Hilcorp Alaska, LLC

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March 3, 2016

Corrie A. Feige, Director
Oil and Gas Division
Alaska Department of Natural Resources
550 W. 7th Avenue, Suite 1100
Anchorage, AK 99501

Re: 2016 Plan of Development for the North Trading Bay Unit

Dear Mrs. Feige:

Hilcorp Alaska, LLC ("Hilcorp"), as operator, hereby submits the 2016 Plan of Development and Operations for the North Trading Bay Unit ("NTBU"). This plan will be effective from June 1, 2016 through May 31, 2017.

I. FIELD OVERVIEW

The Spark and Spurr Platforms were built in 1967. The North Trading Bay Unit was formed in 1971. The unit is currently comprised of three state oil and gas leases (ADLs 35431, 18776 and 17597). Oil was produced until 1991. Production of natural gas ceased in 2005.

The Spark platform has one well completed as a gas well (S2RD, currently shut-in), two disposal wells (both usable), and six oil wells filled with kill fluid. The Spur Platform has nine wells, all cemented across producing zones.

Since acquiring these assets in 2012, Hilcorp has since maintained both the Spark and Spurr Platforms in "lighthouse mode."

II. 2015 PLAN REVIEW

During 2016, Hilcorp acquired 3D seismic data over the North Trading Bay Unit. Initial processing of this data has been completed and further processing is underway. This data is being incorporated into a comprehensive geologic field study and reservoir modeling effort that is currently in progress.

During 2014, no drilling activity or well work occurred. No wells are currently producing.

Throughout the 2015 POD period, Hilcorp continued to perform routine topside mechanical and structural integrity inspection work. No major facility upgrades or repairs were requir

- Hilcorp performed routine topside mechanical and structural integrity inspection work. No major facility upgrades or repairs were required.
- Hilcorp completed the annual subsea cathodic protection ("CP") survey.

- Hilcorp also completed the required sonar survey of subsea pipelines

III. 2015 PLAN OF DEVELOPMENT

It is not economically viable or technical feasible to return either platform to production during the 2016 POD period. However, we believe there is value in maintaining these platforms to support ongoing evaluation and analysis of potential development and production opportunities. This alternative remains preferable to abandonment.

As previously reported, reservoir engineering and geologic field studies are underway and will be completed by year-end 2017. Hilcorp's is actively evaluating opportunities to return the North Trading Bay Unit to production via directional wells drilled from the Monopod Platform and drilling/sidetracks from existing platforms. Should either concept prove viable, Hilcorp will incorporate the North Trading Bay Unit into the Trading Bay Unit.

During Third or Fourth Quarter of 2016, Hilcorp would be pleased to provide DNR with a technical presentation regarding the methods, scope and status of this project.

Throughout 2016, Hilcorp will continue to conduct facility evaluations, routine maintenance and subsea inspection work on the Spark and Spur Platforms, including:

- Routine topside mechanical and structural integrity inspections, including structural, piping, and cathodic protection surveys.
- Annual platform leg inspections and repairs
- Sonar survey of subsea pipelines
- Offshore CP surveys
- Crane inspections and repairs.
- Brucker inspections.

Hilcorp, as Unit Operator, reserves the right to propose modifications to this Plan should conditions so warrant; however, no modifications will be made without first obtaining necessary approval from the appropriate governmental agencies.

Your approval of the submitted plan is respectfully requested. Should you have questions, please contact David Duffy at 777-8414.

Sincerely,

David W. Duffy, Landman
Hilcorp Alaska, LLC

cc: Kyle Smith, DNR (kyle.smith@alaska.gov)