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Department of
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STATE OF ALASKA

PRESS RELEASE

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Division of Oil and Gas conducts first-ever all-online lease sale

(Anchorage, AK) – The Alaska Division of Oil and Gas today concluded its first-ever all-online oil and gas lease auction, successfully selling three tracts in the Cook Inlet and Alaska Peninsula areawide sale and demonstrating the efficiency of its new system.

Hilcorp Alaska, LLC offered over \$178,000 for the rights to search for oil and gas in three Cook Inlet tracts totaling 7,146 acres of state land, according to sale results. The highest bid on the three tracts was \$26.76 per acre and will bring the state \$149,588 in cash bonus bids. The average bonus bid per acre was \$21.43.

The results of the auction and bid totals are subject to final adjudication as division staff verify details, the number of bids and the amount bid per acre. As soon as they are compiled, final results will be posted on the Division of Oil and Gas website at: <http://dog.dnr.alaska.gov/>

All three tracts sold were in the Cook Inlet Areawide sale. Two of them are onshore on the Iniskin Peninsula, site of some of Alaska's earliest commercial oil exploration at the turn of the 20th century. The third tract sold straddles on- and offshore areas just south of the Cosmopolitan Unit, a producing oil and gas unit in the southern Cook Inlet and the site of commercial drilling as recently as 2019. There were no bids in the Alaska Peninsula Areawide sale.

While the current low global prices and significant oversupply for oil likely were factors in reducing market interest in the sale, Division Director Tom Stokes said he was pleased that the sale demonstrated the value of its new online auction capabilities.

The Division contracted with EnergyNet Services, LLC to use its existing Internet platform for this sale, inaugurating a valuable relationship that will enhance the state's ability to make its highly prospective hydrocarbon resources available to broader markets.

"We have been working hard to update the way the division does business, including providing scientific data, making lease offerings available globally, and conducting auctions online," Stokes said. "Today's experience, including sale results, validates our investment in this new way of doing business. It bodes well for our ability to conduct larger, more complex sales in the future that operate more efficiently at lower state cost."

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