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April 3, 2018

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

2018 PLAN OF DEVELOPMENT FOR THE GRANITE POINT UNIT

Hilcorp Alaska, LLC (“Hilcorp”), as Operator of the Granite Point Unit (“GPU”), hereby submits the 2018 Plan of Development for the GPU (“2018 POD”) to the State of Alaska, Department of Natural Resources (“DNR”), pursuant to 11 AAC 83.343.

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

I. PERIOD

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

II. 2017 ANNUAL REPORT

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

A. 2017 Granite Point Unit Development Activities:

- 1. Production Summary:** Hilcorp anticipated that oil and gas production from the GPU would be maintained and enhanced throughout the 2017 POD.
- 2. Drilling Program:** During the 2017 POD period Hilcorp anticipated drilling three rotary sidetrack wells targeting the Tyonek C7 sands from the Granite Point Platform, including the GP-11-24RD, GP-24-13RD2 and MUCI-02RD wells.
- 3. Workover Program:** Hilcorp did not anticipate any rig workover operations during the 2017 POD period.
- 4. Surface Facility Operations:** During the 2017 POD period Hilcorp anticipated upgrading the Granite Point Platform’s deck in preparation for the planned drilling activities, as well as implementing upgrades to the fuel delivery system and replacing the Centaur turbine.

B. 2017 POD Development Plans Achieved: The extent to which the requirements of the previously approved plan were achieved is as follows:

1. **Production Summary:** During the calendar year 2017, Hilcorp realized the following production volumes.
 - a) **Granite Point Platform:** Cumulative gas production from the Granite Point Platform was 311.1 million standard cubic feet (“MMSCF”). Oil production was 492.5 thousand barrels (“MBBL”).
 - b) **Anna Platform:** Cumulative gas production from the Anna Platform was approximately 240 MMCF. Oil production was 276.4 MMBL.
 - c) **Bruce Platform:** Cumulative gas production from the Bruce Platform was 201.6 MMCF. Oil production was 110.1 MMBL.
 2. **Drilling Program:** During the 2017 POD period Hilcorp successfully executed sidetrack operations on the following wells from the Granite Point Platform:
 - a) **GP-11-24RD:** Completed to C5 Sand instead of C7 because the GP24-13RD Well was determined to be a better sidetrack candidate to target the C7 Sand.
 - b) **GP-24-13RD2:** Completed to C7 Sand.
 3. **Workover Program:** During the 2017 POD period Hilcorp did not execute any workover operations.
 4. **Surface Facility Operations:** As anticipated, Hilcorp successfully upgraded the deck of the Granite Point Platform, as well as implemented upgrades to the fuel delivery system and replaced the Centaur turbine.
- C. **2017 Development Plans Not Achieved:** The following are actual operations that deviated from or did not comply with the previously approved plan:
1. **Drilling Program:** Hilcorp originally anticipated to utilize the MUCI-02 motherbore for sidetracking operations to the C7 Sand. Upon further analysis it was determined that the GP-22-RD3 Well was a superior candidate and was therefore used to target the C7 Sand. During drilling operations it was discovered that the C7 Sand was not present in the targeted area. Hilcorp then decided to complete the well in the C6 Sand.

III. **2018 PLAN OF DEVELOPMENT**

The following activities included in this 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.

- A. Long-Range Development Activities:** The following are long-range proposed development activities for the GPU, including plans to delineate all underlying oil or gas reservoirs into production, and maintain and enhance production once established:
1. Hilcorp's long range development plan includes evaluating the drilling of multi-lateral sidetracks out of existing parent bores to improve ultimate recovery.
- B. Exploration/Delineation Plans:** The following are plans for the exploration or delineation of any land in the GPU not included in the participating area:
1. During the 2018 period Hilcorp does not have any planned exploration or delineation activities for any land in the GPU not included in a participating area.
- C. Proposed Operations:** The following are details of the drilling, sidetrack or workover operations that Hilcorp plans to conduct during the effective period of this POD:
1. **Maintain Production:** Hilcorp anticipates that current oil and gas production from the GPU will be maintained and enhanced throughout the 2018 POD period.
 2. **Drilling Operations:** Hilcorp does not plan to drill any new grass roots wells or perform any sidetrack operations during the 2018 POD period. Hilcorp will continue to evaluate future opportunities based on the 2017 drilling campaign and diagnostic well work that is planned.
- D. 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 facility necessary for unit operations:
1. **Granite Point Platform:** Hilcorp does not anticipate any facility upgrades or operations.

Your approval of this proposed 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 AA 83.303. Should you have questions, please contact the undersigned at 777-8418.

Sincerely,



Michael W. Schoetz, Landman
Hilcorp Alaska, LLC

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