



Hilcorp Alaska, LLC

3800 Centerpoint Drive
Suite 1400
Anchorage, AK 99503

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

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 and Operations for the Nikolaevsk Unit

Dear Ms. Walsh:

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

I. FIELD OVERVIEW

The Nikolaevsk Unit was formed in 2004 and has since undergone various contractions. The current unit now covers approximately 2,564.79 acres and is comprised of two state oil and gas leases. Hilcorp holds a 100 percent working ownership in the unit and is the sole operator.

During the 2012-2013 period, Hilcorp fulfilled former unit operator Union Oil Company of California’s commitment to “build or cause to be built” a pipeline capable of bringing unit production to market in 2013. Thereafter, Hilcorp brought Red Well #1 into production. In the first quarter of 2014 a compressor was installed to increase recovery from the Red #1 well. At this time, no Participating Area has been established. Hilcorp anticipates continued production by tract operation until such time as additional seismic, well or other geologic information is available to more accurately define the productive limits of the reservoir.

Two unit wells have been drilled to date. Total cumulative production from the unit is 0.79 BCF, all of which is from the Tyonek. Currently, one well is producing (Red 1). One well is shut-in (Red 2).

II. 2016 PLAN REVIEW

No drilling activity, major well work, or facility improvements were required during the 2016 POD period and none were performed. Throughout this period, unit production averaged 0.154 million cubic standard feet per day (“MMSCFD”).

III. 2017 PLAN OF DEVELOPMENT AND OPERATIONS

Throughout the 2017 POD period, Hilcorp anticipates continued production of gas from the Red Well No. 1. In keeping with preceding years, short-term interruptions during the winter months or period of low market demand are anticipated.

No grassroots or side track drilling projects are planned or required for 2017. Hilcorp plans to perform a hydraulic fracture in the existing Tyonek interval within the Red 1 wellbore. This stimulation is expected to increase well productivity by 1-3 MMSCFD. No major facility or surface improvements are currently anticipated, other than routine maintenance and repair.

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)