

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION
333 West 7th Avenue, Suite 100
Anchorage Alaska 99501

Re: THE APPLICATION OF Cook Inlet) Docket Number: CO-14-25
Energy, LLC for an exception to the spacing) Conservation Order No. 704
requirements of 20 AAC 25.055 (a)(3) to drill)
and complete a development oil well within the) West McArthur River Unit #8A
same governmental quarter section as wells) Development Oil Well
that are, or may be capable of, producing from) West McArthur River Field
the same pool.) West McArthur River Oil Pool
) Kenai Peninsula Borough, Alaska

October 28, 2014

IT APPEARING THAT:

1. By a letter received September 8, 2014, Cook Inlet Energy, LLC (CIE) requested an exception to the spacing provisions of 20 AAC 25.055(a)(3) to drill, complete, and produce the West McArthur River Unit (WMRU) No. 8 ST (8A) development oil well in the same governmental quarter section as wells that are, or may be capable of, producing from the same pool.
2. Pursuant to 20 AAC 25.540, the Alaska Oil and Gas Conservation Commission (AOGCC) tentatively scheduled a public hearing for October 29, 2014. On September 16, 2014, the AOGCC published notice of the opportunity for that hearing on the State of Alaska's Online Public Notice website and on the AOGCC's website, electronically transmitted the notice to all persons on the AOGCC's email distribution list, and mailed printed copies of the notice to all persons on the AOGCC's mailing distribution list. On September 18, 2014, the notice was published in the ANCHORAGE DISPATCH NEWS.
3. Pursuant to 20 AAC 25.055(d)(1), CIE sent by certified mail notice of the application to all owners, landowners, and operators of all properties within 1,000 feet of the proposed WMRU No. 8A well. CIE provided the AOGCC the notice, date of mailing, and addresses to which the notice was sent.
4. No protest to the application or request for hearing was received.
5. On October 9, 2014, the tentatively scheduled public hearing was vacated.
6. Because CIE provided sufficient information upon which to make an informed decision, the request can be resolved without a hearing.

FINDINGS:

1. CIE is the operator of the proposed WMRU No. 8A development oil well, located on the west side of the Cook Inlet, Kenai Peninsula Borough, Alaska.
2. The WMRU No. 8A will be a deviated development well with an onshore surface location 2,222 feet from the south line and 1,847 feet from the west line of Section 16, Township 8 North, Range 14 West, Seward Meridian (S.M.). The projected offshore bottom-hole location is 800 feet from the north line and 260 feet from the west line of Section 10, Township 8 North, Range 14 West, S.M.
3. The surface location of WMRU No. 8A will be situated on acreage owned by Cook Inlet Region, Inc. (CIRI). The bottom-hole location of the well will lie within State of Alaska lease ADL 359111.
4. CIE sent the application on September 8, 2014 by certified mail to all affected owners, landowners, and operators—*i.e.*, State of Alaska, CIRI, and CIE. CIE provided evidence to the AOGCC that the application was received by all addressees.
5. Development oil wells WMRU Nos. 5, 6 and 7A currently produce from the West McArthur River Field, West McArthur River Oil Pool within the same governmental quarter section as the planned well WMRU No. 8A.
6. WMRU No. 8A will access oil reserves at a structurally advantageous location that is fault-separated from WMRU Nos. 5, 6, and 7A.
7. The AOGCC received no comments, objections or protests in response to the public notice regarding the proposed WMRU No. 8A well or to the notification sent by CIE to all known owners, landowners, and operators within 1,000 feet of the WMRU No. 8A well.

CONCLUSIONS:

1. An exception to the well spacing provisions of 20 AAC 25.055(a)(3) is necessary to allow drilling and completion of the WMRU No. 8A development oil well.
2. WMRU No. 8A will recover reserves that are not accessible to existing development wells.
3. An exception to the well spacing provisions of 20 AAC 25.055(a)(3) for the WMRU No. 8A development oil well is consistent with sound engineering and geoscience principles and will not result in waste or jeopardize correlative rights of adjoining or nearby owners.

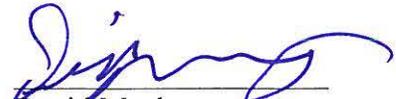
NOW THEREFORE IT IS ORDERED:

CIE's September 8, 2014 application for an order granting an exception to the well spacing provisions of 20 AAC 25.055(a)(3) to allow drilling and completion of the WMRU No. 8A development oil well within the West McArthur River Field, West McArthur River Oil Pool is hereby approved as long as CIE complies with the terms of all lease agreements, applicable Alaska laws, and all other legal requirements.

DONE at Anchorage, Alaska and dated October 28, 2014.


Cathy P. Foerster
Chair, Commissioner


Daniel T. Seamont Jr.
Commissioner


David Mayberry
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.

