

straight talk

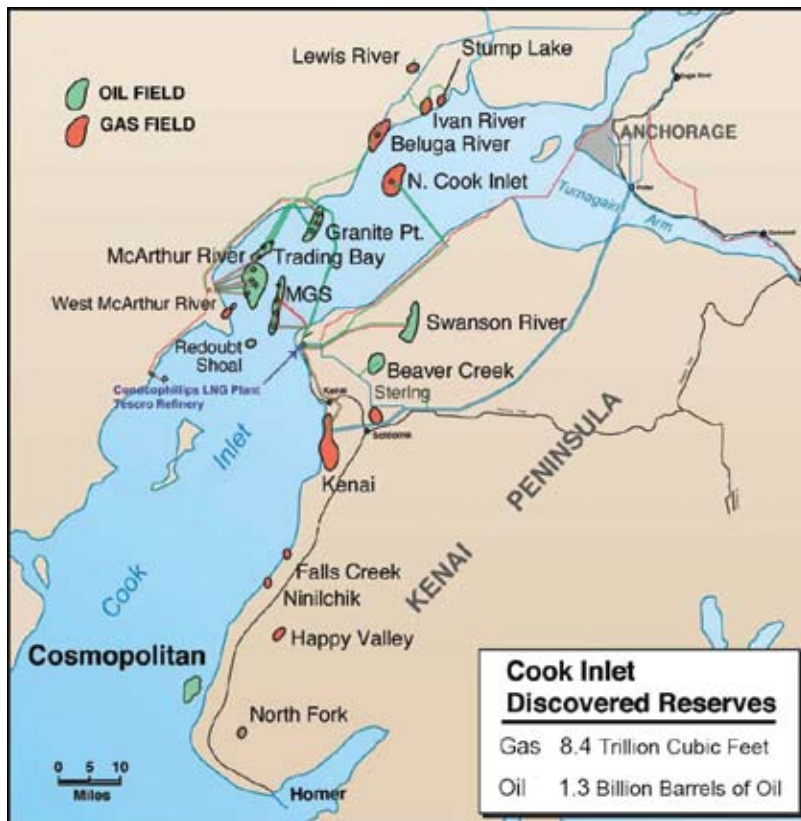


Alaska Oil and Gas Association

August - September 2008 - Issue 4

Cosmopolitan – A Promising Prospect

Cosmopolitan is Cook Inlet’s southern most oil discovery, located in offshore Cook Inlet northwest of Anchor Point. It was first drilled by Pennzoil in 1967 and since that time three additional wells have been drilled into the unit; the Hansen 1 and Hansen 1A wells by ConocoPhillips in 2002 and 2003 respectively and the Hansen 1A-L1 well drilled by Pioneer Natural Resources in late 2007.



Pioneer estimates Cosmopolitan’s gross resource potential to be 30-50 million barrels of oil.

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Chevron’s monopod platform located in Cook Inlet.

On the Job

Alaska Oil and Gas Association

**Marilyn Crockett,
Executive Director**

Marilyn started her career at AOGA in 1970. She has served as the Association’s Administrator, Exploration and Production Affairs Representative, Manager for Environmental Affairs and Deputy Director. She was appointed the Executive Director by the AOGA Board of Directors and assumed the post on July 1, 2007. A 43-year Alaska resident, Marilyn was recently inducted into the Anchorage ATHENA Society. She is married to Jack and they have three adult children who were born in Alaska and still reside here.

**Kara Moriarty,
Deputy Director**

Kara came to Alaska to teach elementary school in Atkasuk. After working in Washington, DC for Congressman Thune, she moved back to Alaska and lived in Fairbanks for seven years. She has served as legislative staff to Senator Wilken and was the President/CEO of the Fairbanks Chamber for four years. She joined the AOGA staff in April 2005, and assumed the role of Deputy Director on July 1, 2007. She is married to Gerry and has two young children, Joseph and Margaret.

**Sami Glascott,
Regulatory Affairs**

Sami has lived half her life in Anchorage and half on islands in the Pacific. She worked most of her career as a geologist/project manager



Judy Patrick Photography

From left to right:
Tamara Sheffield, Marilyn Crockett, Kara Moriarty and Sami Glascott.

and regulator managing remedial investigations at Air Force Superfund sites in Hawaii, Okinawa, Guam, Wake, and Alaska. She and her husband Bob met in Guam and despite their love of warm water, chose to make their home in Alaska where they enjoy the mountains and seasons. She came to AOGA after completing her Masters degree in Public Administration at UAA. This new focus on Alaska public policy allows her to spend more time with her daughter Kalima.

**Tamara Sheffield,
Support Services**

Tamara moved to Alaska at an early age with her family and has never left. She came to work at AOGA in December 1980. Tamara has held various administrative positions at AOGA and her current title is Support Services. Earlier in her career, she was very involved in the Desk and Derrick Club of Anchorage. In her spare time, she enjoys volunteering. She is married to Mike and together they have one son Steven and two dogs Coco and Abby. ♦

Did You Know?



Oil and gas is Alaska’s largest non-governmental industry.

- Statewide, the industry generates 21 percent of private sector payroll.
- One in eight private sector jobs in Alaska – 12 percent – is generated by the oil and gas industry.

Visit www.aoga.org for more facts about Alaska’s oil & gas industry.

On the Job

Don Jones, Lead Operator Pacific Energy Resources

His name is Don Jones and he's originally from Grants Pass, Oregon where as a kid he dreamed of becoming a social worker. That changed the summer of 1974 when he took a summertime gig to pay for college. He went to work in an oil patch in Odessa, Texas. He's been "in the patch" ever since. Now he's the Lead Operator at Kustatan where he's responsible for the production of oil and gas and in charge of HS&E.

Owned by Pacific Energy Resources, the Kustatan Production Facility in West Cook Inlet collects liquids and gas from the Osprey Platform and separates the oil, water and natural gas.

Don headed north to Alaska on May 18, 1980 from Portland, Oregon. It was the day Mount Saint Helens erupted with enough power to spread ash into 11 U.S. states. "It seemed like I picked a good time to head north," he says. He found his home in Alaska oil & gas. "Alaska had higher safety standards than where I had worked in the past," he says, "it's all about going home to your family at the end of the day."

When asked about what he likes most about his line of work Don replied that in the oil patch every day is a new challenge. "It's dynamic. Every day something is different. It's not one of those jobs where you do the same thing day in and day out."

Don chuckled good-naturedly to himself when asked if there were any lessons from the patch that he'd like to share. He delivered his answer with an understatement that's typical of Alaska's hard-working oil and gas veterans:

"I could spend some time with that one, that's for sure."

Of all the things he's proud of in his career, Don points to safety as his top achievement. "If you run a clean ship," he says, "you can send everybody home safe to their families at the end of the day." ♦

AOGA Member Spotlight

Tesoro Alaska Company

1. What year did Tesoro come to Alaska?

Tesoro opened the refinery in 1969. Happy 40th!

2. Where does Tesoro operate in Alaska?

The Tesoro refinery is located in Nikiski, AK.

3. Where else does Tesoro do business?

We operate refineries in Mandan, ND; Salt Lake City, UT; Anacortes, WA; Martinez, CA; Los Angeles, CA; and Kapolei, HI. The company owns and operates over 445 retail stores near those refineries, including 32 in Alaska. We also brand over 60 independent dealers in Alaska.

4. How many employees does Tesoro have in Alaska?

Tesoro employs over 600 Alaskans.

5. What types of products are refined at Tesoro?

We manufacture jet fuel, diesel, gasoline, propane, asphalt and heavy oils.

6. What type of expansion plans does Tesoro have for Alaska?

We have no short term expansion plans, but have several regulatory requirements upcoming in the next five years that may require capital investment. ♦



Left to Right:

John Hubbard, Project Manager; Mark Necessary, Plant Superintendent; Glen Jackson, Plant Manager; Robert Armstrong, President, Alaska Refining; Johnnie Erwin, SAT Employee - Crude Oil Department (Buyer).

This picture was taken at a ribbon-cutting ceremony in the summer of '69 at the Nikiski plant known as the "Alaska Refinery". It changed in 1970 to Tesoro Alaska.



Setting New Standards

BP to Develop Liberty Oilfield

BP announced that the development of its Liberty oilfield will begin this summer with a seismic survey to support drilling the world's longest wells to safely reach an offshore reservoir in the Beaufort Sea.

Drilling will occur from an existing satellite pad that is part of the BP-operated Endicott oil field. Liberty will make use of the Endicott causeway and oil processing facility. There will be no offshore platform, drilling island or sub-sea pipeline.

A seismic survey to support the technologically advanced drilling began this summer. BP anticipates Liberty drilling will start in 2010. Oil production is expected to begin in 2011 and will ramp up to about 40,000 barrels per day.

That new oil production will help offset the declining production from the mature North Slope oilfields, and keep oil flowing down the Trans Alaska Pipeline.

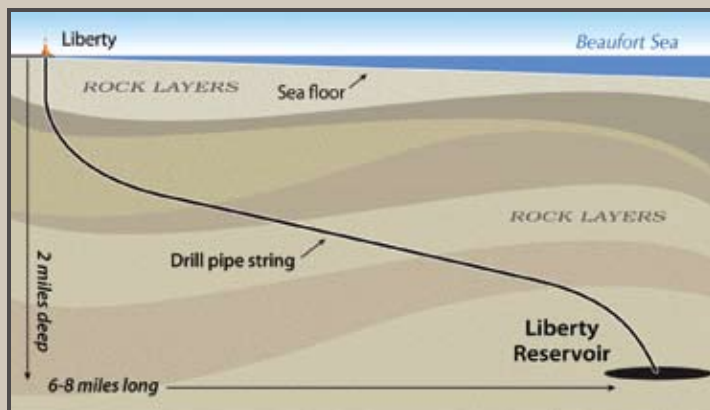
Field development will ultimately cost approximately \$1.5 billion, with recovery of about 100 million barrels of oil.

"Liberty will set a new standard for Arctic oilfield engineering and development," BP Alaska President Doug Suttles said.

"These will be the longest wells ever drilled, and will allow us to develop a new offshore reservoir with the least environmental impact," Suttles said. "At the same time, we can extend the economic life of the Endicott facilities. It's all part of our 50-year future in Alaska."

"Liberty is an important project for the nation, for Alaska and for BP. It demonstrates that new sources of domestic energy can be developed and produced responsibly," said Robert Malone, chairman of BP America.

Plans call for up to six ultra-extended reach wells, including four producers and two injectors. These wells, guided by 3-D seismic imagery, will extend two miles deep and as far as eight miles out. A special Arctic drilling rig is being built for the project.



BP has obtained major permits from federal regulatory agencies, and is working closely with the State of Alaska and the North Slope Borough to secure final Liberty permit approvals.

BP is the sole owner of the Liberty field, which is on federal leases about six miles offshore, and east of the Prudhoe Bay oilfield. BP drilled the Liberty discovery well in 1997. ♦

Cosmopolitan

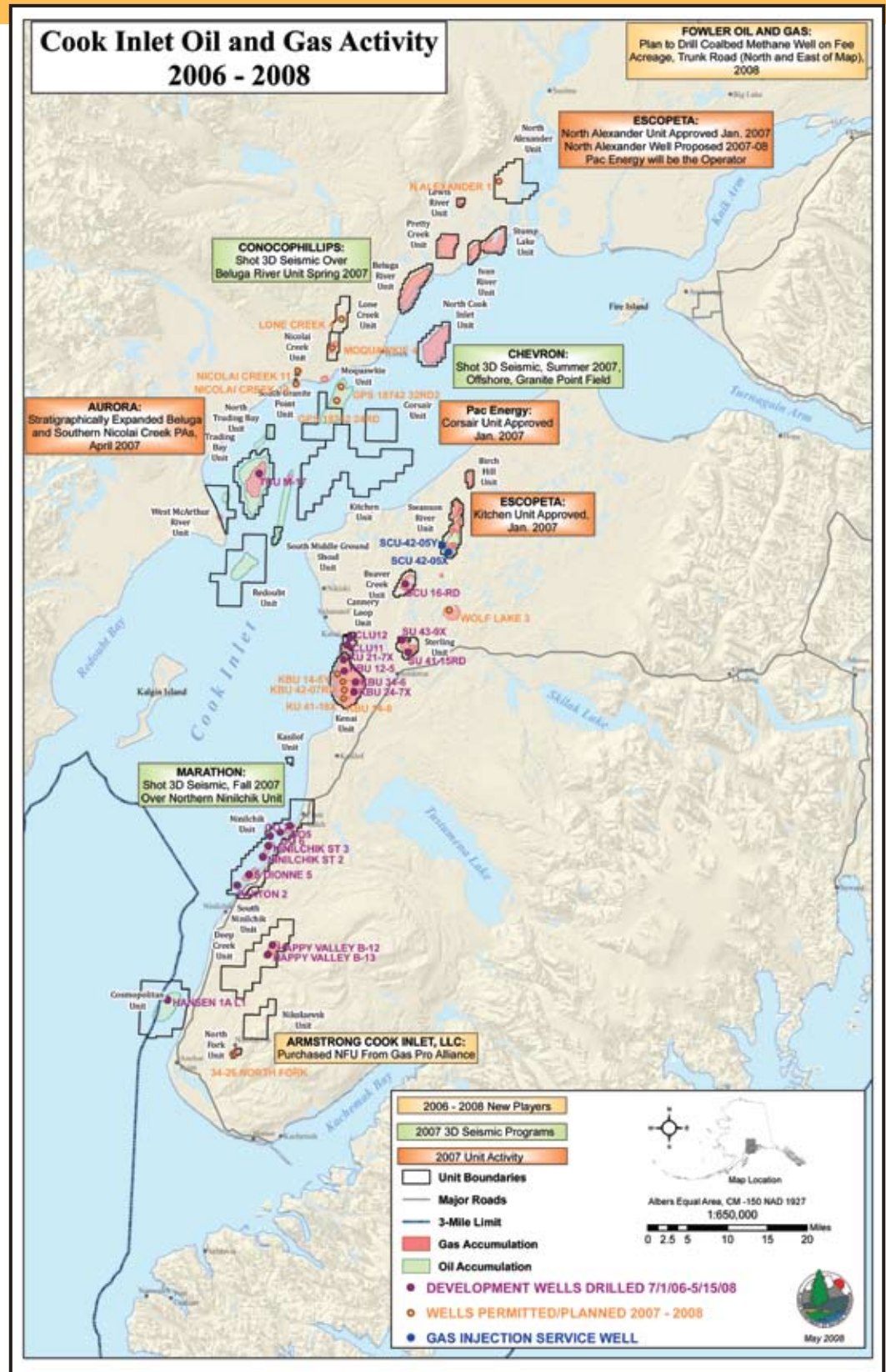
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Pioneer is the 100 percent working interest owner and operator of the Cosmopolitan unit and the company estimates its gross resource potential to be 30-50 million barrels of oil. The Hansen 1A-L1 well was drilled in 2007 from an onshore drill site on the bluff approximately five miles north of Anchor Point. The well's total depth of 22,650' (more than four miles) established a new record for an extended reach well in Cook Inlet.

In early 2008 Pioneer conducted an extensive production test of the Hansen 1A-L1 well and was encouraged by the results. Currently the company is analyzing data acquired from drilling and testing the well. Preliminary front end engineering and design as well as permitting work for full development is also underway. Pioneer expects to conduct additional appraisal drilling at Cosmopolitan in 2009.

"We're excited about Cosmopolitan. Drilling and testing the Hansen 1A-L1 was a critical step forward and we're looking forward to another busy season in 2009," said Ken Sheffield, president of Pioneer's Alaska Division.

Contingent on continued success, Pioneer estimates first commercial production from Cosmopolitan as



early as 2011. Future production from Cosmopolitan would provide tax revenue to the Kenai Peninsula Borough and State of Alaska, as well as jobs and contract opportunities for Alaskans. Production from Cosmopolitan would also help offset tanker traffic in Cook Inlet by providing an alternative source of crude for the Tesoro refinery in Nikiski. ♦

Who We Are

The Alaska Oil & Gas Association (AOGA) is a non-profit trade association whose 17 member companies represent the majority of oil & 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. We provide a forum for communication and cooperation with members, the public and local, state and federal governments. Through our Board of Directors, five standing committees and several work groups, we develop common industry positions and provide input on local, state and national legislative and administrative actions that affect the petroleum industry in Alaska.

Member Companies

Agrium Kenai
Nitrogen Operations

Alyeska Pipeline
Service Company

Anadarko Petroleum
Corporation

BP Exploration
(Alaska), Inc.

Chevron

Eni Petroleum

ExxonMobil
Production Company

Flint Hills Resources,
Alaska

Marathon Oil Company

Pacific Energy
Resources, Ltd.

Petro-Canada
(Alaska), Inc.

Petro Star, Inc.

Pioneer Natural
Resources Alaska, Inc.

Shell Exploration
& Production Company

StatoilHydro

Tesoro Alaska Company

XTO Energy, Inc.

straight talk

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