Hilcorp Alaska, LLC

A Company Built on Energy

Integrity ★ Urgency ★ Ownership ★ Alignment ★ Innovation
Current Areas Of Operation
2015 Drilling Recap

Kenai Peninsula:
Rig: Saxon # 169
- 5 Ninilchik wells (Gas)
- 3 Swanson River Wells (Gas & Oil)
- 3 Kenai Gas Field Wells (Gas)

Milne Point
- 3 Schrader Bluff laterals (2 inj, 1 producer).

Drilling Performance
- 2015 CapEx: $90MM – 14 wells vs. 2014 CapEx: $150MM – 24 wells
- Reduced cost/10M ft: $5,964 (M$) in 2015 from $6,148 in 2014 (M$)
- 1 recordable spill / 0 recordable injuries.
Drilling Performance Improvements

• Improved performance of rig crews
• Utilize WBMs, eliminate casing strings at Milne Point.
• Establish G&I facility at Milne Point.
• Improved performance of vendors
  – Increased level of crew experience
  – Continue efforts at establishing rates appropriate for current oil prices
2016 Drilling Outlook

Kenai Peninsula:
Rig: Saxon # 169
• 2 Swanson River wells
• 3 Ninilchik wells

North Slope Milne Point:
Rig: Doyon 14 & New Build Rig
• 8 Schrader Bluff wells
• 1 Sag River well
• 1 Kuparak well

Cook Inlet Offshore
Rig: Monopod & Dolly Varden
• 2 sidetracks on Monopod
• Kuukpik rig #5 for other platform drilling
Drilling Challenges

Kenai Peninsula (onshore):
- Depletion zones
- Coal seams
- High pressure water flows
- Swelling clays

Cook Inlet Offshore
- Slot availability
- Directional drilling complexity to reach targets
- Coal seams
- Abrasive conglomerates
- Faulting
- Depleted zones

North Slope:
- Well Costs (Services & Tangibles).
- Cuttings transport & disposal.
- Faulting, drilling concretions in Schrader laterals.
- Long surface hole sections
- Use of RSS and ADR for drilling Schrader laterals.