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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 NORTH COOK INLET UNIT

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

On November 16, 2016, DNR approved the 2017 Plan of Development and Operations (“2017 POD”) for the NCIU, submitted by then Operator, ConocoPhillips Company (“COP”) for the period of January 1, 2017 through December 31, 2017. On October 31, 2016 DNR approved the application of COP and ConocoPhillips Alaska, Inc. (“CPAI”) to assign their entire working interest in NCIU to Hilcorp. On March 3, 2017 Hilcorp submitted a revised request to update and modify the existing 2017 POD with the purpose of extending the effective date of the POD until June 1, 2018. On April 17, 2017 DNR approved of Hilcorp’s request.

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 North Cook Inlet Unit Development Plans Anticipated:

- 1. Production Summary:** During the 2017 POD period, Hilcorp anticipated maintaining and enhancing production from the NCIU.
- 2. Drilling Program:** During the 2017 POD period Hilcorp did not anticipate drilling any grass roots development or exploratory 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 installing additional compression capacity to the Tyonek Platform to increase the volume of production from the platform.

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:** From January 1, 2017 through December 31, 2017 Hilcorp produced an average of approximately 16,209 thousand standard cubic feet per day (“MSCFD”).
- 2. Drilling Program:** During the 2017 POD period Hilcorp did not execute any grass roots development or exploratory wells.
- 3. Workover Program:** During the 2017 POD period Hilcorp did not execute any workover operations.
- 4. Surface Facility Operations:** During the 2017 POD period Hilcorp did not perform any anticipated facility repairs or upgrades.

C. 2017 Development Plans Not Achieved: The following are actual operations that deviated from or did not comply with the previously approved plan:

- 1. Workover Program:** Perforations were shot in the A-03, A-09 and A-12 wells in the fall of 2017 to test individual intervals that had been previously abandoned. Through this effort, and follow up subsurface evaluations, Hilcorp was able to identify the Sterling A and Stray Sands as being productive intervals near the top of the structure and subsequently opened them up to production through perforations in the A-09 Well.

Further subsurface evaluation led to the identification of a gas bearing interval, the Sterling X Sand, which has not previously been produced.

- 2. Surface Facility Operations:** During the 2017 POD period Hilcorp anticipated installing additional compression capacity to the Tyonek Platform to increase the volume of production from the platform. Upon the successful perforations of the A-03 and A-09 wells it was determined that the anticipated compression capability for the Tyonek Platform was not needed and therefore not executed.

Hilcorp also executed the following facility improvements to the Tyonek Platform:

- Began structural engineering assessment for future drill rig work, construction installation, quarters installation and helideck upgrades
- Performed asbestos abatement from existing quarters
- Performed preliminary engineering for new quarters
- Completed annual regulatory inspections
- Removed one dehydration train from service.

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 NCIU, including plans to delineate all underlying oil or gas reservoirs into production, and maintain and enhance production once established:

1. Evaluate the remaining gas potential in the Beluga and Sterling Sands by conducting a thorough field study. Subsequent perforation adds, rotary sidetracks and grass roots development wells may be derived from this study.
2. Evaluate a development plan for deep oil prospects.

B. Exploration/Delineation Plans: The following are plans for the exploration or delineation of any land in the NCIU not included in the participating area:

1. During the 2018 period Hilcorp does not anticipate any exploration or delineation operations.

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 NCIU will be maintained and enhanced throughout the 2018 POD period.
2. **Drilling Program:** Hilcorp does not anticipate drilling any grass roots or exploratory wells.
3. **Workover Program:** Hilcorp will evaluate and implement workover and well intervention operations as necessary.


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. **Tyonek Platform:**
 - Complete structural assessment for drilling rig, construction cranes, quarters installation and helideck upgrades
 - Complete removal of existing quarters and relocation of communication module to allow space for future quarters
 - Install a natural gas line to tie-in at Beluga Pipeline Junction as part of the Cook Inlet Pipeline Cross Inlet Extension Project

- Install an oil line to Ladd Landing as part of the Cook Inlet Pipeline Cross Inlet Extension Project. The oil line will be capped in a vault at Ladd Landing
- Re-route piping to existing vessel for high pressure system use in order to allow wells to flow directly into the pipeline and reduce fuel gas compression costs
- Perform annual regulatory inspections as required.

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 AAC 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)