North to Alaska

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

BY FRANK BAKER
For Petroleum News

A laska was first mentioned within BP in 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.

Bidding around the edges

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

BY FRANK BAKER
For Petroleum News

I n 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.

Alaska’s 1969 windfall

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

BY FRANK BAKER
For Petroleum News

T he size of the Prudhoe Bay field attracted worldwide attention, and from the opening day it was the largest in the world, with recoverable reserves of 10 billion barrels. In 1969, the Anchorage Daily Times reported: "There is a similarity between the Prudhoe Bay structure and the Iranian scale, with lengths in the order of 20 miles.”

BP confirmation well

The Anchorage times bannister 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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BP in Alaska
Celebrating 50 years in The Last Frontier

ExtrA

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

T his 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 oil to tanker ships and ultimately to BP corporate headquarters in London.

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