

STATE OF ALASKA

ALASKA OIL AND GAS CONSERVATION COMMISSION

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ADMINISTRATIVE APPROVAL AIO 34.003

Mr. J. Patrick Foley
Pioneer Natural Resources Alaska
700 G Street, Suite 600
Anchorage, AK 99501

RE: Application to Amend Rule 3 of Area Injection Order No. 34
Oooguruk-Nuiqsut Oil Pool, Oooguruk Unit

Dear Mr. Foley:

In accordance with Rule 10 of Area Injection Order No. 34 (AIO 34) for the Oooguruk-Nuiqsut Oil Pool, the Alaska Oil and Gas Conservation Commission (Commission) conditionally GRANTS a portion of the request of Pioneer Natural Resources Alaska (Pioneer) for administrative approval to employ injection of glycol and water mixtures for enhanced recovery purposes.

By application dated April 23, 2010, Pioneer requests authority to inject glycol and water mixtures for enhanced recovery purposes in the Oooguruk-Nuiqsut Oil Pool of the Oooguruk Unit. Pioneer's request also notified the Commission of the unauthorized injection of glycol and water volumes in the Oooguruk-Kuparuk Oil Pool of the Oooguruk Unit during the second quarter of 2009 during commissioning of the Oooguruk injection water pipeline and injection well ODSK-38. Based upon the volume and operations information provided by Pioneer, no glycol and water mixture has been injected into the Nuiqsut pool.

Non-hazardous fluids are authorized for injection at Oooguruk for purposes of enhanced oil recovery and reservoir pressure maintenance. AIO 34 provides for the approval of other fluids by administrative action. Glycol and water mixtures were employed during pressure testing and for freeze protection in pipelines that connect Oooguruk Island to shore. Glycol and water mixtures have been authorized for injection for enhanced recovery purposes in other North Slope fields to maintain reservoir pressure and as a beneficial reuse of fluids as a sensible waste management practice.

Pioneer believes that injecting glycol and water mixtures will not have a detrimental impact on enhanced oil recovery from the Oooguruk-Nuiqsut Oil Pool based on similar injection operations in other North Slope fields. However, compatibility of glycol with Oooguruk-Nuiqsut reservoir has not been sufficiently demonstrated.

The Commission has determined that the proposed action does not require notice and public hearing, will not promote waste or jeopardize correlative rights, is based on sound engineering and geoscience principles, and will not result in an increased risk of fluid movement into freshwater. Therefore, in accordance with Rule 10 of AIO 34, the

Commission temporarily administratively amends Rule 3 of AIO 34 to allow the injection of glycol and water mixtures for enhanced recovery purposes subject to the following conditions.

1. Injection of glycol and water mixtures is approved within the affected areas of AIO 34 in the Oooguruk-Nuiqsut Oil Pool until December 31, 2010.
2. Quarterly injectivity plots must be provided to the Commission for each Nuiqsut well receiving a mixture of glycol and water by July 15, 2010, October 15, 2010, and January 17, 2011.
3. A separate application for permanent approval for injection of mixtures of glycol and water for enhanced recovery purposes into the Oooguruk-Nuiqsut Oil Pool must be made no earlier than October 31, 2010.

The injection of any other fluids, or mixtures of the above fluids, shall be approved by separate administrative action.

This administrative approval does not exempt you from obtaining additional permits or approvals required by law from other governmental agencies.

~~DONE~~ at Anchorage, Alaska and dated May 19, 2010.




Daniel T. Seamount, Jr.
Commissioner, Chair


Cathy P. Foerster
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 Commission grants for good cause shown, a person affected by it may file with the Commission 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 Commission 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 Commission 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 Commission mails, **OR 30** days if the Commission 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 Commission 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 Commission, and it may be appealed to superior court. That appeal **MUST** be filed within **33** days after the date on which the Commission mails, **OR 30** days if the Commission 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 Commission 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.