Shell Offshore files plans to return to Alaska’s North Slope

Company plans to drill wells in West Harrison Bay Unit

ELWOOD BRENNER
Alaska Journal of Commerce

A supermajor oil company is looking to advance its position on Alaska’s North Slope. Shell Offshore Inc. has applied to form the West Harrison Bay Unit in state waters just offshore from the National Petroleum Reserve-Alaska with plans to drill the area in search of oil in the coming years, according to documents submitted to the state Division of Oil and Gas.

If the Dutch oil industry giant can secure a partner in the shares and risks of remote offshore North Slope exploration, it expects to drill exploration wells in the West Harrison Bay Unit with at least one sidetrack each in 2023 and 2024. Shell’s initial unit plan of exploration states

According the application, Shell has been trying to find a partner to work on the West Harrison Bay leases for at least a year, and the company was making progress toward that end before the coronavirus pandemic hit in late winter. As a result, Shell is asking the state for its exploration plan to be valid for five years, which would allow the company to secure a partner and better analyze the area’s development potential.

Shell holds a 100% working interest in 18 leases covering more than 78,000 acres in the proposed unit. The wells would target the popular Nanushuk oil formation first pinpointed by the Repsol-Armstrong Energy partnership in the Pikka Unit. The shallow, conventional Na-nushuk formation also forms the basis of ConocoPhillips’ large Willow oil prospect to the south of Harrison Bay and is believed by many in the industry to be prolific across much of the western North Slope.

A U.S. Shell representative did not respond to questions in time for this story.

Shell infamously spent more than $7 billion to drill the Burger J exploration well much farther offshore in the Chukchi Sea before abandoning its domestic Arctic drilling program in 2015. The work was beset by legal challenges and protests where vessels and equipment were staged at Pacific Northwest ports, as well as the grounding of the Kulluk drilling rig near Kodiak Island in 2013 while being towed south from Unalaska.

Independent partner

Elsewhere on the Slope, Great Bear Petroleum Ventures and Borealis Alaska have partnered in hopes of forming the Talitha Unit south of Prudhoe Bay along the west side of the Dalton Highway. In the unit application submitted Sept. 4, the small independents committed to drilling two vertical wells, Talitha A and B, over the next two exploration seasons.

The Talitha A well, tentatively planned for next winter, would be approximately 9 miles west of the Dalton and be drilled about 10,200 feet to the base of the Kuparuk formation, according to the application.

London-based Pantheon Resources purchased Anchorage-based Great Bear Petroleum — the project operator — in 2019 along with the roughly 200,000 acres of leases Great Bear held at the time. Great Bear first started working the area in 2012 and drilled several wells targeting unconventional shale plays but largely shifted to a conventional oil focus in 2015 when oil market conditions deteriorated and new prospects appeared in 3-D seismic data, company leaders have said.

Pantheon directors have said the logistical advantages of being near the haul road should help the economics of Talitha and other nearby prospects.

And while companies such as Shell and Great Bear are preparing for exploration work over the coming years, the state’s largest oil producer and most active recent explorer says it is waiting to firm up its drilling plans.

ConocoPhillips waits

ConocoPhillips Alaska spokesman Natalie Lowman wrote via email that the company had not finalized its exploration or capital plans for next year as of Sept. 15.

“Our capital plans will depend on our outlook for prices and the outcome of the ballot measure,” Lowman said in reference to the Fair Share Act, a citizens initiative to raise oil taxes that will be Ballot Measure 1 in the November election.

Ballot Measure 1 sponsors stress that the tax increase will not impact project development because it would only apply to new and not existing profitable North Slope fields of Alpine, Kuparuk and Prudhoe Bay; ConocoPhillips operates or has a significant stake in all three.

The company typically announces its work plans for the coming winter in late summer or early fall. Last winter, the company planned to drill seven exploration or appraisal wells at its prospects across the Slope; however, concerns about spreading COVID-19 in remote drilling camps and the concurrent collapse in oil prices caused the company to cut its winter work season short and indefinitely lay down its North Slope rig fleet, part of an effort to cut up to $400 million from its 2020 Alaska spending plan.

Hilcorp plans

Hilcorp plans to drill another, shallower directional well targeting gas accumulations from the Seaview pad later this fall.

BlueCrest Energy produces small amounts of oil from the Cosmopolitan development just offshore from Anchor Point, but Hilcorp’s work indicates Seaview is a solely a gas development at this point.

Correction

In the Sept. 17 article in the Arctic Sounder, the headline and first sentence of “Census workers aim to complete count in Utqiâġvik, Kotzebue” the amount of federal funding at stake in the 2020 census was misstated. For Alaska, there is $3.2 billion at stake each year for the next decade, not $3.2 billion total.

To place your ad go to ads@reportalaska.com or call 257-4568