Cook Inlet units get OK

State OKs Forest’s Corsair unit, Escopeta’s Kitchen, North Alexander units

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The State of Alaska’s Division of Oil and Gas said Jan. 31 it has approved three Cook Inlet basin units that were applied for by operators Forest Oil and Escopeta Oil.

Two of the approved units, the Corsair prospect operated by Forest and the Kitchen prospects operated by Escopeta, are offshore in Upper Cook Inlet. The third new unit, Escopeta’s North Alexander prospect, is onshore on the west side of Cook Inlet northeast of the Lewis River gas field.

Leases within each of the new units were set to expire if unitization was not approved by the division, which is part of the Alaska Department of Natural Resources.

Escopeta pursuing other jack-ups

Escopeta Oil President Danny Davis told Petroleum News Jan. 31 that he was “pleased” that the state “had the foresight to see the benefit of approving” the independent’s Kitchen and North Alexander units.

“Since it became clear that the Songa Tellus jack-up rig would not be available to us, several companies have offered Escopeta proposals for jack-up rigs which they would be more than happy to send to Alaska,” Davis said. “We are working with financial partners to share the risk of exploration and we’re confident we will have an agreement in place within 30 to 45 days to proceed with our Cook Inlet exploration plans.”

Corsair requires well by 2008
Since filing for the Corsair unit, Forest has put its Alaska assets up for sale, so most of the exploration commitments for the unit will likely be fulfilled by a purchaser, rather than Forest.

The company’s five-year plan of operation proposes to drill one well at the 10,185-acre unit which is some 12 miles southwest of North Cook Inlet field. The five-year plans include exploring and developing the Sterling-Beluga interval, with exploration activities in the first three years of the plan. A jack-up rig will be required to drill at Corsair, and Forest agreed to provide evidence by Dec. 31, 2007, that it has a rig commitment enabling it to drill a well no later than Dec. 31, 2008.

If that drilling commitment is not met, Forest would pay the state $25 per acre for the acreage in the three leases which would have expired Jan. 31, 2007, without unit formation, and relinquish the fourth lease, due to expire April 30, 2008.

If the exploration well is not drilled by Dec. 31, 2008, the unit will terminate and Forest will owe the state $35 an acre for all of the leases in the unit.

Given favorable results from exploration well data, in the third year of the plan Forest would conduct extended testing “to confirm the presence of gas in commercial quantities” and apply to form an initial participating area by Jan. 31, 2010, or the unit terminates. In the fourth year of the plan, Forest is to consider a second Corsair exploration well and in the fifth year submit applications for pipelines and infrastructure necessary for commercial production.

**North Alexander an onshore gas prospect**

North Alexander is an onshore gas prospect where Escopeta proposes to drill and test sandstones within the Beluga and Tyonek formations, with secondary gas objectives in the lower Sterling and Bell Island formations. The state said there are also coals that may serve as coalbed methane reservoirs and they will also be evaluated.

The terms of the unit, which includes portions of four state leases, require Escopeta to drill a well in the winter of 2007-08 and the unit terminates Jan. 31, 2009, or sooner, if Escopeta does not fulfill its work requirements. The division said this is the soonest a well can be drilled at North Alexander because access will be limited to ice roads.

**Escopeta’s Kitchen unit**

Escopeta’s Kitchen unit contains two prospects, the East Kitchen and the Kitchen.

The division said that because of the significant challenges Escopeta will face in securing a jack-up rig, it asked for a firm commitment to drill a well in 2007, and required that Escopeta drill a well on either the East Kitchen or Kitchen prospect in 2007.

The division noted that Escopeta has been working to bring a jack-up rig to Cook Inlet for several years.
The initial plan of exploration was amended. As approved, it runs from Feb. 1 to Dec. 31, 2007, and requires the drilling of one well by Dec. 31, 2007, to one of three bottomhole locations within the unit to a 16,000 to 20,000 foot true vertical depth to test the Sterling, Beluga, Tyonek and Hemlock formations. Escopeta is required to log the well and to provide the division with a copy of all new seismic information it acquires.

The division said that unless it approves a second plan of exploration, or an initial plan of development, the Kitchen unit will terminate Dec. 31, 2007.