



**ADMINISTRATIVE APPROVAL  
AREA INJECTION ORDER NO. 34.006**

Mr. Dave Hart  
Sr. Operations Manager  
Caelus Energy Alaska  
700 G Street, Suite 600  
Anchorage, AK 99501

Re: Request for administrative approval to allow well ODSN-27 (PTD 2120230) to be online in gas injection service with a known tubing x inner annulus pressure communication and then in water only injection service once water is available.  
Oooguruk Unit (OU) ODSN-27 (PTD 2120230)  
Oooguruk Field  
Nuiqsut Oil Pool

Dear Mr. Hart:

By letter dated July 24, 2014, Caelus Energy Alaska (Caelus) requested administrative approval to continue gas injection in the subject well until such time that the well can be placed on water only injection service which is estimated as September 2014.

In accordance with Rule 10 of Area Injection Order (AIO) 034.000, the Alaska Oil and Gas Conservation Commission (AOGCC) hereby **GRANTS** Caelus' request for administrative approval to continue gas injection followed by water only injection in the subject well.

Caelus reported potential tubing by inner annulus (IA) pressure communication to AOGCC on July 16, 2014. The well is experiencing IA repressurization at approximately 50 psi/day which Caelus believes is manageable by periodic bleeds. Water is not available at Oooguruk due to maintenance activities at the Kuparuk Seawater Treatment Plant (STP) and 3HAMI water distribution piping. Water injection is estimated to be back online in September 2014. TIO plots and testing results provided indicate that ODSN-27 exhibits at least two competent barriers to the release of well pressure. Accordingly, the AOGCC believes that the well's condition does not compromise overall well integrity so as to threaten human safety or the environment.

AOGCC's approval to continue gas injection then water only injection in ODSN-27 is conditioned upon the following:

1. Caelus shall convert the well to water only injection service when the STP and 3HAMI water distribution piping maintenance is complete estimated to be in September 2014;
2. Caelus shall record wellhead pressures and injection rate daily;

3. Caelus shall submit to the AOGCC a monthly report of well pressures, injection rates, and pressure bleeds for all annuli. Bleeds to be flagged on the report;
4. Caelus shall perform a mechanical integrity test of the inner annulus every 2 years to the maximum anticipated injection pressure;
5. Caelus shall limit the well's IA operating pressure to 2000 psi and the OA operating pressure to not exceed 1000 psi;
6. Caelus shall set the IA PI-27207G alarm at 1600 psig.
7. Caelus shall set the IA PI-27207G alarm at 1800 psig.
8. Caelus shall implement logic to shut down the ODSN-27 gas injection surface safety valve XV-27207A at the IA set point of 1800 psi.
9. Testing of the shut in equipment shut-down valve and mechanical or electrical pressure device shall be performed in conjunction with production well pilots and safety valves. Caelus shall provide to the commission the testing procedure that will be used to verify integrity of the well shut-in equipment linked to the inner annulus pressure;
10. Caelus shall immediately shut in the well and notify the AOGCC if there is any change in the well's mechanical condition;
11. After well shut in due to a change in the well's mechanical condition, AOGCC approval shall be required to restart injection; and
12. The MIT anniversary date will be set as the date of the AOGCC witnessed MITIA that is to be completed once the well is returned to water only injection and stabilization is achieved. The Commission must be provided the opportunity to witness the MIT for a test to establish a new test due date.

DONE at Anchorage, Alaska and dated August 1, 2014.



Cathy P. Foerster  
Chair, Commissioner



Daniel T. Seamont, Jr.  
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. Com

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.