



February 12, 2019

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

RE: LONS 94-019, Hilcorp Alaska, LLC, Milne Point Unit, F Pad, Chemical Injection Skid and Bulk 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 (MP) Plan of Operations (Plan) amendment application dated January 16, 2019 for the above referenced project.

Scope:

Hilcorp Alaska, LLC (Hilcorp) requests approval to place a steel skid to the southwest of the existing F Pad Test Separator Building to provide bulk storage of corrosion inhibitor and emulsion breaker tanks to feed into the existing oil header. The bulk storage will also provide a backup to feed L Pad as a redundant system. This will increase production from existing wells on F and L Pads. The corrosion inhibitor will prevent corrosion in the pipelines to the Central Facility Plant.

Greater than 110% containment is incorporated into the design of the steel skid. Anticipated equipment needs for this installation include loaders, forklifts, and crew vehicles. All work will be conducted on pad.

Plan activities include:

- Level gravel pad in area as preparation for placement of the skid
- Install new skid with single legs that set on gravel pad
- Install two sections of approximately 30 feet of 1/2" tube trace to tie in to the chemical injection pumps
- Connect all electrical systems
- Connect heating pads and insulating blankets on the tanks to the existing system
- Connect heat trace to existing system
- Connect all instrumentation on the tanks
- Install steel landing and stairs for access to the skid

- Place one 5,000 gallon corrosion inhibitor tank on the bridles on the skid
- Place one 5,000 gallon emulsion beaker tank on the bridles on the skid

Location information:

MPU

F Pad

Meridian: Umiat

Township: 13N

Range: 10E

Section: 6

Lat: 70.5076, Long: 149.6606 NAD83

ADL(s): 025509

F Pad is located along the coastline approximately 4.5 miles west of Milne Point.

Agency review:

As a courtesy, the amendment application was circulated to Alaska Department of Fish and Game, DNR: Divisions of Mining, Land & Water and Oil and Gas.

Conditions/Stipulations:

1. A certified As-Built survey of the activity shall be provided within one year of placement of the improvement. This As-Built must contain a hard copy, as well as a digital GIS file containing a Shapefile or ESRI Feature Class.

Please attach this amendment approval with the original decision. This unit operations amendment approval is issued in accordance with Alaska Statute 38.05, 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 MP 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 February 12, 2022. 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.

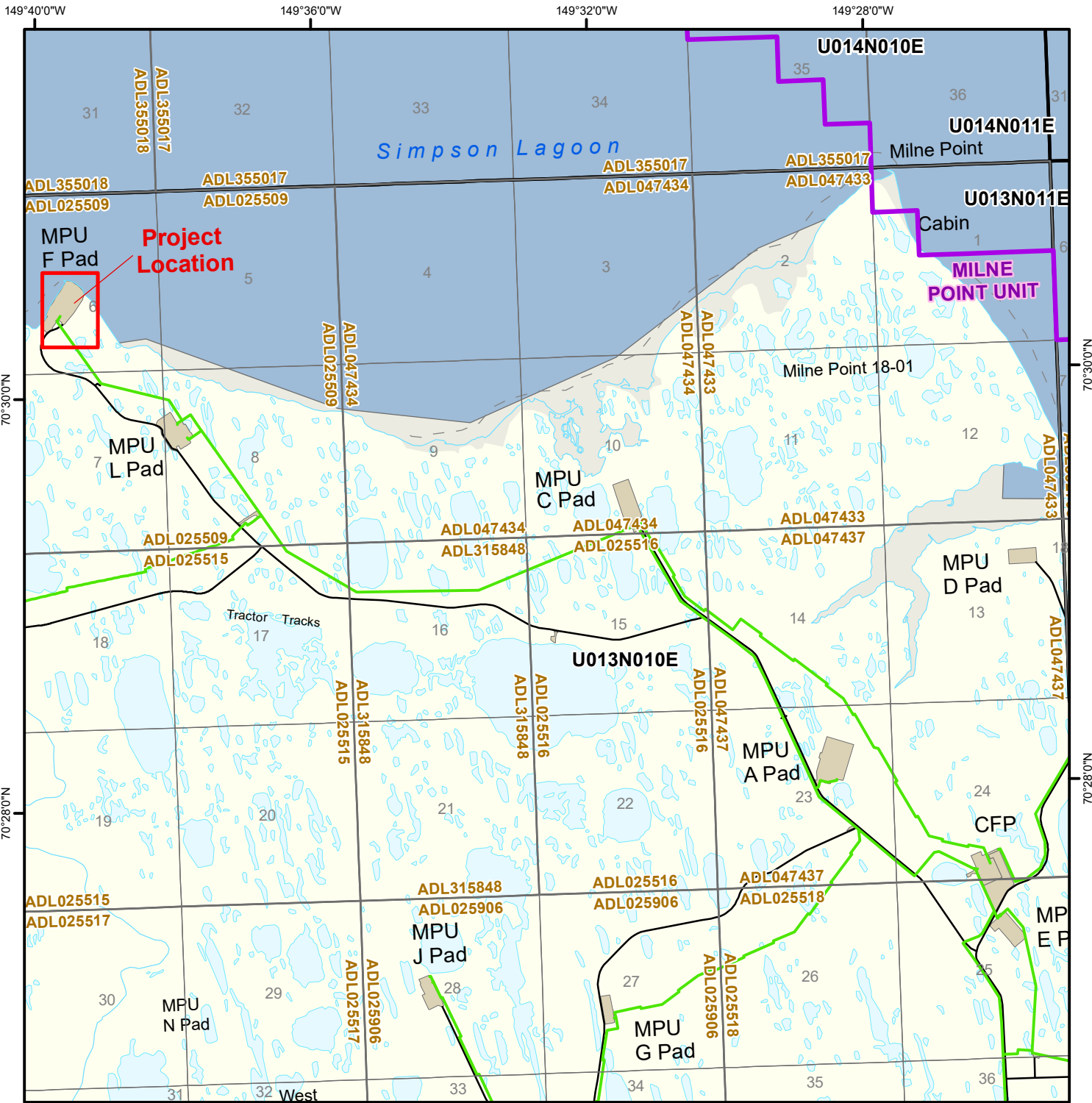
Sincerely,



Nathaniel Emery
Natural Resource Specialist

Attachments: Figure 1-2
2018 North Slope Mitigation Measures

ecc: DOG: Graham Smith, Nathaniel Emery, James Hyun, and Mark Henspeter
DMLW: Melissa Head, Kimberley Maher, and Becky Baird
ADF&G: Jack Winters



Project Location:
Milne Point Unit - F-PAD

Latitude (Decimal Degrees): 70.507606, NAD 1983
 Longitude (Decimal Degrees): -149.660607, NAD 1983

Alaska State Plane Zone 4, NAD 1983
 X = 1193256.2
 Y = 6035247.6

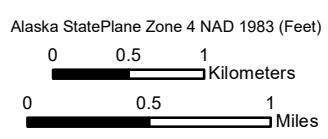
Sec. 6, T13N, R10E, Umiat Meridian

ADL 025509
 Adjacent Property Owner: State of Alaska

Legend

- Existing Pipeline
- Existing Roads
- Oil and Gas Unit Boundary
- Gravel Footprints

**Milne Point Unit
 MPU F-PAD
 Chemical Injection Skid
 Vicinity Map**



149°39'55"W 149°39'50"W 149°39'45"W 149°39'40"W 149°39'35"W 149°39'30"W 149°39'25"W



Proposed
Chemical Injection
Skid Location
34' 6" L x 28' 5" W

Legend

- Existing Well Surface Hole Locations
- Proposed Chemical Injection Skid Location

Aerial Imagery:
Flown September 2018
by Quantum Spatial Inc.
for Hilcorp Alaska, LLC.



Map Date: 1/15/2019

**Milne Point Unit
MPU F-PAD
Chemical Injection Skid
Location Map**

