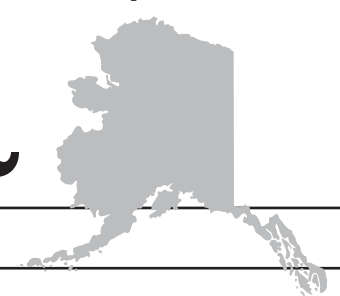


EXTRA!

BP in Alaska



Celebrating 50 years in The Last Frontier



Geologists were the true pioneers of Alaska's oil exploration efforts in the late 1950's and early 1960's.

BP in Alaska: Half a century gone by, half a century to go ...

BY FRANK BAKER
For Petroleum News

This year as BP observes its 100-year milestone as a company, one of its upstream business units, BP Alaska, also has cause to celebrate, as the company opened its first office in Alaska in 1959. For half a century BP has remained one of the state's leading investors, private employers, energy producers, corporate taxpayers and corporate citizens.

Arriving in the state in 1960, BP's geologists and geophysicists were among the first explorers in search of oil and gas on Alaska's remote North Slope. Atlantic Richfield (ARCO) was also exploring the North Slope, and its early drilling efforts led to the 1968 discovery of North America's largest oil field — Prudhoe Bay.

BP and its partners then embarked on one of the most ambitious and costly projects in America's history: developing the super-giant oil field and constructing an 800-mile pipeline to transport that oil to tanker ships and ultimately, to an energy-hungry nation.

National attention was focused on Alaska on June 20, 1977, as the trans-Alaska pipeline received its first oil. Prudhoe Bay production reached its plateau rate of 1.5 million barrels per day in 1981 and began its natural decline in 1989. More than 15 billion barrels of oil have been produced from the North Slope. Of that, more than 11 billion barrels has come from the Prudhoe Bay field alone. And today, with advancements in oil field technology, BP believes another 2-3 billion barrels can be recovered.

see page A8 HALF A CENTURY

North to Alaska

BP's trail to Prudhoe Bay: Opened office in 1959, geologists arrived in 1960

BY FRANK BAKER
For Petroleum News

Alaska was first mentioned within BP in a 1952 world survey of oil prospects compiled by the company's exploration department in London. The north of Alaska was included because of oil and gas discoveries made there by the U.S. Geological Survey, which drilled exploratory wells there in the 1920s, during World War II, and in post war years. The primary mission of that drilling was to find strategic fuel reserves for the U.S. Navy. The finds were small, but the 100,000-square-mile plain of frozen tundra sloping down from the Brooks Range to the Arctic Ocean clearly contained several big geological structures of the kind BP was familiar with in the Middle East.



Helicopters were vital during BP's early field geological surveys.

But the North Slope was only one of many prospects around the world. The harsh conditions there, as well as a shortage of dollars, pushed Alaska exploration to the bottom of the list.

In the middle of 1957, however, a small company named Richfield Oil struck oil at

Swanson River on the Kenai Peninsula south of Anchorage, sparking an exploration boom. While most oil companies focused on this area, BP's interest in the North Slope grew after its chief geologist, Peter Cox, reconnoitered the area and reported: "There is a similarity between the foothills of the Brooks Range and the Zagros mountains in Iran. The North Slope contains a wealth of drillable anticlines on the Iranian scale, with lengths in the order of 20 miles."

In 1958, BP teamed up with Sinclair, an established U.S. oil marketer and refiner. Sinclair promised to serve as a major outlet in the United States for BP's great quantities of Middle East crude oil. Sinclair also had some experience in

see page A12 NORTH TO ALASKA

Bidding around the edges

BP attains strong lease position, waits on neighbors, drills to confirm Prudhoe discovery

BY FRANK BAKER
For Petroleum News

In 1964 the first state land at Prudhoe Bay was put up for auction. By that time, other oil companies were beginning to take more interest in BP's lonely quest.

Disheartened by the failures in the Brooks Range, Sinclair opted out of the sale, which proved to be a fateful decision.

Short of dollars, BP decided it could not compete with American companies for expensive leases in the center of the structure. Instead, it gambled on the striking similarity of the Prudhoe Bay structure to

its discovery in Iran — where the oil-bearing rocks had proved to be thicker and more prolific around the edges.

In some instances, BP did bid on what were considered prime tracts at the crest of the Prudhoe structure, but was outbid by Richfield.

When the bidding closed, BP had acquired 90,000 acres around the rim at an average price of just over \$16 an acre — compared with the \$93 an acre Richfield paid for leases in the central area.

BP acquired more acreage along the flanks in 1967.



see page A10 BIDDING BP confirmation well

Alaska's 1969 windfall

Prudhoe Bay discovery attracts bidders from around world to lease sale auction

BY FRANK BAKER
For Petroleum News

The size of the Prudhoe Bay field attracted worldwide attention, and this translated into an enormous level of interest. By the time the sale rolled around on Sept. 1, 1969, the Anchorage airport was home to at least a dozen corporate aircraft and the city's hotels were bustling. Companies went to extraordinary lengths to maintain secrecy. All of the major U.S. companies were, if not participating, at least represented along with many independents.

Charles Towill, one of BP's first public affairs representatives in the U.S., recalls employing a resourceful communications method to relay sale information to BP management.

"At the time of the September 1969 Prudhoe Bay lease sale, Anchorage was a community of 125,000, almost half of the state's total population," says Towill. "There was no satellite link, so TV programs, including news, were sent up in cassette form from Seattle — making everything a day late. I was running public relations for BP in New York at the time, but was paying my first visit to Alaska when the lease sale occurred.



The Anchorage times bannered the 1969 Prudhoe Bay lease sale.

"Because of communications difficulties, BP's office in New York had no means of following the lease sale bidding, which was only broadcast on local (Anchorage) TV. To overcome this, I set up an open telephone link from Anchorage to New York from a room in a local hotel, and relayed the bids I was seeing on TV. This worked well and New York immediately passed the bidding results to BP corporate headquarters in London."

see page A8 WINDFALL

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