



Hilcorp Alaska, LLC

3800 Centerpoint Drive
Suite 1400
Anchorage, AK 99503

Phone: 907/777-8414
Fax: 907/777-8580
dduffy@hilcorp.com

March 23, 2016

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

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**DIVISION OF
OIL AND GAS**

Re: Revised 2016 Plan of Development and Operations for the Stump Lake Unit

Dear Director Feige:

On March 3, 2016 Hilcorp Alaska, LLC (“Hilcorp”) as Operator, submitted its initial 2016 Plan of Development and Operations for the Stump Lake Unit (“SLU”). Subsequently, the Division of Oil and Gas deemed the submittal incomplete. Hilcorp hereby submits a revised POD to include a commitment for additional well work during the 2016 Period.

This plan will be effective from June 1, 2016 through May 31, 2017.

I. FIELD OVERVIEW

The Stump Lake Unit was formed in 1977. The unit consists of 4,888 acres and contains two Participating Areas: the Sterling and Beluga Gas PA (1,280 acres); and Tyonek Gas PA (4,880 acres). To date, no AOGCC-defined pools have been established.

Production from the SLU began in 1990 from the 41-33 well and continued until October 2000. After an extended shut-in period due to economic conditions, production resumed in 2009 from a sidetrack 41-33 well.

Hilcorp acquired SLU from Union Oil Company of California (“Chevron”) on January 1, 2012. Hilcorp holds a 100% working interest in the unit.

During the 35th POD period (2012), Hilcorp attempted to increase production from the SLU 41-33 by adding additional perforations. Due to mechanical issues associated with that workover, SLU 41-33 went off-line. Subsequent attempts to repair the well and return it to production were unsuccessful.

As a condition of the 2015 POD approval, DNR required Hilcorp to:

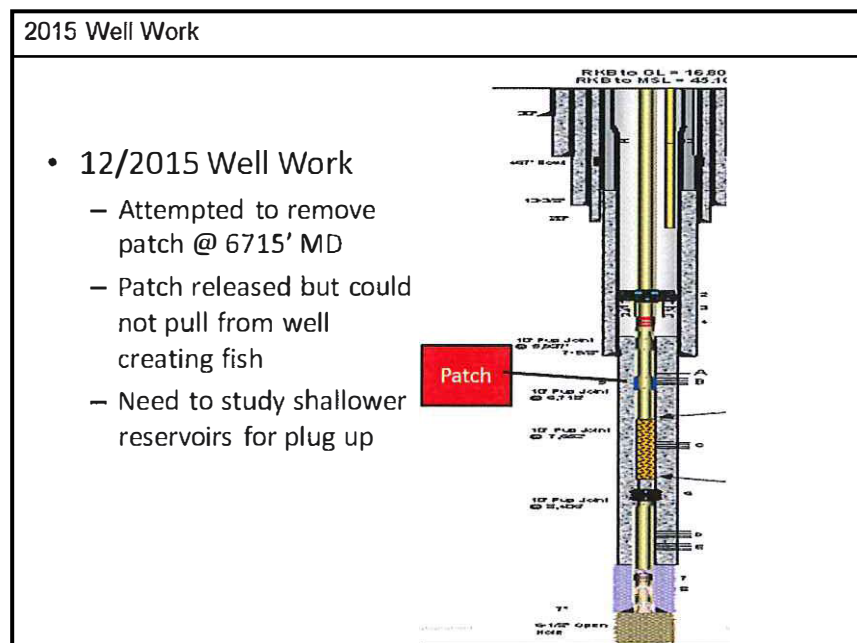
- To swab the 41-33 well by December 31, 2015
- To add perforations by May 31, 2015 if swabbing fails to restore production, and

- To conclude its ongoing field study of the SLU during the 2015 POD period, and to meet with DNR and discuss well work results from the 2015 POD period.

II. 2015 PLAN REVIEW

Hilcorp met and exceeded the DNR's conditions of approval outlined in the September 10, 2015 approval of the SLU 2015 POD. Despite these diligent efforts, Hilcorp's December 2015 attempt to return the SLU 41-33 well to production were unsuccessful.

As a result of this workover attempt, there was no production from either the Tyonek Gas PA or the Sterling & Beluga Gas PA during the 2015 POD period. The current condition of the well is summarized below:



III. 2016 PLAN OF DEVELOPMENT AND OPERATIONS

Hilcorp commits to additional well work during the 2016 POD period, namely attempting to pull the stuck fish with slickline, and if successful, adding new perforations to SLU 41—33. This work will require barging equipment to the west side and is anticipated to occur during the summer months of 2016.

If these efforts to return SLU 41-33 to production are not successful, a rig workover, side track or new drill well may be required to return the unit to production. Due to unit's location within the Susitna Flats State Game Refuge, such operations are only allowed during certain winter conditions (*i.e.*, November 1 to March 31). Therefore, it will be unlikely this work will occur during the 2016 POD period.

However, Hilcorp will continue to progress its ongoing field study of the Sterling, Beluga and Tyonek formations during 2016 POD period to identify potential future development opportunities within the unit area. This study will be bolstered by the acquisition of confidential remote sensing / geophysical and geochemical data during the 2016 POD period

Overall, the long-term potential for the Stump Lake Unit will be improved after Hilcorp assumes the role of operator of the Beluga River Unit. This transition is anticipated to occur sometime during the 2016 POD period. Hilcorp's increased presence on the west side of Cook Inlet brings new opportunities to make rigs, equipment and manpower available to small-scale operations, such as the Stump Lake Unit, that otherwise would not be economic.

As a result of its diligent compliance with prior-year POD conditions, ongoing technical field studies, and pending economies of scale related to our west side operations, Hilcorp is uniquely positioned to maximize the remaining hydrocarbon potential of this legacy field.

Without such critical mass, and particularly if viewed independently, the economic life of the Stump Lake Unit has likely passed. The Stump Lake Unit is not currently capable of sustaining production otherwise required by current unit obligations and operations within the Unit are severely limited by applicable regulations.

Hilcorp remains willing and able to diligently investigate reasonable opportunities to extend field life, but doing so will require substantial fiscal investment with declining economic returns. This situation will eventually spread to other legacy fields throughout the Cook Inlet. Hilcorp encourages DNR to consider such facts when evaluating this POD application.

Hilcorp further urges DNR to evaluate regulatory and policy changes that, going forward, will extend the useful life of similarly situated legacy fields while minimizing waste, maximizing existing infrastructure and promoting sound environmental and economic policy. We would be pleased schedule a meeting with you to begin exploring this concept in detail.

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 the undersigned at 777-8414.

Sincerely,



David W. Duffy, Landman
HILCORP ALASKA, LLC

cc: Kevin Pike, Division of Oil and Gas (via email to kevin.pike@alaska.gov)