



Integrity • Urgency • Ownership • Alignment • Innovation



Questions?





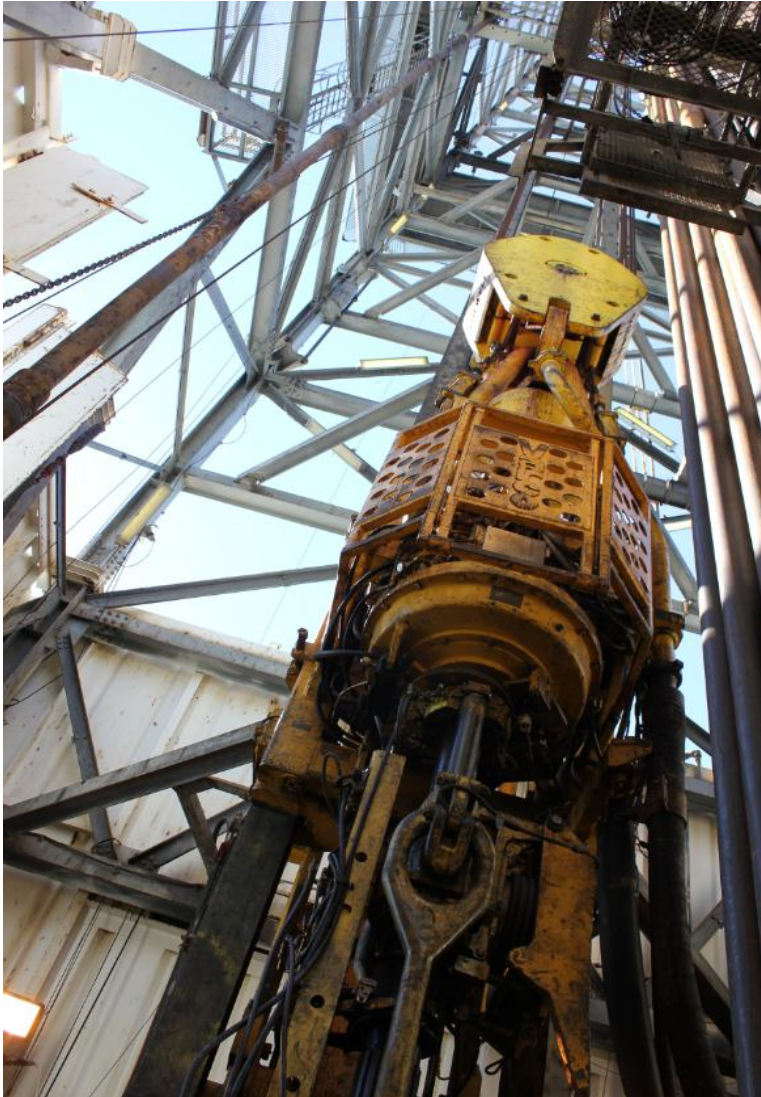
We are often asked...



**Why buy into
Cook Inlet?**



COOK INLET: The positives



Legacy oil and gas basin
with giant fields

Access to land

Rule of law

Stable fiscal policy



The History of Cook Inlet

OIL

First commercial discovery:
1957 at Swanson River Field

First oil production: 1958

Peak oil production:
227,000 BOPD in 1970

December 2011 oil rate:
11,000 BOPD

GAS

First gas encountered: 1950's

First and largest commercial discovery: 1959 Kenai Gas Field

First gas production: 1961

Gas production/sales peak: 2001
212 BCF (580 mmscfd)

Current gas production/sales: 2013
90 BCF (246.5 mmscfd)



TWO WAYS TO INCREASE PRODUCTION

- Exploration
- Redevelopment of old oil and gas fields
(Hilcorp's bread and butter)



COOK INLET ENERGY

Sword #1 Well

FURIE

Setting new platform 2014

Return to KLU 4, Spartan 151

NORDAQ ENERGY

Shadura Development

APACHE

Seismic Permitting for 2014





How do you redevelop an oil & gas field?

“Tear apart” the reservoir.

Get old shut-in wells up and running.

Drill more wells.

Repair or upgrade surface facilities.

SPEND MONEY



Overcoming Challenges

- Weakened support industry
- Insufficient local skilled labor
- Limited to no availability of drilling rigs, tools & specialty equipment to support more activity





Reviving support industry

Saxon Services

Deyo

Upstream International

Williams

Priority Energy

Moncla

Knight Oil Tools

Kauppi Wireline

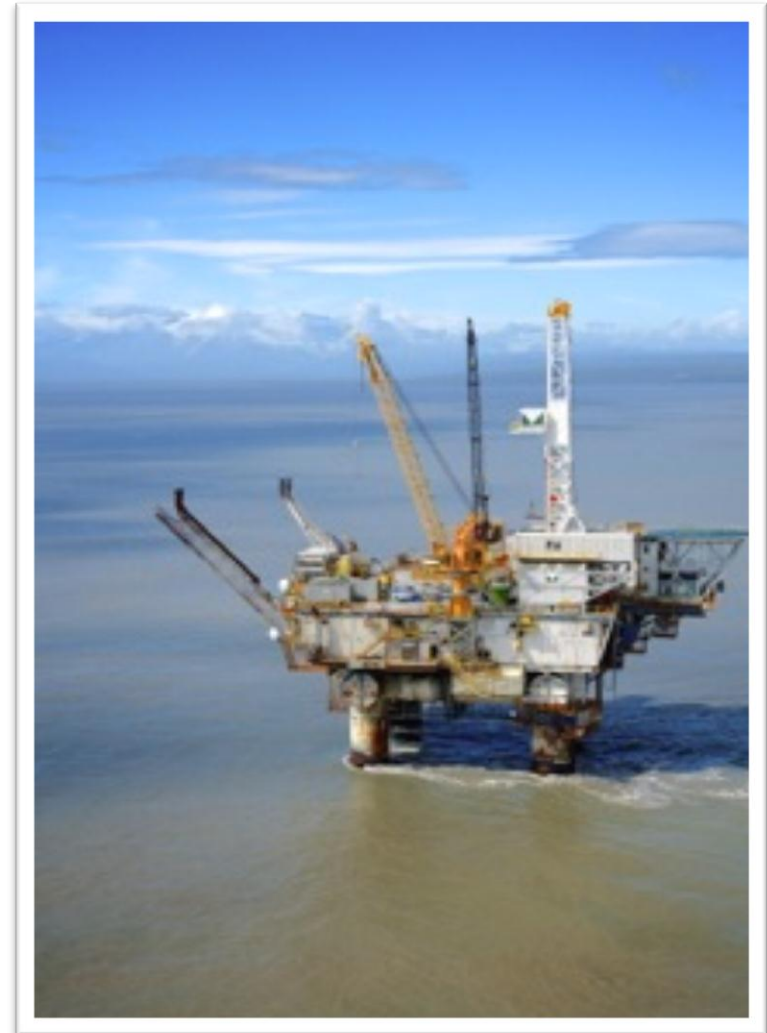
TriPoint

Mountain States Hot Shot

Summit ESP

X-Chem

Geo-Dynamics





How are we moving the needle?

Increased capital investment

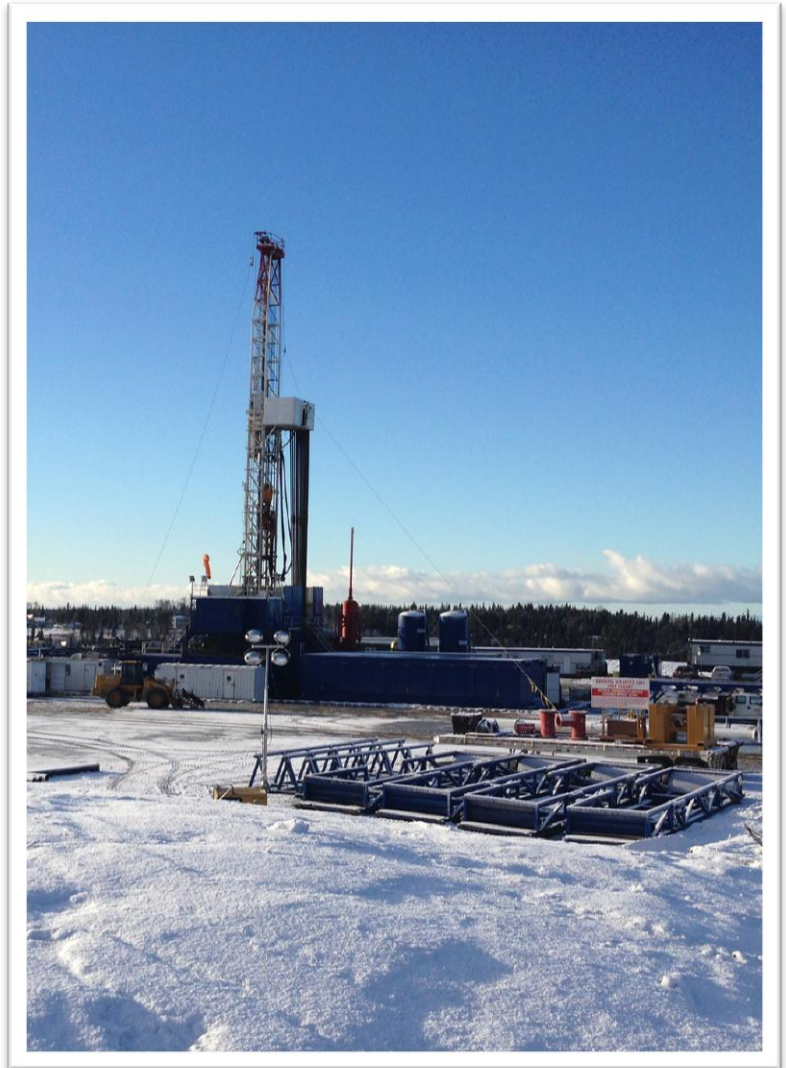
Change in cost structure

Drilling more wells

2 offshore pulling units

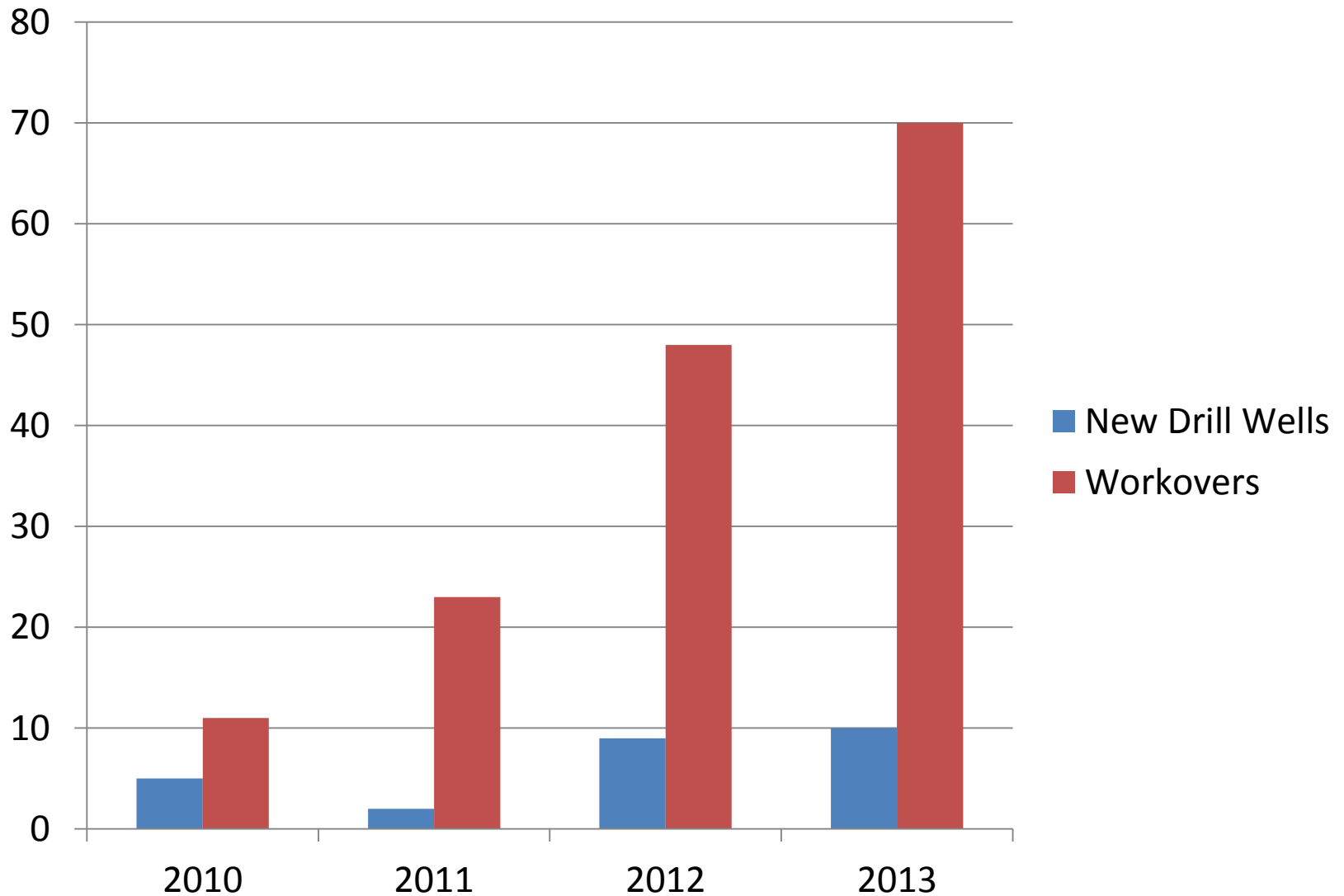
2 land-based drilling rigs

Currently running 7 rigs
onshore and offshore



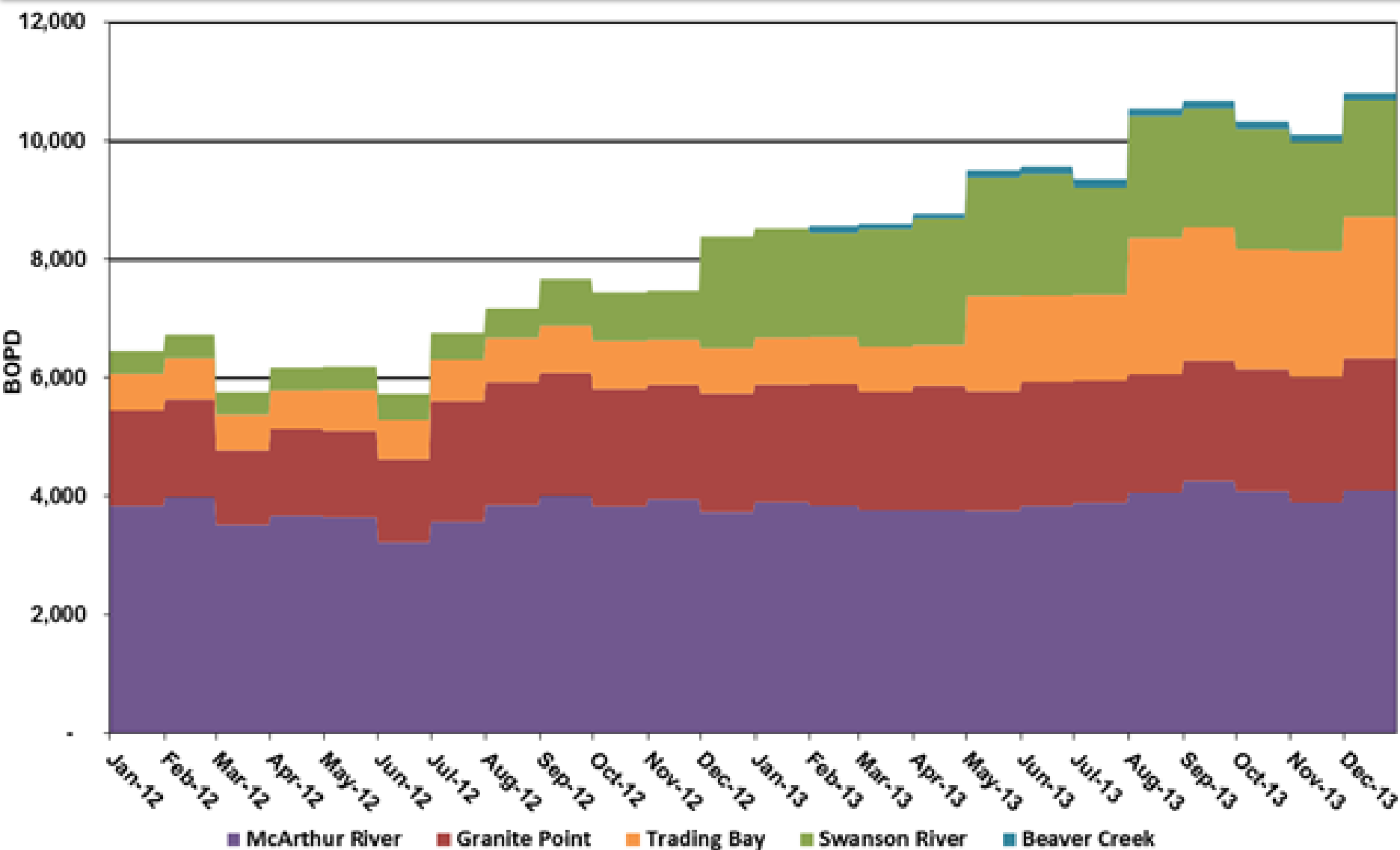


Increased field activity



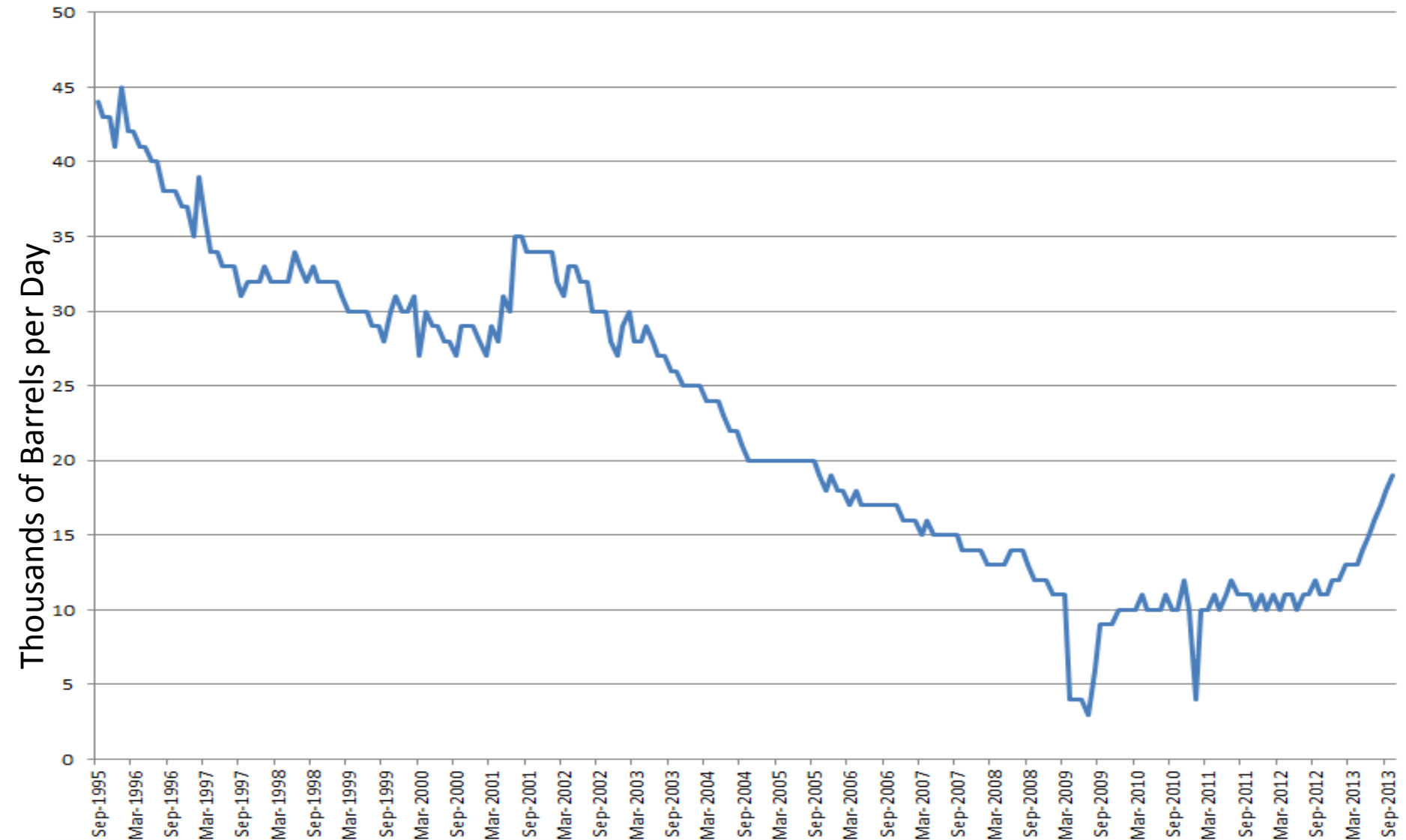


Hilcorp Oil Production



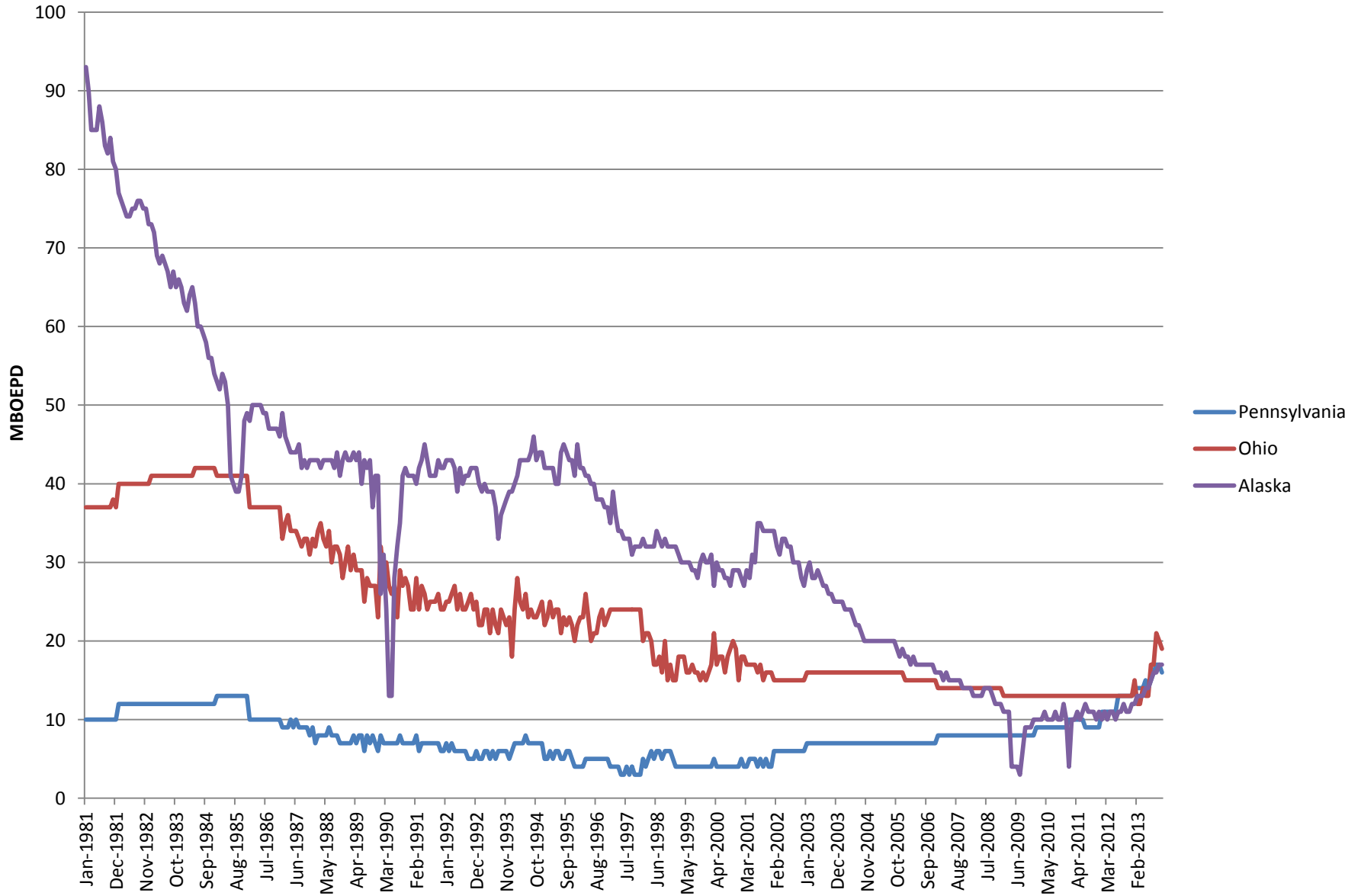


Cook Inlet Oil Production



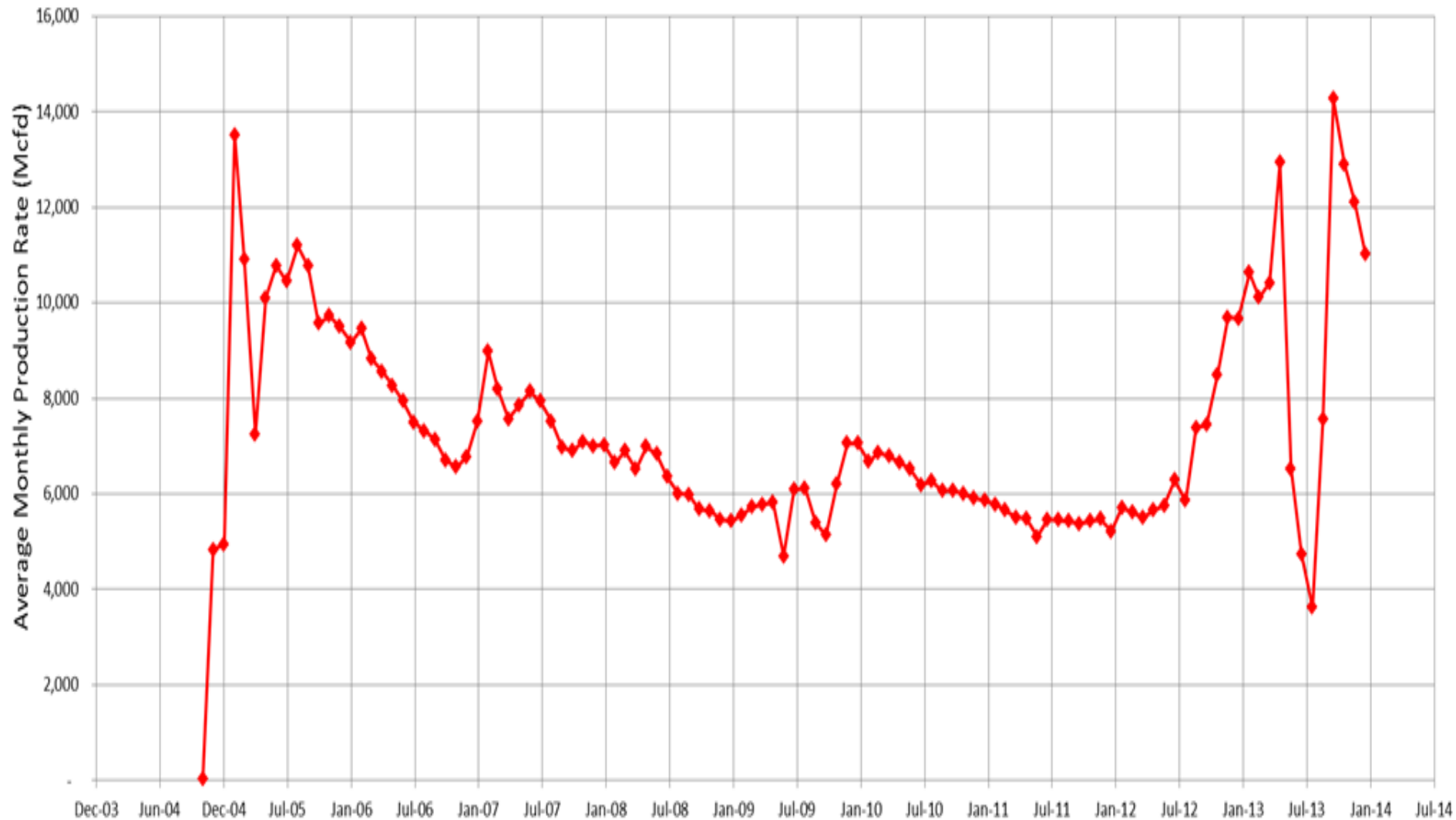


Cook Inlet Oil Production





Happy Valley: Gas Production





NEW GAS

Drilling & Discovering new gas fields

Drilling & proving different targets in existing fields

New production from fields or reservoirs that were abandoned

New production from rock not formerly considered

NOT NEW GAS

Acceleration - Additional rate from producing reservoirs

Storage Drawdown- Pulling gas from storage

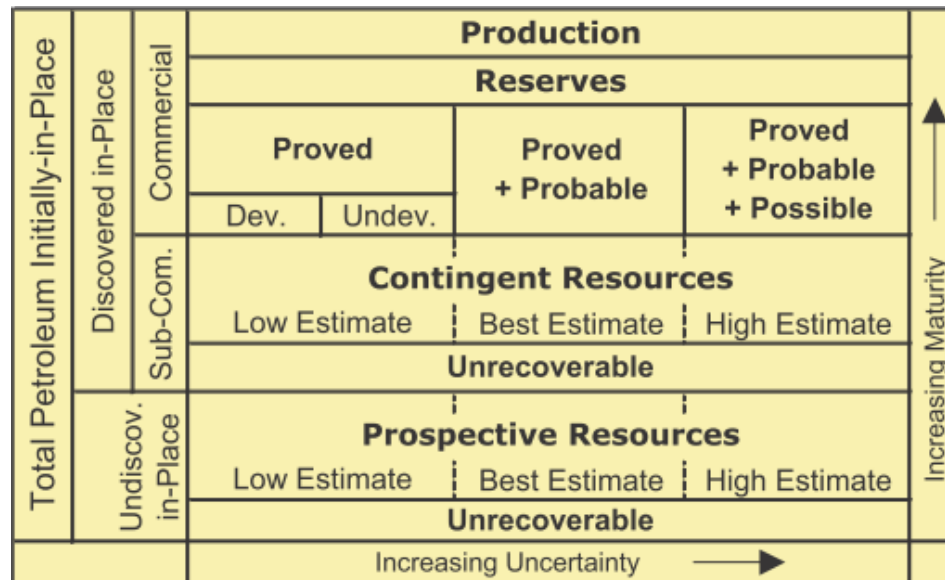


Booking New Reserves

WHAT ARE RESERVES?

The unproduced but recoverable oil and/or gas in place in a formation which has been proven by production.

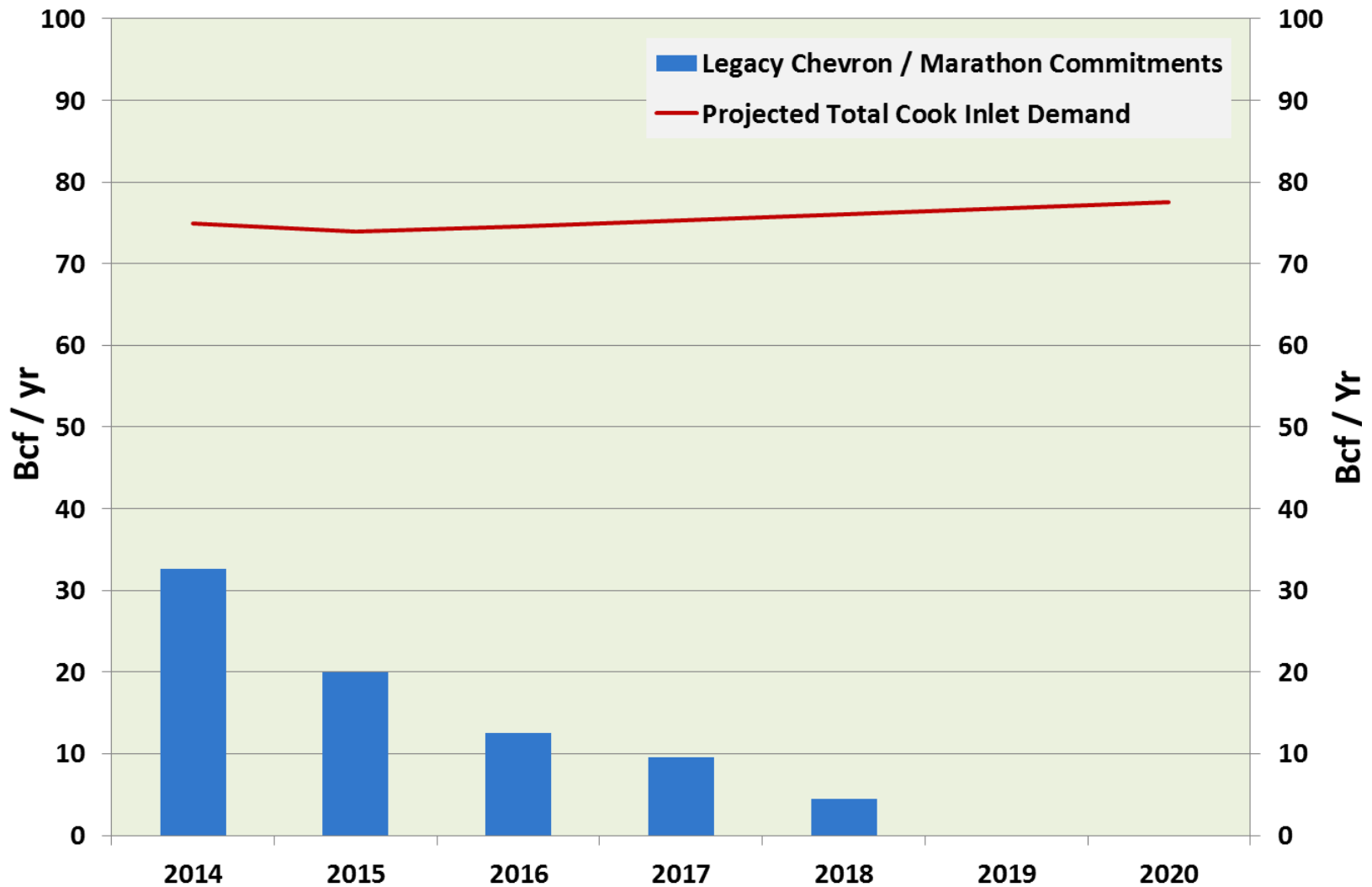
BOOKING RESERVES - A specialized yet non-standardized process.





Selling more gas

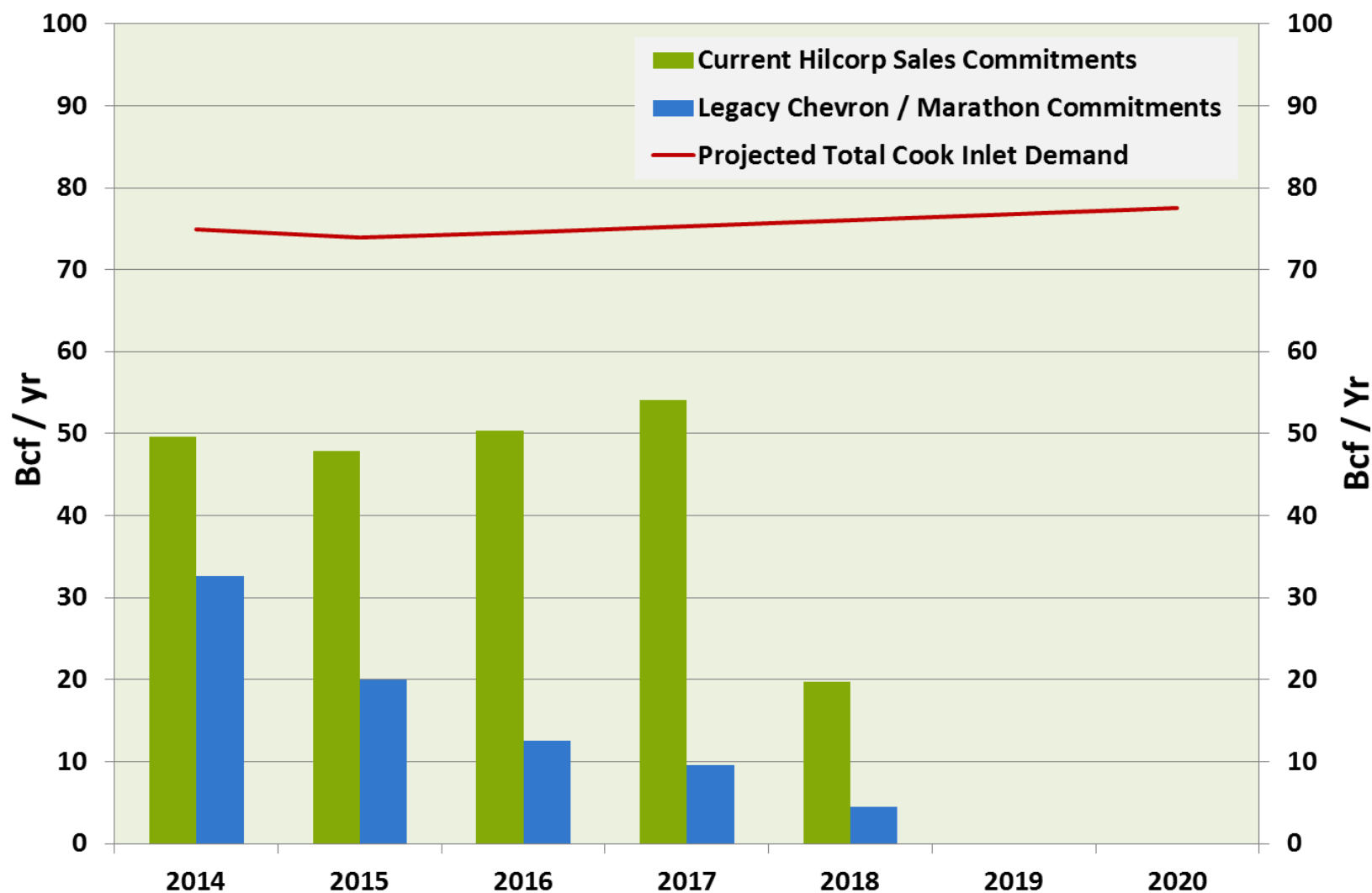
Hilcorp Cook Inlet Gas Commitments vs. Total Demand





Hilcorp Commitments vs. Total Demand

Hilcorp Cook Inlet Gas Commitments vs. Total Demand





LINK GAS DEVELOPMENT WITH FIRM CONTRACTS

- Commit to full volume requested in RFI through March 2018. ✓
- Fund additional upstream development programs as additional volume is contracted ✓

PROVIDE CUSTOMERS WITH 3-4 YEARS LINE OF SIGHT ON SUPPLY ✓

- Annual opportunity to add additional year to contract term ✓

PRODUCE RATABLY FOR EFFICIENT & EFFECTIVE RESERVOIR ✓ **MANAGEMENT**

MAINTAIN OPERATIONAL STORAGE TO PROVIDE BASE-LOAD ✓ **SERVICE WITH SOME DEGREE OF SEASONAL SWING**