

# [***-Rystad Energy - BP exits Alaska to enhance focus on tight oil***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WXN-DH21-JD3Y-Y1H0-00000-00&context=1516831)

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**Body**

BP's decision to divest all of its upstream and midstream assets in Alaska to Hilcorp for $ 5.6 billion, announced yesterday, marks the UK supermajor's exit from the region after several divestitures in Alaska in recent years.

'We see this move as part of a strategic shift by BP to focus further on US tight oil assets, having acquired a large portfolio from BHP last year,' says Espen Erlingsen, Rystad ***Energy***'s head of upstream research.

BP is currently the largest operator in Alaska, measured in operated production, whereas Hilcorp - prior to the transaction - is the third-largest operator.

'This acquisition will propel Hilcorp - US's largest private oil and gas company - to the top of the board as the largest operator in Alaska, with approximately double the output of the second-largest operator, ConocoPhillips. In fact, Hilcorp will operate around 60% of Alaska's total production. We see significant potential for a focused operator to increase oil recovery from Prudhoe Bay, a massive but maturing field that used to be the world's largest oil field by production in the 1980s and 1990s,' Erlingsen added.

In 2012, Alaska contributed around 25% of BP's total production in the US, but by last year that contribution had fallen to around 15% thanks to a combination of a natural decline in aging fields and divestitures of assets.

At the same time, the contribution from US shale/tight oil has increased from around 10% in 2012 to around 15% in 2018 and is poised to surge past 50% of BP's output total in the US within the next few years.

'BP's $ 10.5 billion acquisition of BHP's onshore US shale/tight oil assets in 2018 gave the company a whole new production source that can deliver significant growth for years to come,' Erlingsen observed.

This week's deal with Hilcorp stands as BP's third divestiture in Alaska over the past five years.

'BP's divestitures in Alaska are in line with the trends seen globally among major oil and gas companies in recent years,' Erlingsen remarked. 'The largest EP companies have been steadily divesting mature late-life assets in order to finance exploration and development in new regions.'

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About Rystad ***Energy***

Rystad ***Energy*** is an independent ***energy*** research and business intelligence company providing data, tools, analytics and consultancy services to the global ***energy*** industry. Our products and services cover ***energy*** fundamentals and the global and regional upstream, oilfield services and renewable ***energy*** industries, tailored to analysts, managers and executives alike. Rystad ***Energy***'s headquarters are located in Oslo, Norway with offices in London, New York, Houston, Aberdeen, Stavanger, Moscow, Rio de Janeiro, Singapore, Bangalore, Tokyo, Sydney, and Dubai.

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