



Hilcorp Alaska, LLC



**2015 / 2016
Drilling
Activity**

A Company Built on Energy

Integrity ★ Urgency ★ Ownership ★ Alignment ★ Innovation



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
- Total Footage : 129,877 ft in 2015 / 186,609 ft in 2014 / 89,339 ft in 2013.
- 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.