



Hilcorp Alaska, LLC

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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 and Operations for the Pretty Creek Unit and
Pretty Creek Gas Storage Lease, ADL 390776**

Dear Ms. Walsh:

Hilcorp Alaska, LLC (“Hilcorp”) as Operator, hereby submits the 2017 Plan of Development and Operations for the Pretty Creek Unit (“PCU”) and Pretty Creek Gas Storage Lease (“PCGSL”). This plan will be effective from June 1, 2017 through May 31, 2018.

I. FIELD OVERVIEW

The PCU was formed in 1977 and originally encompassed 16,606 acres. Currently, the unit encompasses 4,660 acres, 100% of which is included within the Beluga Participating Area (“PA”). No AOGCC-defined pools have been established.

In 2005, the Department of Natural Resources (“DNR”) issued the PCGSL to former operator, Union Oil Company of California. In 2011, the lease was amended. Hilcorp acquired the PCU and PCGSL from Chevron on January 1, 2012. Hilcorp holds a 100% working interest in both the unit and the gas storage lease.

II. 2016 PLAN REVIEW

A. Production Summary

- 1. Beluga PA (Undefined Pool).** During the 2016 POD Period, production from the Pretty Creek Unit was 0.3 MMCF.
- 2. Gas Storage.** Hilcorp continued to utilize PCU #4 for gas storage operations. As of December 31, 2016, a total of 0.379 BCF of gas was injected and 0.232 BCF of gas was withdrawn for the 2016 calendar year.

Pursuant to Storage Injection Order No. 4, Hilcorp is required to submit an annual report evaluating the performance of Hilcorp’s Pretty Creek Gas Storage operations to AOGCC in March of each year. A copy of the report submitted for the 2016 calendar year will be provided to DNR.

B. Drilling Program: Hilcorp did not conduct any drilling projects during 2016.

C. Workover Program: Hilcorp did not implement any rig workovers during 2016.

D. Facility Improvements: Hilcorp did not make any facility improvements during 2016.

No such drilling, workover or facility improvements were required during the 2016 POD cycle. Throughout this period, production and gas storage activities were maintained.

III. 2017 PLAN OF DEVELOPMENT AND OPERATIONS

Hilcorp will continue to produce from the Beluga PA and will continue use of the PCGSL for gas storage operations. To promote increased production time (currently limited by produced water storage capacity), Hilcorp anticipates replacing a water storage tank. This may increase production run time do to on-pad bottlenecking. Otherwise, Hilcorp does not anticipate new drilling, workover or major facility repairs during the 2017 POD cycle.

As needed, Hilcorp will pursue improvements through various well, infrastructure and facility repairs, including:

- Evaluation of shut-in wells for potential return to service or utility.
- Adding compression at existing surface facilities to support existing wells.
- Increasing the capacity of the existing surface equipment at unit pads for gas processing by adding additional line heaters, a gas dehydration module, and liquid separation vessels with associate piping and controls.
- Expanding pad(s) for the drilling program and production equipment explained above.
- To the extent required, expand other infrastructure requirements, including construction or expansion of access roads, pipelines, flow lines, metering, processing and storage vessels, etc.

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

PCU & PCGSL POD
March 1, 2017
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cc: Kevin Pike, Division of Oil and Gas (via email to kevin.pike@alaska.gov)