

# STATE OF ALASKA

## ALASKA OIL AND GAS CONSERVATION COMMISSION

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### ADMINISTRATIVE APPROVAL AREA INJECTION ORDER 8.005

Mr. Tim Brandenburg  
Drilling Manager  
Union Oil Company of California (UNOCAL)  
P.O. Box 196247  
Anchorage, Ak 99501

Re: South Middle Ground Shoal Unit 16 (194-057)  
South Middle Ground Shoal Unit 17 (194-056)  
Request to Inject Approved Wastes into the Stratigraphic Interval Authorized for Enhanced Recovery by Area Injection Order No. 8

Mr. Brandenburg:

In correspondence dated March 8, 2011 UNOCAL requested authorization to use South Middle Ground Shoal Unit (SMGS) wells 16 and 17 for purposes of disposal of liquid wastes generated through well circulation and abandonment. Both wells are on the Dillon Platform. The Commission **GRANTS** UNOCAL's request.

Production operations on Dillon Platform were halted December 8, 2002 when UNOCAL determined that such operations were not economically viable. Area Injection Order (AIO) No. 8 authorized injection of non-hazardous oil field fluids for the purpose of fluid disposal into strata that correlate with those found from 2620' to 3090' measured depth (MD) and from 4330' to 4955' MD in Pan American Petroleum Corporation State 17595 well No. 4. Based in part upon a Commission finding that disposal operations would not cause waste due to the limited volume of disposed fluids and the swept or depleted condition of the authorized reservoir intervals, on January 29, 2003 AIO 8.002 authorized disposal of 50,000 barrels of non-hazardous, Class II fluids generated by cleaning operations on Dillon Platform into the MGS A, B, C, D, E, F, and G Oil Pools, within wells SMGS 12 and SMGS 14. Authorized fluids are unfiltered inlet water, produced water, produced oil, sludge, triethyleneglycol, paraffin and asphaltenes. On March 4, 2003 AIO 8.003 authorized injection of storm water.

UNOCAL injected 6,347 and 1,613 barrels of waste fluids into wells SMGS 12 and SMGS 14, respectively, while cleaning surface equipment and performing well work. Deteriorating well performance during the most recent work accomplished in October, 2009 prompts this request for additional Administrative Approval.

Wells SMGS 16 and 17 are two of the Dillon Platform's most recently drilled wells, and are open in the Middle Ground Shoal E, F, and G Oil Pools, as are wells SMGS 12 and 14. SMGS 16 and 17 were completed in 1994, and are equipped with tubing and packers. Well operations

reports and bond logs have been examined, and both wells are satisfactorily constructed and exhibit mechanical integrity. UNOCAL proposes to perform standard mechanical integrity tests as required by regulation prior to placing the wells in operation. UNOCAL is not requesting an increase in the authorized injected fluid volume.

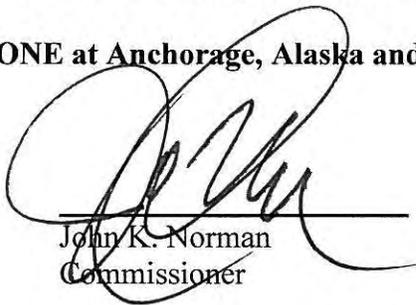
Rule 9 of Area Injection Order No. 8 allows the Commission to administratively amend any rule in the order as long as the operator demonstrates to the Commission's satisfaction that sound engineering practices are maintained and the amendment will not result in an increased risk of fluid movement into an underground source of drinking water.

The portion of aquifers beneath Cook Inlet described by a ¼-mile area beyond and lying directly below the Middle Ground Shoal Field are exempted for Class II injection activities by 40 CFR 147.102(b)(2)(B) and 20 AAC 25.440(C).

Commission administrative approval to inject the above-specified non-hazardous, Class II oil field fluids into Dillon Platform wells SMGS 16 and 17 within the MGS A, B, C, D, E, F, and G Oil Pools is conditioned on the following:

1. Prior to placing each well into service as a disposal well, UNOCAL shall perform mechanical integrity tests which comport with the requirements of 20 AAC 25.412. The tests should be witnessed by a Commission Inspector;
2. UNOCAL shall monitor wellhead pressures and injection rate continuously during injection;
3. UNOCAL shall submit to the Commission a post-injection report of injected fluid source, type, and volume by well;
4. UNOCAL shall immediately shut in the well and notify the Commission if there is any change in the well's mechanical condition;
5. After well shut-in due to a change in the well's mechanical condition, the Commission's prior approval shall be required to restart injection; and
6. The total remaining authorized disposal volume is 42,000 barrels.

**DONE at Anchorage, Alaska and dated April 12, 2011.**

  
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John K. Norman  
Commissioner

  
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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.