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May 24, 2017

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

Re: Revised Proposed 36th Duck Island Unit Plan of Development

Dear Ms. Walsh,

Hilcorp Alaska, LLC (“Hilcorp”), as Operator of the Duck Island Unit, hereby submits a revised proposed 36th Duck Island Unit Plan of Development (“POD”). This plan will be effective August 1, 2017 through July 31, 2018.

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; the Sag River Reservoir Eider Participating Area; and the Sag River Reservoir in the Minke Tract Operation.

II. 35th PLAN REVIEW

A. Production Summary

During calendar year 2016, the Duck Island Unit produced approximately 114,015 million cubic feet (MMcf) gas and 2,728 thousand barrels (Mbbl) oil.¹ From January 1, 2017 through April 30, 2017, the average daily production rate was 8,827 barrels of oil per day (BOPD).

B. Drilling Program

No new grassroots or sidetrack drilling projects were proposed or undertaken during the 35th POD period.

¹ For reporting purposes, “oil” includes black oil and NGLs.

C. Well Work Program Summary

The table below compares *proposed* versus *completed* well work undertaken by Hilcorp during the 35th POD Period.

35 th POD Well/Project	In 35 th POD?	Completed?	Comments
MPI 2-52, RWO to replace tubing, RTP	Yes	Yes	This RWO occurred during the 34 th POD period
MPI 2-50, RWO to patch casing, replace tubing, and convert to WINJ	Yes	No	Project deferred
SDI 4-14A, replace tubing or install tubing patch, RTP	Yes	Yes	This non-rig work occurred during the 34 th POD period
MPI 2-38, RWO to replace tubing, RTP	Yes	Yes	This RWO occurred during the 34 th POD period
MPI 1-11, RWO to patch casing, replace tubing, and RTI	Yes	No	Project deferred, pending results of 5-03 CTCO
MPI 2-46B, Perf add UPSZ FIV/FV	Yes	Yes	This non-rig work occurred during the 34 th POD period
MPI 4-46, Perf add K3A4	Yes	Yes	Failed due to loss of tubing integrity
SDI 4-42, Convert to WINJ	Yes	No	Project in progress
SDI 3-23, Convert to WINJ	Yes	No	Project cancelled, donor well for future sidetrack.
SDI 4-42, Perf add UPSZ FII	No	Yes	Perf add near tar prior to WINJ conversion, pre-produced (+50 bopd) (Oct 16)
SDI 4-02, Perf add UPSZ FIV	No	Yes	Success (+65bopd) (Oct 16)
SDI 4-10A, Perf add S3A2	No	Yes	RST logged pay, success (+650bopd) (Nov 16)
MPI 1-65A, Fished stuck SSSV with Coil and RTP	No	Yes	Success (+150 bopd) (Dec 16)
SDI 3-41, CTCO	No	Yes	Success WINJ (Dec 16)
SDI 4-46, Perf add UPSZ FI	No	Yes	Failed (December 2016)
SDI 3-25B, Perf add K2A & S3A2	No	Yes	RST logged pay, success (+350 bopd) (Apr 17)
SDI 3-29, perform K2B WSO	No	Yes	Failed (Apr 17)
MPI 2-60, surface casing repair, RTP	No	Yes	Failed to regain surface casing integrity (May 17)
MPI 2-14, surface casing repair	No	Yes	Success (May 17)

RWO – Rig workover

RTP – Return to production

RTI – Return to injection

WINJ – Water injector

CTCO – Coil tubing clean out

WSO – Water shut off

Hilcorp's 35th POD also identified various non-well specific activities (*e.g.*, logging, wireline or coil work, and BHP surveys, etc.). Where applicable to specific wells, work undertaken

during the 35th POD is reported in the above-referenced table. Otherwise, routine activities such as well logging and bottom-hole pressure surveys are operational or evaluative.

D. Major Facility Projects:

During the 35th POD Period, Hilcorp anticipated and completed the following projects:

- 30 day full facility turnaround (“TAR”) completed in July 2016. Projects included:
 - 1802 Water Pump turbine swap
 - Propane turbine repair.
 - A/B Main compressor anti-surge controls upgrade
 - Waste water tank and CPI A/B vessel internal inspections and repairs
 - 35 discreet O&M projects
- Turbine rebuild – the turbine from 1802 was rebuilt during 3rd quarter 2016

III. 36th PLAN OF DEVELOPMENT AND OPERATIONS

A. Proposed Drilling Program

Hilcorp anticipates drilling least one sidetrack project during the 36th POD Period.

- SDI 3-23A (Prod) Sidetrack – Endicott Oil Pool - Kekiktuk S3A4/S3A3/S3A2/K2B

In addition, Hilcorp is evaluating other MPI and SDI shut-in wells as possible sidetrack candidates. Depending on the result of this evaluation, Hilcorp may drill up to six (6) additional sidetrack projects during the 36th or near-term POD period(s).

B. Proposed Workover Program

During the 36th POD Period, Hilcorp anticipates undertaking up to two (2) rig workover projects and several non-rig well work projects at MPI and/or SDI. These projects may include returning shut-in wells to production/service, recompletions, and/or pressure maintenance well conversions.

C. Major Facility Projects

Key facility projects anticipated to be undertaken during the 36th POD Period include:

- Separation train water removal improvements
- Inspection of Slurry Tank and Potable H2O Tank
- Main Gas Compressor B-Train Turbine Overhaul
- Inter-Island Gas Lift Pipeline Pig Traps Installation

Your approval of the submitted plan is respectfully requested. Should you have questions, please contact the undersigned at 777-8414.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Duffy', with a stylized flourish at the end.

David W. Duffy, Landman
Hilcorp Alaska, LLC

cc: Division of Oil and Gas (via email to rebecca.kruse@alaska.gov)
DIU WIOs (via email)