

STATE OF ALASKA DEPARTMENT OF NATURAL RESOURCES
Division of Oil and Gas

Hilcorp Alaska, LLC
LO/CI 14-003
Deep Creek Unit
Happy Valley C Pad
Unit Plan of Operations Decision

October 30, 2014

I. INTRODUCTION

On June 28, 2014 Hilcorp Alaska, LLC (Hilcorp) submitted a request to the Division of Oil and Gas (Division) for approval of a Unit Plan of Operations (Plan) to carry out construction of Happy Valley C Pad to drill and produce up to four wells into shallow gas targets in the Deep Creek Unit (DCU). The DCU is approximately 6 miles southeast of Ninilchik. Approval of this Plan, along with approvals from other state and federal agencies (Agencies), is necessary for Hilcorp to carry out construction of Happy Valley C Pad. Any further development is subject to further review and approval by the Department of Natural Resources (DNR).

II. SCOPE OF DECISION

Hilcorp submitted a plan of operations to construct and operate a new Pad within the DCU to develop natural gas. The development of C Pad will include: placement of a geotextile liner, placement of approximately 22,000 cubic yards of gravel for pad/access road construction (~ 4.7 acres), a control module, one 6-inch-diameter high-density polyethylene (HDPE) pipe for produced water and a 6-inch-diameter steel pipeline for initial gas production and operations. For future gas production (depending on future realized production rates) additional infrastructure at C Pad might be required. Additional facilities approved by this decision could include: a produced water tank, line heaters/separators, compressors, a gas dehydration module, and a backup micro-turbine power generator on the Happy Valley (HV) on C Pad.

The entire project will occur on surface land owned by the Ninilchik Natives Association, Inc. (NNAI) and access to the Deep Creek Unit is on private roads. This land and the mineral estate from which the project will produce are within the DCU. By regulation and under the terms of the DCU unit agreement and leases, DNR must approve a plan of operations before Hilcorp may conduct operations on or in the unit.

The DNR Commissioner has delegated authority for approval of Unit Plan of Operations activities to the Division under Department Order: 003 in accordance with Alaska Statute (AS) 38.05 and 11 Alaska Administrative Code (AAC) 83.346. As set forth below, the Division has evaluated the proposed Plan to determine if sufficient information as required by 11 AAC 83.346 is provided. The Division has also considered the criteria set forth in 11 AAC 83.303. In approving a Plan, the Division may require amendments that it determines are necessary to protect the State's interests (11 AAC 83.346(e)).

III. LAND STATUS

The DCU is comprised of state and non-state lands.

A. Division's Leased Lands:

Approval of facilities for this project will not be located over state oil and gas leases, however, other authorizations from public and private land owners have been or will be obtained by the applicant as necessary for utilization of those areas which are owned and/or managed by other entities. ADL's inside the DCU are comprised of the following State oil and gas leases: ADL 384380, 389225 and 389226.

B. State of Alaska Surface Lands:

Not applicable for this project.

C. Private Lands:

Oil and Gas Mineral Estate Owner: CIRI
 Surface Ownership and Access: Ninilchick Native Association
 Special use Lands: N/A
 Jointly Managed Lands: N/A
 Other Considerations: N/A

Major Component	Meridian, Township, Range, Section(s)	GPS
Gravel pad	S, 002S, 013W, S: 21	
Gravel road	S, 002S, 013W, S: 21	

IV. PROPOSED OPERATIONS

The Plan describes the proposed operations in full detail. Set forth below is a summary of the key details.

A. Sequence and Schedule of Events

This project was proposed to begin August 2014, but may begin once this decision is approved. The schedule of activities shown below is proposed in Hilcorp's plan of operation. Hilcorp plans to drill one appraisal well to delineate existing known gas reservoirs followed by three development wells.

Drill Site Construction	August 2014
Complete pad access road and pad	September 2014 (approximately)
HVC -17	Drilled in fourth quarter in 2014
HVC -18	Drilled in first quarter in 2015
HVC -19 & 20	Drilled in 2015 or later.

The Division anticipates changes to the schedule.

B. Well Sites

The proposed Happy Valley C Pad will include placement of geotextile liner and placement of gravel fill over the liner approximately 425 feet by 300 feet covering the pad footprint. All four wells are expected to be directionally drilled to the south from C Pad and will likely produce from either a state Participating Area (PA) or a state lease. If drilling proves successful, the new wells will be completed as production wells and tied into existing gas facilities at Happy Valley B Pad. Approximate surface locations of the four future wells and future proposed surface facilities are shown on Figure 9 in the submitted Plan.

C. Buildings

Construction of Happy Valley C Pad, placement of well houses and the valve manifold building will allow Hilcorp to drill into shallow gas targets not currently accessible from existing drilling pads while initially using facilities currently located on the Hilcorp-operated Happy Valley B Pad to produce commercially viable gas if found (see infrastructure in blue Figure 2). Depending on future realized production rates, separation and compression facilities may be installed on C Pad and onsite processed fluids will be sent to B Pad (see infrastructure in red Figure 2).

D. Fuel and Hazardous Substances

Produced water will be held in a tank on the pad and emptied by vacuum truck for off-pad disposal until trucking off of C pad becomes volumetrically impractical, at which time the installed produced water flowline will be used. Produced water flowline installation will occur at the same time as gas flowline installation to eliminate the need for future additional trenching and to achieve cost efficiencies.

The gravel pad will have a storm water retention pond constructed at the northwest corner of the pad. The pad will be graded so that storm water runoff collects in the storm water pond, reducing risk of contaminant transport off-pad in case of a spill or leak.

E. Solid Waste Sites

Waste will be handled consistent with Hilcorp waste management practices. Household waste/paper trash will be sent to the Kenai Peninsula Borough Landfill for disposal. Oily waste will be segregated and sent to a specialty waste contractor for offsite disposal. Waste drilling mud and cuttings will be hauled via vacuum truck or supersucker directly from the rig process tank to an offsite, permitted underground injection disposal facility. Produced water tanks are routinely emptied and produced water is hauled offsite for underground injection.

F. Water Supplies

Approximately 100 barrels (bbls) per day of freshwater from one or more existing Alaska DNR-permitted water wells will be used for drilling each gas well. DNR Temporary Water Use Authorization (TWUA) for on-pad water well (Hilcorp holds existing TWUA A2009-97 for Happy Valley B Pad water well [expires December 29, 2014; application for renewal was submitted to Alaska DNR on June 25, 2014] and A2013-227 for Happy Valley A Pad water well); other offsite permitted water wells may also be used to supply water, if needed.

G. Utilities

Embedded in the shoulder of the access road leading to the C Pad location (in same trench as 6-inch-diameter steel pipeline and 6-inch diameter HDPE produced water line) will be placement of electrical/instrumentation and fiber optic communication cables.

H. Material Sites

Gravel required for pad and access road construction will be obtained from offsite, commercial sources.

I. Roads

The project area is accessible by an existing gravel road system. The project will involve construction of a gravel access road from an existing gas production facility to the proposed new pad location.

The proposed approximately 2.6-acre gravel pad and 2.1-acre access road will be constructed southwest of Happy Valley B Pad with the road linking B Pad's southeast corner to C Pad's northwest corner. Embedded in the shoulder of the access road will be a 6-inch-diameter steel pipeline for gas, a 6-inch diameter high-density polyethylene (HDPE) pipe for produced water conveyance, and electrical/instrumentation and fiber optic communication cables. HDPE piping was selected for low-pressure produced water conveyance because of superior corrosion resistance and more efficient installation and maintenance.

J. Airstrips

No airstrips are proposed for Happy Valley C Pad.

K. All Other Facilities and Equipment

Embedded in the shoulder of the access road will be one 6-inch-diameter steel pipeline for gas production.

To begin with, gas production facilities will not be installed on C Pad; gas and produced water will be sent to the existing gas production facilities at B Pad, which is located approximately 2,000 feet to the northeast. Depending on future realized production rates, gas production would include installation of gas facility equipment. The facility equipment would be installed on the north end of the pad to maximize the distance of the facilities from Deep Creek. Any further development, however, is subject to further DNR review and approval.

Drilling crews will be housed at an offsite drilling camp or other offsite lodging. Equipment, including the drilling rig, the completion rig, drilling foreman/toolpusher trailer, light plants, generators, cement silo(s), and diesel fuel storage (~5,000-gallon tank) for equipment refueling, will be onsite temporarily to support drilling efforts.

Depending on future realized production rates, separation and compression facilities will be installed on C Pad and onsite processed fluids will be sent to B Pad. Production facilities would include installation of a produced water tank, line heaters/separators, compressors, a gas dehydration module, and a backup micro-turbine power generator.

L. Rehabilitation Plan

Hilcorp's Plan states that reclamation for facilities constructed in association with the project will be removed from Happy Valley C Pad when the facility is decommissioned. After the field is no longer producing, the pad will be cleaned and reclaimed to the satisfaction of the surface landowner and in compliance with applicable laws and regulations.

The Division notes that under the terms of the Deep Creek Unit Agreement, the Working Interest Owners agreed to restore and rehabilitate the surface of the leases within the Unit to the satisfaction of the "Proper Authority," which is (1) the CIRI President if only CIRI land is at issue; (2) the DNR Commissioner if State or third party land is at issue; or (3) the DNR Commissioner and CIRI President if both State or third party land and CIRI land are at issue (Deep Creek Unit Agreement, 1.17, 16.4).

In approving a Plan, DNR may require amendments necessary to protect the State's interest (11 AAC 83.346). Hilcorp's rehabilitation plan to clean and reclaim the land to the satisfaction of the surface landowner does not expressly represent the terms of the Deep Creek Unit Agreement. Accordingly, the Division has determined that to protect the State's interest it is necessary to amend Hilcorp's Plan (see section IX Findings and Decision) to specify that Hilcorp will rehabilitate the surface to the satisfaction of the Proper Authorities, in compliance with the Deep Creek Unit Agreement.

M. Operating Procedures Designed to Minimize Adverse Effects

The Deep Creek Unit Agreement requires the plan of operations to be consistent with the mitigation measures from the most recent areawide lease sale in this region. The most recent mitigation measures are set forth in the January 20, 2009 Cook Inlet Areawide Final Finding.

All plan applicants must complete a mitigation measure analysis form demonstrating that each mitigation measure is satisfied or inapplicable to its proposed Plan, or that the applicant is seeking an exception. The January 20, 2009 Cook Inlet Areawide Oil and Gas Lease Sale Mitigation Measures allow for the Division to grant an exception if the applicant shows that compliance with the measure is not practicable or that the applicant will undertake an equal or better alternative to satisfy the intent of the mitigation measure.

Hilcorp completed the mitigation measure analysis for the January 20, 2009 Cook Inlet Areawide and seeks an exception to the mitigation measure discussed below:

Mitigation Measure i.e.: A.1.c:

The siting of onshore facilities, other than roads, docks, utility or pipeline corridors, or terminal facilities will be prohibited within one-half mile of the mean high water of Cook Inlet, except where land use plans classify an area for development, or established usage and use history show development. The siting of facilities other than docks, roads, utility, and pipeline crossings will also be prohibited within 500 feet of all fish bearing streams and waterbodies and 1,500 feet of all current surface drinking water sources. Additionally, to the extent practicable, the siting of facilities will be prohibited within one-half mile of the banks of the main channel of the Harriet, Alexander, Lake, Deep, and Stariski creeks, and the Drift, Big, Kustatan, McArthur, Chuitna, Lewis, Theodore, Beluga, Susitna, Little Susitna, Kenai, Kasilof, Ninilchik, and Anchor rivers. Facilities may be sited within these buffers if the lessee demonstrates to the satisfaction of the director, in consultation with ADF&G, that site locations outside these buffers are not practicable or that a location inside the buffer is environmentally preferred. Road, utility, and pipeline crossings must be consolidated and aligned perpendicular or near perpendicular to watercourses

Hilcorp provided the request and explanation below for the exception:

Hilcorp requests an exception for mitigation measure A.1.c., which prohibits siting of onshore facilities within one-half mile of the banks of the main channel of Deep Creek. The proposed C Pad location is approximately 1/3 mile from Deep Creek. The siting of C-Pad outside of the buffer is not practicable due to the shallow targets and limitations of extended reach drilling. Moving the pad outside of the buffer increases the lateral distance of the well bore while the depth of the target does not change. The increase in lateral distance to be covered without an increase in the depth of the target exceeds the limitations of lateral drilling capabilities.

Division response:

The Division's Resource Evaluation Section reviewed the proposed pad, the proposed targets and buffer zone and found that siting C-Pad outside of the buffer would not be practicable for the development of the resources. Consequently the Division consulted with ADFG as required by the mitigation measure to discuss the proposed siting of the facility. On July 22, 2014 the Division, Hilcorp and ADFG met to discuss the facility. At the conclusion of the meeting, ADFG provided concurrence to grant a waiver for the siting of the facility within the buffer after demonstrating a location outside the buffer was not practicable. The Division, in consultation with ADFG, grants an exception to this mitigation measure to allow for the placement of the C

Pad approximately 1/3 mile from Deep Creek as set forth in the Plan. This exception does not apply to activities that Hilcorp may propose in future or amended Plans.

The project is located on private land, near existing gas production facilities, and should have little if any additional impact to subsistence and other fish and wildlife uses.

In addition to complying with the mitigation measures, the Plan includes other operating procedures to minimize adverse effects of the Plan activities.

Hilcorp will implement a Human-Bear Interaction Plan for all of its Cook Inlet operations. The plan describes procedures for minimizing potential human-bear interactions at Hilcorp facilities and guidance for reporting bear sightings and interactions. Hilcorp's policy is to apply these requirements to all of the Cook Inlet area land-based facilities to minimize human-bear interactions at every facility.

N. Local Hire, Communication and Training

The proposed Plan provides for use of Alaska's human resources by pledging to provide local employment and contracting opportunities and to encourage its contractors to do the same (Proposed Plan Mitigation Measure Analysis A.7.a). More than 95 percent of Hilcorp's workforce is comprised of Alaskan residents. Hilcorp works with local organizations such as the Alaska Support Industry Alliance and the Kenai Peninsula Economic Development District, to encourage growth in the local service sector.

Hilcorp employees are actively engaged with regulators and stakeholders on all activities within the state. Hilcorp community outreach to date has included presentations to the Kenai Chamber of Commerce, the Alaska Support Industry Alliance, the Anchorage Chamber of Commerce, and the Cook Inlet Regional Citizens Advisory Council. Hilcorp has also participated in Ninilchik Natives Association, Inc. (NNAI) board meetings to present project updates.

Hilcorp employees and project contractors undergo an environmental, health, and safety (EH&S) orientation program that addresses the following topics: environmental, social, and cultural features of the operating area; the importance of archaeological and biological resources; and an overview of local community customs, values, lifestyles, and subsistence activities. Training is provided to project personnel for spill prevention and reporting, wildlife interaction and avoidance training; and general health and safety overview. Individuals are also trained according to job-specific requirements.

V. CONSIDERATION OF UNIT PLAN OF OPERATIONS REQUIREMENTS UNDER 11 AAC 83.346(c-d) and 11 AAC 83.390

A. Full Payment of Damages to the Surface Owner 11 AAC 83.346(c)

The applicant has secured surface access from all private surface land owners required for this project through surface use agreements.

B. Plan Sufficiency 11 AAC 83.346(d)

A proposed plan must include statements, maps, or drawings setting forth (1) the sequence and schedule of operations; (2) the projected use requirements directly associated with the proposed operations; (3) plans for rehabilitation; (4) a description of operating procedures to prevent or minimize adverse effects on natural resources and concurrent uses of the area. (11 AAC 83.346(d)).

The information in section IV Proposed Operations, above, and additional information contained in Hilcorp's proposed Plan satisfy the requirements for a plan under 11 AAC 83.346(d). This information also provides the Division with sufficient information to determine the surface use requirements and impacts directly associated with the proposed operations.

C. Oil and Gas Lease Bond 11 AAC 83.390

A unit operator is required to maintain a statewide oil and gas lease bond. 11 AAC 83.390. Hilcorp has a Statewide Oil and Gas Bond in the amount of \$500,000 and continuing liability under the Deep Creek Unit agreement and leases.

VI. CONSIDERATION 11 AAC 83.303 CRITERIA

A. Protection of Public Interest

The Division has considered the public interest, considering statutory provisions that provide for conserving natural resources through unitized development (11 AAC 83.303(a); AS 38.05.180(p)). The legislature has declared the public's interest in oil and gas development as an interest in developing oil and gas resources to maximize economic and physical recovery, maximize competition, and maximize use of Alaska's human resources (AS 38.05.180(a)(1)).

This Plan addresses the means for carrying out the proposed C Pad which, as determined by the 2014 11th Plan of Development for the Deep Creek Unit, is necessary for maximizing recovery of the gas resources. Additionally, development under this Plan will contribute positively to the market by increasing overall natural gas production in the area.

The proposed Plan provides for use of Alaska's human resources by pledging to provide local employment and contracting opportunities and to encourage its contractors to do the same (Proposed Plan Mitigation Measure Analysis A.7.a).

B. Conservation of Natural Resources

The Division has considered whether the Plan promotes conservation of all natural resources, including all or part of an oil or gas pool, field, or area (11 AAC 83.303(a)(1)). Conservation, in this context, means maximizing the efficient recovery of oil and gas and minimizing the adverse impacts on the surface and other resources (11 AAC 83.395(1)). Development within a unit is intended to provide more efficient development than on the individual leases that make up the unit, and this Plan considers the development of the Unit, not single leases. Efficient development creates less impact on the land and promotes maximum use of all natural resources in the area, consistent with the public interest.

There are a number of ways in which the Plan seeks to minimize adverse impacts on natural resources. This Plan incorporates the mitigation measures set forth in the 2009 Cook Inlet Areawide Oil and Gas Lease Sale Final Finding (Cook Inlet Mitigation Measures). These mitigation measures include measures to protect habitat, fish, and wildlife, protect subsistence resources, and limit the impact from fuel and hazardous substances (2009 Cook Inlet Final Finding in sections 9-3 – 9-5).

C. Prevention of Economic and Physical Waste

The Division has considered whether the Plan promotes the prevention of economic and physical waste (11 AAC 83.303(a)(2)). Issues of economic and physical waste are carefully considered during Unitization (issued November 4, 2004) and annually thereafter in the Deep Creek Plans of Development. This Plan does not raise any new issues related to the prevention of economic and physical waste not previously addressed in the unit formation and POD decisions.

D. Protection of All Parties of Interest, Including the State

The Division has considered whether the Plan provides for the protection of all parties of interest, including the State (11 AAC 83.303(a)(3)). The parties of interest to a unit plan are the unit operator and working interest owners, as well as any additional surface estate owners. The State has an economic interest in the oil and gas resources because it receives royalties from production. It is further in the State's best interest to encourage assessment of oil and gas resources, recognize the costs of exploring in varied geographic regions, and minimize the adverse impact of exploration, development, production, and transportation activity (AS 38.05.180(a)(2)). The State also has a constitutional duty to ensure that the State's natural resources are made available for maximum use consistent with the public interest.

Without approval of a Plan, Hilcorp cannot develop the Happy Valley C Pad, and the State cannot recover royalties from that development. The Plan thus protects the Unit Operators,

working interest owners' and the State's interests in developing the resources. As discussed above, Hilcorp maintains a statewide oil and gas bond and has provided for damages to surface owner, NNAI. The Plan also incorporates mitigation measures to protect the State's interest in ensuring that its oil and gas resources are developed in a responsible manner that minimizes adverse impacts and is consistent with the public interest.

E. Environmental Costs and Benefits

The Division has considered the environmental costs and benefits of unitized development outlined in this Plan. In general, development in a unit allows for less environmental impact than if each individual lease within the unit was developed separately, each with its own facilities.

The Division's Permitting Section, Unit manager and Resource Evaluation met with Hilcorp representatives on October 11, 2013 to discuss the geology and drilling limitations of locating the proposed C Pad outside the A.1.c Mitigation Measure for the Deep Creek Unit. Hilcorp's geologists looked at using the existing Happy Valley B Pad initially, but could not reach the shallow gas targets from there. To best reach Hilcorp's targets, the geologists wanted to place the pad further to the southeast of the currently proposed C Pad location. However, Hilcorp identified a final location for C Pad that would allow the company to reach its subsurface gas targets while avoiding wetlands. On July 22, 2014, Hilcorp provided a wetland delineation map to the Division and ADF&G to demonstrate that the proposed C Pad location (outside of wetland area and inside the A.1.c upland area) would meet the drilling requirements for reaching shallow gas targets in the Happy Valley participating area and avoid disturbing wetlands (see Figure 10 in the Plan of Operations), while also providing a practicable drilling location for minimizing impacts in the Deep Creek Unit.

As discussed above and also in the Cook Inlet Mitigation Measures in sections 9-3, the Plan complies with the applicable mitigation measures, thus minimizing the potential environmental costs.

F. Geological and Engineering Characteristics of Hydrocarbons

The Division previously considered the geological and engineering characteristics of a potential hydrocarbon accumulation or reservoir when it approved the unit agreement (11 AAC 83.303(b)(2)).

G. Prior Exploration Activities

The Division has considered prior exploration activities in the Plan area. Hilcorp did not conduct any new drilling projects outside the Happy Valley participating area (PA) during 2013.

H. Plan of Development

The Division has considered the plans for development set forth in and approved by DNR in the POD (11 AAC 83.303(b)(4)). The 11th POD approved on April 24, 2014 supports Hilcorp's efforts to build the Happy Valley C Pad within the Deep Creek Unit to access gas targets within the participating area as mentioned in the 11th POD.

I. Economic Costs and Benefits to the State

The Division has considered the economic costs and benefits to the State (11 AAC 83.303(b)(5)). Without approval of a plan, Hilcorp will be unable to proceed with developing the Happy Valley C Pad which will cost the State the economic benefit of the royalties, as well as other economic benefits that flow from production.

J. Other Relevant Factors to Protect the Public Interest

The Division has considered other relevant factors necessary or advisable to protect the public interest (11 AAC 83.303(b)(6)). These other factors include the mitigation measures (section IV.M of this document) that will apply to this Plan and the existence of other approvals by different Agencies (section IV of this document).

VII. CONSULTATION WITH OTHER GOVERNMENT ENTITIES

In reviewing the proposed Plan, the Division considered the fact that Hilcorp may require approvals from Agencies for other elements of its project. Although mentioned in the Plan and above in section IV. M Proposed Operations, these aspects of the project are not being approved by this decision and the Division offers no opinion on whether an agency should or should not approve these activities. Rather, in approving the Plan, the Division takes into consideration the fact that certain aspects have been or will be subject to separate review by other regulators.

In addition to considering the approvals required by other Agencies as they relate to this decision, the Division provided an Agency review and comment opportunity for the activities considered for authorization under this approval. The following government entities were notified on July 14, 2014 for comment on the Plan: Alaska Department of Fish and Game (ADFG), Alaska Department of Environmental Conservation, Alaska Oil and Gas Conservation Commission (AOGCC) and DNR: State Pipeline Coordinator's Office, Division of Mining Land and Water, the Review and Compliance Program of the Office of History and Archaeology, Kenai Borough, Office of Project Management and Permitting, and Division of Oil and Gas. The comment deadline was 4:30 pm Alaska time on July 21, 2014. Comments were received by Southcentral Project Development Team Land Sales and Contract Administration Section. The Division, Hilcorp, and commenting agencies modified the Plan to the satisfaction of the commenting agencies; the single Agency comment and Hilcorp's response are summarized in

Appendix A. The Plan was modified to incorporate the Agency comments. The modified Plan was then publicly noticed.

VIII. PUBLIC NOTICE

Public notice of the Plan and opportunity to comment was published in the Anchorage Daily News and Peninsula Clarion on July 24, 2014 with a deadline for comments of July 25, 2014 at 4:30 pm Alaska time. Additionally, a copy of the notice was posted on DNR's web site and faxes of the public notice were sent to the Ninilchick, Soldotna, Kenai and Kasilof post offices. No public comments were received.

IX. FINDINGS AND DECISION

Having considered the proposed project and based on the foregoing discussion and consideration of issues, the Division makes the following findings:

1. The Plan provides sufficient information, based on reasonably available data, for the Division to determine the surface use requirements and impacts directly associated with the proposed operations.
2. The Plan includes statements, maps, or drawings setting forth the sequence and schedule of operations, projected use requirements, description of operating procedures, and a plan of rehabilitation designed to prevent or minimize adverse effects on natural resources.
3. Approval of this Plan is in the State's best interest.
4. To protect the State's interest, the Division finds that it is necessary to amend the Plan to incorporate the following Conditions of Approval:
 - a) The applicant shall defend, indemnify and hold the State of Alaska harmless from and against any and all claims, damages, suits, losses, liabilities and expenses for injury to or death of persons and damage to or loss of property arising out of or in connection with the entry on and use of State lands authorized under this decision by the applicant, its contractors, subcontractors and their employees.
 - b) The applicant shall inform and ensure compliance with any and all conditions of this approval by its employees, agents and contractors, including subcontractors at any level.
 - c) Amendments and modifications to this Plan approval require advance notice and must be approved in writing by the Division.
 - d) The Commissioner of the DNR may require that an authorized representative be on-site during any operations conducted under this approval. This stipulation is required to ensure that the Divisions of Oil and Gas and Mining, Land and Water meet their statutory responsibilities for monitoring activities taking place on State-owned lands.
 - e) A Status Report for the activities conducted under this Plan approval must be filed with this office on May 1 and November 1 each year, from the date this approval is issued and until a Completion Report is filed with the Division. If a lessee requests an assignment a status report must also be submitted during

- the assignment process. Failure to file in a timely manner may result in revocation of this approval. The completion report shall contain a statement describing clean-up activities conducted, the method of debris disposal, and a narrative description of known incidents of surface damage.
- f) Notification. The applicant shall notify the DNR of all spills that must be reported under 18 AAC 75.300 under timelines of 18 AAC 75.300. All fires and explosions must be reported to DNR immediately. The DNR 24 hour spill report number is (907) 451-2678; the fax number is (907) 451-2751. The Department of Environmental Conservation (DEC) oil spill report number is (800) 478-9300. DNR and DEC shall be supplied with all follow-up incident reports.
 - g) A certified As-Built survey of the improvements shall be provided within one year of placement of the improvement. This As-Built must be submitted in both electronic and physical format.

To protect the State's interest, the Division finds that it is necessary to amend the Plan to incorporate the following Project Specific Stipulations:

- 1. Hilcorp will rehabilitate the surface to the satisfaction of the Proper Authorities, in compliance with the Deep Creek Unit Agreement.

Based upon the Plan, supporting information provided by the applicant and the Division's review, determination of applicable statutes and regulations, consultation with other government agencies, public notice, and the above findings related to that Plan, the Division hereby approves the Plan.



W.C. Barron
Director
Division of Oil and Gas

10/30
14

Date

Appeal

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 the 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.

Appendix A

Land Sales and Contract Administration Section Comment	Applicant Responses
<p>The planned development does not impact any Settlement lands. The only thing I noted is two privately-owned parcels (ADLs 53837 and 53838) from a previous land disposal program in Section 20, the section adjacent to the planned pad. I am not sure whether there are any residences on these parcels.</p>	<p>To develop Figure A-1 in Attachment 1 of the HV C Pad POO, we reviewed the KPB parcel viewer. According to the KPB Parcel viewer, Parcels 18505004 and 18505005 have no “Improvement Value” listed and the imagery shows no buildings on the parcels. A review of Google Earth also shows no improvements on the parcels.</p>

Figure 1

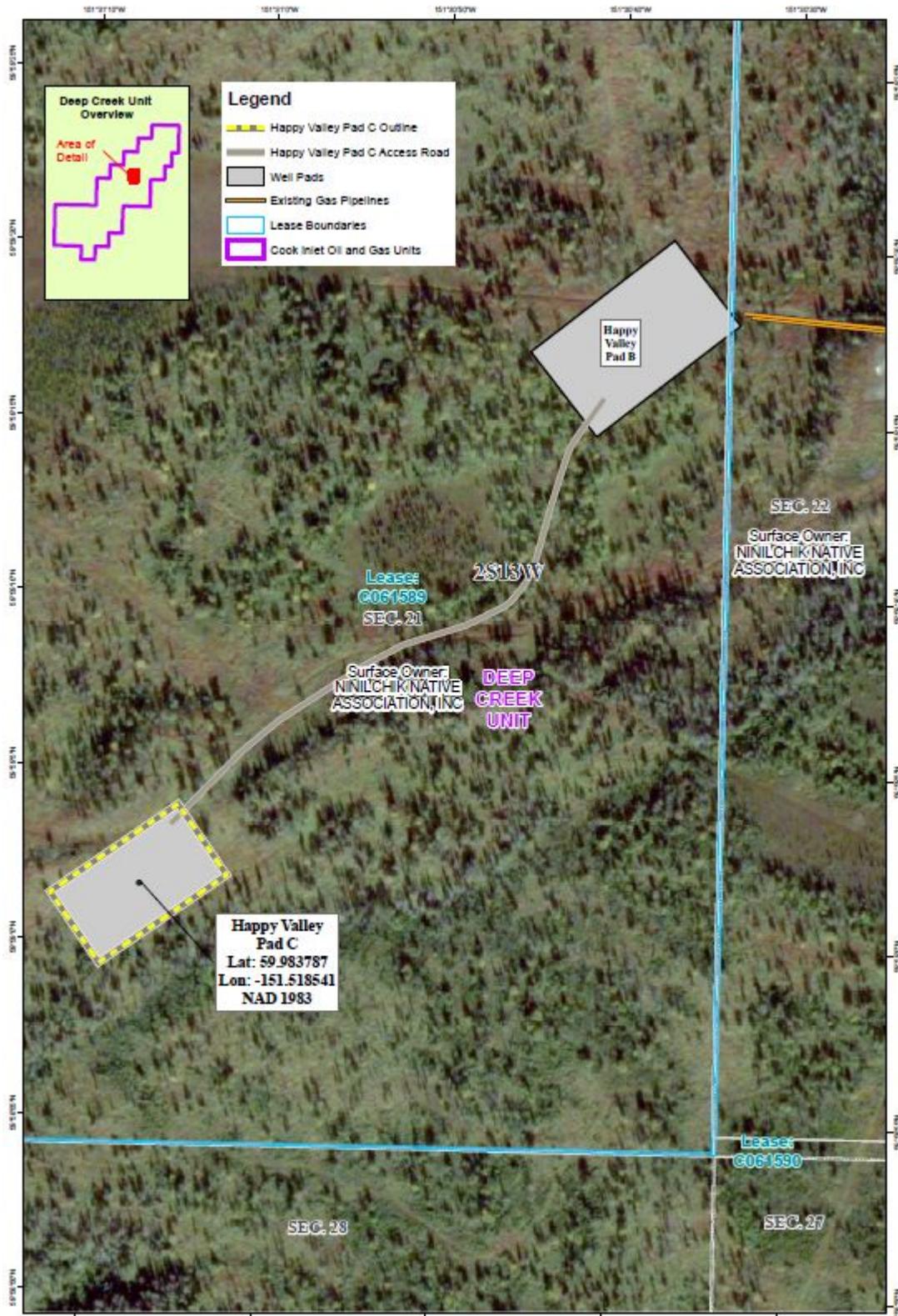


Figure 2

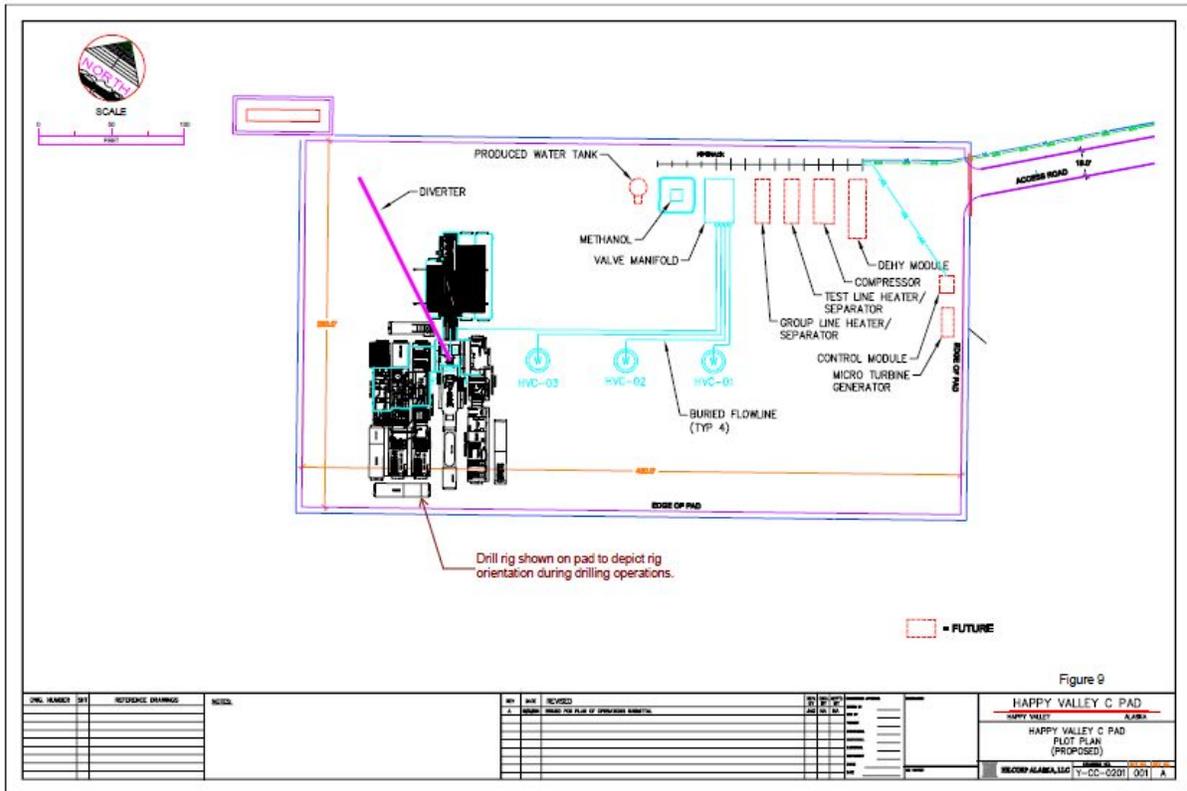


Figure 9

DOC. NUMBER	DATE	REFERENCE DRAWINGS	NOTES	REV.	DATE	REVISION	BY	CHKD.	APP'D.	SCALE	PROJECT	DATE	BY	CHKD.	APP'D.
				1		ISSUED FOR FILE OF APPROVAL MATERIAL									

HAPPY VALLEY C PAD
 HAPPY VALLEY C PAD
 HAPPY VALLEY C PAD
 FLOT PLAN
 (PROPOSED)
 HILCORP ALASKA, LLC
 T-CC-0201 001 A