

STATE OF ALASKA

ALASKA OIL AND GAS CONSERVATION COMMISSION

SARAH PALIN, GOVERNOR

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ADMINISTRATIVE APPROVAL NO. DIO 23.002

Ms. Jean Bodeau
Waste Specialist
Chevron North America
Exploration and Production
P.O. Box 196247
Anchorage, AK 99519-6247

Re: Disposal Injection Fluids

Dear Ms. Bodeau:

Disposal Injection Order (DIO) 23 approved the injection of Class II waste fluids into the upper Sterling formation within the Ivan River Unit (IRU) Well 14-31. On September 24 and clarified on September 25 and October 16, 2008 Chevron North America Exploration and Production (Chevron) requested approval to dispose of precipitation collected from bermed secondary containment areas associated with exploration and development in west side Cook Inlet fields operated by Union Oil Company of California (Union), a Chevron Company. Your request is **APPROVED**.

DIO 23 authorizes the disposal injection of drilling, completion, production and workover fluids; rig wash; drilling mud slurries; naturally occurring radioactive material scale; tank bottoms; and other Class II fluids generated from drilling, production, workover and completion operations. Union operates several production pads and facilities on the west side of Cook Inlet, each with a variety of secondary containment areas designed to capture any release of solid and liquids that could result in pollution. Materials in question include both fluids that have been downhole or are intended to be placed in the well to accomplish a specific purpose. IRU 14-31 is one of two Class II disposal injection wells operated by Union on the west side of Cook Inlet.

Confinement of fluids to the intended injection zone in IRU 14-31 has been shown from the historical injection performance data provided by Union. Well integrity has been demonstrated by successful mechanical integrity testing and monitoring the well's annular pressures. A passing mechanical integrity test on IRU 14-31 was witnessed by a Commission inspector on October 26, 2008. The disposal injection of precipitation and any spilled materials recovered from secondary containment areas (including but not limited to areas around drilling rigs, grind

and inject equipment, drilling and production material storage, and well cellars) into IRU 14-31 will have no detrimental effect on the confinement of fluids. Well integrity and correlative rights will not be negatively impacted because of the proposed inclusion of the recovered precipitation and any spilled materials in the disposal injection fluid stream. Waste will also not occur because of the addition of recovered fluids from the bermed secondary containment areas.

Approval applies only to this specific request and is not intended to provide for a blanket authorization to inject these or similar non-hazardous fluids down other Class II disposal wells.

DONE at Anchorage, Alaska and dated October 29, 2008.


Daniel T. Seamount, Jr.
Chair


Cathy P. Foerster
Commissioner


John K. Norman
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.