



## Hilcorp Alaska, LLC

3800 Centerpoint Drive  
Suite 1400  
Anchorage, AK 99503

Phone: 907/777-8414  
Fax: 907/777-8301  
dduffy@hilcorp.com

March 1, 2017

RECEIVED

MAR 06 2017

DIVISION OF  
OIL AND GAS

Ms. Chantal Walsh, Director  
Oil and Gas Division  
Alaska Department of Natural Resources  
550 W. 7<sup>th</sup> Avenue, Suite 1100  
Anchorage, AK 99501

**Re: 2017 Plan of Development and Operation for the Middle Ground Shoal Unit**

Dear Ms. Walsh:

Hilcorp Alaska, LLC (“Hilcorp”), as Operator hereby submits the 2017 Plan of Development and Operations (“POD”) for the Middle Ground Shoal Unit (“MGSU”). This plan will be effective from June 1, 2017 through May 31, 2018.

### **I. FIELD OVERVIEW**

On September 21, 2016, the Department of Natural Resources (“DNR”) approved Hilcorp’s application to expand and rename the South Middle Ground Shoal Unit. This expansion combined the *North Middle Ground Shoal Field*,<sup>1</sup> the *Middle Ground Shoal Field*,<sup>2</sup> and the *South Middle Ground Shoal Unit*<sup>3</sup> into a single consolidated unit.

As sole working interest owner and operator, unitization of the entire field will allow Hilcorp the ability to maximize the utility of existing infrastructure to maintain and enhance production from Platforms A and C, while promoting new opportunities to explore and produce leases otherwise associated with Platforms Baker and Dillon, both of which are currently shut-in.

On January 12, 2017, the Alaska Oil and Gas Conservation Commission (“AOGCC”) approved Hilcorp’s application to modify existing pool rules for the Middle Ground Shoal Field to apply to the expanded MGSU boundaries.<sup>4</sup> This order also revised the definition of the Middle Ground Shoal Oil Pool and established the Middle Ground Shoal Gas Pool. In addition, specific well spacing issues were addressed.

### **II. 2016 PLAN REVIEW**

#### **A. Production Summary**

<sup>1</sup>The North Middle Ground Shoal Field (“NMGSF”) consists of the Baker Platform and associated leases.

<sup>2</sup> The Middle Ground Shoal Field (“MGSF”) consists of the A and C Platforms and associated leases.

<sup>3</sup> The South Middle Ground Shoal Unit (“SMGSU”) consisted of the Dillon Platform and associated leases.

<sup>4</sup> See AOGCC Conservation Order 44A (January 12, 2-017).

- a. **Baker Platform:** Throughout calendar year 2016, the Baker Platform remained shut-in.<sup>5</sup>
  - b. **Platform A:** During calendar year 2016, Hilcorp produced approximately 124.6 million cubic feet (“MMcf”) natural gas and 462.9 thousand barrels (“Mbbbl”) of oil from Platform A.
  - c. **Platform C:** During calendar year 2016, Hilcorp produce 33.8 MMcf natural gas and 218 Mbbbl oil from Platform C.
  - d. **Dillon Platform:** Throughout calendar year 2016, the Dillon Platform remained shut-in.
- B. 3D Seismic:** In 2015, Hilcorp completed a comprehensive off-shore seismic program. Initial data processing was completed during the 2016 POD period. Field studies and data analysis will continue throughout the 2017 POD period. Emphasis will continue to be placed on identifying near-term and future drilling, sidetracking and workover opportunities.
- C. 2016 Drilling Program:** No drilling projects were proposed or completed during the 2016 POD period.
- D. 2016 Workover Program:**

**a. Platforms A & C:**

Under the approved 2016 POD, Hilcorp anticipated adding artificial lift to two wells (C-13-13LN and C-31-26) and referenced the potential for adding new perforations to existing wells.

In review, Hilcorp completed three workovers on A11-01, A12A-01, and A24-01LE (all perf adds) on Platform A. On Platform C, Hilcorp completed five workovers, including: C21-23 (perf add); C22-26RD (thru tubing perf); C13-13LN (flow test and perforate, plus installation of SSC-SSSV gas lift and pump cavity isolation sleeve); C31-26RD (workover to run new completion); and C42-23 (perf add).

- b. **Platforms Dillion and Baker:** Under the 2016 POD, Hilcorp did not anticipate any workovers on the Dillon or Baker Platforms. No such work was undertaken.

---

<sup>5</sup> The Baker platform was shut in in October 2014 following a non-well related fire that damaged the living quarters and other platform facilities. Throughout 2016, the platform was maintained in “lighthouse” mode with annual inspections and monitoring, but no production activities.

**E. 2016 Facility Upgrades/ Repairs**

The Middle Ground Shoal Onshore Generator was replaced during the 2016 POD period. Additional facility upgrades and/or repairs completed on the platforms included:

**a. Baker Platform:** In the 2016 POD, Hilcorp anticipated replacing living quarters damaged by fire and re-activating the gas dehydration system. Given the current economic climate, Hilcorp deferred these expenditures and focused activities on Platforms A and C.

**b. Platform A:**

i. 2016 Proposed:

1. Ongoing drain installations
2. Installation of new boiler system
3. Relocating top deck gas processing system to below deck
4. Refurbishing skimmer tank, produced water tank, and waste water systems
5. Repairing the crane to facilitate well work

ii. 2016 Actual:

1. Crane upgrades
2. Platform refurbished

**c. Platform C:** In the 2016 POD, Hilcorp identified a need to replace an existing gas-lift compressor. In review, Hilcorp successfully repaired the equipment and therefore avoided the potential risk of shutting or otherwise reducing production capacity on the platform.

**d. Dillon Platform:** No work was proposed or completed during the 2016 POD period.

**III. 2017 PLAN OF DEVELOPMENT AND OPERATIONS**

**a. Baker Platform:**

- a. Drilling: No drilling is anticipated.
- b. Workovers: No workovers are anticipated.
- c. Facility Upgrades / Repairs: No facility work is anticipated.

**b. Platform A:**

- a. Drilling: No drilling is anticipated.
- b. Workovers: No workovers are anticipated.
- c. Facility Upgrades / Repairs: No facility work is anticipated.

**c. Platform C:**

- a. Drilling: Hilcorp anticipates sidetracking three existing wells (C-23-26RD, C-33-26RD, and C-34-26RD) in late 2017 or possibly 2018.

- b. Workovers: No workovers are anticipated.
- c. Facility Upgrades / Repairs: No facility work is anticipated.

**d. Dillon Platform:**

- a. Drilling: No drilling is anticipated.
- b. Workovers: No workovers are anticipated.
- c. Facility Upgrades / Repairs: No facility work is anticipated.

Hilcorp, as Unit Operator, reserves the right to propose modifications to this Plan should conditions so warrant; however, no modifications will be made without first obtaining necessary approval from the appropriate governmental agencies.

Your approval of the submitted plan is respectfully requested. Should you have questions, please contact the undersigned at 777-8414.

Sincerely,



David W. Duffy, Landman  
Hilcorp Alaska, LLC

cc: Kevin Pike, DNR ([kevin.pike@alaska.gov](mailto:kevin.pike@alaska.gov))