



March 14, 2018

Deborah Heebner, North Slope Environmental Specialist
Hilcorp Alaska, LLC
3800 Centerpoint Dr. Ste. 1400
Anchorage, AK 99503

RE: LONS 84-018, Hilcorp, Milne Point Unit, CFP Connex-based Storage, Unit Plan of Operations Amendment Decision

Dear Ms. Heebner:

The Alaska Department of Natural Resources, Division of Oil and Gas (Division), in accordance with Alaska Statute 38.05 and Alaska Oil and Gas Leasing Regulations (11 AAC 83), grants authorization to conduct activities on state lands as proposed in the Milne Point Unit (MPU) Plan of Operations (Plan) amendment application dated January 25, 2018, for the above referenced project.

Scope:

Hilcorp Alaska, LLC (Hilcorp) proposes to place an additional building on the Central Facilities Pad (CFP) in the MPU. The structure will consist of four stacked connexes with an exterior insulated wall and roof covering, measuring 40 feet in length, 16 feet in width, and 20 feet in height. The additional space will provide room for storage. The proposed activities are anticipated to occur between April 2018 and November 2018.

Plan activities include:

- Level existing gravel pad, as required for installation of the building
- Place 40-foot, 6-inch rig mats on the gravel pad as a base for the structure
- Stack and secure four each 40-foot connex, which each are 40 feet long by 8 feet wide and 10 feet high
- Frame and attach insulated metal sheeted exterior skeleton to connex walls and roof
- Install self-standing exterior landings for access to the second connex level
- Tie the new structure into existing above ground utilities
- Install insulated copper piping on existed module mounted structural supports
- Connect and install electrical, instrumentation and fire detection in connex based storage structure

Location information:

Milne Point Unit

CFP Pad

Meridian: Umiat Township: T13N Range: R10E Sections: 24 & 25

70.458964" N, -149.441535" W (NAD83)

ADL: 025518 and 047437

CFP pad is located about one mile southeast of A Pad.

Agency review:

The Division provided a courtesy agency review and comment opportunity for the activities considered for authorization under this decision. The following government entities were notified on February 1, 2018, for comment on the Plan: Alaska Department of Fish and Game (ADFG), and DNR: Division of Mining Land and Water (DMLW). Timely comments were received from DMLW and are summarized in Appendix A.

Conditions/Stipulations:

In addition to the terms and conditions in the lease, this approval is subject to additional stipulations set forth by the following:

1. A certified As-Built survey of the activity shall be provided within one year of placement of the improvement. This As-Built must be both digital and hard copy.

Please attach this amendment approval with the original decision. This unit operations amendment approval is issued in accordance with Alaska Statute 38.05 and Alaska Administrative Codes 11 AAC 83.346 and 11 AAC 83.303. The Division reviewed this amendment under the unit regulation for the Plan, 11 AAC 83.346, and considers the factors set forth in 11 AAC 83.303(a) and (b). The amendment was also evaluated against the Milne Point Unit agreement for conformance.

A person affected by this decision may appeal it, in accordance with 11 AAC 02. Any appeal must be received within 20 calendar days after issuance of the decision, as defined in 11 AAC 02.040(c) and (d) and may be mailed or delivered to the Commissioner, Department of Natural Resources, 550 W 7th Avenue, Suite 1400, Anchorage, Alaska 99501; faxed to 1-907-269-8918, or sent by electronic mail to dnr.appeals@alaska.gov. This decision takes effect immediately. If no appeal is filed by the appeal deadline, this decision becomes a final administrative order and decision of the department on the 31st day after issuance. An eligible person must first appeal this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.

This approval signifies only that the State of Alaska has no objection to the operations outlined in the Plan amendment application. It does not constitute certification of any property right or land status claimed by the applicant nor does it relieve the applicant of responsibility to obtain approvals or permits from other persons or governmental agencies that may also be required. All stipulations contained in the original lease and subsequent Plan approvals remain in full force and effect.

If activities have not commenced, this approval expires on March 14, 2021. Failure to comply with the terms and conditions outlined in the lease, the attached stipulations, and this authorization may result in revocation of this unit operations approval.

Any questions or concerns about this amendment may be directed to Natural Resource Specialist Paul Blanche at (907) 269-8570 or emailed to paul.blanche@alaska.gov.

Sincerely,



For Nathaniel G. Emery
Natural Resource Specialist

Attachments: 2008 North Slope Mitigation Measures with 2011 supplement
Figures 1-5

cc: DOG: Graham Smith, Jeanne Frazier, Nathaniel Emery, James Hyun, Conor Williamson,
spco.records@alaska.gov
DMLW: Melissa Head, Kimberley Maher, Becky Baird
ADF&G: Jack Winters
ADEC: dec.water.oilandgas@alaska.gov
NSB: Jason Bergerson, John Adams, Matt C. Dunn, Josie Kaleak

Appendix A: Agency Comments

Alaska DNR, Division of Mining, Land and Water, February 2, 2018

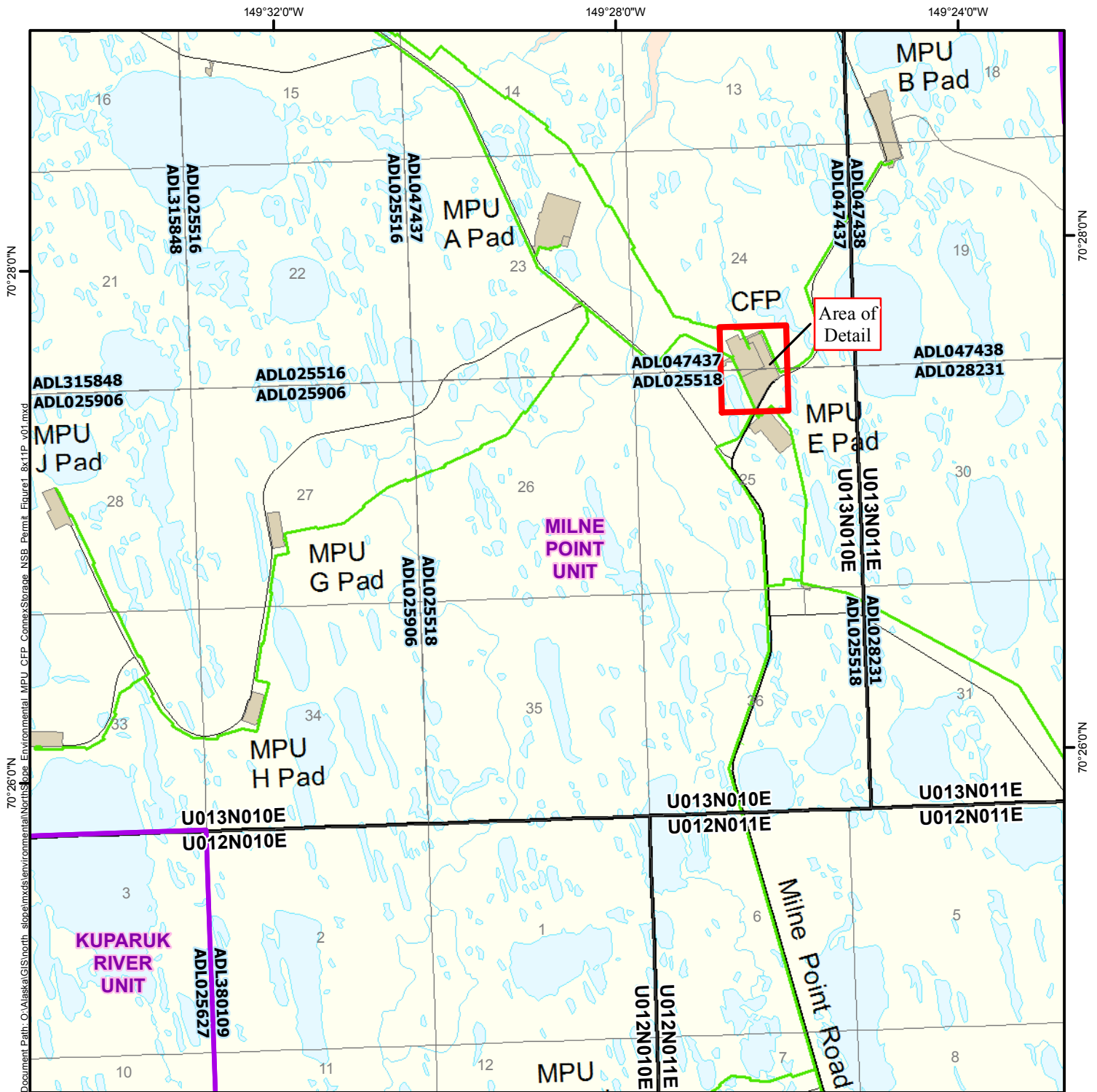
DMLW-NRO has reviewed the proposed connex-based storage at the Central Facilities Pad. The one thing that caught my eye was under Fuel and Hazardous Substances, the proposed operations may require a portable diesel heater. It noted that the diesel tanks on the heaters are 80 to 300 gallons in size. It also noted that all fuel and hazardous substances will be stored and handled in accordance with standard operating procedures and Hilcorp's Oil Discharge Prevention and Contingency Plan. I'm assuming that this means that there will be 110% secondary containment around the fuel storage. If that's the case, then I have no concerns regarding the proposed amendment to the Unit Plan of Operations for connex-based storage.

Applicant Response, February 22, 2018:

The DMLW-NRO comment was forwarded to the applicant on February 22, 2018. DOG followed up with a phone call to confirm Hilcorp's Oil Discharge Prevention and Contingency Plan includes 110% secondary containment when portable equipment is supporting operations.

Division Response, February 22, 2018:

Comment Noted.



Project Location: Milne Point Unit -
Central Facilities Pad

Latitude (Decimal Degrees) 70.458964, NAD 1983
Longitude (Decimal Degrees) -149.441535, NAD 1983

Alaska State Plane Zone 4, NAD 1983 (feet)
X = 1708834.66
Y = 6017643.379

Sec. 25 T13N, R10E, Umiat Meridian,
ADL#: 025518
Adjacent Property Owner: State of Alaska

Legend

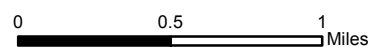
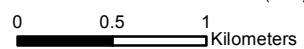
- Existing Pipeline (Above Ground)
- Oil and Gas Unit Boundary
- Gravel Footprint



Map Date: 1/18/2018

**Milne Point Unit
Central Facilities Pad
Connex Based Storage Structure
Vicinity Map - Figure 1**

Alaska StatePlane Zone 4 NAD 1983 (Feet)



149°26'50"W

149°26'40"W

149°26'30"W

149°26'20"W

149°26'10"W

70°27'40"N

70°27'40"N

70°27'35"N

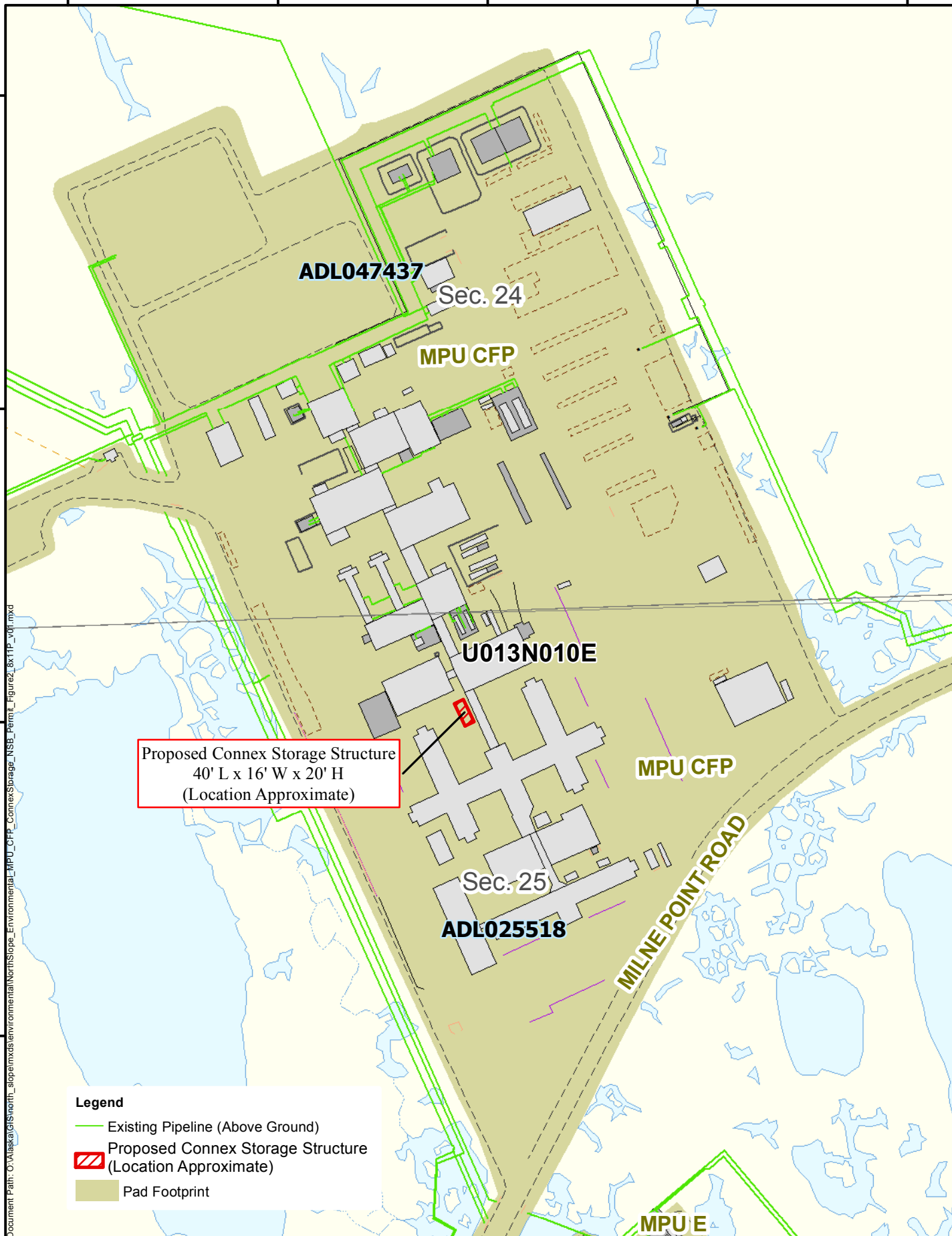
70°27'35"N

70°27'30"N

70°27'30"N




70°27'25"N

70°27'25"N



Proposed Connex Storage Structure
 40' L x 16' W x 20' H
 (Location Approximate)

Legend

-  Existing Pipeline (Above Ground)
-  Proposed Connex Storage Structure (Location Approximate)
-  Pad Footprint



Map Date: 1/18/2018

**Milne Point Unit
 Central Facilities Pad
 Connex Based Storage Structure
 Location Map - Figure 2**

