

John Boyle
Commissioner

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PRESS RELEASE

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Promising North Slope, Cook Inlet oil and gas lease sale results

New Cook Inlet lease terms generated modest interest

(Anchorage, AK) – Today, the Alaska Division of Oil and Gas published results for the annual lease sales on all available State area-wide acreage, including in the North Slope and Cook Inlet regions. The combined sale brought in an estimated \$8 million in “cash bonus” for the State of Alaska, an increase over 2022. More than 224,000 acres on 110 tracts received bids across the Beaufort Sea, North Slope, and North Slope Foothills sale areas (all on Alaska’s Arctic Slope); the Cook Inlet; and the Alaska Peninsula.

“I’m encouraged by the results of the annual State of Alaska oil and gas lease sale. These investments on the North Slope show that Alaska has a bright future ahead, with major economic and job opportunities for Alaskans as we to continue provide energy security for the nation,” **said Governor Mike Dunleavy**. “It’s also promising to see two Alaska-focused companies pick up new, highly competitive Cook Inlet leases – but the lack of large new bidders or positions emphasizes the need for Alaska to take action to stimulate more natural gas production in the Inlet. I’ll be introducing a statutory proposal in the upcoming legislative session to do exactly this, to ensure we are doing everything we can to make our natural resources available for affordable, secure energy. I look forward to working with legislators on my bill to give DNR additional tools to incentivize exploration, development, and production to get more natural gas to Alaskans.”

The Division offered 2.9 million acres on 720 tracts in Cook Inlet with new, innovative terms to help incentivize development in the region. The cash bonus per acre for these leases is fixed and a net profit share – where the state receives a portion of profits once a development becomes profitable – is the bid variable. These leases do not feature a set royalty rate on production, which has historically been included in leases in Alaska. Terms also include a low per-acre rental and short primary term of only five years, designed to encourage aggressive exploration and development. The net profit share also enables a producer to recover costs more quickly, and then share profits with the State once the development costs are recouped. This could help attract investors and make marginal projects more economically viable.

The new Cook Inlet leases attracted six total bids from Hilcorp Alaska, LLC, and Hex, LLC. Bids ranged from 5.7% to 11% net profit share, with nearly \$600,000 in cash bonuses. As this was the first-year leases were offered with these terms, the results are not directly comparable to prior years. The number of acres sold in this sale (14,998) were above the five-year average for Cook Inlet (13,418), but less than the two Cook Inlet sales held in 2022 combined (27,865). The total cash bonus (\$599,935) exceeded both the five-year average of bonus bids (\$313,316) and the two combined 2022 sales results (\$459,522).

“Taking an innovative approach with these new Cook Inlet lease terms is one of the levers that DNR can pull to help make oil and gas production more attractive, so we hope it will gather

increasing interest as producers have more time to evaluate this opportunity. We will continue to pull every lever we can, and to advance the Governor's proposed legislation and other initiatives, to help meet our in-state energy needs," **said DNR Commissioner John Boyle.** "We are also very encouraged with the North Slope and Beaufort Sea results, and see the new leases as consistent with major programs and exploration plans that are being pursued by multiple companies. This is very good news for the North Slope and for Alaska."

The North Slope lease sale received 94 bids on 92 tracts comprising 173,000 acres. North Slope cash bonus (\$6,169,735) and acres sold (173,145) exceeded both 2022 results (\$4,491,188 and 120,015 acres) and the five-year average of results (\$4,910,487 and 119,848 acres), respectively.

The Beaufort Sea region had 13 bids on 12 tracts over 36,000 acres. Beaufort Sea cash bonus (\$1,302,791) and acres sold (36,170) also exceeded both 2022 results (\$555,702 and 16,772 acres) and the five-year average of results (\$657,447 and 21,360 acres), respectively.

Detailed sale results are available on the [Division of Oil & Gas website](#).

The Department of Natural Resources' mission is to develop, conserve, and maximize the use of Alaska's natural resources consistent with the public interest.

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