

STATE OF ALASKA

ALASKA OIL AND GAS CONSERVATION COMMISSION

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ADMINISTRATIVE APPROVAL AIO 33.004 ADMINISTRATIVE APPROVAL AIO 34.004

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

RE: Application to Amend Rule 3 of Area Injection Orders
No. 33 Oooguruk-Kuparuk Oil Pool &
No. 34 Oooguruk-Nuiqsut Oil Pools
Oooguruk Unit

Dear Mr. Foley:

In accordance with Rule 10 of Area Injection Order (AIO) 33, Oooguruk-Kuparuk Oil Pool, and AIO 34, Oooguruk-Nuiqsut Oil Pool, the Alaska Oil and Gas Conservation Commission (Commission) **GRANTS** Pioneer Natural Resources Alaska's (Pioneer) request for administrative approval to employ seawater from the Prudhoe Bay Unit Seawater Treatment Plant for enhanced recovery at Oooguruk. At this time, the Commission **DENIES**, without prejudice, Pioneer's request to add methanol (< 100 bbls) as an enhanced recovery fluid.

Due to a fuel gas line failure, ConocoPhillips Alaska, Inc. (CPAI) is unable to operate the Kuparuk Seawater Treatment Plant (STP). CPAI provides water from the plant to Pioneer to use for enhanced oil recovery (EOR) operations at Oooguruk. By electronic messages, dated November 3 and 4, 2010, Pioneer requested that the Commission approve methanol (< 100 bbls) as an EOR fluid should it be necessary to remove the water from the Oooguruk subsea water supply line. Based on additional information that normal seawater supply could be available over the coming weekend, Pioneer subsequently requested the authorization to use seawater from Prudhoe Bay Unit (PBU) Seawater Treatment Plant (STP) for enhanced recovery injection purposes at the Oooguruk Unit. Pioneer is proposing to truck seawater from PBU STP and pump it into the water supply line to the island to maintain a minimum flow until the normal water supply is restored.

The Beaufort Sea is the raw water source for both seawater treatment plants and similar processes of filtering and de-aerating are employed in each plant.

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 AIOs 33 and 34, the Commission administratively amends the Rule 3 authorizing seawater from Prudhoe STP to be employed for enhanced recovery in the Oooguruk-Kuparuk and Oooguruk-Nuiqsut Oil Pools.

Rule 3 of AIO 33 is hereby amended to read as follows:

Rule 3 Authorized Fluids for Enhanced Recovery

Fluids authorized for injection are:

- a. source water from the Kuparuk **or Prudhoe Bay** sea water treatment plants;
- b. injection water provided by the Kuparuk Field;
- c. produced water from the Oooguruk-Kuparuk and Oooguruk-Nuiqsut Oil Pools;
- d. tracer survey liquid to monitor reservoir performance;
- e. biocide-treated and oxygen-scavenged sea water extracted from Harrison Bay, adjacent to the Oooguruk Drill Site (ODS);
- f. biocide-treated and oxygen-scavenged water from the ODS shallow water source wells;
- g. biocide-treated and oxygen-scavenged effluent from the ODS reverse osmosis unit; and
- h. mixtures of the fluids described in (e), (f) and (g) above.
- i. non-hazardous glycol and water mixtures

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

Rule 3 of AIO 34 is hereby amended to read as follows:

Rule 3 Authorized Fluids for Enhanced Recovery

Fluids authorized for injection are:

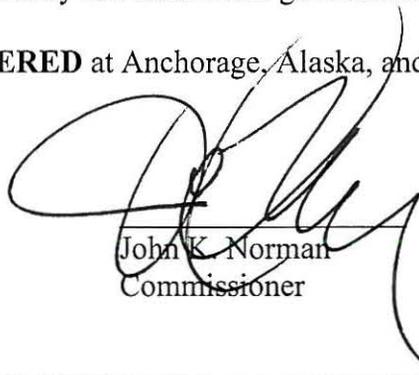
- a. source water from the Kuparuk **or Prudhoe Bay** sea water treatment plants;
- b. injection water provided by the Kuparuk Field;
- c. produced water from the Oooguruk-Kuparuk and Oooguruk-Nuiqsut Oil Pools;
- d. tracer survey liquid to monitor reservoir performance;
- e. biocide-treated and oxygen-scavenged sea water extracted from Harrison Bay, adjacent to the Oooguruk Drill Site (ODS);
- f. biocide-treated and oxygen-scavenged water from the ODS shallow water source wells;
- g. biocide-treated and oxygen-scavenged effluent from the ODS reverse osmosis unit;

- h. mixtures of the fluids described in (e), (f) and (g) above; and
- i. natural gas provided by the KRU CPF-3.
- j. 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.
 - i. Quarterly injectivity plots must be provided to the Commission for each Nuiqsut well receiving a mixture of glycol and water by July 15, 2010 and January 17, 2011.
 - ii. 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.

ENTERED at Anchorage, Alaska, and dated November 4, 2010.



John K. Norman
Commissioner



Cathy P. Foerster
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.