



Hilcorp Alaska, LLC

Post Office Box 244027
Anchorage, AK 99524-4027

3800 Centerpoint Drive
Suite 1400
Anchorage, AK 99503

Phone: 907/777-8414
Fax: 907/777-8301
dduffy@hilcorp.com

May 2, 2016

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

Re: Proposed 2016-2017 Duck Island Unit Plan of Development

Dear Mrs. Feige,

Hilcorp Alaska, LLC ("Hilcorp"), as Operator, hereby submits the proposed 2016-2017 Duck Island Unit Plan of Development ("POD"). This plan will be effective July 1, 2016 through July 31, 2017.

I. FIELD OVERVIEW

Production from the Duck Island Unit is associated with the Kekiktuk Reservoir in the Endicott Participating Area, the Ivishak Reservoir in the Sag Delta North Participating Area, the Ivishak Reservoir and Sag River Reservoir Eider Participating Area, and the Sag River Reservoir in the Minke Tract Operation.

As of December 31, 2015, 113 unit wells have been drilled, including: 73 producer wells (19 shut in); 31 injection wells (11 shut in); six gas injection wells (2 shut in); one disposal well (2-02); and 2 suspended wells (1-53 and 1-59).

II. 2005-2016 PLAN REVIEW

On December 4, 2014, the State of Alaska, Department of Natural Resources, Division of Oil and Gas ("DNR") approved Hilcorp as successor operator. On June 18, 2015, DNR approved Hilcorp's proposed amendment to the 2015-2016 POD.

A. Production Summary

During calendar year 2015, the Duck Island Unit produced approximately 116,960 MMcf gas and 2,948 Mbbl oil. The field entered 2015 producing 258,350 BOPM in December and exited 2015 producing 267,331 BOPM. During 2016 (YTD), the average daily production rate is 8,076 BOPD.

B. Drilling Program

No new grassroots or sidetrack drilling projects were proposed or undertaken during the 2015-2016 POD period.

C. Workover Program

During the 2015-2016 POD Period, Hilcorp completed the following well projects:

- SDI 4-32 - Gaslift redesign - well remains shut in due to performance (July 2015)
- MPI 1-09A Gas injection (GINJ) conversion. Increase gas injection capacity. (July 2015)
- MPI 1-21 Water injection (WINJ) conversion. Increase sweep efficiency in gas/water flooded pattern. (July 2015)
- MPI 2-58 - well patched tubing leak and returned to production (Sept 2015).
- SDI 4-14A - Gaslift survey for optimization - well shut in due to tubing integrity leak detection (Oct 2015)
- MPI 1-57 - Gaslift redesign - well online (Oct 2015)
- SDI 3-27 - Gaslift survey completed - well online (Oct 2015)
- SDI 4-04A - WSO project unsuccessful. Well produced intermittently with high water cut. (Oct 2015)
- MPI 2-26 - Perf UPSZ (Jan 2016)
- MPI 1-63 - Perf UPSZ FI (March 2016)
- MPI 1-57 - Perf K3 A2 (April 2016)

D. Major Facility Projects

Key activities included:

- Vapor Pressure Analyzer was installed on Crude Export line during Nov 2015. The analyzer allows the optimization of NGL's into Sales Crude stream while maintaining Pump Station 1 required limits.
- Well Flowline Connection Piping Reinforcements were installed during the summer of 2015. The mechanical reinforcement of 3-phase well flowlines are needed to control potential vibrations and maintain well production up-time.
- Endicott Sales Oil Pipeline Road Crossing Excavation & Inspection was completed during the summer of 2015. A complete excavation and external inspection of buried DOT Sales Oil Pipeline at the DS-9 Endicott Road Crossing area for assurance of mechanical integrity was conducted.
- Exterior under insulation corrosion was found on the MPI to SDI 14" interisland pipeline. Repairs (installation of piping sleeves) were mostly completed in March 2016. The remaining sleeves will be installed during the 2016 TAR.
- Repairs to emergency generators were completed during April 2016.

III. 35th PLAN OF DEVELOPMENT AND OPERATIONS

Throughout the proposed 2016-2017 POD Period, Hilcorp anticipates that unit production will be maintained and enhanced through the following activities:

A. Proposed Drilling Program

During the 2016-2017 POD Period, Hilcorp does not anticipate any new grassroots or sidetrack drilling projects.

B. Proposed Workover Program

During the 2016-2017 POD Period, Hilcorp anticipates undertaking the following well rig workovers:

- MPI 2-52 - RWO Replace tubing and return to production.
 - Endicott PA - Kekiktuk UPSZ
- MPI 2-50 - RWO Patch casing, replace tubing, and convert to WINJ to support 2-58 & 2-46B.
 - Endicott PA - Kekiktuk UPSZ
- SDI 4-14A - RWO to replace tubing or Non-rig install wireline patch return to production.
 - Endicott PA - Kekiktuk UPSZ
- MPI 2-38 - RWO Replace tubing and return to production.
 - Sag Delta North PA – Ivishak
- MPI 1-11 -RWO Patch casing, replace tubing, and return to injection.
 - Sag Delta North PA - Ivishak
 - Necessary if 5-03 (WINJ) is unable to support two producers 2-32 & 2-38.

Other Well Work is anticipated to include:

- Add perf in bypassed or laminated pay Kekiktuk UPSZ.
- MPI 2-46B (PROD) Perf UPSZ FIV/FV
- MPI 4-46 (PROD) Perf K3 A4
- Other opportunities under assessment
- Identify additional oil pay with RST logging

Other development activities may include

- Identify excessive water or gas production with PPROF/RST logging
- Perform water/gas shut of using wireline/coil.
- Run several static bottom hole pressure (BHP) surveys or IPROF logs to identify unhealthy water flood patterns during TAR
- SDI 4-42 - convert to injection to improve pattern support.
- SDI 3-23 - convert to injection to improve pattern support.
- Other production well conversions to injection under assessment.
- Reallocate water injection in existing injectors.

In addition to the above, Hilcorp will evaluate and execute additional well work opportunities as they arise. During the 35th POD period, Hilcorp will continue to pursue efficiencies through various well optimizations, including the evaluation of shut-in wells utility and their potential return to service.

C. Major Facility Projects

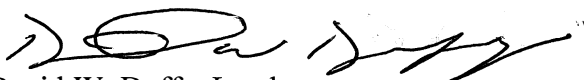
Key facility projects anticipated to be undertaken during the 2016-2017 POD Period include:

- 30 day full facility turnaround (TAR) is scheduled to begin on July 2016. Planned projects to include:
 - 1802 Water Pump turbine swap
 - Propane turbine repair. A crack in the lube oil piping is believed to be causing the unit to smoke under load.
 - A/B Main compressor antisurge controls upgrade
 - Waste water tank and CPI A/B vessel internal inspections
 - 35 O&M projects
- Turbine rebuild – the turbine from 1802 will be rebuilt during 3rd quarter of 2016
- In Line Inspection (Smart Pig) on the Crude Export line is planned for summer 2017.

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: Division of Oil and Gas (via email to hak.dickenson@alaska.gov);
DIU WIOs (via email)