



**ADMINISTRATIVE APPROVAL
AREA INJECTION ORDER NO. 5.020 CANCELLATION**

Mr. Larry Greenstein
Regulatory Compliance Manager
Hilcorp Alaska, LLC.
P.O. Box 244027
Anchorage, AK 99524-4027

Re: Docket Number: AIO-16-018
Request to cancel Area Injection Order (AIO) 5.020
Trading Bay Unit (TBU) G-04RD (PTD 1811830)
McArthur River Field
McArthur River Middle Kenai G and Hemlock Oil Pools

Dear Mr. Greenstein:

By email dated April 22, 2016, Hilcorp Alaska, LLC. (Hilcorp) requested cancellation of administrative approval (AA) Area Injection Order (AIO) 5.020 and to create a new AA to continue water only injection in the subject well.

In accordance with Rule 9 of Area Injection Order (AIO) 05.000, the Alaska Oil and Gas Conservation Commission (AOGCC) hereby **GRANTS** the Hilcorp request to cancel AA AIO 5.020.

Hilcorp reported a potential Inner Annulus (IA) pressure communication to AOGCC while completing wellwork under Sundry 315-254. Hilcorp performed diagnostics and determined production casing damage is present between approximately 7,410 ft and 9,090 ft MD. On August 14, 2015 AOGCC issued AIO 5.020 and determined that water injection could safely continue if Hilcorp complied with the restrictive conditions set out in AA AIO 5.020.

Hilcorp installed a straddle packer to isolate the damaged casing. The well was returned to injection and passed a state-witnessed mechanical integrity test of the inner annulus (MITIA) on August 27, 2015. The well experienced possible tubing by inner annulus pressure communication in early September and it was subsequently found the well would not pass a standard MITIA due to a very slow pressure drop in the IA. AA AIO 5.020 is no longer necessary to the operation of G-04RD and is hereby **CANCELLED**. Injection into G-04RD will be governed by provisions of **AIO No. 5.024**.

DONE at Anchorage, Alaska and dated May 4, 2016.

//signature on file//
Cathy P. Foerster
Chair, Commissioner

//signature on file//
Daniel T. Seamount, 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.

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.