



Fact Sheet: Cook Inlet Oil & Gas Production

ALASKA COOK IN ET PRODUCING FIELDS & PRODUCTION

Seven producing oil fields on the Kenai Peninsula produce 30,000 barrels of oil per day. There are 17 gas fields which currently produce more than 485 million cubic feet of gas per day. In 1999, nearly 11 million barrels of oil and 177 billion cubic feet of natural gas were produced from Cook Inlet gas fields.

Offshore fields in Cook Inlet are tapped by 15 production platforms. Operations at three of the platforms have been temporarily suspended due to market conditions and low production volumes.

Fields on the Kenai Peninsula and offshore in the Cook Inlet have produced a cumulative total of 1.2 billion barrels of crude oil and 5.6 trillion cubic feet of natural gas.

OIL & GASPROCESSING

All oil from Cook Inlet is refined at a Nikiski refinery producing gasoline, propane, butane, jet fuel, heating fuel and asphalt for Alaska markets.

A chemical plant in Nikiski uses Cook Inlet natural gas as a feedstock to manufacture more than 5,000 tons of fertilizer per day. The plant is the largest fertilizer complex on the West Coast and is a major supplier to the agriculture industry in the Western United States.

A gas liquefaction plant at Nikiski, the only one of its type in North America, supplies 1.3 million barrels of liquefied natural gas to Japan each month.

NEW PROJECTS, PLAYERS & ACTIVITY

Independents are new "players" which have recently entered Alaska's oil and gas scene in the Cook Inlet. Companies like Anadarko Petroleum Forcenergy, Frontier Petroleum Corp. and Cross Timbers Oil Company are bringing a renewed vitality and new concepts to revitalize this very mature province.

New developments in Cook Inlet include: drilling at the Tom Cat "wild cat prospect" by Forcenergy; drilling of the Lone Creek #2 and #3 by Anadarko Petroleum; continued drilling at Cannery Loop by Marathon Oil Company; and development of the Redoubt Shoal reservoir by Forcenergy.

RESERVES & PRODUCTION FORECAST

Ninety percent of the region's recoverable oil reserves have been produced.

Remaining oil reserves are estimated at about 76 million barrels. Natural gas reserves exceed more than 3 trillion cubic feet.

Cook Inlet oil production, which peaked at 230 thousand barrels per day in 1970, declined to 30 thousand barrels per day by 1999. Cook Inlet fields probably will continue to produce well into the next century, however, production is estimated to decline to seven thousand barrels per day by 2003. Cumulative production between 1999 and 2003 will be an estimated **50.8** million barrels. *(Source: Historical and Projected Oil and Gas Consumption, May, 1999 by Alaska Department of Natural Resources)*

BENEFITS OF COOK INLET OIL & GAS DEVELOPMENT

Southcentral Alaskans have benefited from oil and gas development in the Cook Inlet area for more than 40 years.

The oil and gas industry in Cook Inlet employs more than 1,500 workers and hundreds more on contract. It contributes hundreds of millions of dollars annually to the economy of Southcentral Alaska, through salaries, taxes, royalties and investments. Cook Inlet oil, all of which is refined at Tesoro's Nikiski refinery, produces gasoline, propane, diesel, jet fuel and heating fuel for Alaska markets and promotes continuation of one of Alaska's few value-added industries.

Oil and gas property accounts for a substantial segment of the tax base within the Kenai Peninsula Borough and local communities. In Nikiski, the oil industry pays about 70 percent of the area's property taxes. Kenai area residents have counted on this tax base, from oil and gas production property, to pay for essential local services, including police protection, firefighters, schools and for recreational programs and facilities.

Cook Inlet natural gas provides heat to Kenai, Anchorage and Mat-Su area homes and businesses at a cost 40 percent less than the national average. More than 80 percent of the electricity for communities from Homer to Talkeetna is generated from Cook Inlet natural gas.