



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of Natural Resources

DIVISION OF OIL & GAS

550 W 7th Avenue, Suite 1100

Anchorage, AK 99501-3560

Main: 907.269.8800

Fax: 907.269.8939

July 27, 2017

CERTIFIED MAIL  
RETURN SERVICE REQUESTED

Alicia Showalter  
Hilcorp Alaska, LLC  
3800 Centerpoint Drive, Suite 1400  
Anchorage, AK 99503

RE: Northstar Unit 2017 14th Plan of Development—Approved

Dear Ms. Showalter:

Hilcorp Alaska, LLC (Hilcorp) submitted a proposed Northstar Unit 14th Plan of Development to the Department of Natural Resources, Division of Oil and Gas (Division) on May 1, 2017. The Division identified areas in the proposed Plan needing correction or clarification, and on that basis found it incomplete. Hilcorp provided a technical presentation to the Division on May 15, 2017. Hilcorp submitted a revised proposed Plan of Development (2017 POD) on May 24, 2017. The 2017 POD provided the requested clarifications, and overall provides information about development and operational activities, as prescribed by 11 AAC 83.343. Accordingly, the Division notified Hilcorp by email on June 1, 2017, that the 2017 POD was complete. This decision approves the 2017 POD.

For the 2016 (13th) POD period, Hilcorp committed to three workover projects:

- Surface casing leak repair for NS-22;
- Converting NS-13 into a gas injector in the Ivishak reservoir;
- Abandoning the Ivishak reservoir for NS-18 and recompleting the well to the Kuparuk sand.

Hilcorp also planned numerous facility projects, including:

- Controls upgrade for HP-A, HP-B, and LP compressors;
- Replacing the LM2500 Power Turbine;
- In Line Inspection (Smart Pig) on the Crude Export Line;
- Turbine engine (Mars 90) on C unit electrical generator.

Hilcorp reported that it completed these workover and facility items during the 2016 POD period.

During calendar year 2016, Hilcorp produced 198,964 MMscf of gas, 1,945,221 bbls of oil, and 1,345,774 bbls of natural gas liquids. While reviewing the 2017 POD, the Division identified

some discrepancies between the production volumes Hilcorp specified in the POD and AOGCC records for production. Hilcorp corrected the unit of measurement for gas and discovered other discrepancies to be an entry error by AOGCC, which has now been corrected.

For the 2017 POD, Hilcorp commits to:

- Recomplete NS-15 from the Ivishak reservoir to the Kuparuk;
- Upgrade HP-A and LP compressor controls;
- Rebuild HP-A Power Turbine;
- Conduct In Line Inspection (Smart Pig) on the Crude Export line.

When considering a POD, the Division considers 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). The Division previously considered these factors in approving earlier PODs, and incorporates those findings by reference.

Hilcorp's work commitments for this POD are minimal, but contribute to continued production from the unit. Northstar production protects the State's economic interests in developing its natural resources. Hilcorp's planned activities should not increase the impact to the land, further demonstrating the conservation and environmental benefits of unitized development.

Considering the 11 AAC 83.303 criteria and the continued production and activities proposed with this POD, the Division approves the 2017 POD.

At the May 15, 2017, technical meeting, Hilcorp requested that its PODs be due in the fourth quarter going forward. Based on current staffing levels and schedules, the Division can accommodate this request. Thus the 2017 POD is approved for the period August 1, 2017, through February 12, 2019, with future POD periods to run from February 13 to February 12. The 2019 POD is due 90 days before the 2017 POD expires, on or before November 15, 2018. Because this POD period is longer than originally planned, the Division anticipates that Hilcorp will need to later amend the POD with additional activities. Hilcorp may submit an amendment at any time, but should plan to submit one before August 1, 2018 to address activities for August 2018 through February 2019. Please also provide a copy of the Surveillance Report and any presentation material that you provide to the AOGCC in April 2018.

A 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](mailto: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.

If you have questions regarding this decision, contact Ken Diemer with the Division at 907-269-8784 or via email at [Ken.Diemer@Alaska.gov](mailto:Ken.Diemer@Alaska.gov).

Sincerely,



Chantal Walsh  
Director

cc: Kevin J. Pendergast, BSEE