



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Natural Resources

DIVISION OF OIL & GAS
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June 13, 2018

CERTIFIED MAIL
RETURN SERVICE REQUESTED

Katrina Garner
Fieldwide Manager
BP Exploration (Alaska) Inc.
PO Box 196612
Anchorage, AK 99519-6612

Re: 2018 Plan of Development for the Prudhoe Bay Unit IPA

Dear Ms. Garner:

BP Exploration (Alaska) Inc. (BP) submitted a proposed 2018 Plan of Development (POD) for the Prudhoe Bay Unit (PBU) Initial Participating Area (IPA) to the Department of Natural Resources, Division of Oil and Gas (Division) on March 29, 2018. BP's proposed POD provides information about development and operational activities as prescribed by 11 AAC 83.343 and the PBU Unit Agreement. Accordingly, the Division notified BP by email on April 1, 2018 that the Division had deemed the POD submittal complete. BP provided a technical presentation prior to submitting the POD, on March 22, 2018. This decision approves the 2018 POD.

For the 2017 POD period, BP planned to:

- Drill 4–7 rotary drilling wells and 20–24 coil tubing drilling wells.
- Conduct rig workovers on 2–4 wells.
- Implement a Low Temperature Separator continuous methanol project at the Central Gas Facility.
- Replace the FS-3 compressor.
- Conduct gas quality projects, including installing new dew point analyzers at all facilities, upgrading mist eliminators and inlet devices, upgrading heat exchange bundles, system cleaning, and replacement of contractor distributors at GC-1.
- Complete the DS14 pipeline replacement project.

BP reports that it conducted 1100 wellwork jobs in 2017, including 386 that were rate-adding. These jobs include integrity, surface repairs, capacity sustainment, rate enhancement, well diagnostics, surveillance, and rig workovers. In addition to the work on existing wells, BP drilled 27 wells, primarily by sidetracking underperforming wells. BP continued water and miscible gas injection programs for enhanced recovery, including expanding miscible gas injection at Pt. McIntyre. BP also conducted facility maintenance such as replacing gas compressors at all three Flow Stations, replacing carbon steel piping with stainless steel, upgrading mist eliminators, inlet devices, and heat exchanger bundles, cleaning the gas dehydration system, and conducting in-line inspections on numerous pipelines.

BP reports that it produced an average of 186.8 MB/D of oil and condensate in calendar year 2017, which is down from an average of 197.9 MB/D in 2016. This production, combined with production from the Pt. McIntyre PA, reached full processing capacity for the facility. BP also reported production rates of 6985 MMSCFD gas and 42 MB/D NGLs for 2017.

For the 2018 POD period, BP's proposed operations include:

- A wellwork program including approximately 400 rate-adding jobs, approximately 700 non-rate adding jobs, and a fieldwide reservoir surveillance program.
- Drill approximately 14 wells.
- Rig workovers on 1–3 wells.
- Continue miscible gas injection operations.
- Numerous facility, seawater system, and gas quality upgrades and maintenance projects.

BP's short and long-term plans continue to support the State's interests in developing its natural resources. BP generally completed or made progress on the development activities from its 2017 POD. Its plans for the 2018 POD period include numerous tasks to continue or enhance production. Considering the age of the field, BP is increasingly focusing on maximizing production from existing wells more so than drilling new ones. Nonetheless, BP's plans include 14 additional wells. Its wellwork and drilling plans promote the State's economic interests in production. BP's continued plans for maintaining and updating infrastructure promote safety and should minimize potential environmental risks.

Considering BP's proposed activities for continued production, drilling, enhanced recovery, and infrastructure maintenance and replacement, the Division finds that the 2018 POD is in the public interest. The Division therefore approves the POD for the period July 1, 2018 through June 30, 2019. BP will need to submit a proposed 2019 POD to the Division 90 days before the expiration of 2018 POD, which is on or before April 1, 2019. This approval is for a general plan of development; specific field operations will require an approved Plan of Operations.

A 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 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.

If you have questions regarding this decision, contact Becky Kruse with the Division at 907-269-8799 or via email at Becky.Kruse@Alaska.gov.

Sincerely,



Chantal Walsh
Director