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January 29, 2018

State of Alaska
30th Legislature
House Resources Committee

RE: House Bill 288

Chairwoman Tarr, Chairman Josephson and Members of the Committee,

Thank you for giving Hilcorp Alaska the opportunity to provide written comments on House Bill 288 (HB 288). As you know, Hilcorp operates in both Cook Inlet and on the North Slope. Just over 500 full-time employees support our operations here in Alaska, 90% of which are Alaskan residents. Hilcorp's activity, on average, also employs approximately 400 full-time contractor positions and hundreds more part-time. 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 hundreds of wells across Alaska. We are proud to have contributed to the second year of increased North Slope production. We plan to do the same in 2018, making investments that will not only increase production but increase reserves and continue to support hundreds of good paying jobs in Alaska. We're also making great progress with the Liberty Project, building Moose Pad and plan to drill nearly 20 new wells on the Slope this year. In fact, our upstream investments alone are forecast to be in excess of \$285 million in 2018.

In addition, our midstream division, Harvest Alaska, has already begun work on the Cross Inlet Extension project. It's a \$75 million project that will extend the life of Cook Inlet Oil & Gas Industry by reducing costs and tanker traffic in Cook Inlet. We also plan to drill up to 10 wells in Cook Inlet this calendar year. What's our goal in all of this? Put simply, to increase both oil and gas production year over year. As you know, increased production means increased revenue for the State.

Now, more than ever, the State needs more production from both new and old fields. New fields can take several years and hundreds of millions of dollars to bring online. The multiple changes to the tax structure over the last several years do not provide the stability companies need to commit to capital intensive long-term projects. Maintaining and growing production from existing fields also requires significant and continual investment. HB288 represents another significant change to Alaska's tax structure; a change that will substantially increase costs. This bill would force us to cut our spending in Alaska and hinders our ability to increase production.

I urge this committee to make decisions that foster stability so that companies like Hilcorp Alaska can continue to invest capital in Alaska. Thank you for your service to Alaska and your consideration of these comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Wilkins', with a stylized, sweeping flourish extending to the right.

David S. Wilkins
Senior Vice President
Hilcorp Alaska