

# **COOK INLET TIMELINE**

- 1951 Sterling Highway completed, connecting Kenai Peninsula to Alaska road system.
- 1954 Standard Oil and Union Oil begin exploration on the Kenai Peninsula.
- 1959 First major gas discovery Union Oil/Ohio Oil (Marathon). Still producing.
- 1960 First Alaska pipeline, Swanson River to Nikiski Beach Richfield Oil Corp. Standard Oil.
- 1962 First offshore oil discovery Pan American Petroleum Middle Ground Shoal.
- 1963 Chevron oil refinery begins operations in Nikiski.
- **1964** Installation of first Cook Inlet Platform, operated by Shell.
- **1969** Phillips/Marathon LNG plant complete and production begins. Only LNG plant in North America.

Exports to Japan.

- 1970 Cook Inlet Basin oil production peaks at 225,000 barrels per day.
- 1976 Tesoro constructs pipeline from Nikiski refinery to Anchorage airport and port.
- 1977 First federal lease sale in Lower Cook Inlet.
- 1982 Alaskans receive first Alaska Permanent Fund dividend check \$1,000.
- 1986 U.S. crude falls from \$24 to \$12 per barrel, then below \$10;
- 2000 Agrium purchases Unocal fertilizer plant;
- 2002 ConocoPhillips completes 1st well at Cosmopolitan prospect;
- 2007 Closure of Agrium plant in Nikiski.
- **2011** Closure of ConocoPhillips LNG Plant.



Photo by Branden Cochra





USGS ESTIMATES THAT SIGNIFICANT UNDISCOVERED VOLUMES OF HYDROCARBONS REMAIN TO BE FOUND IN THE COOK INLET:

> 19 trillion cubic feet of natural gas

➢ 600 million barrels of oil

>46 million barrels of natural gas liquids

In June 2011, the State of Alaska received the highest number of Cook Inlet lease sale bids in 28 years, totaling more than \$11 million

### REVITALIZATION OF THE OIL AND GAS INDUSTRY IN COOK INLET:

- ✓ Seismic location technologies
- ✓ Proximity of vital communities for workers' family residence
- ✓ Attracting smaller, innovative companies
- ✓ Available, developed infrastructure and support industries

 Incentives for independents to drill smaller targets – oil prices, natural gas needs on the Kenai Peninsula, state tax incentives for explorations OIL & GAS EXPLORATION AND DRILLING IN COOK INLET - "UPSTREAM"

- ✓ Hilcorp Alaska, LLC
- ✓ Cook Inlet Energy
- ConocoPhillips Alaska,
  Inc.
- ✓ Buccaneer Energy
- ✓ Linc Energy

- ✓ Apache Corporation
- ✓ Nordaq Energy, Inc.
- ✓ Armstrong Cook Inlet,LLC
- ✓ Aurora Power
- ✓ Furie Operating Alaska,
  LLC

# OIL & GAS FACILITIES IN COOK INLET REGION -

## "DOWNSTREAM"

#### Tesoro Alaska Refinery

Process capacity up to 72,000 barrels of crude per day Produces low-sulfur gasoline, jet fuel, ultra low-sulfur diesel, heating oil, heavy fuel oils, propane, and asphalt.

#### ConocoPhillips Alaska LNG Plant

Began operating in 1969. Currently idle. Supplied primarily from the North Cook Inlet Gas Field, via underwater pipeline.

LNG exported to Japan.

#### Agrium Fertilizer Plant

In operation since the mid-60s; shut down in 2007. Permit application for possible re-opening in process. COOK INLET OIL AND GAS INDUSTRY'S ECONOMIC CONTRIBUTION TO THE KENAI PENINSULA BOROUGH

# \$103.2 MILLION IN ANNUAL WAGES

Worker wages are often spent locally.

Many Cook Inlet oil and gas industry workers make their home in the KPB.



A vital economy of support enterprises exist around

gas and oil operations - from transportation

companies to consultants.

### KENAI PENINSULA BOROUGH OIL AND GAS INDUSTRY EMPLOYMENT

- KPB oil and gas industry employment in 2012 totaled 1,118 jobs
- In 2011, oil and gas industry employment in the borough brought in \$103.2 million in annual wages
- Wages in the Cook Inlet oil and gas industry are highest of any industry in the borough, averaging \$98,445 in 2011, more than twice the borough average of \$42,000
- Non-Alaska residents comprised only 18% of the KPB oil and gas industry workforce.

Economic information from the Cook Inlet Oil and Gas Industry Labor Force Assessment Report, KPEDD, May 2013

COOK INLET OIL AND GAS INDUSTRY'S ECONOMIC CONTRIBUTION TO THE KENAI PENINSULA BOROUGH

# **\$4.5 MILLION IN ANNUAL PROPERTY TAXES**

Property taxes collected on oil and gas industry infrastructure support local cities, fire and emergency services, senior centers and recreation services.

# GAS AND OIL WORKFORCE DEVELOPMENT IN THE KENAI PENINSULA BOROUGH

A majority of Cook Inlet oil and gas industry firms interviewed stated that KPB training programs are meeting demand for trained employees.

Kenai Peninsula College (KPC) offers programs in process technology and petroleum technology; their new 15-million dollar training facility opened in 2013.

Kenai Peninsula industry training infrastructure includes: Alaska Construction Academy, Alaska Technical, Alaska Vocational Technical Center (AVTEC), Arctic Safety Training, Beacon Occupational Health and Safety, Kenai Peninsula College, and the UA Mining and Petroleum Training Service. Underwater Helicopter Egress Training

# **QUESTIONS?**

Photo by Branden Cochran