

April 9, 2012

Senate Judiciary "A" Committee

Mr. Chairman and Committee Members:



Hilcorp Energy Company is one of the largest privately held independent oil and gas exploration and production companies in the country. Based in Houston, we started with three people in 1989 and have grown to now nearly 1,000 employees, 270 of which work in Louisiana. We have interests in more than 3,000 wells along the U.S. Gulf Coast, offshore Gulf of Mexico, the Rockies and Alaska.

Part of Hilcorp's success has been to see value where others don't. We work hard and employ the latest technology to extract oil and gas from mature fields – fields that previous operators have given up on because they were perceived as too expensive, too mature or both. When it comes to oil and gas production, we think of ourselves as being responsible for squeezing the last recoverable energy out of a field, thereby maximizing our country's energy reserves.

Hilcorp is the largest producer of crude oil in the State of Louisiana. According to DNR records for 2010, approximately one in every seven barrels of oil extracted in Louisiana resulted from Hilcorp's production. Hilcorp has directly paid over \$1 billion in severance taxes and royalties to the State of Louisiana since 2007 and has injected an additional \$4 billion into the Louisiana economy in the form of payroll, capital investment and landowner royalties during this same period. While these are significant sums of money that directly benefit the citizens of Louisiana, uncontrolled legacy litigation has had a negative effect on Hilcorp's business decisions in Louisiana.

As you know, all businesses rely on government to provide a climate of legal certainty, regulatory predictability and tax stability in which to make capital investment decisions. Unfortunately, Louisiana is becoming a less attractive place for Hilcorp to invest, based largely on the hundreds of legacy lawsuits being filed which seek absurd damage awards.

Hilcorp currently operates in 10 states. But nowhere, not Texas, not Wyoming and not Alaska, do we operate in a legal environment like Louisiana. In none of the other states that we operate do we face the threat of environmental lawsuits that claim damages in the hundreds of millions of dollars for activities that took place decades ago with little or no ability to actually remediate environmental issues. Unfortunately, legacy lawsuits appear to be a growth industry in Louisiana with no signs of abating. The consequences of inaction are dire for our business and for the industry as a whole.

At Hilcorp, one of our core values is integrity ("Do the right thing"). In this instance, the right thing is finding a solution that provides for timely and effective remediation of legitimate environmental damage. We strongly offer our support of Senate Bill 443.

Sincerely,

Jeffery D. Hildebrand
Chief Executive Officer