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March 1, 2017



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

**Re: 2017 Plan of Development for the North Trading Bay Unit**

Dear Ms. Walsh:

Hilcorp Alaska, LLC (“Hilcorp”), as operator, hereby submits the 2017 Plan of Development and Operations (“POD”) for the North Trading Bay Unit (“NTBU”). This plan will be effective from June 1, 2017 through May 31, 2018.

Hilcorp is pleased to announce a new opportunity to resume production from the NTBU for the first time since 1991. During 2017, Hilcorp anticipates side tracking well A-04RD from the Monopod Platform (Trading Bay Unit) into the North Trading Bay Unit, targeting Hemlock and Tyonek G-zone oil production from ADL 017597.

## **I. FIELD OVERVIEW**

The Spark and Spurr Platforms were built in 1967. The NTBU 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. Since acquiring these assets in 2012, Hilcorp has since maintained both the Spark and Spurr Platforms in “lighthouse mode.”

## **II. 2016 PLAN REVIEW**

During 2015, Hilcorp acquired 3D seismic data over the North Trading Bay Unit. Initial processing of this data was completed during the 2016 POD period. During 2017 and future years, Hilcorp will continue to incorporate comprehensive geologic field study and reservoir modeling effort.

During the 2016 POD period, no wells were producing and no drilling activity or well work occurred. It was not economically viable or technical feasible to return either platform to production. 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 planned in the 2016 POD, Hilcorp continued to conduct facility evaluations, routine maintenance, and subsea inspection work on the Spark and Spurr Platforms, which included:

- 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.

### III. 2017 PLAN OF DEVELOPMENT

If successful with the side-tracking of A-04RD from the Monopod Platform, Hilcorp anticipates future development activity may lead to expansion of the Trading Bay Unit Boundary to encompass all or portions of the North Trading Bay Unit. Throughout this process, Hilcorp will remain in close coordination with both DNR and AOGCC to address metering, allocation and production reporting requirements.

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](mailto:kyle.smith@alaska.gov))