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**Hilcorp Testimony
House Resources Committee
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Good evening Co-Chairs Josephsen and Tarr,

My name is Dave Wilkins and I'm the Senior Vice President for Hilcorp Alaska. I appreciate the opportunity to speak with the resources committee today and to take part in a discussion that is very important to me personally, it's important to my company and to our State.

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. I'm also proud to say that we've worked very hard to build efficiencies over the last several months. We were successful in doing so, and because of that I'm happy to report Hilcorp

has had zero layoffs during this unpredicted drop in oil price. The support industry's willingness to help us weather the storm should not go unmentioned. While they have seen job losses overall, Hilcorp's activity, on average, employs approximately 400 full-time contractor positions and hundreds more part time contractor positions. Again, these are hard-working Alaskans helping us 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. Keep in mind we did not come to Alaska until 2012, so this represents a tremendous investment in Alaska in a very short time period.

Before I go any further, and I realize you've heard this from earlier testimony, but it's worth saying again, from our point of view the system is working.

I'm proud to say that we had a role in 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.

SB21 was in place when Hilcorp made the decision to expand our operations in Alaska to the North Slope. It was a significant investment at a time when prices were significantly higher than they are today.

It's worth mentioning that despite the economic and logistical challenges, 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. We also recently built a new drilling rig for those fields. We call it the Innovation rig, it's a state of the art rig that is already bringing more production online at Milne Point. If the legislature decides to change tax policy again, we will evaluate the economic impact to our company and adjust our spending accordingly.. We believe that the passage of SB21 was a good policy decision, and one that has yielded the results it intended. And as I watch the new legislative session take shape, I'm encouraged to hear that folks are recognizing the value of stability. Production from new exploration plays 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.

I urge you to foster stability let good policy continue to benefit the state in the way it was intended and as a result we will continue to invest our capital in Alaska.

We want to keep Alaskans employed. We want to put more oil in the pipeline, and so I'll close with this...Policy matters, the current system is working. Let's continue to work together, to provide stability not only for the industry but for the State.

Thank you.