

# Prague feted as site of oil project

BY ROD WALTON  
World Staff Writer

PRAGUE — Tulsa-based New Dominion LCC will hold its New Dominion Dayz celebration Friday on the Prague Middle School grounds, marking the company's decade-plus involvement in re-opening abandoned oil fields to new production.

"New Dominion Dayz is a way we've found to give something back to show our appreciation," New Dominion Chairman David Chernicky said.

Prague, a central Oklahoma community best known for its Kolache Festival also running this weekend, was the site of historic oil development in Oklahoma dating back to the early 20th century.

The fields, however, were forgotten for decades — deemed as empty or too difficult to tap further because of salt water issues.

Then Chernicky arrived in the late 1990s seeking a testing ground for his "dewatering" technique. Under the method, directional lines are drilled and vast mixtures of oil, gas and water are pumped out and separated above ground.

The technique, risky for both New Dominion and local residents at the start, worked better than many expected. New Dominion has spent \$475 million for project development in Prague, Seminole and the Oklahoma City in the last four years, said Tim Cargile, chief operating and financial officer of the company.

Production from the three areas has topped 107 billion cubic feet of natural gas and 2 million barrels of oil, Cargile estimated.

New Dominion has paid out \$61 million in royalties in



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**Chernicky:** The celebration is a way to show the company's appreciation.

the last two years, most coming from the Prague fields, Cargile said. The company plans to drill another 30 wells in the area in 2010.

"There was no activity there at all" before the company's arrival in Prague, he said.

Prague School Superintendent Rick Martin said New Dominion has donated up to \$20,000 annually for scholarships to help 10 to 20 students.

"That's a pretty significant number," he said, noting that the district has about 75 students in its average graduating class.

Chernicky and New Dominion also have donated more than \$3 million in scholarships, grants and other donations statewide. For Prague, those efforts also include new water wells.

New Dominion Dayz runs from 11 a.m. to 2 p.m. Friday. It includes Safari Joe's exotic animals, entertainment and a raffle to generate matching scholarship funds.

The event is back after a one-year absence because of tough economic times for other local sponsors. Canadian Valley Electric Cooperative is a corporate sponsor for this year's event.

"I couldn't be happier that we're able to bring about its return this year," Chernicky said.

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# ConocoPhillips exits gas deal

• The company drops two Mideast projects within a week's time.

BY EDWARD KLUMP  
AND AYESHA DAYA  
Bloomberg News

ConocoPhillips has pulled out of a Middle East project for the second time in a week, saying Wednesday it decided against going through with the Shah Gas Field development in the United Arab Emirates.

The company, which would have been a 40 percent stakeholder in a Shah joint venture with state-owned Abu Dhabi National Oil Co., did not give an explanation for its "difficult decision."

Abu Dhabi National will go ahead with the \$10 billion project, said a person who asked not to be identified.

Houston-based ConocoPhillips, which announced plans in October to sell \$10

**'It would appear that they're rethinking where they stand in the gas markets at this point in time.'**

James Halloran  
Financial America Securities

billion in assets to cut debt, said April 21 that it would drop out of the Yanbu refining development with Saudi Arabia's state oil company. ConocoPhillips said then that Yanbu did not fit with its strategy of scaling back its presence in refining and tightening its focus on oil exploration.

"It would appear that they're rethinking where they stand in the gas markets at this point in time," said James Halloran, a consultant at Financial America Securities in Cleveland, Ohio. "I think they look at themselves as possibly trying to be oilier, which is the

key thing these days."

Oil has outperformed gas in U.S. futures trading this year and last. Crude also is more than three times as valuable as gas, relative to the energy content of both commodities, according to a Bloomberg calculation.

Oil-exporting nations such as the UAE are seeking to boost production of natural gas to fuel domestic power generation and factories. The country imports gas from Qatar and is developing nuclear power plants to meet energy demand, which is expected to double by 2020.

Abu Dhabi, an oil-rich UAE sheikhdom, chose ConocoPhillips for the Shah project after considering bids from companies such as Exxon Mobil Corp., Royal Dutch Shell Plc and Occidental Petroleum Corp.

The Shah development is scheduled to start production in the second or third quarter of 2014, says Saif Ahmed Al-Ghaffi, CEO of Abu Dhabi Gas Develop-

ment. The project will process 1 billion cubic feet of sour, or high-sulfur, gas a day into more than 500 million cubic feet of fuel and 10,000 tons of sulfur daily, he said.

Ryan Lance, a senior vice president for international exploration and production at ConocoPhillips, said in March that the company needed to know what the project would cost and that ConocoPhillips would make a value-based decision.

Pulling out of the Shah project is the right move for ConocoPhillips, even if it affects future business in the Middle East, said Philip Weiss, an analyst at Argus Research in New York. He said ConocoPhillips should be focused on financial discipline.

"If this deal keeps them from getting other projects but those projects don't meet the return guidelines anyway, does it really matter?" Weiss said.

ConocoPhillips is scheduled to report first-quarter earnings Thursday.

# Oil shale projects called premature

• Interior and the Rockies drilling industry are at odds.

BY PAUL FOY  
Associated Press

SALT LAKE CITY — Petroleum companies' plans to tap the abundant oil shale reserves beneath federal lands in the West are "not ready for prime time," a senior legal adviser to Interior Secretary Ken Salazar told a Utah energy conference Wednesday.

Steve Black said the Obama administration is taking a deliberate, cautious approach on making federal lands available for major oil shale development because nobody has shown they can squeeze the oil out of hard rock economically.

"I don't know when we'll see commercial development on public lands," Black told the Unconventional Fuels Conference, a gathering of leading researchers and small outfits with experimental oil shale works. "It's an industry that is not ready for prime time."

Todd Dana, founder of Salt Lake City-based RedLeaf Resources Inc., one of the active oil-shale players that is working state trust lands, said the federal government's reluctance to make larger and

richer deposits of oil shale available stands in the way of progress.

Extracting kerogen, a half-baked form of petroleum, locked inside shale has proven to be a difficult task. But industry players say the Obama administration isn't providing regulatory guidance or enough land to interest major oil companies or investors. They asserted the Obama administration has little or no interest in — or has outright hostility toward — developing oil shale reserves.

Others say widespread development would lay waste to parts of Colorado, Utah and Wyoming.

"This administration supports responsible development of all energy resources in the right place and at the right time," said Black, counselor to Salazar, a former Colorado senator who has been critical of failed attempts 30 years ago to develop oil shale there.

Black found himself forced to deny assertions that Salazar secretly opposed any significant oil shale development, which would require a lot of water and electric power.

"He has never said privately or publicly that his intention is to kill oil shale," Black said. "We're not trying to pick winners or losers."

# U.S. OKs first offshore wind farm, off Cape Cod

BOSTON (AP) — The Obama administration has approved what would be the nation's first offshore wind farm, off Cape Cod, inching the U.S. closer to harvesting an untapped domestic energy source — the steady breezes blowing along its vast coasts.

U.S. Interior Secretary Ken Salazar announced his decision Wednesday in Boston, clearing the way for a 130-turbine wind farm in Nantucket Sound. Cape Wind was in its ninth year of federal review, and Salazar stepped in early this year to bring what he called much-needed resolution to the bitterly contested proposal.

"We are beginning a new direction in our nation's en-

ergy future," Salazar said.

But members of the Aquinnah Wampanoag Tribe of Martha's Vineyard have vowed to sue to stop Cape Wind from being built, saying it would interfere with sacred rituals and desecrate tribal burial sites. Others opposed to the project on environmental grounds also have said they'll sue.

Audra Parker of the Alliance to Protect Nantucket Sound, the chief opponent to Cape Wind, said the "flawed" project would be derailed in court.

"It's far from over," she said. "Nantucket Sound needs to be off limits to Cape Wind and any other industrial development."

# FACT: Ragweed free.

More Northeastern Oklahoma adults read the Tulsa World in an average week than bought allergy medication last year.

(Now that's nothing to sneeze at.)



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