

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION
333 West 7th Avenue, Suite 100
Anchorage, Alaska 99501

Re: **THE APPLICATION OF**) Area Injection Order No. 2B.044
CONOCOPHILLIPS ALASKA,) (Amended)
INC. for Administrative Approval) Kuparuk River Unit
amendment authorizing extension to) West Sak Oil Pool
May 23, 2013 of the West Sak)
Viscosity Reducing Water Alternating) November 26, 2012
Gas Pilot Project (VRWAG).)
)

By letter dated November 7, 2012, ConocoPhillips Alaska, Inc. (CPAI) requested administrative approval to extend the Viscosity Reducing Water Alternating Gas Pilot Project (VRWAG) operations for an additional six months to May 23, 2013.

In accordance with Rule 9 of Area Injection Order (AIO) 2B, the Alaska Oil and Gas Conservation Commission (AOGCC) hereby **GRANTS** ConocoPhillips Alaska Inc. (CPAI)'s request for administrative approval to extend the pilot project operations for an additional 6 months to May 23, 2013.

CPAI reported to AOGCC on September 28, 2012 the status of the VRWAG pilot project for the period July 1, 2011 through June 30, 2012. The report satisfied condition 5) of AIO 2B.044 and supports AOGCC's continued approval of the pilot project. Accordingly, the AOGCC believes that the project does not compromise overall well integrity so as to threaten human safety or the environment.

AOGCC's approval to continue and extend the VRWAG pilot project is conditioned on AIO2B rules, and AIO2B.044 as amended herein:

1. This authorization expires **May 23, 2013**.
2. The VRWAG pilot project must be conducted in accordance with the plan described in the VRWAG Application (as originally attached to AIO2B.044) and all applicable regulations. No changes may be made to the plan without prior approval of the Commission.
3. The operator must notify the Commission at least 10 days before beginning the VRWAG injection program,
4. Prior to commencement of gas injection activities, the operator must submit an Application for Sundry Approvals (Commission Form 10-403) for each proposed VRWAG injection well and obtain approval from the Commission as to the mechanical integrity of the proposed injection well and the nearby wells to ensure there are no conduits that would allow injected fluids to escape from the intended interval.
5. By September 30th of each year, beginning in 2010, the operator must provide to the Commission a report on the status of the VRWAG pilot project. The

- reporting period shall be July 1st through June 30th of the preceding year. The report shall include:
- a. a discussion of project performance and achievements during the reporting period;
 - b. injection performance and EOR response;
 - c. an analysis of any special monitoring or testing completed during the reporting period;
 - d. a discussion of any matrix-bypass events occurring during the reporting period and what steps were or will be taken to address these events; and
 - e. any other technical issues or anomalies observed during the reporting period.
6. Within 6 months of the completion of the VRWAG pilot project, the operator must submit to the Commission a report evaluating the effectiveness of the VRWAG process and comparing actual to predicted performance.
 7. Any expansion of the pilot project shall require the issuance of a new area injection order after the opportunity for public comment and hearing.
 8. If there is any indication of pressure communication or leakage in a pilot VRWAG injection well, the operator must immediately 1) discontinue gas injection in that well, and 2) notify the Commission.
 9. If there is any evidence of repressurization of annuli in wells offsetting the VRWAG injectors, gas injection must be discontinued in all VRWAG injectors that could potentially be the source of the repressurization. If the source well(s) can not be readily identified, the operator must immediately cease all gas injection authorized by this administrative approval. The operator must notify the Commission that gas injection has been discontinued.
 10. VRWAG injection in any well shut in under condition 8 or 9 above may not be recommenced without prior Commission review and approval.

DONE at Anchorage, Alaska and dated November 26, 2012.



Cathy P. Foerster
Chair, Commissioner



Daniel T. Seamount, Jr.
Commissioner



John K. Norman
Commissioner



RECONSIDERATION AND APPEAL NOTICE

As provided in AS 31.05.080(a), within **20** days after written notice of the entry of this order or decision, or such further time as the AOGCC grants for good cause shown, a person affected by it may file with the AOGCC an application for reconsideration of the matter determined by it. If the notice was mailed, then the period of time shall be **23** days. An application for reconsideration must set out the respect in which the order or decision is believed to be erroneous.

The AOGCC shall grant or refuse the application for reconsideration in whole or in part within 10 days after it is filed. Failure to act on it within 10-days is a denial of reconsideration. If the AOGCC denies reconsideration, upon denial, this order or decision and the denial of reconsideration are **FINAL** and may be appealed to superior court. The appeal **MUST** be filed within **33** days after the date on which the AOGCC mails, **OR 30** days if the AOGCC otherwise distributes, the order or decision denying reconsideration, **UNLESS** the denial is by inaction, in which case the appeal **MUST** be filed within **40** days after the date on which the application for reconsideration was filed.

If the AOGCC grants an application for reconsideration, this order or decision does not become final. Rather, the order or decision on reconsideration will be the **FINAL** order or decision of the AOGCC, and it may be appealed to superior court. That appeal **MUST** be filed within **33** days after the date on which the AOGCC mails, **OR 30** days if the AOGCC otherwise distributes, the order or decision on reconsideration. As provided in AS 31.05.080(b), “[t]he questions reviewed on appeal are limited to the questions presented to the AOGCC by the application for reconsideration.”

In computing a period of time above, the date of the event or default after which the designated period begins to run is not included in the period; the last day of the period is included, unless it falls on a weekend or state holiday, in which event the period runs until 5:00 p.m. on the next day that does not fall on a weekend or state holiday.