



Hilcorp Energy Company

Senate Resources Committee

January 22, 2025

Hilcorp Alaska Overview



Highlights

~1,500
Employees

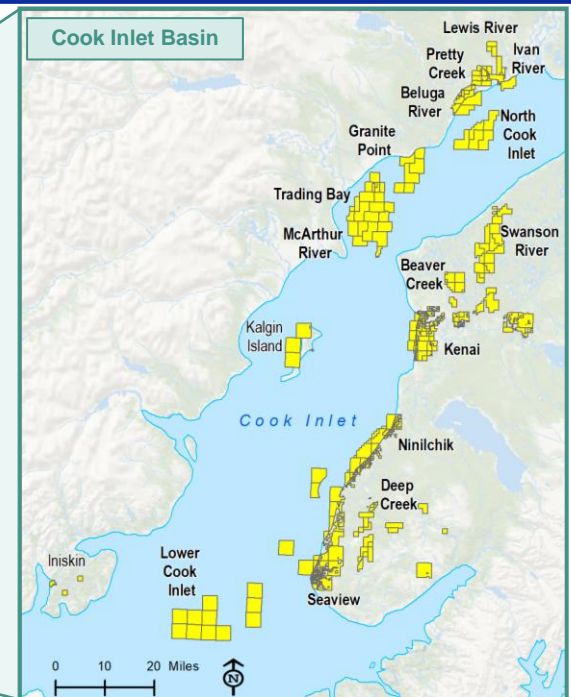
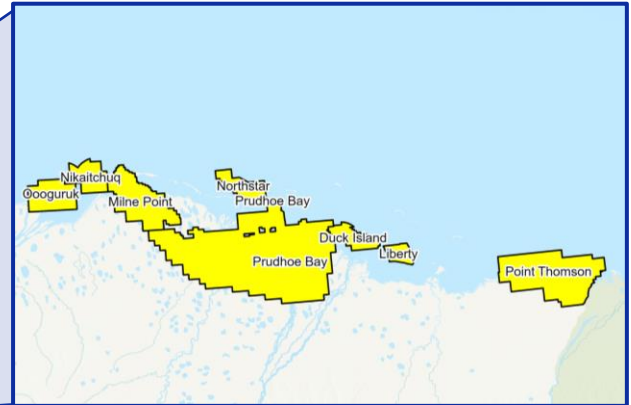
7 Active Rigs
In Cook Inlet Basin

6 Active Rigs
On North Slope

18 Cook Inlet Basin Wells
Drilled in 2023

21 Cook Inlet Basin Wells
Drilled in 2024

Asset Overview



Hilcorp's Continued Commitment to Cook Inlet Natural Gas



- **Hilcorp is committed to the Cook Inlet Basin and is fully developing its leasehold**
 - From 2012 to 2024, Hilcorp has produced over 700 Bcf of gas and drilled 174 wells
 - Hilcorp has spent well over \$1.0 billion in the Cook Inlet Basin
 - Hilcorp is increasing activity in Cook Inlet Basin
 - Drilled 22 wells in 2012, 18 wells in 2023, and 21 wells in 2024
 - Plans to drill 15-20 wells per year going forward
- **Producing wells' production initially declines ~30% per year**
- **Cook Inlet Basin gas market is unlike any other in the United States**

Utilities and other gas producers must identify new sources of gas supply for Southcentral Alaska

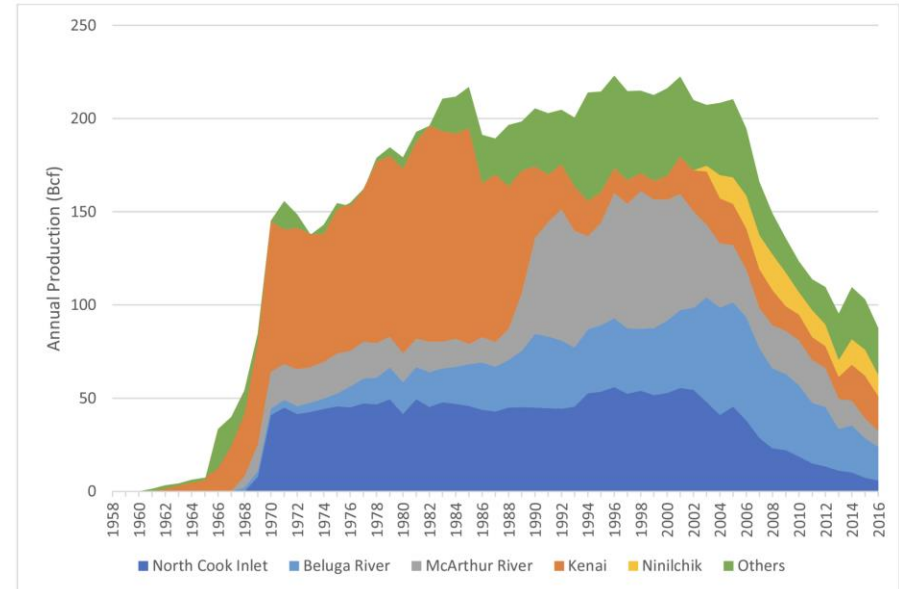
The Cook Inlet Basin

A Brief Overview



History and Brief Overview

- **1958:** Oil and gas production started in the Cook Inlet basin after the discovery of the Swanson River field in 1958.
- **1959:** Unocal and Ohio Oil drilled the wildcat well Kenai Unit 14-6, discovering large gas accumulations that make up the Kenai Gas Field.
- **1962:** Two more large gas finds were discovered in the North Cook Inlet field located offshore and the Beluga River field on the west side of Cook Inlet.
- **1969:** Operations begin at the Kenai fertilizer plant, using over 50 Bcf per year of natural gas feedstock.
- **1969:** Kenai LNG export facility at Nikiski commence operations
 - At its peak, the facility exported over 60 Bcf of gas per year to Asia.
 - For more than three decades these two plants consume more than half of Cook Inlet natural gas production.
 - The remaining consumption is split roughly evenly between electricity generation, gas utilities, and use in oil and gas operations.
- **1970-2000s:** Production in Cook Inlet expanded through the 1970s and ranged around 200 Bcf per year until the mid-2000s, when it begins to decline sharply.



- **2005-2013:** Cook Inlet Gas Production declines from over 200 Bcf/year in 2005 to less than 100Bcf/year in 2013.
- **2007:** Kenai fertilizer plant closes.
- **2011-2012:** ConocoPhillips announced that after 40 years of operations its Kenai LNG Export facility would be closed.
- **2009-2013:** Looming natural gas crisis in Southcentral Alaska.

Southcentral Natural Gas Shortage



The New York Times
**Anchorage Prepares for Possible
Shortage of Natural Gas**

March 23, 2009

ANCHORAGE DAILY NEWS
**“Gas shortage could leave
Anchorage in the dark”**

September 30, 2009

AK ALASKA PUBLIC MEDIA
**Hometown, Alaska:
Anchorage’s Natural Gas Crisis**
December 9, 2009

ANCHORAGE DAILY NEWS
**“Looming Cook Inlet gas shortages
may be crippling”**

October 7, 2012

ANCHORAGE DAILY NEWS
**“Southcentral Alaska utility warns of
possible natural gas supply shortage”**

October 11, 2012



Southcentral Natural Gas Shortage

- **April 2022:** Hilcorp notifies utilities that it will no longer be able to provide new firm contracts beyond existing contracts through 2033.
- **February 2024:** Hilcorp met before a joint hearing of the House and Senate Resources Committee – “The gas under Hilcorp’s leases cannot meet 100% of the Alaska demand.”
 - Hilcorp invests hundreds of millions of dollars in Cook Inlet; successfully drilling 21 wells in 2024.
- **Today:** Despite significant investments and an aggressive drilling program by Hilcorp, the outlook remains the same.



There is not sufficient gas under Hilcorp leases to meet the current demands of Southcentral Alaska

Utilities and other gas producers must identify new sources of gas supply for Southcentral Alaska

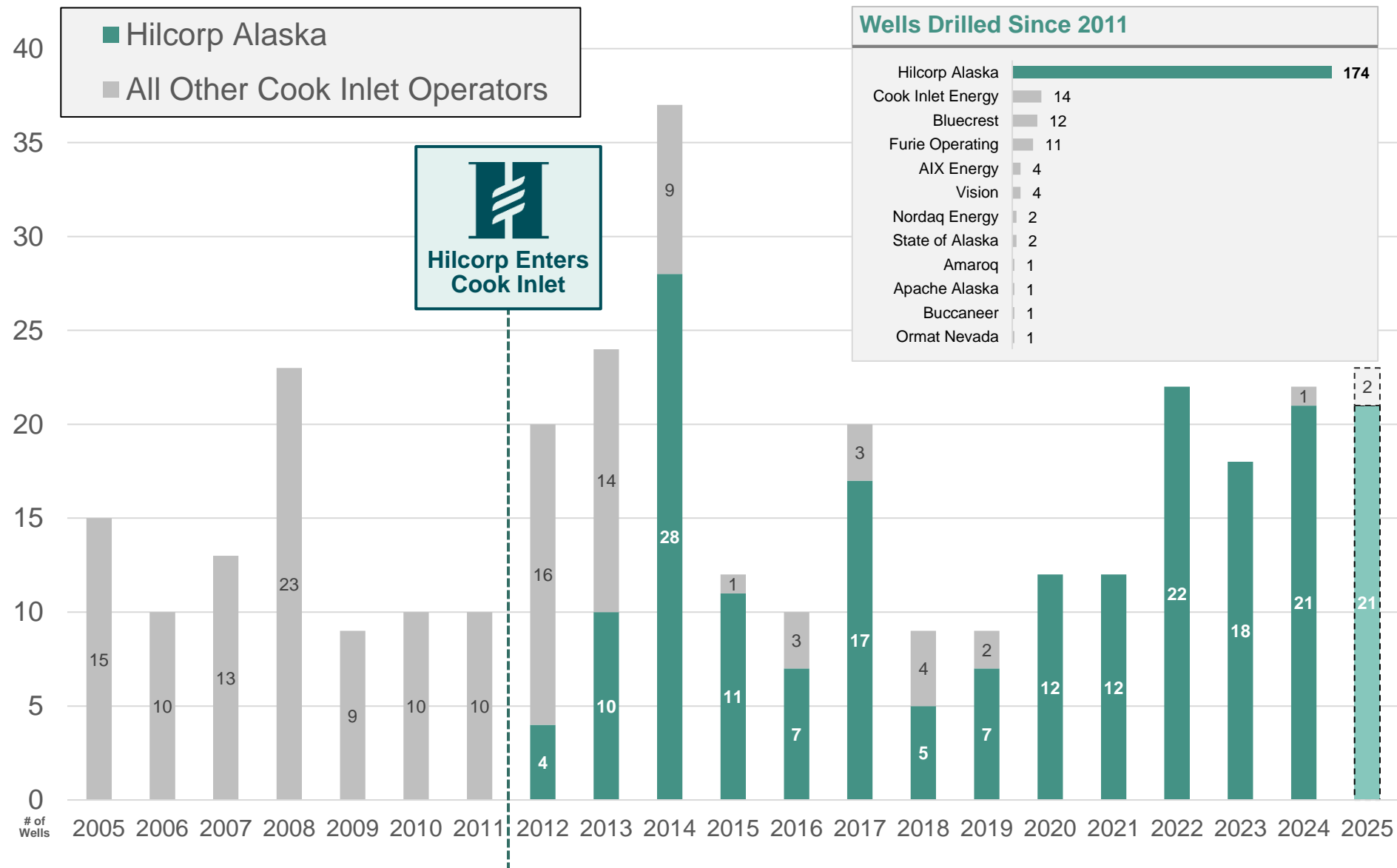


Regulators, advocates warn of utility inaction as Alaska gas shortfall looms

December 30, 2024

Wells Drilled in Cook Inlet Basin

Onshore and offshore 2005 to present





New Investments: Hilcorp Spartan 151

The Spartan 151

- **The rig is the right tool for the Cook Inlet**
 - Hilcorp is familiar with the rig
 - Leg size meets water depth needs
 - This rig is well maintained
 - Hilcorp has invested in improvements
- **Alternatives are scarce**
 - Limited supply of smaller class, well maintained jack up rigs
 - Only 3-4 rigs globally are estimated to meet these conditions
 - Jones Act compliance further reduces options

Rig Purchase Rational

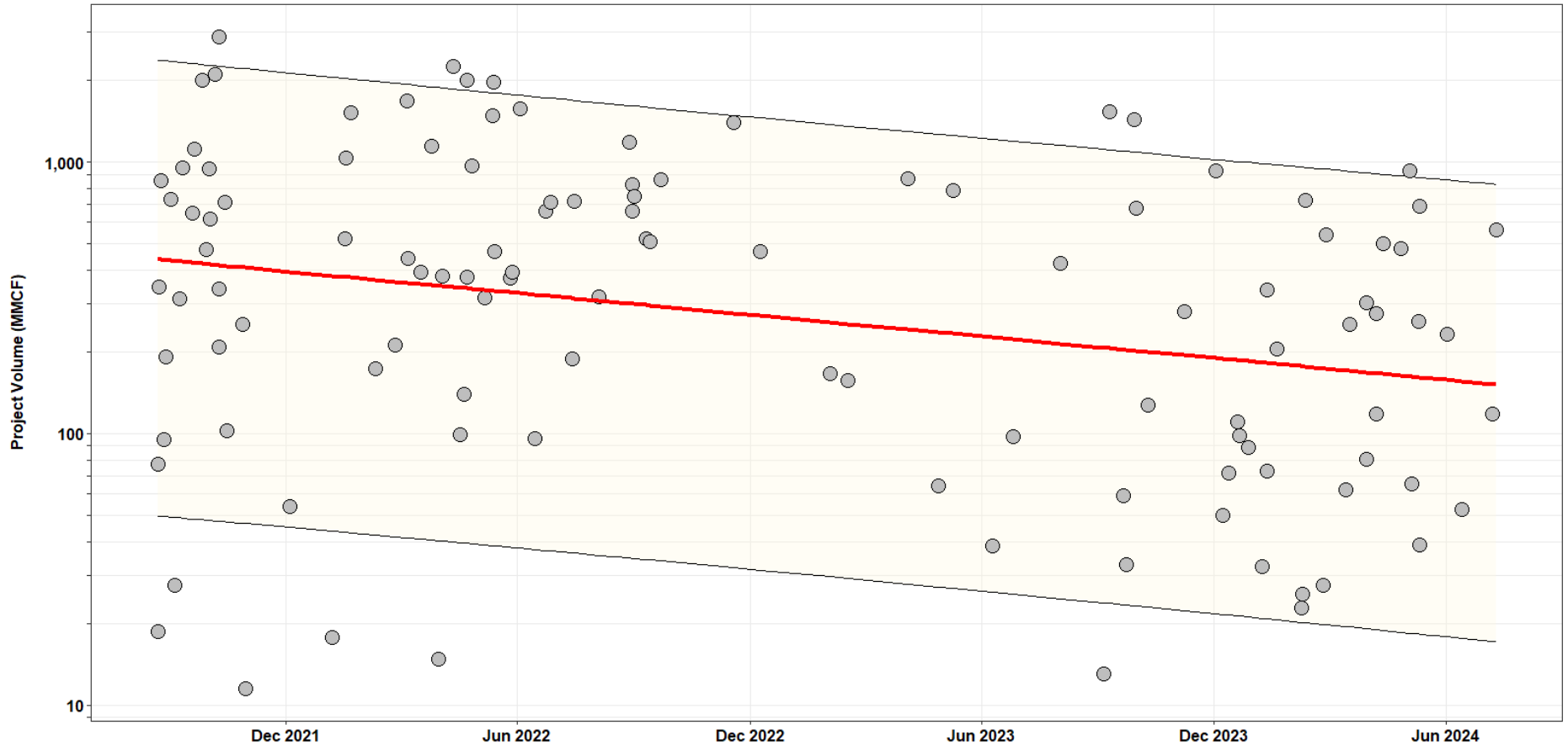
- 1. Alaska needs a jack-up rig**
Necessary for the full development of Cook Inlet Assets
- 2. Spartan 151 is the right tool**
Rig meets operational needs of Cook Inlet
- 3. No realistic alternatives exist**
\$30+ million cost to bring rigs from Outside
- 4. Proven performance record**
Rig has drilled for Hilcorp Alaska and Furie



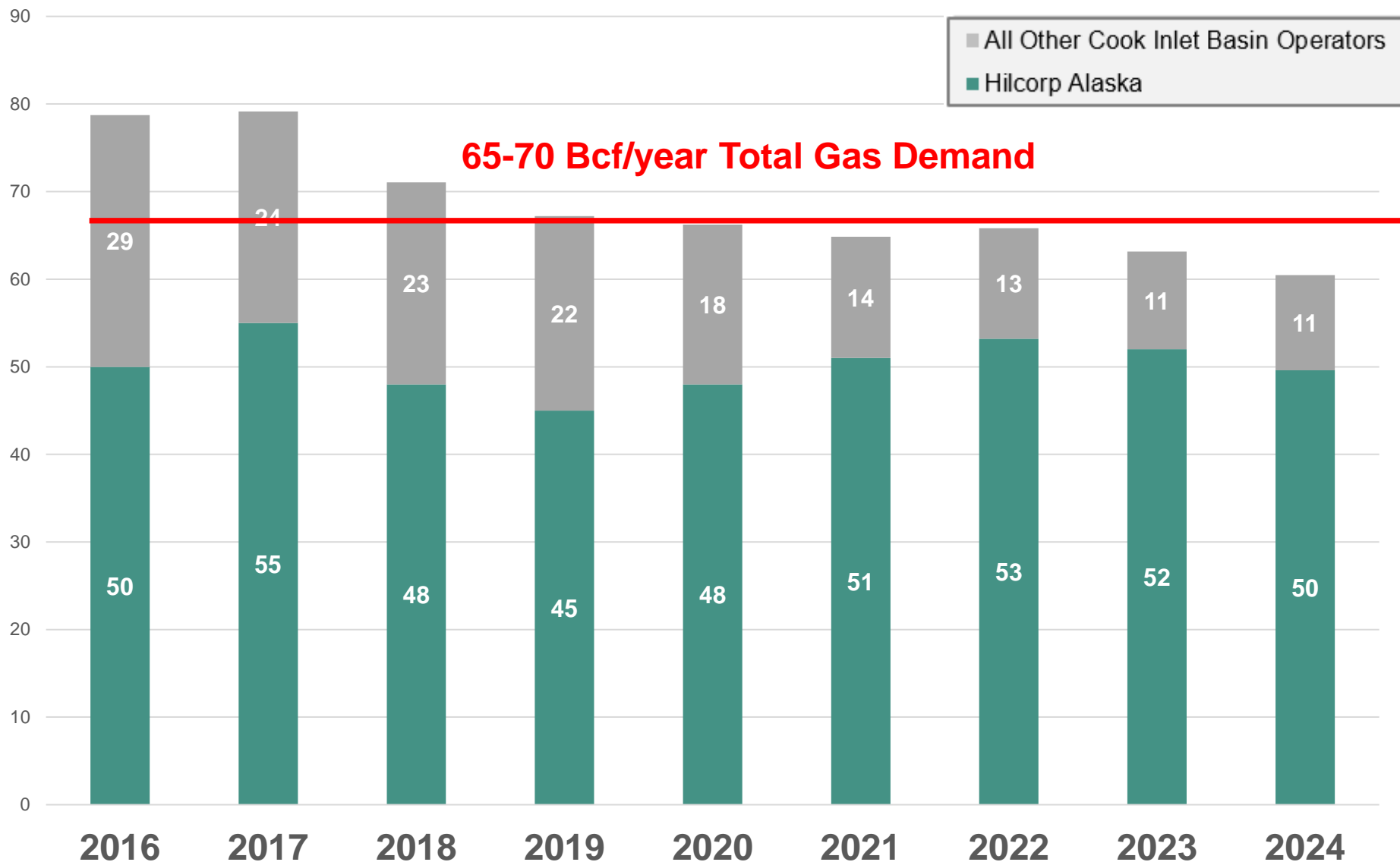
Hilcorp is making investments for the good of Cook Inlet Basin gas production.



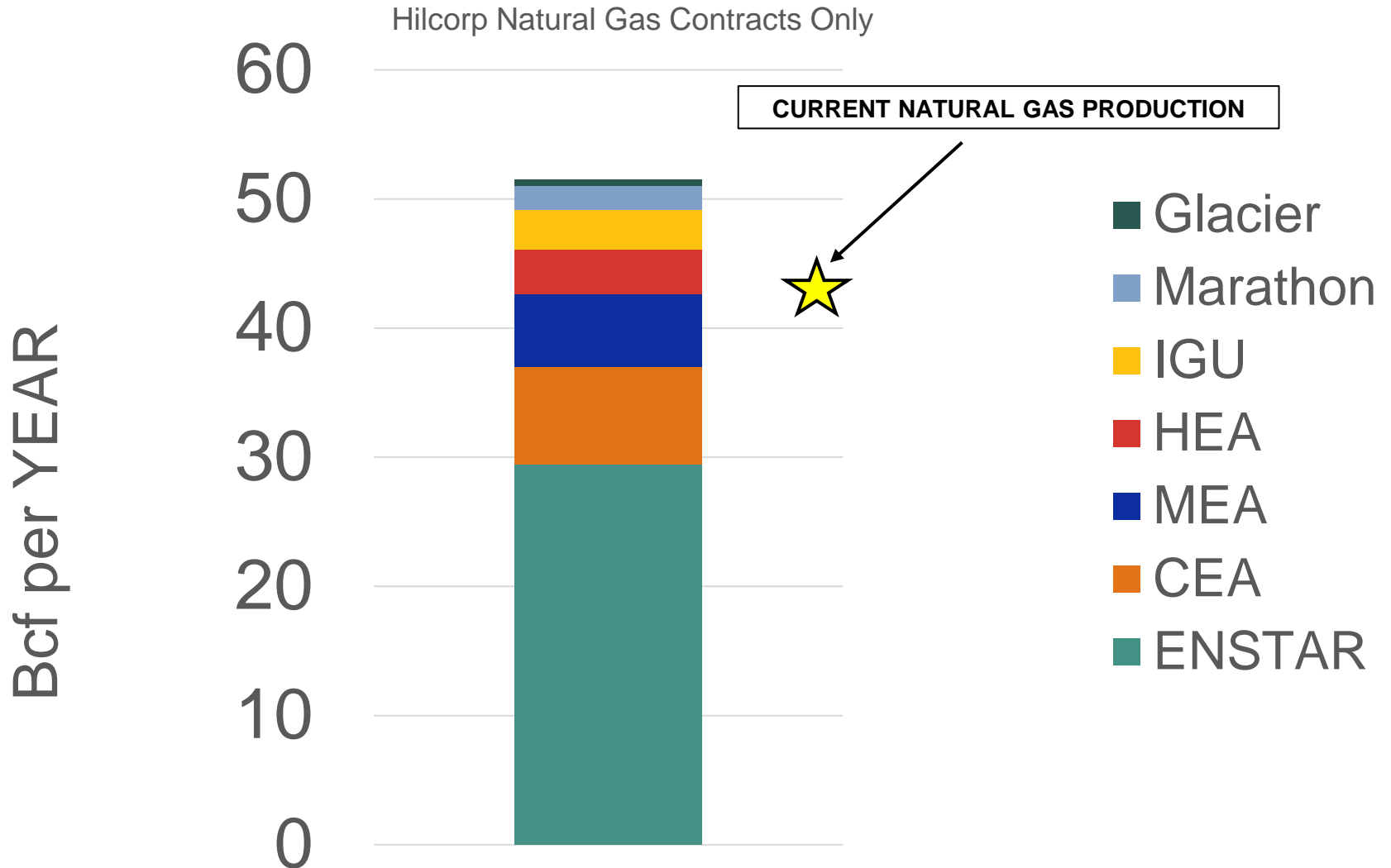
Diminishing Returns in Old Fields



Cook Inlet Gas Production



Demand vs Supply





2024 Cook Inlet Drilling Program

Highlights

- Investing hundreds of millions of dollars per year in Cook Inlet
- Drilled 21 new wells in Cook Inlet in 2024
 - 5 Offshore:
 - Steelhead (1)
 - Tyonek (4)
 - 16 Onshore
 - Kenai Gas Field (4)
 - Cannery Loop (2)
 - Exploration (2)
 - Beluga River (4)
 - Pretty Creek (1)
 - Beaver Creek (2)
- Acquired Spartan 151 Jack-Up Rig in May 2024 – critical equipment to keep in Alaska.
 - Utilized by Furie/ Hex to successfully drill a new well in Cook Inlet in 2024.



2025 Cook Inlet Drilling Program

- Hilcorp is planning an aggressive drilling schedule in Cook Inlet in search of natural gas.**
- 21 planned wells in 2025
 - Utilizing 7 rigs
 - 4 drill rigs and 3 workover rigs

Undeveloped Gas Resources in Cook Inlet



Undeveloped Resource by Owner (Bcf)



~1,250



Kitchen Lights

~323



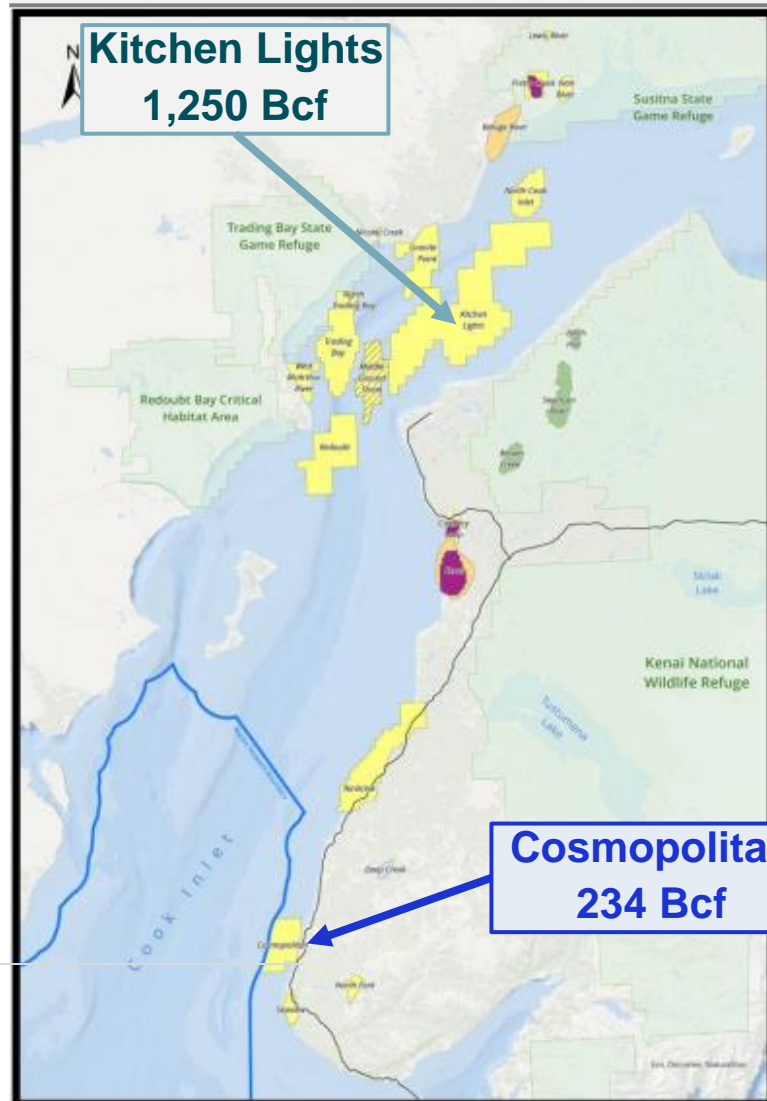
Hilcorp Total Contracted Volumes

~234

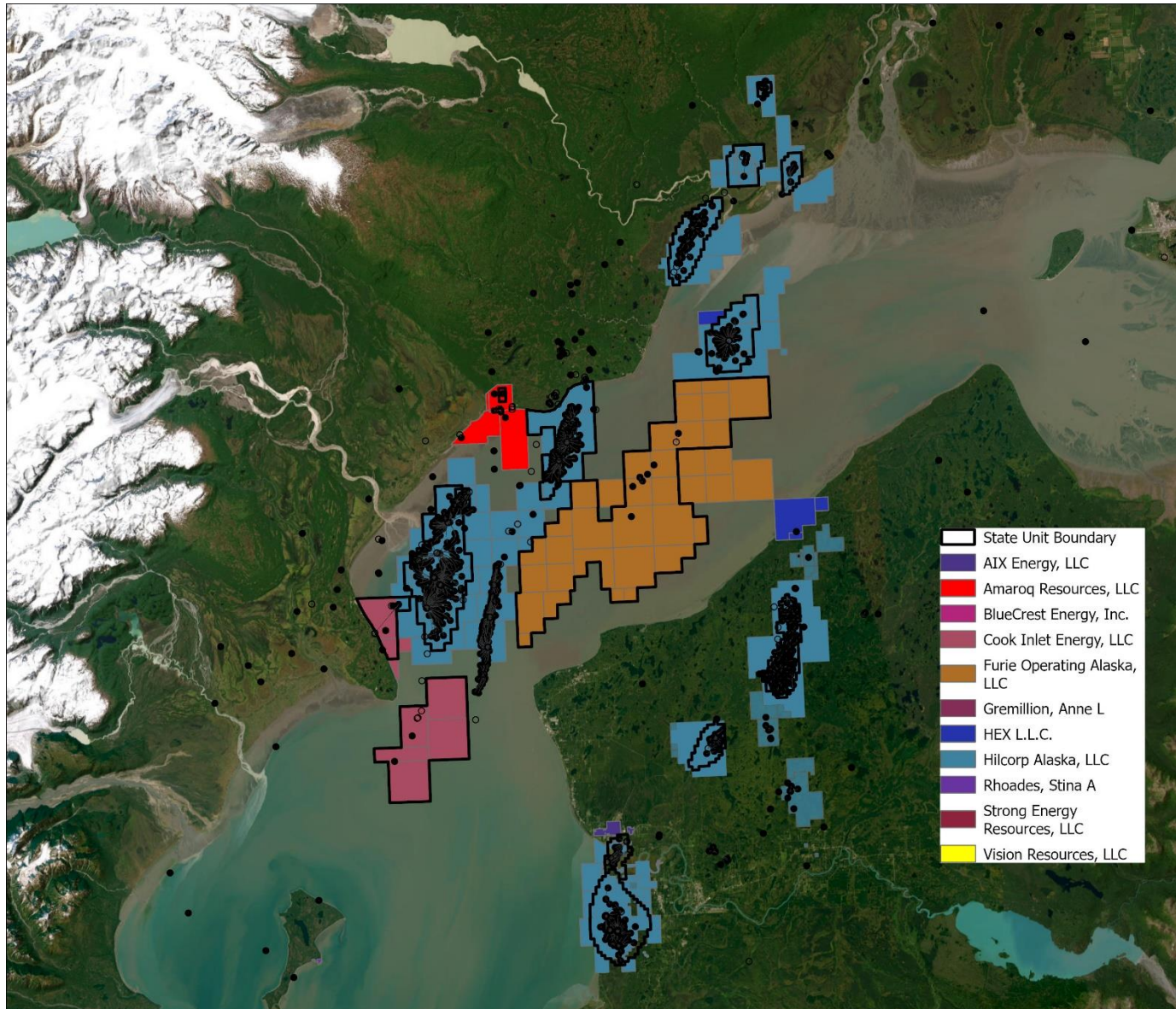


Cosmopolitan

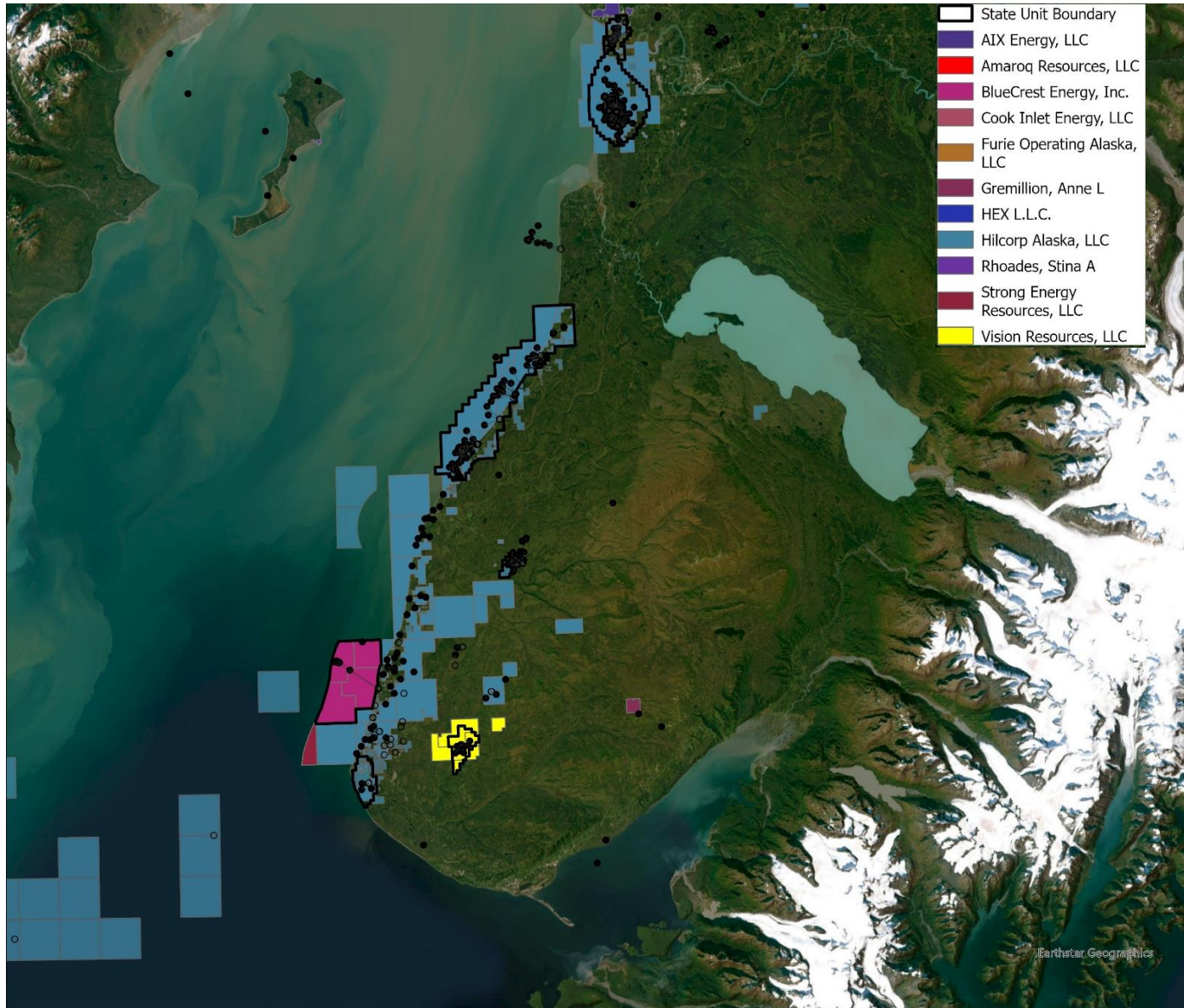
Cook Inlet Resource Map



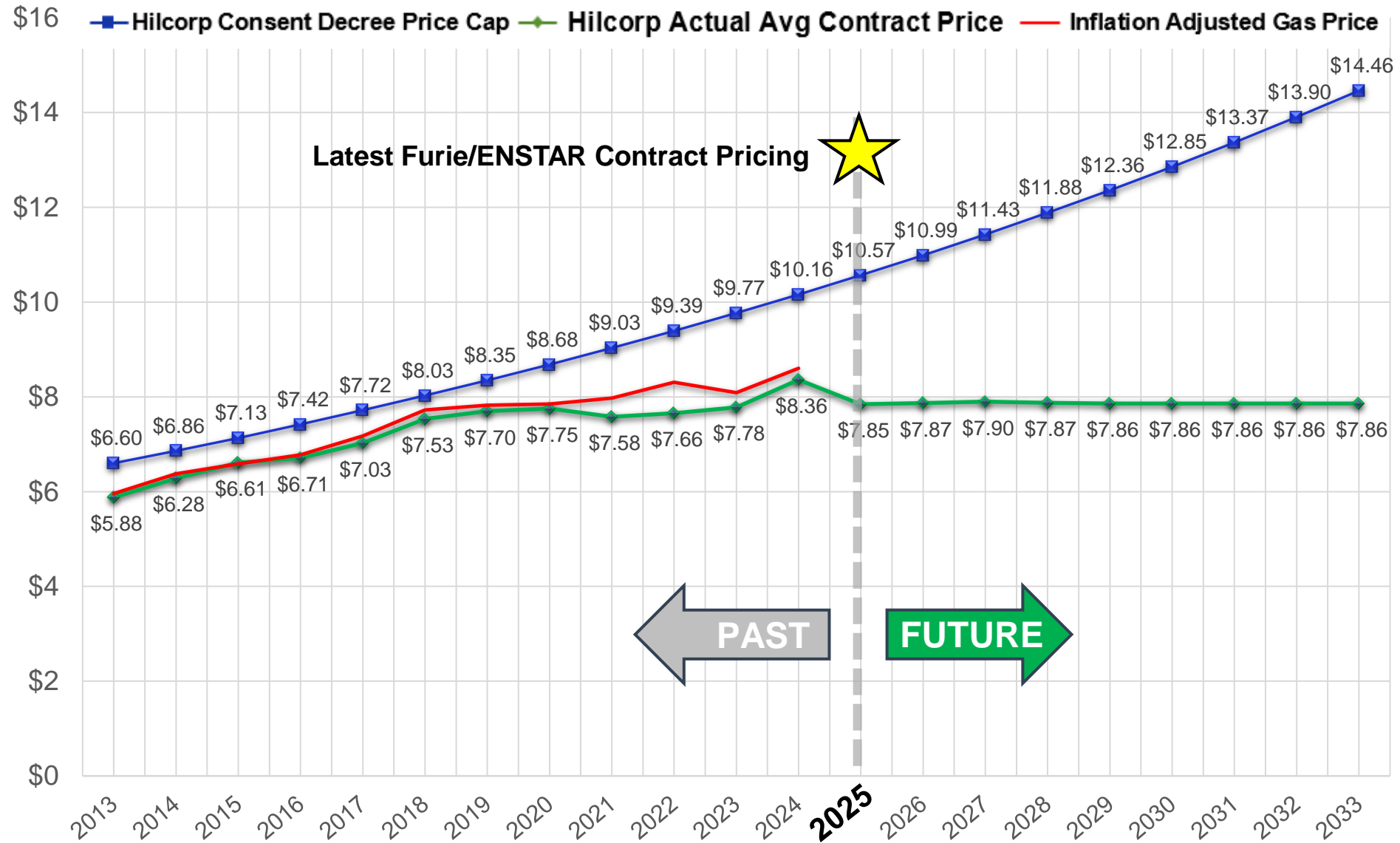
Historic Cook Inlet Well Development



Historic Cook Inlet Well Development



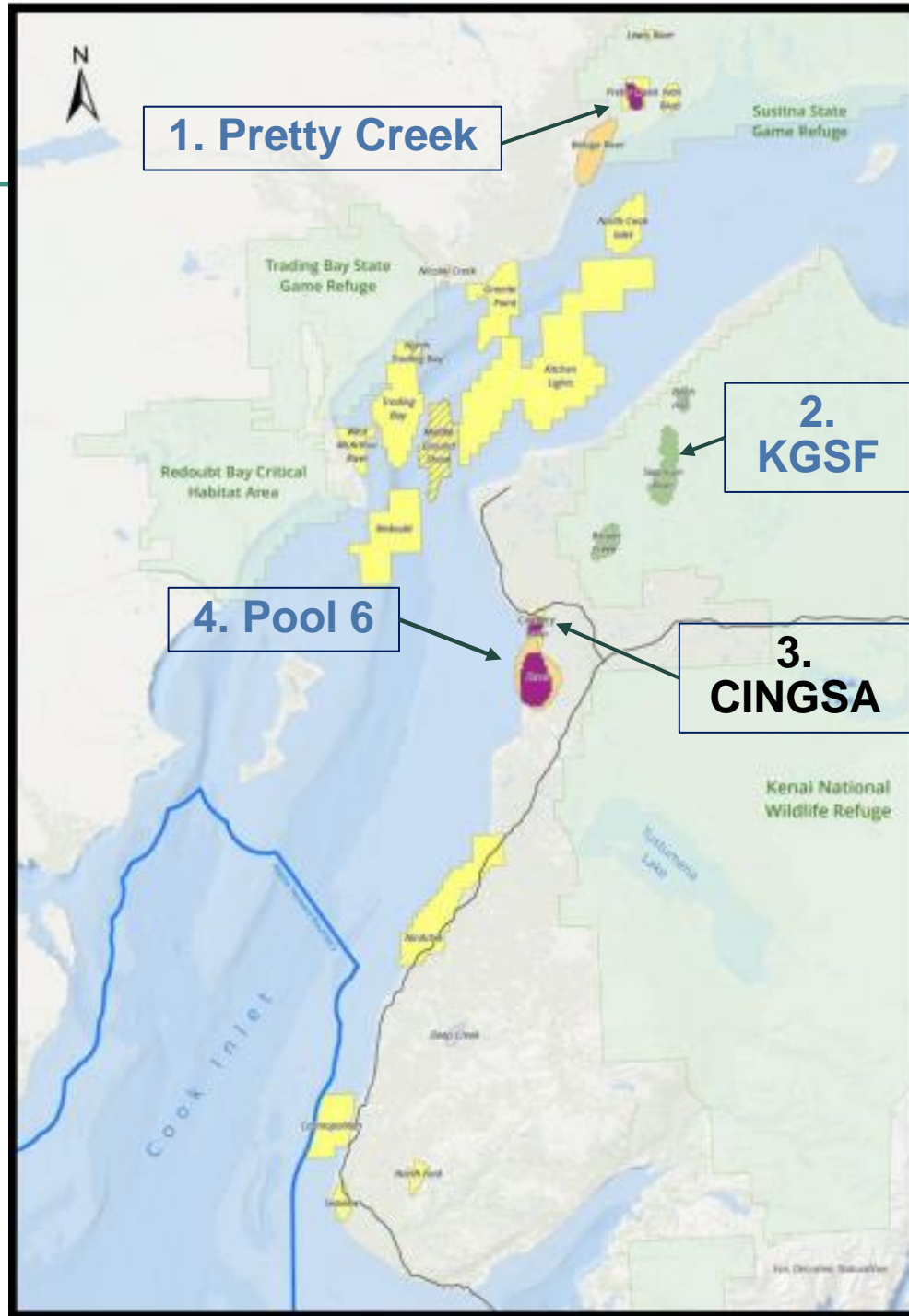
Cook Inlet Gas Pricing



COOK INLET GAS STORAGE FACILITIES

NAME	DELIVER ABILITY	STORAGE	# of Wells
Pretty Creek	8 MMcfd	1.9 Bcf	1
KGSF	65+ MMcfd	3.5 Bcf	5
CINGSA	150 MMcfd	11 Bcf	5
Pool 6	100 MMcfd	20+ Bcf	12

- The region needs access to more gas storage
- Hilcorp invests heavily in gas storage reliability & redundancy
- We want to be part of the solution!





Alaska Team Working Cook Inlet Gas

KENAI TEAM

- Chris Kanyer, Asset Team Lead
- Noel Nocas, Operations Manager
- Chad Helgeson, Operations Engineer
- Scott Warner, Operations Engineer
- Stefan Reed, Operations Engineer
- Taylor Nasse, Facilities Engineer
- Joe Kaiser, Facilities Engineer
- Pete Guerra, Facilities Engineer
- Sierra Becia, Reservoir Engineer
- Meredyth Richards, Reservoir Engineer
- Leah Droege, Reservoir Engineer
- Dan Taylor, Optimization Engineer
- John Salisbury, Geologist
- Sean Wagner, Geologist
- Ashlyn Murphy, Geologist
- Donna Ambruz, Ops Reg Tech

FIELD TEAMS

Cook Inlet operations are led by our dedicated team of operators, mechanics, foreman, technicians and electricians who proudly live and work on the Kenai Peninsula.

COOK INLET TEAM

- Trudi Hallet, Asset Team Lead
- Dan Marlowe, Operations Manager
- Eric Dickerman, Operations Engineer
- Casey Morse, Operations Engineer
- Mark McKinley, Facilities Engineer
- Rachel Kidwell, Facilities Engineer
- Chris Stone, Reservoir Engineer
- Laurie Derrick, Reservoir Engineer
- Matt Petrowsky, Geologist
- Chad Taylor, Geologist
- Juanita Lovett, Ops Reg Tech





Thank You



Hilcorp Alaska

Hilcorp looks forward to continuing to responsibly produce Alaska oil and natural gas, create Alaska jobs and contribute to the State's economy for decades to come.