



5. Unocal proposed a change in SIO 2 to allow administrative approval to facilitate the administration of future changes.

### **CONCLUSIONS:**

1. The proposed increase in wellhead injection pressure in the KGSF #1 well will not propagate fractures through the confining zones and will not cause movement of hydrocarbons into sources of freshwater so long as the injection pressure is maintained below fracture gradient.
2. A rule to allow administrative approval of future changes in SIO 2 will facilitate the administration of future changes.
3. The proposed operation of KGSF #1 well for the purpose of storage will not cause waste, jeopardize correlative rights, endanger freshwater, or impair ultimate recovery.

**NOW, THEREFORE, IT IS ORDERED** that Storage Injection Order No. 2 is hereby amended to revise the maximum pressure requirement of Rule 3 and to add a new Rule 6. This Storage Injection Order No. 2A supersedes and replaces Storage Injection Order No. 2. The following rules, in addition to statewide requirements under 20 AAC 25, apply to the underground storage of hydrocarbons by injection in the KGSF #1 well.

### **RULE 1. STORAGE INJECTION**

The Commission approves the injection for storage of natural gas into the 64-5 sand of the Tyonek Formation, between the measured depths of 6375 and 6443 feet in SRU #43-28 (KGSF #1). The Operator shall report disposition of production and injection as required by 20 AAC 25.228, 20 AAC 25.230, and 20 AAC 25.234.

### **RULE 2. CONTINUED MECHANICAL INTEGRITY**

This approval is conditioned on the operator's demonstrating the continued mechanical integrity of SRU #43-28 in accordance with 20 AAC 25.252 (d), (e) and (f).

### **RULE 3. MAXIMUM INJECTION PRESSURE**

The maximum wellhead injection pressure shall be limited to 3,584 psig.

### **RULE 4. ANNUAL MATERIAL BALANCE**

The operator shall annually provide to the Commission material balance calculations of the gas production and injection volumes to provide assurance of continued reservoir confinement of the gas storage volumes. This information shall be submitted no later than 60 days after each anniversary date of this Order for the 12-month period ending on that anniversary date

**RULE 5. EXPIRATION OF APPROVAL**

As provided in 20 AAC 25.252(j), if storage operations are not begun within 24 months after the date of this order, this injection approval will expire unless an application for extension has been approved by the Commission.

**RULE 6. ADMINISTRATIVE ACTION**

Unless notice and public hearing are otherwise required, the Commission may administratively waive the requirements of any rule herein or administratively amend any rule as long as the change does not promote waste or jeopardize correlative rights, is based on sound engineering and geoscience principles, and will not result in an increased risk of fluid movement into freshwater.

**By Order of the Commission at Anchorage, Alaska, this 25th day June 2004.**

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John K. Norman, Chair  
Alaska Oil and Gas Conservation Commission

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Daniel T. Seamount, Jr., Commissioner  
Alaska Oil and Gas Conservation Commission

AS 31.05.080 provides that within 20 days after receipt of written notice of the entry of an order, a person affected by it may file with the Commission an application for rehearing. A request for rehearing must be received by 4:30 PM on the 23rd day following the date of the order, or next working day if a holiday or weekend, to be timely filed. The Commission shall grant or refuse the application in whole or in part within 10 days. The Commission can refuse an application by not acting on it within the 10-day period. An affected person has 30 days from the date the Commission refuses the application or mails (or otherwise distributes) an order upon rehearing, both being the final order of the Commission, to appeal the decision to Superior Court. Where a request for rehearing is denied by nonaction of the Commission, the 30-day period for appeal to Superior Court runs from the date on which the request is deemed denied (i.e., 10th day after the application for rehearing was filed).