

STATE OF ALASKA

SEAN PARNELL, GOVERNOR

ALASKA OIL AND GAS CONSERVATION COMMISSION

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ADMINISTRATIVE APPROVAL AREA INJECTION ORDER 6.007 AMENDED

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

RE: Request for Administrative Approval Amendment
Granite Point State 18742 Well 38 (PTD 1880340)
Granite Point, Middle Kenai Oil Pool

Dear Mr. Greenstein:

Hilcorp Alaska, LLC (Hilcorp) requests a permanent revision to the anniversary date for temperature surveys for water injection wells located on the Anna Platform (Granite Point Field). The Alaska Oil and Gas Conservation Commission (AOGCC) approves Hilcorp's request to change the anniversary date for wellbore temperature surveys in Granite Point State 18742 Well 38 (Anna 38) from May 20 of odd numbered years to August of even numbered years. The next temperature survey for Anna 38 is due August 25, 2012.

Administrative Approval AIO 6.007 authorized continued water injection into Anna 38 subject to wellbore temperature surveys at a 2-year interval in lieu of pressure testing the tubing-casing annulus. Anna 38 is one of several packerless wells on the Granite Point State "Anna" platform converted from production to injection. The style of completion prevents performing a conventional mechanical integrity pressure test. Temperature surveys are intended to demonstrate that injected fluids are exiting the wellbore and remaining confined as required by Area Injection Order 6.000. Amended Administrative Approval AIO 6.007 dated March 31, 2009 established a new schedule for Anna 38, allowing the wireline survey work to be conducted in May instead of March to take advantage of warmer weather.

Temperature surveys performed on April 5, 2007 and August 25, 2010, and pressure monitoring data indicate injected fluids continue to be confined to the injection zone. Administrative Approval 6.007 as amended requires Anna 38 to be immediately shut in if there is any measurable change in the well's mechanical integrity.¹

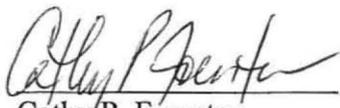
Daily surveillance of wellhead pressures and injection rates with monthly reporting to the AOGCC – mandated by the administrative approval – provide for early detection and action

¹ Water flood injection has been shut down on Anna platform since January 2008 due to surface facility issues; consequently Anna 38 has been shut in until the water flood injection can be restored.

regarding any deterioration of well integrity that might occur during the 2-year interval between temperature surveys.

The AOGCC finds that moving the anniversary date for temperature surveys to August of even numbered years will not compromise overall well integrity so as to threaten the environment or human safety.

DONE at Anchorage, Alaska and dated March 5, 2012.


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. 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.