



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Natural Resources

DIVISION OF OIL & GAS

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May 14, 2018

CERTIFIED MAIL
RETURN SERVICE REQUESTED

Michael W. Schoetz
Landman
Hilcorp Alaska, LLC
3800 Centerpoint Drive, Suite 1400
Anchorage, AK 99503

Re: 2018 Plan of Development for the Granite Point Unit—Approval

Dear Mr. Schoetz:

On April 3, 2018, the State of Alaska (State) Department of Natural Resources, Division of Oil and Gas (Division) received the proposed Granite Point Unit (GPU) 2018 Plan of Development (POD). The Division notified Hilcorp Alaska, LLC (Hilcorp) by email on April 11, 2018 that the Division had deemed the POD application complete. The Division later met with Hilcorp on April 25, 2018 for a presentation of the POD.

The South Granite Point Unit was expanded in early 2015 to include the Granite Point Field and renamed the Granite Point Unit. The GPU is comprised of six off-shore state oil and gas leases, encompassing approximately 15,411 acres. The GPU contains the Hemlock and Granite Point Sands Participating Areas. Exploration and development operations are conducted from the Granite Point, Anna, and Bruce platforms. Production is processed at the Granite Point Production Facility.

GPU production began in 1967 and has produced 137.13 Billion Standard Cubic Feet (BSCF) of cumulative gas and 153.26 Million Stock Tank Barrels (MMSTB) cumulative oil through December 31, 2017 at the rate of 2408 BOPD average in 2017 from all the three platforms.

For the 2017 POD period Hilcorp planned to maintain current oil and gas production and sidetrack up to three wells on the Granite Point platform. Production was maintained and two sidetracks were drilled. Various facility improvements and repairs were performed to the Granite Point platform in preparation for drilling operations.

Hilcorp plans to maintain production for the 2018 POD and evaluate long term options for drilling additional lateral sidetracks out of existing wells.

When considering a POD, the Division must consider the criteria in 11 AAC 83.303(a) and (b). Accordingly, the Division considered the public interest, conservation of natural resources, prevention of economic and physical waste, protection 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).

In approving the prior POD(s) for the Granite Point Unit the Division considered 11 AAC 83.303 and found that the POD(s) promoted conservation of natural resources, promoted prevention of waste, and protected the parties' interests. The Division incorporates by reference those findings.


The activities outlined in the 2018 POD will maintain production from existing wells. This continued production will bring benefit to the State.

Having considered the 11 AAC 83.303 (a) and (b) criteria, the Division finds that the 2018 POD complies with the provisions of 11 AAC 83.303. Accordingly, the 2018 POD is approved for the period July 1, 2018 through June 30, 2019.

This approval is only for a general plan of development. Specific field operations will require an approved Plan of Operations. Under 11 AAC 83.343, the 2019 POD is due on April 1, 2019, 90 days before the 2018 POD expires.

An eligible 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. 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.

Sincerely,



Chantal Walsh,
Director