2014 North Slope lease sale is largest in more than two decades

In a clear sign that the new oil tax law is helping to attract more investment dollars to the Alaska oil patch, the 2014 North Slope area wide sale attracted 297 bids on 254 tracts for almost $60 million dollars, the largest such auction in more than 20 years and quadruple the results of the lease sale held just one year ago.

In 2013, 92 total bids were submitted. In 2012, the state received 132 bids on 122 tracts.

Independent companies submitted the majority of the high bids. Two AOGA member companies – Caelus Alaska Exploration Company and Hilcorp Alaska LLC – participated in the northern Alaska lease sales for the first time this year. Both companies recently acquired producing assets on the North Slope.

“I am pleased by the surge in participation from existing leaseholders and new entrants this year,” said Bill Barron, director of the Division of Oil and Gas. “Today’s excellent results show that industry realizes the vast energy potential still held on the North Slope. The investment will further the State’s goal of developing its hydrocarbon resources to keep the Trans-Alaska Pipeline System filled and functioning.”

“The spike in bids this year is not a coincidence,” said Kara Moriarty, AOGA president and CEO. “Alaska is clearly back on the map as a good place to do business, so we are gratified to see the tax law working well and thankful that voters made the right choice in August when they voted no on the tax reform referendum. The law is working, and Alaskans can see the results for themselves.”

Less interest in federal leases

Bidders showed much less interest in the Bureau of Land Management’s lease sale for the National Petroleum Reserve-Alaska (NPR-A), held on the same day as the North Slope auction.

The BLM received $658,978 for leases on 66,650 acres of reserve lands. That’s less than a quarter of the agency’s winning bids for the 2013 lease sale.
Apache takes exploring to new dimension

Eighty Alaskans went on a trophy hunt last September – and they did it for a good cause.

The group took part in the third annual Apache Rainbow Challenge fishing tournament, a catch-and-release competition that takes participants to the Kenai River to fly fish for some of the world’s largest rainbow trout.

Chris Kennett, with GCI Industrial, hooked a 30-inch trout, just a few pounds shy of the Alaska record. Apache Alaska General Manager John Hendrix ended the day with the largest number of “inches of fish” over 20 inches, totaling 173.5. The GCI Industrial boat caught the most total “inches of rainbows” over 20 inches, with a total of 462.

Over the past two years, Apache has raised nearly $150,000 from the tournament to benefit the Tustumena 200 Sled Dog Race and Alaska Resource Education. The Tustumena is the only qualifying sled dog race for the Iditarod on the Kenai Peninsula, and the donated funds have kept the race afloat.

Alaska Resource Education is a partnership between the state Department of Education and private industry to educate young people about Alaska’s natural resources through classroom visits and teacher training.

Now in its third year, the Apache Rainbow Challenge is limited to 20 boats and has sold out every year. Each boat seats four plus the guide.

“It’s a fun day for two great causes,” said Apache’s Hendrix.

Apache Rainbow Challenge: fishing for a good cause

Apache is a large Houston, Texas-based independent with operations in the U.S., Canada, United Kingdom, Egypt and Australia. It entered the Alaska market in 2010 and quickly became one of the largest players in Cook Inlet. The company currently has more than 650,000 acres under lease.

In 2013, Apache received the 2013 Chairman’s Stewardship Award from the Interstate Oil and Gas Compact Commission for its use of wireless seismic technology in the Inlet.

Petroleum sector
110,000 jobs
34%

Government sector
82,370 jobs
26%

All other sectors
129,591 jobs
40%

More than 1/3 of Alaska’s jobs are tied to the oil and gas industry.
EMPLOYEE SPOTLIGHT:

Maniksaq Baumgartner
Stakeholder Manager, Shell Alaska

Living in Alaska, most of us are well-traveled. Between business travel and escaping the long, cold winter months, we tend to get around more than our Lower 48 counterparts. But Maniksaq Baumgartner’s typical travel itinerary looks different than most Alaskans’. From Dutch Harbor and Unalaska to Barrow on the North Slope, he travels throughout the state for his work with Shell.

As Stakeholder Manager, Baumgartner serves as an important conduit between Shell Alaska and the rural, often Native communities in which it operates – facilitating open and ongoing communication that’s critical to the company’s commitment to social responsibility.

“It’s important that Alaskans recognize the importance of oil and gas development, its past, current and future impact on our state and people,” said Baumgartner.

“It is equally important to understand the cultural values and traditional lifestyles that exist in rural Alaska. The key is to strike a balance that allows both development and cultural preservation to continue to thrive.”

It’s that crucial balance that brought him to Shell. Today, Baumgartner helps the company work with communities to pursue responsible development of Alaska’s resources in a way that’s culturally sensitive and mutually beneficial.

And Maniksaq is well-positioned for this unique and critical role. Born and raised in Barrow, he began learning to hunt whales at age 11 – a traditional rite of passage for the Iñupiat people. As a youth, Elders taught the importance of his Iñupiaq culture – knowledge he carries with him today.

Following graduation from the University of Alaska Anchorage with a bachelor’s degree in journalism and public communications, he was eager to put his cultural knowledge and corporate relations know-how to use. After working for several Alaska Native regional corporations, he took a job with Shell in 2012 – and it was a natural fit.

“As Iñupiat, our land, oceans and subsistence values are inherent to our culture, and our people have relied on them for thousands of years,” he says. “But today, we also need jobs and economic opportunities to sustain those values.”

“It’s my mission, and one of Shell Alaska’s values, to work with communities to make sure economic development and traditional ways of life coexist for the benefit of my people and all Alaskans.”
Local oil company leaders talk about ‘leaning in’ and advancing women in the industry

Note: Excerpted from ‘Leaning In’ with Alaska Leaders, which first appeared in the November 2014 print edition of Alaska Business Monthly magazine. Edited for length, and used with permission.

Alaska Business Monthly recently asked several successful Alaska leaders, all women, a few questions about the book Lean In and some of its basic concepts. Here are a few of the responses from AOGA members Janet Weiss, BP Exploration (Alaska) Inc. Regional president, Alaska, and Karen Hagedorn, ExxonMobil Alaska production manager.

Lean In author Cheryl Sandberg believes that there are times when you can reach for opportunities even if you are not sure you are quite ready to take them on—and then learn by doing. Have you ever tried this? What was the result?

JANET WEISS: Being the first woman to serve as regional president for BP in Alaska is a great opportunity. It is right up there with being the first long-time Alaskan to serve as BP’s Alaska regional president. When I stepped into this position, I started learning at a much faster pace due to the demands of the role; learning is thrilling. Take a look around Alaska and you’ll see there are more women in leadership positions.

KAREN HAGEDORN: I have done this many times—most of my job changes have been a combination of lateral and upward, so that I’ve never been fully prepared to just step into the next role. The critical step is to prioritize what you need to learn and when and what you can have staff cover so you don’t end up “cramming” so much you miss the big picture. The result for me has been opportunities I never would have gotten without taking some career chances.

What advice do you have for young people in the workforce?

JANET WEISS: I have a few suggestions for those that might be aspiring to leadership from my own experiences: 1) As you solve problems, really try to identify which problems drive value and put your energy into those issues. A lot of times, we get enamored with something that is actually not going to make a difference. We need to develop the skill to figure out what is going to make a difference to that bottom line and what is really going to bring value. 2) Step up and step in, take on responsibility and follow through. And don’t beat yourself up about the mistakes along the way. 3) There is power in community; connect with other women in industry. It is a whole lot more fun that way. 4) Enjoy life, and realize there is balance, both inside and outside the workplace.

KAREN HAGEDORN: First and foremost, do the best job you can in whatever job you are in—even if it isn’t your dream job. You never know who is watching and what opportunity they might bring your way. Second, know where you want to go, but be open-minded about how to get there. The most rewarding path between two points may not be a straight line. Finally, take a chance that is out of your comfort zone, but then do what it takes to deliver on the job.

Women account for 40% of new hires in the oil and gas industry

Last year, more women than men entered the oil and gas industry. Specifically, about 3,900 positions were added in the oil and gas sector, with about 46 percent of these positions, or 1,800 positions, filled by women, according to the U.S. Bureau of Labor Statistics. Since 1991 (when the Bureau of Labor Statistics began tracking this trend), there has never been a year in which more than a third of new hires in the industry have been women.

Many of the filled positions are in professional fields, like technicians, geologists or engineers.

One potential reason why oil and gas is attracting so many women employees is because of the high salaries. The national average annual salary for oil and gas exploration and production is $96,844—more than double the average annual salary for all occupations, according to the American Petroleum Institute.
AOGA PRESIDENT/CEO MESSAGE:
Counting Alaska’s natural resource blessings

We are often encouraged to “count our blessings.” Given the holiday season, it seems like an appropriate time to count the natural resource blessings we enjoy in Alaska.

1. ALASKA IS RICH IN OIL AND GAS RESOURCES

Contrary to what some may say, Alaska is NOT “running out of oil.” While the easy oil may be gone, our state still has a lot of oil and gas in the ground awaiting development.

For reference, the trans-Alaska pipeline has moved 17 billion barrels of oil since the first barrel arrived in Valdez back in 1977. It is estimated that more than 30 billion barrels remain on state-owned North Slope land, including heavy and viscous oil. When you add the immense potential in the Outer Continental Shelf, that number jumps to 50-plus billion barrels. Factor in the vast natural gas reserves, and it’s easy to see why oil and gas companies are optimistic about the industry’s future in Alaska.

2. ALASKA IS BACK IN THE GLOBAL INVESTMENT GAME

In 2013, Alaska improved its oil tax structure to be more competitive with other oil-producing areas. Since then, investment in new Alaska projects has increased even as oil prices have dropped. The new tax law offers economic stability during periods of low prices, so Alaskans are better insulated from dramatic swings in oil prices (and their impact on state budgets) than they were before.

3. ALASKA IS HOME TO A WELL-TRAINED, PROFESSIONAL WORKFORCE

In 2013, the Alaska hire rate among the 15 primary companies was 88 percent. Industry leaders are proud of that number, and work to make sure Alaskans who want to work in the oil and gas sector are ready for the jobs available today and in the future.

Fortunately, Alaska is home to many workforce development schools and programs, ensuring that many of the current and future jobs will go to the Alaskans who own the resource.
The Alaska Oil and Gas Association (AOGA) is a business trade association that represents the majority of oil and gas exploration, production, transportation, refining and marketing activities in Alaska.

Our mission is to foster the long-term viability of the oil and gas industry in Alaska for the benefit of all Alaskans.

Learn more about the issues facing the largest economic driver in the Alaska economy at www.aoga.org. Sign up for our newsletters and follow us on Facebook and Twitter for the latest information on the oil and gas industry in Alaska.

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