

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

Re: THE APPLICATION OF) Docket CO-16-004
ConocoPhillips Alaska, Inc. for an) Conservation Order No. 722
exception to the spacing requirements) Kuparuk River Field
of 20 AAC 25.055(a)(3) to drill and) Kuparuk River Unit
complete a water injection well within) Torok Undefined Oil Pool
the same governmental quarter section) Kuparuk River Unit 3S-613
as wells that are, or may be capable of,) Water Injection Well
producing from the same pool) North Slope Borough, Alaska
)
) March 14, 2016

IT APPEARING THAT:

1. By letter received February 10, 2016, ConocoPhillips Alaska, Inc. (CPAI) requested an exception to the spacing provisions of 20 AAC 25.055(a)(3) to drill and complete water injection well Kuparuk River Unit (KRU) 3S-613 within 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 March 17, 2016. On February 12, 2016, 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, mailed printed copies of the notice to all persons on the AOGCC's mailing distribution list, and published the notice in the ALASKA DISPATCH NEWS.
3. Pursuant to 20 AAC 25.055(d)(1), CPAI sent by certified mail notice of the application to all owners, landowners, and operators of all properties within 1,000 feet of the KRU 3S-613 injection well, *i.e.*, CPAI, BP Exploration (Alaska) Inc., Chevron USA Inc., ExxonMobil Alaska Production Inc., and the State of Alaska. CPAI provided the AOGCC the notice, date of mailing, addresses to which the notice was sent, and copies of the certified mail return receipts.
4. No comments on the application nor request for hearing were received.
5. Because CPAI provided sufficient information upon which to make an informed decision, the request can be resolved without a hearing.
6. The tentatively scheduled public hearing was vacated on March 8, 2016.

FINDINGS:

1. CPAI is a working interest owner in, and operator of, the KRU that is located in the North Slope Borough, Alaska.
2. KRU 3S-613 is a proposed water injection well with an onshore surface location of 2,514 feet from the north line and 1,051 feet from the east line of Section 18, Township 12 North, Range 8 East, Umiat Meridian (U.M). The onshore bottom-hole location is 2,136 feet from the north line and 158 feet from the east line of Section 11, Township 12 North, Range 7 East, U.M.
3. The surface location of KRU 3S-613 will lie within State of Alaska oil and gas lease ADL 380107, and the horizontal productive portion of the well will lie within State of Alaska oil and gas leases ADL 25544 and ADL 25528.
4. KRU 3S-613 will target the oil-bearing Moraine sandstone within the Torok Undefined Oil Pool.
5. Development oil well KRU 3S-19 is capable of producing from the Torok Undefined Oil Pool within the same governmental quarter section as planned water injection well KRU 3S-613. The well is completed in the Torok Undefined Oil Pool, but currently a selective sleeve is closed, preventing production from the interval.
6. Development oil well KRU 3S-620 currently produces from the Torok Undefined Oil Pool within the same governmental quarter section as planned water injection well KRU 3S-613.
7. KRU 3S-613 will provide injection support to oil producer KRU 3S-620 for enhanced oil recovery.
8. The AOGCC received no comments, objections or protests in response to the public notice regarding the proposed exception to the spacing requirements of 20 AAC 25.055 for KRU 3S-613 or to the notification sent by CPAI to all known owners, landowners, and operators within 1,000 feet of KRU 3S-613.

CONCLUSIONS:

1. An exception to the well spacing provisions of 20 AAC 25.055(a)(3) is necessary to allow the drilling and completion of KRU 3S-613 in the Torok Undefined Oil Pool.
2. KRU 3S-613 will provide injection support to oil producer KRU 3S-620.
3. Drilling KRU 3S-613 in conformance with statewide spacing requirements would reduce the effectiveness of the well performance and enhanced oil recovery for the Torok Undefined Oil Pool.
4. Granting a spacing exception to the well spacing provisions of 20 AAC 25.055(a)(3) for the KRU 3S-613 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:

AOGCC grants CPAI's February 10, 2016 application for an exception to the well spacing provisions of 20 AAC 25.055(a)(3) to allow the drilling and completion of the KRU 3S-613 water injection well within the Torok Undefined Oil Pool. CPAI may proceed as long as it complies with the terms of all lease agreements, applicable Alaska laws, and all other legal requirements.

DONE at Anchorage, Alaska and dated March 14, 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. 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.