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550 W. 7th Avenue, Suite 1100
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DIVISION OF
OIL AND GAS

43rd PLAN OF DEVELOPMENT FOR THE LEWIS RIVER UNIT

Hilcorp Alaska, LLC (“Hilcorp”), as Operator of the Lewis River Unit (“LRU”), hereby submits the proposed 43rd Plan of Development for the LRU (“2018 POD”) to the State of Alaska, Department of Natural Resources (“DNR”), pursuant 11 AAC 83.343.

On April 17th, 2017, DNR approved the 42nd Plan of Development and Operations for the LRU (“2017 POD”), submitted by Hilcorp. The 2017 POD was approved for the period of June 1, 2017 through May 31, 2018.

A. PERIOD

This plan will be effective from June 1, 2018 through May 31, 2019. The 2019 POD will be submitted on or before March 1, 2019.

B. 2017 POD ANNUAL REPORT

The following is Hilcorp’s annual report of the 2017 POD period, pursuant 11 AAC 83.343 (d):

- 1) **2017 POD Approved Development Plans:** The 2017 POD consisted of the following development plans:
 - a) **Field Study:** During the 2017 POD period, Hilcorp started a detailed study of LRU reservoir for further development.
 - b) **Drilling Program:** No drill wells are currently planned for 2017.
 - c) **Workover Program:** No workovers are currently planned for 2017.
 - d) **Major Facility Projects:** At this time, no major facility upgrades are planned for the LRU in 2017. However, as the need arises, Hilcorp will:
 - Increase the capacity of the existing surface equipment at unit pads for gas processing by adding additional compression, line heaters, a gas dehydration module, and liquid separation vessels with associate piping and controls.
 - As required, expand the 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.
- e) **Maintain Production:** Throughout the 2017 POD period, Hilcorp will continue to produce from the Lewis River Gas Pool #2 PA. Hilcorp will continue to pursue efficiencies through various well, infrastructure and facility repairs, including evaluation of shut-in wells for potential return to service or utility. Hilcorp will also execute additional well work and drilling opportunities as they arise.
- 2) **2017 POD Development Plans Achieved:** The extent to which the requirements of the previously approved plan were achieved is as follows:
- a) **Field Study:** Hilcorp began a comprehensive field study during the 2017 POD period, as planned. Current findings during this field study are confidential in nature, and can be disclosed to DNR upon request.
- b) **Drilling Program:** Hilcorp did not conduct any drilling projects during the 2017 POD period, as planned.
- c) **Workover Program:** Hilcorp did not conduct any rig workovers during the 2017 POD period, as planned.
- d) **Facility Projects:** Hilcorp completed the following facility projects during the 2017 POD period:
- A sand separator was added upstream of the compressor on Lewis River 01RD well, to remove sand prior to entering the compressor.

The need for other facility projects did not occur, as mentioned in the approved 2017 POD:

- Increase the capacity of the existing surface equipment at unit pads for gas processing by adding additional compression, line heaters, a gas dehydration module, and liquid separation vessels with associate piping and controls.
 - As required, expand the 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.
- e) **Maintain Production:** Hilcorp pursued efficiencies through various well, infrastructure and facility repairs, including evaluation of shut-in wells for potential return to service or utility. Production from the LRU is detailed as follows:

- **Lewis River Gas Pool #1 PA (Undefined Pool).** There was no production from this PA during 2017.
 - **Lewis River Gas Pool #2 (Undefined Pool).** Hilcorp maintained production from the Lewis River Gas Pool #2 for the 2017 POD period, as planned. During 2017, cumulative production from the Lewis River Gas Pool #2 was 137.8 million cubic feet (“MMcf”). All production was derived from LRU C-01RD.
- 3) **2017 POD Development Plans Not Achieved:** The following are actual operations that deviated from or did not comply with the previously approved plan and an explanation of the deviation or noncompliance:
- a) Hilcorp completed all development plans in the approved 2017 POD.

C. 2018 PLAN OF DEVELOPMENT

The following activities included in the 2018 POD follow the outline provided in 11 AAC 83.343 (a) and incorporate all planned development activities anticipated based on all data reasonably available at this time. The following components of the 2018 POD meet the requirements contained in 11 AAC 83.343 (c).

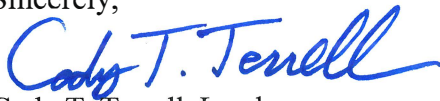
- 1) **Long-Range Development Activities:** The following are long-range proposed development activities for the unit, including plans to delineate all underlying oil or gas reservoirs into production, and maintain and enhance production once established:
- a) **Field Study:** Hilcorp will continue a detailed study of LRU reservoir for further development.
- 2) **Exploration/Delineation Plans:** The following are plans for the exploration or delineation of any land in the unit not included in a participating area:
- a) Hilcorp does not have any planned exploration or delineation activities at this time.
- 3) **Proposed Operations:** The following are details of the proposed operations for at least one year following submission of the plan:
- a) **Maintain Production:** Throughout the 2018 POD period, Hilcorp will continue to produce from the Lewis River Gas Pool #2 PA.
 - b) **Drill Program:** Hilcorp does not have any drill wells planned for the 2018 POD period.
 - c) **Workover Program:** Hilcorp does not have workovers planned for the 2018 POD period.

4) Surface Location of Proposed Facilities: The following are the surface location of proposed facilities, drill pads, roads, docks causeways, material sites, base camps, waste disposal sites, water supplies, airstrips, and any other operation or facility necessary for unit operations:

- a) At this time, no major facility upgrades are planned for the 2018 POD period. However, as the need arises, Hilcorp will pursue improvements through various well, infrastructure and facility repairs.

Your approval of this proposed 2018 POD is respectfully requested. Hilcorp believes that this 2018 POD satisfies the requirements of 11 AAC 83.343 and is in compliance with the provisions of 11 AAC 83.303. Should you have questions, please contact the undersigned at 777-8432.

Sincerely,



Cody T. Terrell, Landman
Hilcorp Alaska, LLC

cc: Kevin Pike, Division of Oil and Gas (via email)
Sean Clifton, Division of Oil and Gas (via email)