



**To:** Corri Fiege, Chair  
Resource Management Committee  
**Thru:** Jusdi Warner, Executive Director  
**From:** Cole Hendrickson, Minerals & Energy Resource Manager  
**Date:** 1/22/2026  
**Re:** Hilcorp Alaska, LLC – Negotiated Oil & Gas Lease – MHT  
9300103  
**Fiscal Year:** 2026

## Consultation

### Proposed RMC Motion:

*"The Resource Management Committee recommends that the Alaska Mental Health Trust Authority board of trustees concur with the negotiated lease of Trust land, a portion of parcel S70437 near Tyonek with Hilcorp Alaska, LLC for the exploration and development of oil and gas resources."*

### Background:

<b>Revenue Projections:</b>	<b>Principal Income</b>	<b>Unknown</b>
		<b>\$3,440 - \$4,816 annually</b>

**Transaction/Resource:** A negotiated lease of Trust owned hydrocarbon estate for the exploration and development of oil and gas by Hilcorp Alaska, LLC (Hilcorp) near Tyonek on the west side of Cook Inlet. The primary term will be five years and continued indefinitely by production.

**Property Description/Acreage/MH Parcel(s):** Tyonek, AK / 344.00 acres / MH Parcel S70437

**General Background:** The area of interest is a fee estate parcel owned by the Trust, adjacent to the northern portion of the Granite Point Unit in which Hilcorp operates within the waters of Cook Inlet.

Hilcorp proposes to target the historic structure known as the Kaloa structure, with tentative plans to drill one initial well in late 2026 from the Trust parcel, followed by additional wells if conditions warrant.

**Anticipated Revenues/Benefits:** Revenue to the Trust includes an annual rental fee starting at \$10/acre/year and escalating to \$14/acre/year for lease year 5, and increasing annually should production continue during the agreement past the 5-year term. Rental fees are a credit against the royalty due on production for that lease year. Any production that occurs will be subject to a 12.5 percent royalty.

**Anticipated Risks/Concerns:** No unusual risks or concerns associated with the proposal are anticipated. Risks typically associated with this type of activity are regulated by various state agencies and will also be governed by terms in the TLO oil and gas lease.

**Project Costs:** There are no unusual costs anticipated with the issuance and administration of the proposed lease.

**Other Considerations:** The applicant of this disposal is a well-known developer of oil and gas projects in the Alaska and remains to be one of the sole bidders in State of Alaska competitive bids for Cook Inlet Oil & Gas Leases for years. Offering the lands to Hilcorp on a negotiated basis is the best way to secure the Trust's desired and developed terms.

**Due Diligence:** The leasing process and the lease terms have been determined as a result of industry standards. The TLO staff are generally familiar with the proposed leased area.

**Alternatives:** (1) Offer the parcel competitively, which is not warranted given the applicant's experience and land position in the area; (2) do not offer the land for oil and gas development which would not be the highest and best use of the land and resource.

**Consistency with the Resource Management Strategy:** The proposal is consistent with the "Resource Management Strategy for Trust Land" (RMS), which was adopted in 2021 in consultation with the Trust and provides for the disposal of Trust hydrocarbon resources on a negotiated bases in certain circumstances. Given that Hilcorp was the only bidder to lease State of Alaska land within Cook Inlet for the exploration and development of oil & gas, the likelihood of finding another party in the region who will have the capacity to develop the Trust resources as Hilcorp is significantly lower as shown by the recent results of the State's process.

**Trust Land Office Recommendation:** Lease the described acreage on a negotiated basis to Hilcorp as proposed.

**Applicable Authority:** AS 37.14.009(a), AS 38.05.801, 11 AAC 99.

**Trust Authority Consultation:** This briefing document fulfills the consultation requirements that are applicable to the transaction. In the event that significant changes to the transaction are made necessary by the public notice process, the Trust Authority will be consulted regarding the changes.

**Exhibit(s):**

Location Map

