

STATE OF ALASKA

SARAH PALIN, GOVERNOR

ALASKA OIL AND GAS CONSERVATION COMMISSION

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August 1, 2007

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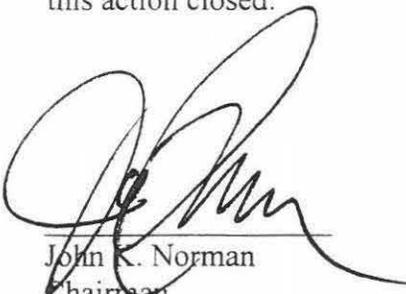
J. Edward Jones
Aurora Gas, LLC
2500 Citywest Blvd, Suite 2500
Houston, TX 77042

Final Decision – Waste Classification Three Mile Creek Gas Release

Dear Mr. Jones:

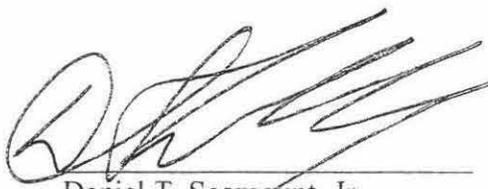
The Alaska Oil and Gas Conservation Commission (“Commission”) provided notice to Aurora Gas, LLC (“Aurora”) that it proposed to classify as “waste,” as defined by AS 31.05.170(15), 522 Mcf of natural gas. The release of gas occurred at Three Mile Creek Unit February 1-3, 2007 because a manual valve was left open by a production facility operator. The released volume was listed on the Facility Report of Produced Gas Disposition, Form 10-422 (“Gas Disposition Report”) as flared or vented for more than 1 hour. The release constitutes a violation of AS 31.05.095, prohibiting the waste of gas. Because of this violation, the Commission proposed to issue an order, under 20 AAC 25.535(e)(4), directing Aurora Gas, LLC (“Aurora”) to pay the fair market value of the natural gas at the point of waste.

The Commission received from Aurora a check dated June 29, 2007 in the amount of \$2,771.30, the calculated fair market value of the natural gas at the point of waste as presented in the Commission’s letter dated May 2, 2007. Based on Aurora’s payment, the Commission considers this action closed.



John K. Norman
Chairman

Sincerely,



Daniel T. Seamount, Jr.
Commissioner