



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Natural Resources

DIVISION OF OIL & GAS

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April 17, 2017

CERTIFIED MAIL
RETURN SERVICE REQUESTED

David W. Duffy
Hilcorp Alaska, LLC
3800 Centerpoint Drive, Suite 1400
Anchorage, AK 99503

Re: 2017 Plan of Development for the Ivan River Unit - Approval

Dear Mr. Duffy:

On March 1, 2017, the State of Alaska (State) Department of Natural Resources, Division of Oil and Gas (Division) received the proposed Ivan River Unit (IRU) 2017 Plan of Development (POD). The Division notified the operator Hilcorp Alaska, LLC (Hilcorp) by email on March 8, 2017 that the Division had deemed the POD application complete. The Division met with Hilcorp on February 27, 2017 for a presentation of the POD.

The IRU was formed in 1967 with production beginning in 1990. IRU has produced 85.8 Billion Standard Cubic Feet (BSCF) of cumulative gas through December 31, 2016. Production has declined from approximately 1.23 Million Standard Cubic Feet Per Day (MMSCFD) in 2015 to 0.88 MMSCFD in 2016.

During the 2016 POD, Hilcorp continued production from the Sterling-Beluga Gas Participating Area and the Tyonek Participating Area. IRU wells 14-31 and 13-31 continued disposal operations for the Lewis River Unit, Pretty Creek Unit, Ivan River Unit and Stump Lake Unit.

During the 2017 POD, Hilcorp plans to continue to produce from the Sterling-Beluga Gas PA and Tyonek PA. Hilcorp also plans to continue a comprehensive field study for further development. No major facilities upgrades are planned, however Hilcorp will address needs as they arise.

When considering a POD, the Division must consider the criteria in 11 AAC 83.303(a) and (b). Accordingly, the Division considered the public interest, conservation of natural resources, prevention of economic and physical waste, protection of all interested parties including the state, environmental costs and benefits, geological and engineering characteristics of reservoirs or potential hydrocarbon accumulations, prior exploration activities, plans for exploration or development, economic costs and benefits to the state, and any other relevant factors, including mitigation measures. 11 AAC 83.303(a), (b).

In approving the prior POD(s) for the IRU, the Division considered 11 AAC 83.303 and found that the POD(s) promoted conservation of natural resources, promoted prevention of waste, and protected the parties' interests. The Division incorporates those findings by reference.

This 2017 POD will continue production from the IRU, economically benefitting the State of Alaska.

Having considered the 11 AAC 83.303 (a) and (b) criteria, the Division finds that the 2017 POD complies with the provisions of 11 AAC 83.303. Accordingly, the 2017 POD is approved for the period June 1, 2017 through May 31, 2018.

This approval is only for a general plan of development. Specific field operations will require an approved Plan of Operations. Under 11 AAC 83.343, the 2016 POD is due on March 3, 2018, 90 days before the 2017 POD expires.

An eligible person affected by this decision may appeal it, in accordance with 11 AAC 02. Any appeal must be received within 20 calendar days after the date of "issuance" of this decision, as defined in 11 AAC 02.040(c) and (d) and may be mailed or delivered to Andrew T. Mack, Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska 99501; faxed to 1-907-269-8918, or sent by electronic mail to dnr.appeals@alaska.gov. This decision takes effect immediately. An eligible person must first appeal this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.

Sincerely,



Chantal Walsh,
Director