Hilcorp Leases in Heart of Cook Inlet Fishing & Tourism Economies

ANCHORAGE—Today, the Bureau of Ocean Energy Management held a lease sale for tracts in the federal waters of Lower Cook Inlet. Unlike the previous three sales, Lease Sale 244 garnered bids, though only one company – Hilcorp – participated in the sale.

“Lease 244 marks a turning point for Cook Inlet and for Alaska,” said Inletkeeper Bob Shavelson. “For the first time ever, we are pushing oil and gas platforms and infrastructure into the heart of our commercial and sport fishing and tourism economies.”

The Hilcorp leases lie due west of Homer, in the middle of Cook Inlet, with no existing industry infrastructure nearby. To produce oil or gas from these leases will require significant industrialization on the Homer Spit and in Anchor Point, among other areas. Pipelines, oil storage tanks, compressors, large staging areas and other infrastructure would be required.

While BOEM in recent years has stopped estimating the likelihood of large oil spills from industrial development in Lower Cook Inlet, in the Environmental Impact Statement for Lease Sale 149 in 1997, the federal government estimated a 72% chance of a large spill.

“My business depends on clean water, and the prospect of oil and gas development in Lower Cook Inlet makes me rethink my investments here,” said Margo Reveil, a local shellfish grower. “Oil and water don’t mix, neither do oil and oysters.”

In response to a Freedom of Information Act request, Cook Inletkeeper learned only two oil and gas companies – Buccaneer and Apache – expressed interest in leasing in federal waters. Ironically, Buccaneer is now bankrupt, and Apache bailed out of Cook Inlet after failing to strike commercial reserves. On the other hand, thousands of Alaskans have opposed oil and gas leasing in Lower Cook Inlet.

“Native people have repeatedly opposed oil and gas leasing in Lower Cook Inlet because it threatens our subsistence foods and our way of life,” said Cook Inletkeeper Board member Tom Evans, a resident of the Native Village of Nanwalek. “But if a couple oil companies want the sale, the feds bend over backwards to hold it.”

In a related matter, the state of Alaska also held a lease sale in Cook Inlet today – the results of which have yet to be made public. While industry discovered commercial oil and gas in the Swanson River Field in the late 1950’s, recent years have been marked by conflict with...
local property owners, as oil and gas development has moved south into more populated areas of the Lower Kenai Peninsula.

Last Fall, Inletkeeper submitted comments to the state arguing that new oil and gas leasing was not in the best interest of Alaskans, and it sent additional comments to BOEM chastising the agency’s anemic efforts at public engagement.

Cook Inletkeeper opposes all new oil and gas leasing in Cook Inlet until the state embraces a realistic plan to address rapid climate change in Alaska, and adopts a fiscal strategy that removes massive subsidies for oil and gas corporations.

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