

Shrinking footprint at Liberty



Two new articles in Greening of Oil include a story on BP's offshore Liberty oil field and what appears to be an unlikely alliance between the oil and gas industry and the National Audubon Society at the Rainey sanctuary in Louisiana. Check them out at www.greeningofoil.com

Greening of Oil: Latest from Mac Ackers

HEADED TO ANTARCTICA ... By now you've heard our big news: Greening of Oil has launched an Antarctica expedition blog at www.greeningofoil.com/antarctica.aspx — in English AND Arabic. Qatari engineer Abdulla AlMisnad, who works for Shell, is joining polar explorer Robert Swan's 2041 team to the southernmost continent. Abdulla will be posting a daily log of his adventures, including photos and interviews with other team members. Unlike the actual expedition to Antarctica, which begins on March 5 and lasts for two weeks, the blog will stay live for at least one year,



MAC ACKERS

see **MAC ACKERS** page 18

FERC gets range of open season comments — from OK to fix it

It's OK; it's not OK. That's pretty much the range of what a handful of commenters told the Federal Energy Regulatory Commission about TransCanada's proposal for an open season for the Alaska Pipeline Project.

TransCanada is proposing to build a natural gas pipeline to take Alaska North Slope gas to market, connecting either with existing lines out of Canada or with a liquefied natural gas project in Valdez. It has matching funds for up to \$500 million in costs from the State of Alaska in exchange for meeting requirements under the Alaska Gasline Inducement Act.

In an open season a pipeline solicits bids from shippers for capacity in a line, negotiating costs and conditions. FERC has jurisdiction over natural gas pipelines and has special procedures for the proposed Alaska line, including approving open

see **COMMENTS** page 19

FINANCE & ECONOMY

A strange year

ConocoPhillips' year-end filings make 2009 in Alaska hard to pin down

By **ERIC LIDJI**

For Petroleum News

ConocoPhillips' annual report usually arrives in the middle of the Alaska Legislative session, providing plenty of fodder for lawmakers arguing about the state's policy toward the oil industry. This year, though, the year-end filing is a complicated package.

Alaska profits dropped, but less than in other regions. Alaska taxes also dropped, but remain higher than in other regions. Oil prices dropped, but so did production costs.

ConocoPhillips, the largest producer and most active explorer in the state, reports spending increases for Alaska this year, but recent news makes those figures outdated.

Exploration drilling last year yielded a promising find, but also an expensive dry well.

Proved reserves declined, but mainly due to the wild swing in oil prices in recent years.

The best way to make sense of all those seeming contradictions is to go to the numbers.

Spending up, but on what?

ConocoPhillips reports plans to spend \$854 million on exploration and production work in Alaska this year, up 5.5 percent from the \$810 million the company spent in 2009.

Budget projections at the beginning of the year rarely match actual spending, though.

One factor that may change spending totals is CD-

see **STRANGE YEAR** page 15

NATURAL GAS

Poll: pessimism on gas line

More than half surveyed have AGIA doubts; many OK with oil tax increase

By **WESLEY LOY**

For Petroleum News

Many Alaskans are skeptical the Alaska Gasline Inducement Act will deliver a natural gas pipeline, a poll prepared for the state Legislature shows.

The Dittman Research poll put this question to Alaskans:

"How confident are you that former Gov. Palin's AGIA plan will be successful in getting a natural gas pipeline for Alaska?"

Well over half of the 402 respondents expressed serious doubt, with 39 percent answering "not too confident" and another 20 percent answering "not at all confident."

"We just have an embarrassment of riches. We have so many options we don't know what to do. We're just kind of frozen into inaction."

— **Dave Dittman, Dittman Research**

Pollster Dave Dittman said the results reconfirm a sense many Alaskans have held for quite a while now about AGIA.

"The mood is pretty depressed," he said.

Dittman conducted the 25-question poll for the predominantly Republican House majority. The survey is done annually to provide guidance to the leg-

see **POLL** page 20

NATURAL GAS

Kogas cuts EnCana deal

Farm-in gives lift to Kitimat plans; Kogas could spend C\$1.1B over 5 years

By **GARY PARK**

For Petroleum News

State-run Korea Gas Corp. or Kogas, the world's largest importer of liquid natural gas, has given added impetus to Canada's hopes of exporting gas outside of North America by committing to spend US\$1.1 billion over the next five years to explore and produce British Columbia shale gas.

Already positioned to take 40 percent of the proposed 750 million cubic feet of gas initially targeted for the Kitimat LNG project, Kogas has now agreed to participate in the supply end through a joint deal with EnCana.

Yonhap, the South Korean news agency, has reported that Kogas will pay US\$565 million over the

initial three years to earn a 50 percent working interest in expected production from three shale gas fields in the Horn River and Montney formations.

The fields cover 129,000 acres in the Montney formation and 25,000 acres at Horn River and are expected to produce 137 million cubic feet per day over 40 years, starting in 2017.

The Kitimat project has been tentatively set to come onstream in 2014, although Apache, the new 51 percent owner, has cautioned "there is still a long way to go before Kitimat potentially becomes a real export asset."

The Kogas entry could give an added boost to the timing by at least putting pressure on the partners to

see **DEAL** page 18