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The Honorable Berta Gardner
State Senator, District I
State of Alaska
Juneau, Alaska 99801

RE: Senate Bill 44 (SB44)

Dear Senator Gardner:

Thank you for the opportunity to provide comment on SB44. We certainly appreciate the fiscal challenges the State currently faces and the difficult job the current legislature has in identifying effective and sustainable solutions.

Hilcorp, founded in 1989, is one of the largest privately-held oil and natural gas exploration and production companies in the United States. Headquartered in Houston, TX, Hilcorp has nearly 1,500 employees in multiple operating areas including the Gulf Coast of Texas and Louisiana, Wyoming, the Northeast United States, and Alaska's Cook Inlet and North Slope. Here in Alaska, Hilcorp operates in both Cook Inlet and on the North Slope. Just over 500 full-time employees support our operations in Alaska and I'm proud to say that nearly 90% are Alaskan residents. Hilcorp's activity, on average, employs approximately 400 full-time contractor positions and hundreds more part time contractor positions. They are hard-working Alaskans helping Hilcorp develop the State's resources safely and responsibly and are a major part of Alaska's overall economy.

Hilcorp operates approximately 53,000 gross barrels of oil per day and 150 million cubic feet of gross gas sales per day from approximately 500 producing wells, for a total net production to Hilcorp of approximately 57,000 barrels of oil equivalent per day and our activity helped achieve last year's historic increase in North Slope production. It's quite a feat for an operator that's only been on the Slope since late 2014. It's also important to note that we have worked very hard and invested hundreds of millions of dollars in the Cook Inlet basin as well. Our activity has increased both oil and gas production- increasing revenues for paid to the state and providing long-term energy security for Alaska's largest population hub.

Hilcorp continues to invest and works hard to move the needle on oil and gas production. We've made great progress in all three producing fields we operate on the Slope – Northstar, Milne Point and Endicott. We continue to invest time and money in the Liberty Development. It's a project that could add an additional 70,000 barrels a day down the pipeline. Production from new fields can take several years and hundreds of millions of dollars to bring online; maintaining and growing production from existing/aging fields requires significant and continual investments and we are ready and capable to do just that.

I share this information about Hilcorp to demonstrate our commitment to Alaska and to develop the State's resources responsibly. Since our entry into Alaska we have experienced change, uncertainty and an unexpected and hugely impactful drop in oil prices, yet we continue to invest. We continue to provide good paying jobs. In fact, because of our hard work and investment, Hilcorp no longer qualifies for refundable credits.

Simply stated, SB44 represents more change in an already unstable fiscal environment. SB44 does not focus on the one core component that will benefit the State and the industry – it does not incentivize more oil and gas production in Alaska.

During this critical time I urge you to foster stability and a competitive fiscal regime so that companies like Hilcorp can continue to invest capital in Alaska. SB44 does not bring stability. SB44 does not make Alaska more competitive than other areas of the world. We want to keep Alaskans working and put more oil in the pipeline and it is for those reasons we cannot support SB44.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Wilkins', is written over a horizontal blue line.

David S. Wilkins
Senior Vice President
Hilcorp Alaska

cc: Senator Cathy Giessel, Senate Resource Committee Chair
Akis Gialopsos, Staff to Senator Giessel
Samantha Straus, Staff to Senator Gardner