



Hilcorp Alaska, LLC

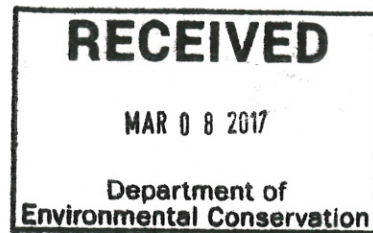
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March 8, 2017



Geoff Merrell
State On Scene Coordinator
Alaska Department of Environmental Conservation
555 Cordova Street
Anchorage, AK 99501

Re: Middle Ground Shoal Platform, Natural Gas Pipeline Release
Request dated February 27, 2017, for Shutdown Contingency Plan

Dear Mr. Merrell:

We are responding to the Department of Environmental Conservation ("Department") February 27, 2017, request that Hilcorp Alaska, LLC ("Hilcorp") provide the Department with a contingency plan for evacuating the 8" fuel gas line ("Pipeline") in the Middle Ground Shoal ("MGS") pipeline system. Hilcorp confirmed a leak on the Pipeline on February 7, 2017, and the Department letter indicated that a shutdown may become necessary depending on the results of a sampling and monitoring program that Hilcorp is implementing in the Cook Inlet. The letter asked Hilcorp to submit the contingency plan by March 13, 2017.

Subsequent to the Department's request, on March 3, 2017, the Pipeline and Hazardous Materials Safety Administration ("PHMSA") issued a Notice of Proposed Safety Order ("Notice") to Hilcorp regarding the Pipeline leak. PHMSA is responsible for regulating the operation, maintenance, integrity, safety, and emergency response of the Pipeline, which is subject to the requirements for gas transmission pipelines in 49 C.F.R. Part 192. The Notice contains preliminary findings based on PHMSA's ongoing investigation of the leak and proposes several corrective measures to safeguard the integrity of the Pipeline.

As PHMSA acknowledges in the preliminary findings, shutting down the Pipeline would create a risk of a crude oil spill in the Upper Cook Inlet. Hilcorp also believes that risks to platform personnel would be created in a shutdown scenario. The Notice includes a proposal (Proposed Action #5) to require Hilcorp to develop and submit to the Western Region Director for review and approval a contingency plan for shutdown of the Pipeline in the event that operations must be modified. Hilcorp is preparing a contingency plan and will continue those efforts.

Given the proposals in the Notice and the risks associated with shutdown of the Pipeline, the crude oil pipeline, and four platforms in the middle of winter, Hilcorp will need to work closely with PHMSA to finalize the contingency plan and address the other proposed corrective measures in the Notice. Hilcorp

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is committed to taking whatever actions may be necessary to ensure the safety and integrity of the Pipeline and will keep the Department informed of these efforts.

Since Hilcorp is required to work with PHMSA on the contingency plan, we are providing PHMSA with a copy of this letter. Normally we would send copies to those copied on the February 27 letter requesting the contingency plan. Except for PHMSA and other federal authorities, we will direct requests for copies of this letter to the Department.

If you have any questions or concerns regarding this letter, please feel free to contact either myself or the appropriate Hilcorp staff member as we continue to work with you on our ongoing response to this event.

Sincerely,



David Wilkins

cc: Tom Johnson, PHMSA