



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Natural Resources

DIVISION OF OIL & GAS

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August 1, 2018

**CERTIFIED MAIL
RETURN SERVICE REQUESTED**

Jim Shine
Hilcorp Alaska, LLC
3800 Centerpoint Drive, Suite 1400
Anchorage, AK 99503

Re: Northstar Unit 2017 14th Plan of Development – Amendment (Approved)

On July 25, 2018, the Department of Natural Resources, Division of Oil and Gas (Division), received the proposed 2017 Northstar Unit 14th Plan of Development (POD) Amendment from Hilcorp Alaska, LLC (Hilcorp). Hilcorp's proposed Amendment was submitted pursuant to the Division's July 27, 2017 approval of Hilcorp's 14th POD. The Division's 2017 approval observed that since Hilcorp's POD period is longer than originally planned, Hilcorp would need to amend the POD with additional activities. The Division therefore instructed Hilcorp to submit any POD amendment(s) "before August 1, 2018 to address activities for August 2018 through February 2019." This decision approves the 2017 POD Amendment.

2017 POD

For the 2017 POD, Hilcorp commits to:

- Recomplete NS-15 from the Ivishak reservoir to the Kuparuk;
- Upgrade HP-A and LP compressor controls;
- Rebuild HP-A Power Turbine;
- Conduct In-Line Inspection (Smart Pig) on the Crude Export line.

2017 POD Amendment

In addition to the foregoing 2017 POD work commitments, Hilcorp also commits to the following:

- Acidize one or more existing Ivishak gas injection wells to increase injectivity in the Northstar PA;
- With respect to the Hooligan PA, Hilcorp commits to
 - Acidizing the existing Kuparuk C perforations to remove near wellbore damage at NS-08;
 - Acidizing the existing Kuparuk A & C perforations to remove near wellbore damage at NS-18;
 - Performing RWO recompletion from the Ivishak reservoir to the Kuparuk at NS-13; and
 - Converting current Kuparuk A & C production well to lean gas injection well.
- Perform 4th stage recycle cooler jumper project to improve compressor performance during summer months by redirecting a portion of produced gas into underutilized coolers.

Finding and Decision

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 or 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). The Division previously considered these factors in approving earlier PODs, and incorporate those findings by reference.

Hilcorp's work commitments under both the 2017 POD and this amendment contribute to continued production from the unit. Northstar production protects the State's economic interests in developing its natural resources. Hilcorp's planned activities also should not increase the impact to the land, further demonstrating the conservation and environmental benefits of unitized development.

Based upon both the 11 AAC 83.303 criteria and the continued production and activities proposed with this POD amendment, the Division approves the 2017 14th POD amendment. As stated in the 2017 POD approval, the 2019 POD is due 90 days before the 2017 POD expires, on or before November 15, 2018.

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.

If you have questions regarding this decision, please contact Ken Diemer with the Division at (907) 269-8784 or via email at ken.diemer@alaska.gov.

Sincerely,



Chantal Walsh
Director