI).

Today, 88 Energy’s Alaska portfolio contains three key exploration project areas — Yukon Leases, Project Icewine and Project Peregrine.

The company said in its July 21 second quarter 2020 quarterly activity report that it relinquished its Western Block leases where it drilled the Winx well.

State lease ADL 393380 in which the Charlie 1 well was drilled was included in the Oct. 5 actions.

The exploration well was plugged and abandoned in April rather than suspended because further analysis was needed to determine whether such a high gas content discovery could be commercialized on the North Slope, 88 Energy said at the time, noting stimulation and testing was not possible because of “the different phase of hydrocarbons encountered along with the lack of time in the remaining winter drilling season.”

Other factors included uncertain access to some of the people required in the event of “unforeseen circumstances/emergency situations in light of the COVID-19 pandemic” and the potential of early break-up, which could strand the drilling rig, Nordic Rig 3, on the wrong side of the Kuparuk River at significant cost to the JV.

88 Energy was also reluctant to create a “potential future liability if analysis determines that the well should be P&A’d in a subsequent season, at substantially higher cost.”

The company via subsidiary Accumulate has also drilled three other exploration/appraisal wells on the North Slope in conjunction with partners — Icewine No. 1 in 2015, Icewine No. 2 in 2017 and the Winx 1 well in the winter of 2018-19. None of the wells proved commer-

88 Energy conducts successful Placement

On Nov. 18, 88 Energy announced it has successfully “completed a bookbuild to domestic and international institutional and sophisticated investors to raise up to A\$10.07 million before costs (the Placement) through the issue of up to 1,678,333,334 fully paid ordinary shares in the capital of the company ... at an issue price of A\$0.006 per new ordinary share.” This was done on the Australian Stock Exchange.

88 Energy said that each of its directors intends to participate in the Placement. The company will seek shareholder approval for the directors to participate in the Placement by subscribing for a total of 11,666,667 new ordinary shares.

A shareholder meeting notice will be sent out shortly and made available for shareholders on 88 Energy’s ASX platform (ASX 88E), with the anticipated meeting date for the upcoming general meeting to be towards the end of December. (A notice followed on Nov. 18 with a proposed issue date of Nov. 27.)

The capital raised under the Placement, together with the company’s existing cash reserves (A\$4.6 million as at Sept. 30), inclusive of joint venture cash, will be used to fund the ongoing evaluation of the conventional and unconventional prospectivity of the company’s existing assets, including its share of any potential costs in respect to the Peregrine wells, which is due to spud in late February. The capital raised will also enable it to identify and exploit new opportunities on Alaska’s North Slope.

In addition to strengthening its balance sheet, 88 Energy’s Placement will also provide the company with enough capital to do the following:

- Fund well costs for the Project Peregrine wells above an anticipated farm out/carry.
- Pay lease rental payments on the company’s Alaska acreage.
- Fund interest payments on its debt facility.
- Apply funds towards new venture opportunities.
- Finance ongoing working capital requirements and general and administrative overhead costs.

Commenting on the Placement, Dave Wall, managing director of 88 Energy, said: “Completion of this placement positions the company strongly as preparations continue for the drilling of the Merlin 1 and Harrier 1 wells, which will test multiple conventional targets in Q1 CY2021. Final documentation in relation to the Peregrine farm-out with the preferred bidder is progressing.”



DAVID WALL

—KAY CASHMAN

cially successful, although 88 Energy has said the jury was still out on the Icewine unconventional targets in Icewine No. 2 and the condensate discovery in Charlie 1.

Today, 88 Energy’s Alaska portfolio contains three key exploration project areas — Yukon Leases, Project Icewine and Project Peregrine. The company said in its July 21 second quarter 2020 quarterly activity report that it relinquished its Western Block leases where it drilled the Winx well.

Peregrine on schedule

88 Energy said Nov. 9 that planning and permitting for the first well at its North Slope Project Peregrine remains on schedule for a late February spud.

The company plans to drill two exploration wells at Project Peregrine in the National Petroleum Reserve-Alaska on acreage it acquired in an off-market takeover of XCD Energy.

The wells will be drilled by Accumulate.

88 Energy’s Nov. 9 ASX announcement said a preferred bidder had been selected for the Peregrine farm-out, although until the final documents were executed more details about the deal and the selected bidder’s name would not be made public.

“Subject only to finalization of standard documentation,” execution of the final documents is already underway and will be finished “in the next few weeks,” 88 Energy said, noting the “multiple” bids received were “competitive.”

Targeting the Nanushuk

The main target of the two wells was the prolific Nanushuk reservoir.

The prospects to be drilled in the 195,000-acre Peregrine block are Harrier and Merlin.

Merlin 1 was considered a direct analogy to ConocoPhillips’ Willow oil discovery, while ConocoPhillips’ Harpoon prospect was interpreted to lie on the same sequence boundaries as Harrier 1.

The prospects lie between the Umiat oil field to the south and Willow and Harpoon to the north.

A company official told Petroleum News that the Nanushuk can be reached at less than 5,000 feet in the area, while a third prospect in the Peregrine block, Harrier Deep, has a Torok objective at about 10,000 feet. It will not be drilled in the 2020-21 winter season. ●

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EXPLORATION & PRODUCTION

US rig count increases by 12 to 312

The Baker Hughes U.S. rotary rig count rose to 312 for the week ending Nov. 13, up by 12 rigs from 300 the previous week, continuing a gradual increase that began in mid-August. The count is still down substantially from a year ago, by 494 from 806.

When the count hit 244 the week of Aug. 14, it was not just the low for 2020, but the lowest it has been since the Houston based oilfield services company began issuing a weekly U.S. rig count in 1944.

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

At the beginning of the year the count was in the low 790s, 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 when it gained back 10 rigs.

This week's count includes 236 rigs targeting oil, up 10 from the previous week but down 438 from a year ago, 73 rigs targeting gas, up two from the previous week but down 56 from a year ago and three miscellaneous rigs, unchanged from the previous week and up three from a year ago.

Twenty-three of the holes were directional, 267 were horizontal and 22 were vertical.

The rig count for Texas (145), which has the most active rigs in the country, was up by six from the previous week, but down 263 from a year ago.

New Mexico (53) was up by three rigs; Pennsylvania (20) was up by two rigs; Louisiana (38) and Oklahoma (14) were each up by a single rig.

Ohio (4) was down by one rig from the previous week.

Rig counts were unchanged in the remaining states: Alaska (3), California (4), Colorado (4), North Dakota (11), Utah (3), West Virginia (7) and Wyoming (3).

Baker Hughes shows Alaska with three active rigs Nov. 13, unchanged from the previous week but down by five from a year ago.

The rig count in the Permian, the most active basin in the country, was up by seven from the previous week at 154, but down 254 from a count of 408 a year ago.

—KRISTEN NELSON

PIPELINES & DOWNSTREAM

Erratic times for Enbridge pipelines

Minnesota regulators approve Line 3 replacement project permits; Michigan leaders seek court approval for May shutdown of Line 5

By GARY PARK

For Petroleum News

On back-to-back days, new and old Enbridge oil pipelines either being installed or operating in northern U.S. states experienced a dose of wild rides.

The high point occurred when Minnesota regulators approved a stack of key permits for the company's Line 3 replacement project that would allow Enbridge to double capacity to 760,000 barrels per day, opening the way for construction work to start on the US\$2.6 billion.

Line 3 was built in the 1960s to deliver crude from an oil hub in the Edmonton area of Alberta to U.S. Midwest refineries, though it carries less oil than its 380,000 bpd capacity because of pipeline corrosion.

Legal action on Line 5

No sooner had the Calgary-based company celebrated what it called a "big day" for Line 3 than Michigan Gov. Gretchen Whitmer and the state's Department of Natural Resources launched legal action to cancel a 4-mile easement granted in 1953 for Line 5 to cross a waterway connecting Lake Michigan and Lake Huron.

If the state wins its legal action to shut down Line 5 by May 12, 2021, it will cut off 540,000 bpd of light crude, light synthetic crude and natural gas liquids, delivering a major blow to refineries in Michigan, Ohio, Pennsylvania and Ontario that process 840,000 bpd.

Those refineries are operated by Michigan's Suncor Energy, Imperial Oil, Husky Energy, BP, United Refining, PBF Energy and Marathon Petroleum.

Analysts suggest that a shutdown would lead to higher gasoline prices in several U.S. Midwest states by forcing refiners to seek short-term rail agreements.

Line 5 also supplies about 65% of the propane used for winter heating in Michigan's Upper Peninsula and 55% of the state's total propane, according to Phil Skolnick, an analyst with New York-based Eight Capital.

Line 5 also supplies about 65% of the propane used for winter heating in Michigan's Upper Peninsula and 55% of the state's total propane, according to Phil Skolnick, an analyst with New York-based Eight Capital.

"It's kind of political suicide," he told the Financial Post, noting that Whitmer, who has engaged in a long battle with Enbridge two earlier court battles over Line 5. "But I give (the latest suit) a low chance."

Alberta Premier Jason Kenney called Whitmer and Michigan's Attorney General Dana Nessel "brain dead" for their efforts to overturn the plans for Line 5.

Nessel claimed in his legal notice that Enbridge had violated a "public trust doctrine" and had failed to comply with easement conditions, to which Enbridge fired back accusing Nessel's department of conducting assessments "in a non-public manner" and not allowing technical experts to discuss any questions or clarifications related to the review.

Enbridge said Line 5 "is an essential source of energy" for five states and two Canadian provinces, meaning any disruption to the flow of refinery feedstock "would have devastating consequences."

Line 3 approvals

The approvals for Line 3 came from the Minnesota Pollution Control Agency and the state's Department of Natural

see **ERRATIC TIMES** page 6

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EMISSIONS ISSUES

two leading oil-producing provinces — Alberta and Saskatchewan which are still pursuing court challenges of a federal price on carbon, which is scheduled to reach C\$50 per metric ton in 2022.

Most provinces annually emit between 10 and 20 metric tons per capita, while Alberta and Saskatchewan tally close to 70 metric tons.

Canada has set emission reduction targets in the last two decades, without ever reaching its goals.

It is also forecast to miss its current

target by 77 million metric tons, based on the latest federal data from 2018.

The latest promises by the Trudeau government include lowering GHG emissions by 30% below 2005 levels by 2030.

In December the government is also expected to roll out new standards for cleaner-burning fuels, which could account for 15% of Canada's GHG reduction target and expects to unveil a national hydrogen strategy as a key component of its net-zero strategy by identifying potential industrial uses for hydrogen. ●

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● EXPLORATION & PRODUCTION

Kitchen Lights POD provisionally approved

Division wants participating area application, a technical presentation on subsurface unit work, further development activities

By **KRISTEN NELSON**
Petroleum News

The Alaska Department of Natural Resources' Division of Oil and Gas has issued a conditional approval for the Kitchen Lights unit seventh plan of development.

This is the first POD submitted by HEX Cook Inlet, which acquired the assets and equity interests of Furie

Operating Alaska, the Kitchen Lights operator, out of bankruptcy proceedings July 1.

In its Nov. 13 conditional approval the division is requiring the company to complete the existing participating area application or submit a new PA application by the end of the year and provide a technical presentation by July 1 on progress made in subsurface description of the Kitchen Lights unit along with any other activities related to further development of the unit and

exploration activities.

The division said the company has until Nov. 23 to accept the proposed POD modifications or the proposed POD will be disapproved.

KLU includes 30 leases, 83,394 acres, with gas production for the 2019 calendar year of 4.35 billion cubic feet, down from 6.21 bcf in 2018.

see **KITCHEN LIGHTS** page 6

● FINANCE & ECONOMY

Oil industry job count drops sharply

The COVID-19 pandemic and associated crash in the oil price have driven the Alaska job count to its lowest level for decades

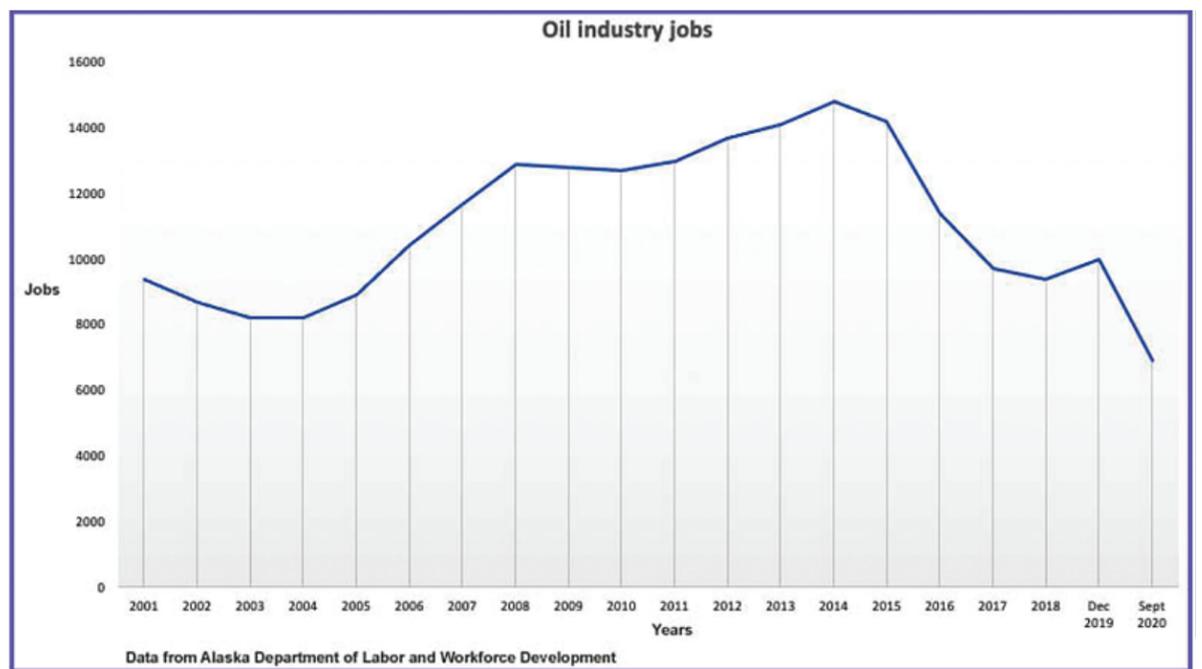
By **ALAN BAILEY**
For Petroleum News

Data from the Alaska Department of Labor and Workforce Development indicate that the number of oil industry jobs in Alaska has dropped sharply as a consequence of the COVID-19 pandemic and the associated fall in the price of oil. In March of this year the job count stood at 10,000. By September the count had fallen to 6,900, the lowest number in several decades. The fall was particularly sharp between March and May, as the pandemic hit the oil market, and then continued at a slower rate in the succeeding months. The ADLWD data only includes jobs in companies that are oil producers or oilfield service companies — it does not include other jobs that also serve the oil industry.

A plot of oil industry employment levels over the past couple of decades shows that employment levels have fluctuated quite a bit over the years, although this most recent job decline has been particularly sharp. There was also a steep decline in 2015 and 2016, followed by a modest recovery in 2018 and 2019, following the collapse in the oil price in 2014. Another downward trend in the early 2000s was followed by a steady upward climb in succeeding years.

Given the many unknowns about the future of the current pandemic and the global oil market, it is difficult to speculate on where Alaska oil industry employment will trend from this point. There are some new development projects and potential exploration projects on the horizon. But much depends on future oil demand and price levels.

An article in the June edition of ADLWD's Alaska Economic Trends publication reflected on the impact of



Employment levels in the Alaska oil industry have fluctuated wildly over the years. The fall resulting from the Covid-19 pandemic has been particularly sharp.

the pandemic on oil industry employment levels at that time. The article commented that, even before the pandemic hit, new technologies had been reducing labor costs, while the industry had also been experiencing the impacts of long-term oil production declines. On the other hand, the long-term determinant of employment levels does appear to be the oil price, the article said.

And, in the case of this latest employment decline, production had never fallen so hard or so fast, and prices

had never fallen so low, the article said. At one point in April the price of West Texas Intermediate even fell briefly into negative territory, as oil demand collapsed and the market became flooded with oil that was difficult to sell. The article suggested that, given the high levels of uncertainty in the market, oil industry employment levels could remain low for an extended period of time. ●

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KITCHEN LIGHTS

The division said HEX committed to: continuing development of proven gas reserves in the KLU; continue and increase gas production on Julius R platform; and continue exploration of KLU, including new analysis of seismic data and offset wells to identify specific targets for exploration outside the Corsair block.

Sixth POD

In the previous POD, the sixth, Furie committed to the evaluation of a new development well from the Julius R Platform to the stratigraphic equivalent of the Sterling zones in the KLU No. 3 wells; to increase production from the KLU A-2A and KLU 3 wells; develop and present to the division plans for a new development well; and mature and present to the division two prospects for exploration wells outside the Corsair Block and continue exploration drilling throughout the unit.

"In January 2019, however, Furie experienced hydrate plugging that formed in the KLU gas pipeline forcing them to shut-in production," the division said. While Furie was able to resolve the issue and return the line to gas flow in April 2019, that issue "rendered Furie unable to meet its 6th POD work commitments."

In March 2019 Furie, at the division's request, submitted a proposal for establishment of one or more participating areas. The division said that was not part of the

HEX said its expectation is that the water handling system will be online in 2021, in the second quarter at the earliest.

POD work commitments, and the application remains pending "after requests for further information."

The seventh POD was due Oct. 7, 2019, but Furie requested an extension of the sixth POD as the company was engaged in bankruptcy proceedings, and the division established a new due date for the seventh POD no later than 90 days after a bankruptcy reorganization.

As a result of the extension, Furie accomplished a number of operations during the sixth POD extension period: perforating the Beluga formation in the KLU A-1; returning KLU A-2A to production in the Beluga formation; commissioning two replacement gas-fired generators and an ancillary diesel-fired generator; installing a coalescing filter separator for improved dehydration performance; remediating spans under pipeline; and developing a spill, prevent, control and countermeasure plan for the central processing facility and the Julius R platform.

Details from HEX POD

In its Sept. 14 POD HEX discussed the January 2019 hydrate plugging issue.

Furie restored gas flow by April 2019, "and since that time has implemented various measures to avoid confronting hydrate plugs in the future such as implement-

ing a periodic pigging program to ensure the pipeline stays clear and unobstructed, providing a prescribed and constant low volume level injection of methanol into the pipeline from the production platform, producing only from the Beluga formation to limit the amount of produced water entering the pipeline, installation of additional heat tract at the Central Process Facility (CPF) and a methanol injection point at the CPF to minimize the potential for freezing."

HEX said a water remediation plan was developed to handle water produced from the Sterling formation to allow production from those zones in the future, and said Furie had begun working with the Alaska Department of Environmental Conservation on approval for a produced water treatment system to allow overboard discharge of produced Sterling formation water after onsite treatment.

HEX said it was continuing to work on that permit and has engaged DNR's Office of Project Management and Permitting to help the company "better navigate the approval process."

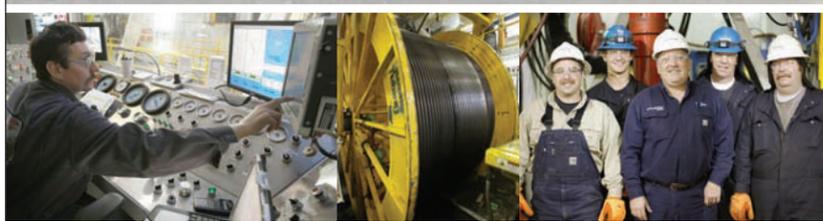
It said four wells have been perforated in both the Sterling and Beluga and said obtaining the platform water handling permit would more than double its reserves and revenue.

HEX said its expectation is that the water handling system will be online in 2021, in the second quarter at the earliest. ●

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continued from page 4

ERRATIC TIMES

Resources, clearing the way for the U.S. Army Corps of Engineers to issue the remaining federal permits.

MPCA Commissioner Laura Bishop said in a statement that her agency's approval still "requires Enbridge to meet Minnesota's extensive water quality standards instead of lower federal standards."

Environmental and Indigenous groups have been challenging Line 3 for years, arguing it threatens waters where wild rice is harvested, while the oil sands bitumen carried in the pipeline would aggravate climate change.

Enbridge said it recognizes that the permits conditions required by the two state agencies are "essential for protecting Minnesota's sensitive streams and wild rice waters."

The updated sections of Line 3 in Canada, North Dakota and Wisconsin are already operating. Enbridge said the remaining sections will create 4,200 construction jobs and generate millions of dollars in local spending and tax revenues. ●

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ANWR ACTION

In a separate action Nov. 17, the BLM Alaska State Office published a notice in the Federal Register calling for nominations and comments on 32 tracts covering all 1.6 million acres of the ANWR Coastal Plain to consider in its upcoming Coastal Plain oil and gas lease sale. The plain, also referred to as the ANWR 1002 area, was set aside by Congress years ago because of its oil and gas potential.

BLM Alaska must receive all nominations and comments on the tracts on or before Dec. 17, the notice said. The lease sale itself will require 30 additional days of notice before it can be held, according to a Nov. 16 release by the Alaska congressional delegation.

The disputed acreage was addressed in the Nov. 17 BLM notice.

“Tract number 29 covers the disputed Staines-Canning River area. It is currently under litigation with the State of Alaska,” the notice said. “The BLM may elect to not offer this tract in the upcoming sale.”

Currently, the Alaska DNR’s Division of Oil and Gas includes the disputed acreage in its areawide lease sales; leaseholders are warned that parts of their leases are in a disputed area.

Next move belongs to the state

As of Petroleum News press time, the state had not made a decision on whether to press forward in federal court on the ANWR border issue, Brent Goodrum, DNR deputy commissioner, told PN in a Nov. 17 interview.

“The state just got the decision very recently and is still evaluating it, but that is one of the options that remains open to the state — the federal court,” he said.

The state considers the disputed acreage to be highly prospective for oil and gas.

“It remains an important issue for the state,” Goodrum said. “Land entitlement issues are critically important and the state will continue to approach it as such.”

Under the statehood act, the federal government still owes the state approximately 5 million acres. Because Alaska had no economic base to fund state government, the act made a grant to the new state of 104 million acres of federal lands.

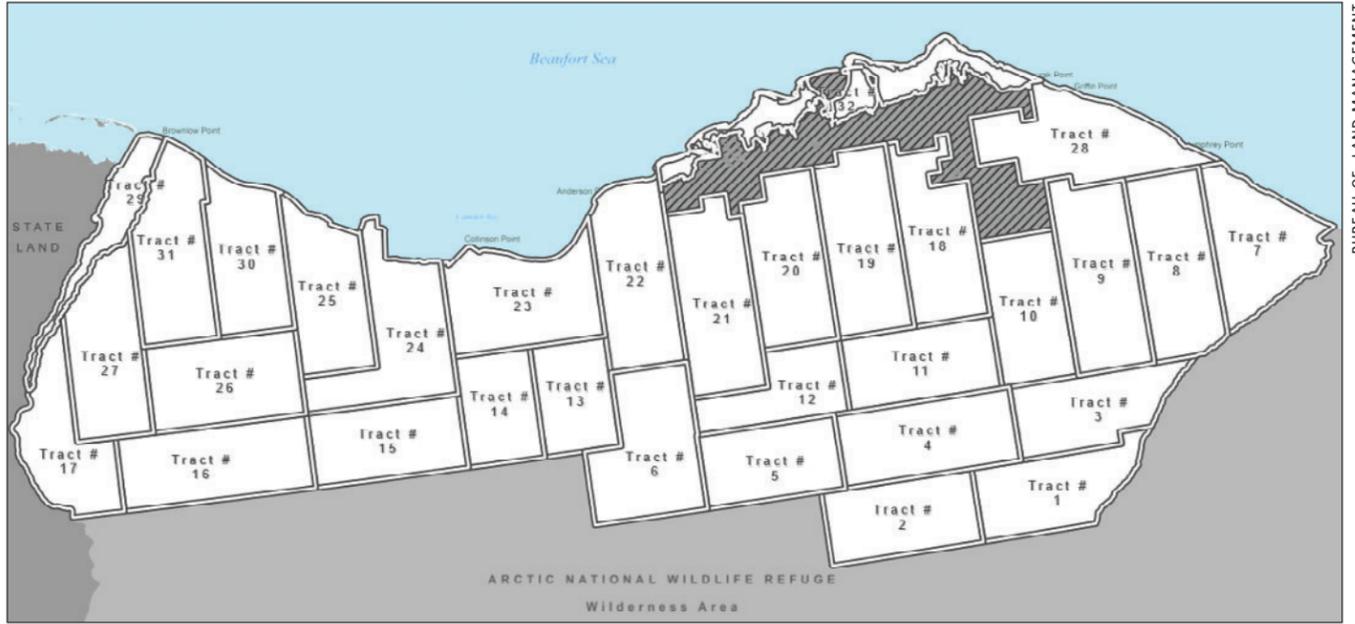
The state requested priority conveyance of the disputed lands in 2014, during the administration of Gov. Sean Parnell, asserting that the lands are not within the ANWR boundary and are available for selection by the state.

The state said the western boundary of ANWR had “been improperly mapped” for many years by the U.S. Fish and Wildlife Service, which manages the refuge. USFWS revised federal maps of the region to indicate that the Staines River is a part of the Canning River — the western boundary of ANWR as defined by Public Land Order 2214, issued in 1960.

The Parnell administration, following historical and legal research as well as a field inspection by the Alaska Department of Natural Resources and the Alaska Department of Law, concluded that the Staines is a separate river unto itself.

But in its 52-page decision, IBLA’s Office of Hearings and Appeals said the state had not met its burden to demonstrate error in the appealed decisions or in BLM’s performance of the surveys underlying those decisions.

“The State asserts that the lands are ‘outside of the area withdrawn from selection for the Arctic National Wildlife Range by PLO 2214 in 1960’ and ‘are vacant, unappropriated, and unreserved (‘VUU’) federal lands that the State is



Under the statehood act, the federal government still owes the state approximately 5 million acres.

permitted to select in fulfillment of its general land grant entitlement under the Statehood Act,” the decision said. “BLM counters that the disputed lands are encompassed within the intended boundary described by the drafters over 60 years ago, as implemented through numerous undisputed Departmental actions over the ensuing decades.”

“The State proffers a host of arguments asserting methodological and factual discrepancies between BLM’s surveying of the ANWR boundary, the language used in PLO 2214, and circumstances observed on the ground, derived largely from fieldwork, expert analysis, and application of modern resources performed over the last decade,” the decision said. “But after acceding without objection to the agencies’ location of the boundary for over 40 years, the State’s newly crafted opposition offers little to no material insight into the intent of the drafters derived from the resources at their disposal in 1960.”

Goodrum disputed that BLM’s departmental actions were undisputed over decades, or that the state raised no objections to the agencies’ location of the boundary.

“Even the original 1984 case that went before the Supreme Court acknowledged that there was a boundary dispute between the federal government and the state, and, it was going to be the one that would ultimately rule on that,” Goodrum said. “So I would say that it has been a couple of decades that there’s been a known dispute.”

“We’ve been consistent in our position on this since the 70s,” Marty Parsons, director of the Division of Mining, Land and Water said in the same interview. “We were originally denied those lands.”

In 1964 the state filed general grant selection for lands adjacent to ANWR, then called the Arctic National Wildlife Range, including land west of the Canning River, Goodrum said in a 2015 address to the Alaska Legislature. Later that year, the land selection was tentatively approved by BLM.

After Alaska requested clarification of the boundary in 1965, BLM amended the tentative approval, reducing the acres conveyed to the state, he said. In 1974 the state received patent to land west of the Staines River. In 1978 it reasserted claim to land west of the Canning River — the acreage dropped from the state’s original grant selection in 1965.

In 1992 the state relinquished selection of “those lands within the Arctic National Wildlife Refuge” but in 1993 the state reasserted “top filing” on land west of the

Canning River, Goodrum told the Legislature.

“We only relinquished those lands that were within the reserve, or the range,” Goodrum told PN. “We just left the statement that we relinquish those lands that are within the ANWR boundaries — and that we knew that that boundary was in dispute — not lands that are west of the Canning river.”

Lease sale in January?

Given the 30-day public comment period, followed by the required 30-day sale notice, the first weekday upon which the BLM could schedule the sale would be Jan. 18, 2021.

U.S. Secretary of the Interior David L. Bernhardt signed a Record of Decision Aug. 17, approving the Coastal Plain Oil and Gas Leasing Program in the refuge.

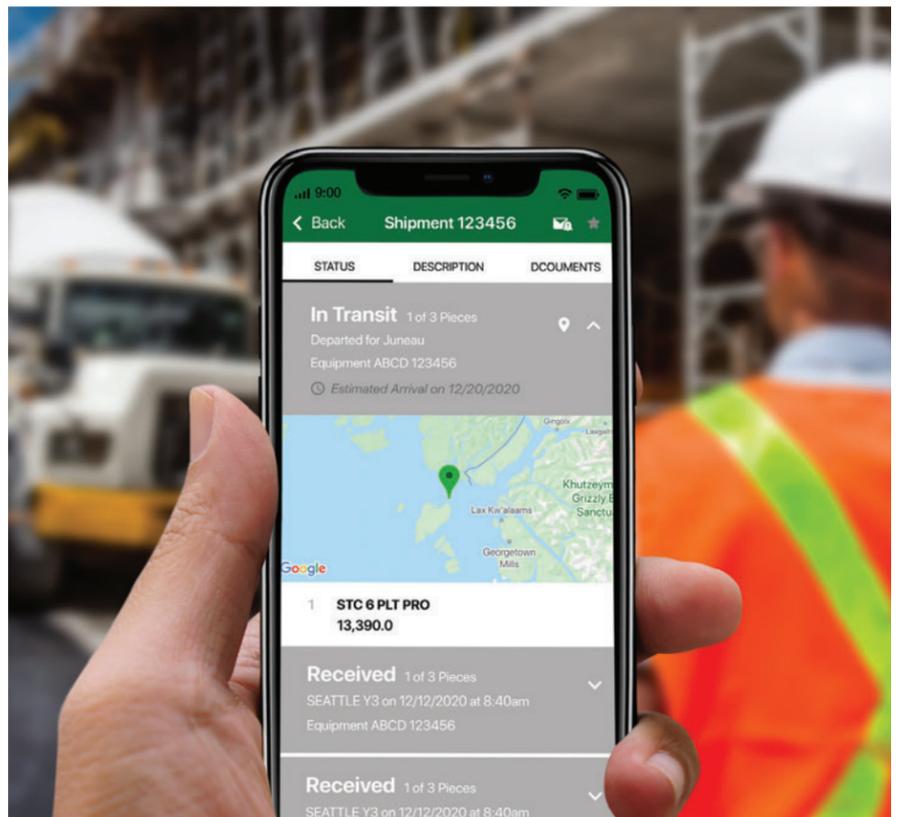
“I do believe there certainly could be a lease sale by the end of the year,” Bernhardt said in the press conference

BLM Alaska must receive all nominations and comments on the tracts on or before Dec. 17, the notice said. The lease sale itself will require 30 additional days of notice before it can be held, according to a Nov. 16 release by the Alaska congressional delegation.

announcing the decision.

The leasing program is required by law in the Tax Cuts and Jobs Act of 2017 (Public Law 115-97), which was passed by Congress and signed into law by President Donald Trump on Dec. 22, 2017. The first of two congressionally mandated lease sales in the area must be held no later than the end of 2021. ●

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PORTFOLIO RESERVES

gross capital costs of under \$3 billion. Production from Phase 1 of the full field development will support funding for Phase 2.

Production is expected to start in 2025 at 80,000 barrels a day, increasing to 120,000 bpd in second phase.

The company still plans to bring in a third partner to invest in Pikka and other key Alaska assets. A formal divestment process for a 15% interest will start in February, with a deal targeted for September, ahead of the Pikka project's final investment decision in late 2021. The process will either be solo or in cooperation with JV partner Repsol.

Modification to the U.S. Army Corps of Engineers permit approved in November allows for construction of a new seawater treatment plant at Oliktok Point to ensure appropriate water supply and quality is available and controlled by the Pikka JV to maximize production efficiency, Oil Search says in its filing.

Significant resource increase

Following the completion of technical studies on the Mitquq and Stirrup exploration wells drilled during the 2019-20 North Slope winter season, combined with data from the latest seismic survey, Oil Search engaged resource consultant Ryder Scott to assess the updated technical data.

As a result of Ryder Scott's work, 239.4 million barrels of oil was added to the JV's Alaska portfolio. The booking includes an additional 40 million barrels within

Modification to the U.S. Army Corps of Engineers permit approved in November allows for construction of a new seawater treatment plant at Oliktok Point to ensure appropriate water supply and quality is available and controlled by the Pikka JV to maximize production efficiency, Oil Search says in its filing.

the Pikka unit.

The remainder of the resource is attributed to the Quokka (Mitquq) and Horseshoe (Stirrup) trends.

The addition of 2C resource of 200.2 million barrels at Stirrup and Mitquq only represent the areas around the exploration wells, with each of these trends having the potential to be equivalent in scale to the Pikka field, Oil Search reports.

Additional appraisal drilling is required to determine the full potential of both discoveries, the company says.

Well positioned for Pikka

The modular, truckable process facility design with standardized equipment allows production startup from Pikka, plus can add capacity as subsequent project phases are completed.

"Despite the oil price challenges and the global COVID-19 pandemic," the company says it is "well positioned to proceed with the delivery of the initial single drillsite project subject to the FID decision in late 2021."

Oil Search has incorporated improvements to the environmental performance and sustainability of the project design, including using electric power for both the production facility and the drilling rig.

The project is designed to minimize the surface footprint while still ensuring that the resource base is efficiently developed.

The company "continues to assess and incorporate traditional knowledge that helps protect environmental resources."

High quality crude

In a media briefing, Oil Search's Managing Director Keiran Wulff said 2020 has been a very challenging year, starting with the oil market war between Saudi and Russia that crashed oil prices.

Added to that was the COVID-19 pandemic. Oil Search was fortunate not to have any cases of COVID in its operations, he said, mainly thanks to staff and contractors.

Furthermore, "the energy transition is here," but the "reality is the oil and gas industry has a lot more years."

Oil Search's goal is to deliver low cost, high quality energy, which Wulff said, Pikka can do, as it "has very high quality crude."

"Pikka is genuinely a giant oil field ... Alaska has tremendous upside."

—KAY CASHMAN

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INSIDER

notice announcing it had been retained by Glacier to represent the company in a sale of the Badami unit.

Savant Alaska, a Glacier company, restarted the eastern North Slope Badami pad in October. During the 24 days the field produced that month it yielded more than 2,000 barrels of oil a day, Ratcliff said in early November.

In its Badami asset overview, BMO said it was a turn-key, 100% operated, "cash flow positive asset ... with significant exploration and exploitation potential from highly prolific stacked pay reservoirs," producing ~2,000 barrels of oil per day, primarily from the Badami and Killian sands.

BMO said the "Hilcorp/BP retention of ARO and select plugging obligations limits buyer exposure," noting the Killian sands are "primed for development following" its successful B1-07 well.

BMO also said Badami has produced more than 700 million barrels of oil since 2018 and "is currently making 1,250 barrels of oil per day," with no explanation of the discrepancy unless that's what the field is producing in November.

In its asset overview, BMO also said a "75 mi seismic survey covers entire block and confirms subsurface model" and that the "existing Glacier-owned, BP-constructed infrastructure supports full field development and optionality for third party revenue/volumes."

BMO pointed to Badami's "38,500 bo/d facility with capacity for additional volumes on or offset the unit" and "multiple access points via barge landing and 5,500 ft airstrip."

Another one of BMO's bullet points was the "70 mbo/d capacity Nutaaq pipeline owned and operated by Glacier (12" diameter, 25 mile) that connects Point Thompson to Endicott." Nutaaq is a common carrier line.

Questions were referred to Sandra Ramsey at Glacier via AK@bmo.com

—KAY CASHMAN

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at publisher@petroleumnews.com

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CONOCO DRILLING

running between GMT2, Alpine and Kuparuk. This is three more rigs than would have been running if Ballot Measure 1 had passed," Marushack said.

Starting in December

Specifically, Marushack said ConocoPhillips Alaska's hopes are to do as follows:

- Start up Doyon Rig 25 before year end to resume the drilling that was halted at CD5 in April due to COVID-19.
- To begin 2021, Doyon 25 will move from CD5 to drill at GMT2. "We will start drilling there in the first half of 2021 with first oil planned in the fourth quarter. GMT2 will require an additional 35 miles of ice roads, 100-acre ice pad, and a 3-acre multi-season ice pad which will be built starting in January."
- A 25-day turnaround at Alpine in July 2021 "which will allow us to execute the Alpine Brownfield expansion projects that include the Slug Catcher, Gas Expansion and Power Expansion."
- In the second half of 2021, commission and start-up the new build extended reach drilling rig, Doyon 26 (also

known as the Beast), which will begin drilling the Fiord West field from the Alpine CD2 drill site.

• Also, in the second half of 2021, drilling in the Kuparuk River unit will restart. "We are planning on bringing a coiled tubing drilling rig back to the field, as well as a rotary rig workover program."

Marushack also said Prudhoe Bay unit activity "is dependent on reaching a consensus with the major working interest owners. That discussion is still under way."



EREC ISAACSON

A note of caution

Although he was pleased Ballot Measure 1 had been defeated and policy making was back in the hands of the Alaska Legislature "where it belongs," Marushack also cautioned state lawmakers to be careful not to overburden the oil industry with taxes.

He noted each drilling rig nominally employs about 100 people and each of those jobs supports multiple other jobs throughout Alaska's economy.

Marushack emphasized that with better oil prices and a stable, competitive fiscal framework, more investment will likely make it back into ConocoPhillips Alaska's

plans, putting even more Alaskans back to work.

Marushack retiring

Marushack also told RDC attendees he was retiring at the end of January after 38 years with ConocoPhillips.

Erec S. Isaacson, who has been with ConocoPhillips for nearly 13 years, will be replacing him.

According to Isaacson's LinkedIn page, most recently he was vice president of the company's Gulf Coast Business Unit; before that vice president of the Rockies Business Unit; prior to that president and general manager of ConocoPhillips Indonesia; before that president of ConocoPhillips Qatar; and finally, prior to that vice president of commercial assets.

A native of Colorado, Isaacson earned a bachelor of science degree in geophysical engineering from the Colorado School of Mines in 1986.

He began his career with Phillips Petroleum in Bartlesville, Oklahoma, in 1986 as a geophysicist in upstream technology.

In 2006, he moved to Alaska for four years where he first held the role of manager, Alaska Exploration, and later as vice president, Commercial Assets, with accountability for non-operated, pipeline and Cook Inlet assets. ●

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OIL PRICES

effectiveness, and that it expects to submit an application for emergency use authorization to the Food and Drug Administration "within days."

Moderna has also said it aims to submit an application in the coming weeks for its vaccine, which it said has an effectiveness of 94.5%.

The ANS price popped 8.34% Nov. 9, the day Pfizer announced results of its late stage trials. Benchmark prices rose in tandem and have trended generally higher since.

Hopes for jet fuel demand lifted higher Nov. 18 as Boeing's best selling 737 Max jets were cleared back to service by the Federal Aviation Administration after a 20-month grounding resulting from a pair of deadly crashes overseas.

The refreshing dose of optimism has been kept in check, however, not only by concerns of restricted mobility due to pandemic restrictions, but by American Petroleum Institute data released Nov. 17 revealing a build in crude oil inventories of 4.174 million barrels for the week ending Nov. 13.

Analysts had predicted an inventory build of 1.95 million barrels.

On a more bullish note, API reported a build in gasoline inventories of 256,000 barrels for the week ending Nov.13, below a 450,000 barrel build analysts had anticipated.

The Joint Ministerial Monitoring Committee of the Organization of Petroleum Producing Countries ended its Nov. 17 meeting without establishing firm guidance for extending its current levels of oil production curbs.

The economic picture remains mixed, OPEC Secretary General Mohammad Sanusi Barkindo said in remarks to the group by teleconference.

"China is a bright spot with positive growth of 2% in 2020, and other countries in Asia are also exhibiting some positive signs," Barkindo said. "However new lockdowns, second and third waves of COVID-19 and high levels of unemployment remain major concerns globally."

Large fiscal stimulus packages remain supportive and vaccines offer hope, but the benefits of the latter will take time to trickle through to the real economy and to oil demand growth, he said.

OPEC+ will make a decision on production levels at meetings Nov. 30 and Dec. 1.

Exploration resilient in 2020

Rystad Energy said in a Nov. 16 release that found resources in 2020 already exceed 8 billion barrels of oil equivalent and are projected to reach 10 billion boe by

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NEW ATTITUDE

Ownership — working like you own the company — brought some immediate changes at Prudhoe, Fisk said.

In the first month the team at Flow Station 2 helped to eliminate a shutdown by finding a way to replace some equipment without requiring a shutdown.

The company's ownership value works because Hilcorp pushes decision making and ownership as close to the wellhead as possible, allowing those who know the field to come up with the best ideas and solutions, she said.

On the maintenance side, more fin fans were repaired at Gathering Center 1 in the first month than in the previous four years, leading to improved plant efficiency in the summer months.

The wells support group found a better way to dewater pits during the summer — replacing pumps which had to run very slowly to avoid erosion with a tool from the agriculture industry — very large sprinklers which could move large volumes of water without erosion issues.

Contractors

Fisk said the process of right sizing the contractor workforce at Prudhoe was not easy for some of the contract companies that had been working at the field, but said it was “absolutely necessary” to get costs at Prudhoe and operations at the field on a “winning and sustainable track.”

She called the contract workforce “a critical com-

Fisk said there will be some big successes and projects at Prudhoe, but “it isn't just the few big wins” that will make the field successful “but the thousands of little wins that will add up.”

ponent” of succeeding at Prudhoe, and said alignment is important for success.

There have been great examples of contractors bringing ideas to the table to save cost and improve efficiency, Fisk said, citing an idea from a contractor in the first week that Hilcorp operated. For years contractors managing bulk halon storage had followed a directive to stop the labor intensive work of recovering the last 15% of halon from storage containers because of the time required.

But the lead for that group told the Hilcorp foreman “on day one” that he could recover that halon while doing other work — and in under a month, that saved more than \$250,000.

Key focus areas

Fisk said the company's three key focus areas “were to optimize and return wells to production, improve plant reliability and efficiency and cut operating costs.”

On the production side, Hilcorp has been able to increase rate by about 10,000 barrels per day, and as temperatures dropped in November, she said, there have been several days of more than 280,000 bpd.

The average number of wells on production each month, which started increasing in late 2019, has been increased across the field since July 1.

There has been an increased focus on areas needing more pressure support, “getting water injection reestablished to those areas, optimizing wells and returning wells to service, optimizing gas lift and flowline pressure and other types of work that have led to this production increase.”

While more wells on line would mean more production, at Prudhoe, Fisk said, along with oil the field produces almost 9 billion cubic feet a day of gas and more than 1.5 million barrels of water, requiring separation, moving and reinjection.

It isn't just returning wells to production, she said, it's moving more gas and water through the plants, and one of Hilcorp's primary focus areas has been “improving plant reliability and efficiency.”

The focus there has been returning out of service equipment back to service, allowing more gas to move through the plants during the summer months.

Fisk said there will be some big successes and projects at Prudhoe, but “it isn't just the few big wins” that will make the field successful “but the thousands of little wins that will add up.”

She said Hilcorp is excited about Prudhoe but will “need out partners' support to do the things we want to do.”

“We've gotten a great start working together as an owner group and leveraging the expertise and experience that each company brings to the table,” Fisk said. “The ability to execute projects and invest capital at Prudhoe going forward will greatly depend on the outlook for fiscal stability in Alaska.” ●

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TALITHA UNIT

Great Bear is to post a \$3.3 million performance bond by Sept. 15, 2021, and drill one well within the initial two years of the unit, or two wells within the initial four years.

If the bond is not posted by the deadline, the unit “automatically terminates,” the division said. Failure to meet the drilling requirements within the first four years of the unit would result in performance bond forfeiture and automatic unit termination five years from the unit's effective date of Nov. 12.

Without unit formation, leases totaling 28,682 acres, 65% of the total, would expire April 30, 2021. Another 10,080 acres, 23% of the unit, expires Nov. 30, 2022. The remaining acreage expires Jan. 31, 2025.

Previous exploration

The division said while there has been scattered exploration in the Talitha area since the 1960s, the unit area is lightly explored with just a single well, ARCO's Pipeline State No. 1, drilled in 1988.

Great Bear acquired five new proprietary 3D surveys from 2012 through 2016, covering some 1,000 square miles near the proposed Talitha unit, using “these seismic surveys to map depth of structure, fault patterns, and amplitude anomalies associated with potential reservoirs,” the division said.

Pipeline State 1 targeted the Kingak and Kuparuk formations, with mud logs showing oil and gas shows in the Brookian and Kuparuk, the division said.

Kuparuk potential

The Kuparuk C sandstone is one of the major reservoirs on the North Slope, most notably producing from the Kuparuk River unit.

Because of its depositional setting, there are “dramatically variable sand thicknesses and aerial extent of individual sand bodies,” the division said, with Kuparuk C sandstone “distributed irregularly” outside the Kuparuk River unit.

The division said Great Bear integrated available well data with seismic to predict Kuparuk C sandstone within Talitha.

“Siderite cementation and glauconite content are the primary controls on reservoir quality in the KRU, causing great variability in porosity and permeability,” the division said. Where there is little cementation, Kuparuk C can produce at high rates from relatively thin sandstones.

Outside the KRU smaller accumulations of Kuparuk C have been discovered and developed, including at the

Oooguruk unit, the Aurora, Borealis and Midnight Sun accumulations in the Prudhoe Bay unit and the Fiord-Kuparuk and Nanuq-Kuparuk participating areas in the Colville River unit.

Kuparuk C is also the main target at Mustang in the Southern Miluveach unit and was the key objective for formation of the Placer unit. The division said Kuparuk C is also prospective at Pikka.

“Within the proposed TAU (Talitha unit), the Pipeline State 1 well encountered the Kuparuk C sandstone,” the division said, with 30 feet of core recovered from the Kuparuk and mud logs recording an oil show in the Kuparuk interval.

“Even given the vagaries of exploring for Kuparuk C sandstone, it is possible Kuparuk oil may eventually be produced within the proposed unit area,” the division said.

Brookian potential

The division said the Brookian sequence has drawn much recent North Slope exploration activity, particularly the Nanushuk and Torok.

“The hydrocarbon potential of the Brookian interval across the North Slope Basin cannot be ignored,” the division said, noting the Qannik sandstone, a zone of the Nanushuk group, within the Colville River unit, which is currently being developed. At Pikka, Oil Search Alaska “believes that several Nanushuk sandstones are prospective” and the Nanuq-Nanuq participation area at the CRU and the Torok PA at Oooguruk “represent the only long-term Torok Formation production to date.” The Moraine program at ConocoPhillips Alaska's Kuparuk River unit “also produces from the Torok Formation, but it is still early in development.”

Great Bear has flow tested the Brookian in the Alkaid well nearby, and given those results and mud logs from the Pipeline State 1 which record hydrocarbon shows in the Brookian interval, “the Brookian section could potentially be productive in the TAU as well,” the division said.

Exploration plan

The division has approved the initial unit plan of exploration for Talitha, effective Nov. 12 through Nov. 11, 2022, with a second POE due Aug. 13, 2022.

Great Bear said in the POE that it plans both non-drilling and drilling activities over the next three years.

Non-drilling activities include reprocessing some 50 square miles of merged 2012-16 3D datasets; an expanded review of Campanian reservoir characterization within Talitha; update the gas to oil ratio model for Talitha and develop a gas handling strategy for future development; and engage an outside engineering firm to produce an engineering study on a conceptual “hot tap” of the

trans-Alaska oil pipeline within or near the Alkaid and Talitha units, working in consultation with Alyeska Pipeline Service Co.

Drilling activities included in the plan are for two exploration wells, Talitha A and Talitha B, to be drilled as winter ice road and ice pad supported operations.

“They will be vertical wells drilled to the base of the Kuparuk sand,” Great Bear said in the POE. The company said the well locations have “been selected to penetrate an attractive portion of both the Shelf Margin Deltaic play and the Kuparuk play, with an emphasis on the Shelf Margin Deltaic play potential.”

Small laterals may be drilled as well.

Talitha A would be drilled on ADL 391658, with operations scheduled for the winter of 2021, spudding approximately Feb. 1, 2021, “pending fundraising,” using an ice pad some 8 miles west of the Dalton Highway, Great Bear said. A vertical well is planned to a depth of some 10,200 feet.

Talitha B would be on ADL 391972 on the border of ADL 391971, with operations scheduled for the winter of 2022, spudding approximately Feb. 1, 2022, “pending fundraising,” from an ice pad some 7 miles west of the Dalton Highway. A vertical well so a depth of some 9,920 feet is planned.

Great Bear said its work commitment includes a performance bond of \$3.3 million posted no later than one year from the effective date of the unit agreement or Sept. 15, 2021, whichever is earlier, with the unit to terminate automatically if the bond is not posted by the deadline.

The other part of the work commitment is drilling, with one well to be drilled within two years, or two wells within four years “to maintain the unit.”

“If one well is not drilled within two years, then the bottom holes of the two wells must be no less than two miles from each other,” and each well must be a new grassroots well, Great Bear said.

If the drilling schedule is not met, the bond will be surrendered in full and the unit terminated five years from the effective date.

“Each well must be drilled and logged to the base of the Kuparuk Formation or its equivalent” as seen in the Pipeline State 1 well, and must be logged with a typical log suite, the company said.

“For any interval where logging suggests the potential for significant oil production, rotary sidewall or full core samples must be acquired and fluid samples acquired in a flow test or by downhole sampling tool at reservoir conditions.”

—KRISTEN NELSON

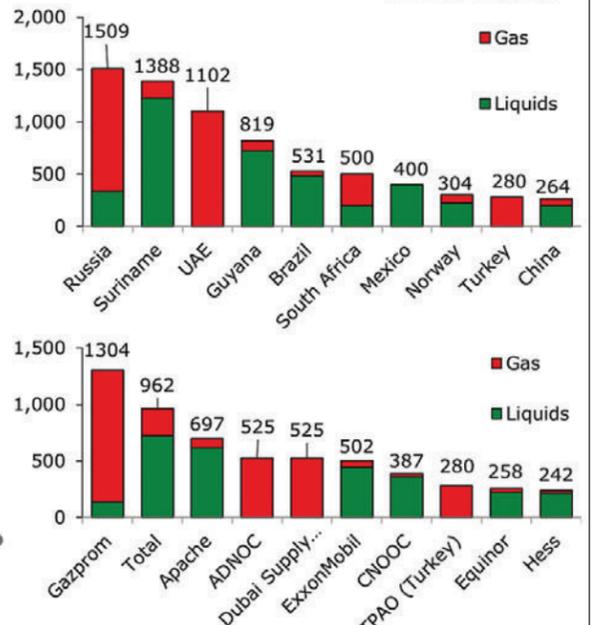
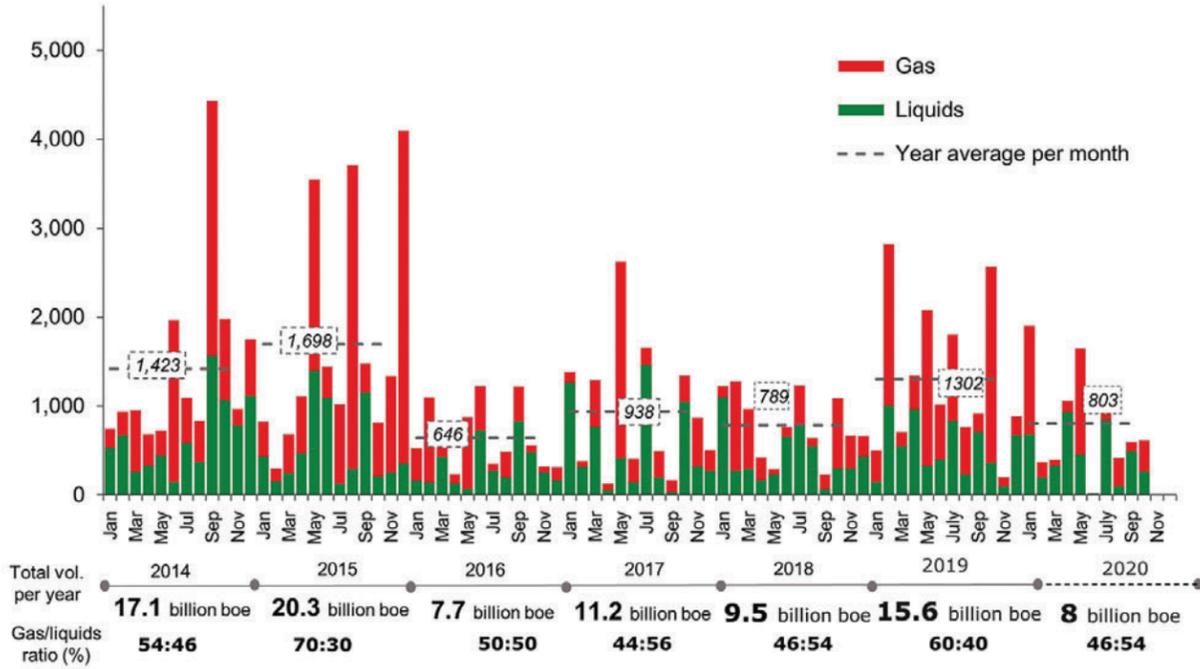
Contact Kristen Nelson
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Summary of global conventional discoveries January–October 2020

Million barrels of oil equivalent



RYSTAD ENERGY



*The remaining communicated resources are placed as contingent to future drilling
Source: Rystad Energy ECube, UCube, Rystad Energy research and analysis

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OIL PRICES

yearend, eclipsing the multi-decade low seen in 2016 of 7.7 billion boe.

Some 3.75 billion boe, or 46% of total discovered volumes are gas, while liquid volumes are estimated at 4.31 billion boe, the consultancy said.

The 73 new discoveries announced through October are evenly split — 36 onshore and 37 offshore. Russia leads in terms of discovery volume, with 1.51 billion boe, Suriname saw 1.39 billion boe and the UAE follows with 1.1 billion boe, Rystad said.

“Global oil and gas operators will chase plenty of additional volumes in

wildcats planned for the final two months of the 2020, although some may not be completed until early 2021 and will therefore add to next year’s tally,” said Palzor Shenga, Rystad senior upstream analyst.

Exploration plans included prospects with higher chances of success in mature areas, as well as high-risk, high-reward wildcats in frontier regions, resulting in some game-changing offshore discoveries, Rystad said.

“The willingness to invest in high-risk probes proves that E&P companies are not shying away from frontier basins — if prospects are promising enough,” it said. Companies have experienced exploratory success in emerging plays in countries including Suriname, Guyana, South Africa and Turkey, as well as in proven mature

regions such as Brazil and Norway.

Rystad expects that only 4.5 billion boe of the 8 billion boe discovered so far this year will be produced by 2040, and that annual discovered volumes are likely to settle at around 10 billion boe per year.

A more stringent selection procedure for drill ready prospects means that only the ones with the highest chance of success will see a spinning drill bit, it said. Companies will be less willing to drill high-risk wells in environmentally sensitive frontier areas, for financial and envi-

ronmental reasons.

“As a result, the full petroleum potential of areas like the Alaskan Arctic, Foz do Amazonas in Brazil and the Barents Sea may never be unlocked,” it said.

While fewer wells will be drilled, Rystad said, improved data access and digitization will help operators pinpoint successful prospects with more accuracy.

—STEVE SUTHERLIN

Contact Steve Sutherlin at ssutherlin@petroleumnews.com

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