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May 1, 2018

Chantal Walsh, Director
Oil and Gas Division
Alaska Department of Natural Resources
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14th PLAN OF DEVELOPMENT FOR THE KENAI GAS FIELD POOL 6 GAS STORAGE LEASE – ADL 390821

Hilcorp Alaska, LLC (“Hilcorp”), as Operator of the Kenai Pool 6 Gas Storage Lease (“ADL 390821”), hereby submits the proposed 14th Plan of Development for ADL 390821 (“2018 POD”) to the State of Alaska, Department of Natural Resources (“DNR”), pursuant 11 AAC 83.343.

On April 17th, 2017, DNR approved the 13th Plan of Development and Operations for ADL 390821 (“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 July 31, 2019. The 2019 POD will be submitted on or before May 1, 2019.

B. 2017 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) Maintain Gas Storage Operations:** Throughout the 2017 POD period, Hilcorp intends to continue conducting gas storage operations and optimize gas production throughout the field.
 - b) Well Work Program:** No new drill wells are planned during the 2017 POD period. Hilcorp anticipates no major well work during the 2017 POD period.

Additional projects or improvements will be implemented as needed to maintain or enhance injection/withdraw capabilities.

- c) **Facility Projects:** Hilcorp anticipates no major facility work during the 2017 POD period.
 - d) **Market:** During the 2017 POD period, gas injection will occur in periods of surplus supply and low market demand. Withdrawal will occur in periods of high demand. Hilcorp anticipates injection between 1.0 and 9.0 billion cubic feet (“BCF”) of gas during calendar year 2017. Actual volumes injected and stored will be a function of gas supply and market demands.
 - e) **Long Term Plans:** There are no anticipated changes or revisions to the long term storage plan. Hilcorp anticipates continued gas storage operations from ADL 390821 while continuing to optimize gas production from the overall field.
- 2) **2017 POD Development Plans Achieved:** The extent to which the requirements of the previously approved plan were achieved is as follows:
- a) **Maintain Gas Storage Operations:** Throughout the 2017 POD period, Hilcorp continued conducting gas storage operations and optimized gas production throughout the field without deviation from the approved 2017 POD.
 - b) **Well Work Program:** No new drill wells or major well work were planned during the 2017 POD period and none occurred.
 - c) **Facility Projects:** Hilcorp did not anticipated any major facility work during the 2017 POD period and none was performed.
 - d) **Market:** During calendar year 2017 Hilcorp injected 9.214 billion cubic feet of gas and produced 5.072 billion cubic feet of gas. Overall for 2017, daily gas production averaged 13,896 million cubic feet per day (“MCFPD”) and daily gas injection averaged 25,244 MCFPD.
 - e) **Long Term Plans:** There were no anticipated changes or revisions to the long term gas storage plan. Hilcorp continued gas storage operations from ADL 390821 while continuing to optimize production from the overall field.
- 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) Hilcorp does not have any long-range proposed development activities for ADL 390821 at this time.
- 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 for ADL 390821 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 Gas Storage Operations:** Throughout the 2018 POD period, Hilcorp intends to continue conducting gas storage operations and optimize gas production wells throughout the field.
 - b) **Market:** During the 2018 POD period, gas injection will occur in periods of surplus supply and low market demand. Withdrawal will occur in periods of high demand. Hilcorp anticipates injection between 1.0 and 9.0 billion cubic feet (“BCF”) of gas during calendar year 2018. Actual volumes injected and stored will be a function of gas supply and market demands
 - c) Additional projects or efficiencies will be implemented as needed to maintain or enhance injection/withdraw capabilities.

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) Facility Projects: 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)
Jason Brune, Cook Inlet Region, Inc. (via email)
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