



FOR IMMEDIATE RELEASE

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Hilcorp Alaska Subsidiary agrees to purchase Titan Liquefied Natural Gas Facility

ANCHORAGE, AK - November 20, 2014 – Harvest Alaska, LLC (“Harvest”), a wholly-owned subsidiary of Hilcorp Alaska, LLC (“Hilcorp”), is pleased to announce that it has executed an agreement to purchase the Liquefied Natural Gas (LNG) plant located in Port Mackenzie, and related LNG transportation equipment, from Titan Alaska LNG, LLC (“Titan”).

The Titan plant currently has maximum output of 50,000 gallons of LNG per day. The vast majority of the LNG produced is then trucked to Fairbanks, offloaded at Fairbanks Natural Gas’ re-gasification facility, and sold to FNG for pipeline distribution by FNG to its customers, with the small remainder of the LNG being trucked and sold to other purchasers located along the truck route to Fairbanks.

Harvest is interested in expanding the plant’s output after the sale closes. Sean Kolassa, President of Harvest Alaska, says “We’re working to locate the equipment needed to increase production from the Pt. Mackenzie facility. This acquisition provides a great opportunity to supply more Alaskans with less expensive, clean energy.”

Harvest will acquire Titan’s LNG trucks and trailers and will continue to transport the LNG to Fairbanks via truck. Due to the plant’s close proximity to the Port Mackenzie rail extension currently under construction, Harvest may also construct a short rail spur to deliver LNG to Fairbanks via railcar. Railcars provide another safe, reliable and efficient option to transport LNG.

Hilcorp currently produces 100% of the natural gas that supplies the LNG facility. Hilcorp’s gas sales to Fairbanks utilities will continue under Consent Decree pricing set forth by the State in 2013. While costs for processing and transportation will be additional, the final delivered price will still provide consumers in the interior a cheaper source of energy than fuel oil.

Over the past three years Hilcorp has managed to increase natural gas production from its Cook Inlet properties by almost 40%. Capital projects, drilling, facility and maintenance projects have all been a part of the nearly \$1 Billion investment Hilcorp has made since it first entered into the Cook Inlet in 2012. Kurt Gibson, Vice President of Hilcorp’s Marketing Division in Alaska, said “Our success in Cook Inlet allows us to provide more affordable energy to a greater number of Alaskans.”

Harvest anticipates making employment offers to all nine full-time Titan employees that currently operate the Pt. Mackenzie facility. Hilcorp also remains committed to continued long-term investment in Cook Inlet and strives to provide Alaskan produced energy to Alaskans first.

The transaction is expected to close pending receipt of all necessary government and regulatory approvals.

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