



**ADMINISTRATIVE APPROVAL
DISPOSAL INJECTION ORDER NO. 32.002**

Mr. George Pollock
Manager, Production Operations & Engineering
Aurora Gas, LLC.
1400 W. Benson Blvd., Suite 410
Anchorage, AK 99503

Re: Request for administrative approval to allow well Aspen No. 1 (PTD 2051110) to be online in water only injection service with a known inner annulus pressure communication.
Aspen Field
Aspen Undefined Waste Disposal Pool

Dear Mr. Pollock:

By letter dated August 14, 2014, Aurora Gas, LLC (Aurora) requested administrative approval to continue water only injection in the subject well.

In accordance with Rule 8 of Disposal Injection Order (DIO) 32.000, the Alaska Oil and Gas Conservation Commission (AOGCC) hereby **GRANTS** Aurora's request for administrative approval to continue water only injection in the subject well.

Aurora reported a potential Inner Annulus (IA) x Outer Annulus (OA) pressure communication to AOGCC when the well had an inconclusive Mechanical Integrity Tests of the Inner Annulus (MITIA) on May 30, 2014. A follow up state witnessed MITIA failed on July 28, 2014 as the IA demonstrated a higher pressure drop off over the time period than allowed. The IA leak is thought to be in the upper perforations that had previously been squeezed with cement between 1,368 to 1,388 feet. The OA is cemented to approximately 220 feet from surface which is well within the 9 5/8" casing set at 693 feet. The 9 5/8" casing was cemented to surface with good returns observed. The testing and diagnostics indicate that during normal injection operations the tubing is isolated from the IA and injected fluid is not entering the previously squeezed perforations and is therefore not out of zone. Accordingly, the AOGCC believes that the well's condition does not compromise overall well integrity so as to threaten human safety or the environment.

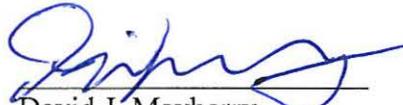
AOGCC's approval to continue water injection only in Aspen No. 1 is conditioned upon the following:

1. Aurora shall record wellhead pressures and injection rate daily;
2. Aurora shall submit to the AOGCC a monthly report of well pressures, injection rates, and pressure bleeds for all annuli. Bleeds to be flagged on the report;
3. Aurora shall perform a mechanical integrity test of the tubing (MITT) annually to 1700 psi;
4. Aurora shall limit the well's IA operating pressure to as low as possible and not to exceed 100 psi;
5. Aurora shall implement logic to shut down the Aspen No. 1 positive displacement pump at the IA set point of 100 psi, and to install a red strobe light to visually indicate when this condition occurs;
6. Aurora shall train personnel on the requirements of the 100 psi IA limitation including the requirement to manually shut down any triplex pumping operation on activation of the red strobe light.
7. Aurora shall immediately shut in the well and notify the AOGCC if there is any change in the well's mechanical condition;
8. After well shut in due to a change in the well's mechanical condition, AOGCC approval shall be required to restart injection; and
9. The MIT anniversary date will be set as the date of the AOGCC witnessed MITT that is to be completed once the well is returned to water only injection and stabilization is achieved. The Commission must be provided the opportunity to witness the MIT for a test to establish a new test due date.

DONE at Anchorage, Alaska and dated August 19, 2014.



Daniel T. Seamount, Jr.
Commissioner



David J. 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. Com

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.