

NOTICE OF PROPOSED CHANGES IN THE  
REGULATIONS OF THE  
ALASKA OIL AND GAS CONSERVATION COMMISSION

The Alaska Oil and Gas Conservation Commission (AOGCC) proposes to adopt regulation changes to Title 20 of the Alaska Administrative Code, dealing with the annular disposal of drilling waste (20 AAC 25.080) and suspended wells (20 AAC 25.110). On May 22, 2009, AOGCC published a notice of proposed changes to 20 AAC 25.080; because of substantive changes to the proposed changes, AOGCC is re-noticing them, fully revising (*i.e.*, repealing and readopting) 20 AAC 25.080 as follows:

1. modify the aquifer exemption for the disposal of drilling waste to require that the operator apply for and the U.S. EPA grant the exemption;
2. modify the information that must be submitted with an annular disposal application;
3. modify the limitations and conditions applicable to annular disposal;
4. add a provision for requesting variances and waivers; and
5. delete subsection (i) to recognize AOGCC's authority to regulate annular disposal in water wells associated with oil or gas exploration or production.

In addition, AOGCC proposes to add to 20 AAC 25.110(n) the opportunity for variances and waivers.

Written comments on the proposed regulation changes, including the potential costs of compliance, may be submitted to AOGCC at 333 West 7<sup>th</sup> Ave., Suite 100, Anchorage, AK 99501. The comments must be received by 5:00 p.m. on October 9, 2009.

Written and/or oral comments may be submitted at a hearing to be held on October 15, 2009, at 333 West 7<sup>th</sup> Ave., Suite 100, Anchorage, AK. The hearing will be held from 9:00 a.m. to 11:00 a.m. and might be extended to accommodate those present before 9:30 a.m. who did not have an opportunity to comment.

If, because of a disability, a special accommodation is needed to participate in this process, please contact the Commission's Special Assistant, Jody Colombie, at 907-793-1221; 333 West 7<sup>th</sup> Ave., Suite 100, Anchorage, AK 99501; or [jody.colombie@alaska.gov](mailto:jody.colombie@alaska.gov). Ms. Colombie must be contacted by October 6, 2009, at 5:00 p.m. to ensure that necessary accommodations can be provided.

The proposed regulation changes are available at [www.aogcc.alaska.gov](http://www.aogcc.alaska.gov) or by contacting Ms. Colombie at the phone number, physical address, or e-mail address above.

After the public comment period ends, AOGCC will adopt, without notice, these or other provisions dealing with the same subjects or decide to take no action. The language of the proposed and final regulations may be different. **YOU SHOULD COMMENT DURING THE TIME ALLOWED IF YOUR INTERESTS COULD BE AFFECTED.** Written comments are subject to public inspection.

**Statutory Authority:** AS 31.05.030; AS 31.05.040; AS 31.05.095

**Statutes Being Implemented, Interpreted, or Made Specific:** AS 31.05.030; AS 31.05.040; AS 31.05.095

**Fiscal Information:** The proposed regulation changes are not expected to require an increased appropriation.

DATE: \_\_\_\_\_

\_\_\_\_\_  
Daniel T. Seamount, Jr.  
Chair

ADDITIONAL REGULATIONS NOTICE INFORMATION  
(AS 44.62.190(d))

1. Adopting agency: Alaska Oil and Gas Conservation Commission.
2. General subject of regulations: annular disposal of drilling waste and suspended wells.
3. Citation of regulations: 20 AAC 25.080 and 20 AAC 25.110(n).
4. Reason for the proposed action: update the annular disposal of drilling waste regulations and add opportunities for variances and waivers to the suspended wells regulations.
5. Program category and BRU affected: Alaska Oil and Gas Conservation Commission.
6. Cost of implementation to the state agency: zero.
7. The name of the contact person for the regulations:  
Name: Daniel T. Seamount, Jr.  
Title: Chair  
Address: 333 W. 7<sup>th</sup> Avenue, Suite 100, Anchorage, AK 99501  
Telephone: (907) 793-1221  
E-mail: jody.colombie@alaska.gov
8. The origin of the proposed action: agency staff.
9. Date: September 1, 2009.
10. Prepared by: \_\_\_\_\_  
Jody J. Colombie  
Alaska Oil and Gas Conservation Commission  
(907) 793-1221

20 AAC 25.080 is repealed and readopted to read:

**20 AAC 25.080. Annular disposal of drilling waste**

(a) Drilling waste, as defined in (i) of this section, may not be disposed through the annular space of a well unless authorized by the commission under this section. The operator of a well for which a permit to drill has been issued by the commission may request authorization to dispose of drilling waste through the well's annular space by filing an Annular Disposal Application (Form 10-403AD), including all the information required under (e) of this section.

(b) Annular disposal of drilling waste will be limited to

- (1) 35,000 barrels through the annular space of a single well;
- (2) wastes generated by drilling operations on the same drill pad or platform as the disposal annulus;
- (3) 90 days of actual disposal within a one-year approval period; and
- (4) a one-year period beginning on the date of approval of the Annular Disposal Application.

(c) Drilling waste must not

- (1) migrate from the approved disposal interval;
- (2) impair the mechanical integrity of any well; or

- (3) damage a producing or potentially producing formation or impair the recovery of oil or gas.
  
- (d) Drilling waste may not be disposed of into any freshwater unless the operator applies for and the United States Environmental Protection Agency grants an aquifer exemption.
  
- (e) An application for authorization under this section will not be complete unless it includes or references (*i.e.*, if the information is on file with the commission) the following information:
  - (1) a schematic of the well proposed to receive the drilling waste;
  
  - (2) lists and plats identifying
    - (A) all wells and well branches that penetrate the disposal interval within a one-quarter mile radius of the surface casing shoe of the disposal annulus; the well paths of all wells and well branches must be shown on the plat, and the planar distances from all wells and well branches to the surface casing shoe of the disposal annulus must be provided;
  
    - (B) all publicly recorded water wells within a one-mile radius of the surface location of the well that would receive the drilling waste; and
  
    - (C) all operators and surface owners within a one-quarter mile radius of the surface casing shoe of the disposal annulus;
  
  - (3) the measured and true vertical depths at the base of any freshwater aquifer(s) and permafrost;

- (4) an assessment of shallow seismic information in the area of the receiving well, where available, with an interpretation of faults and other anomalies;
- (5) a stratigraphic description of and off-set well log(s) across the disposal interval showing the drilling waste receiving and confining intervals;
- (6) a description of the drilling waste, including its composition and well source, and the identification of any waste that falls within (i)(3) of this section;
- (7) the estimated density of the drilling waste slurry;
- (8) the anticipated maximum pressure at the surface and at the surface casing shoe during the disposal operations; the calculations showing how the surface casing shoe pressure value was determined must be provided;
- (9) information demonstrating that the inner and outer casing strings have sufficient collapse and burst strength to withstand the maximum anticipated pressure of disposal operations;
- (10) information demonstrating that the surface casing shoe
  - (A) is set below the base of permafrost and any freshwater; and
  - (B) is adequately cemented to provide isolation; the information required under this sub-section must include
    - (i) casing and cementing records for both casings forming the annulus;

- (ii) casing and cementing records for all wells that penetrate the disposal interval within a one-quarter mile radius of the surface casing shoe;
  - (iii) the results of a leak-off test conducted below the surface casing shoe, or, if leak-off is not attained, the results of a formation integrity test conducted below the surface casing shoe;
  - (iv) the results of an injectivity test conducted below the surface casing shoe; and
  - (v) if required by the commission, a cement quality or other log(s);
- (11) a list and description of any uncemented significant hydrocarbon zones within the disposal annulus;
- (12) a list of, description of, and salinity determination for all waters penetrated by the well; salinity determinations must be based upon laboratory measurements or calculation methods described in the "Survey of Methods to Determine Total Dissolved Solids Concentrations," Contract No. 68-03-3416, KEDA Project No. 30-956, U.S. Environmental Protection Agency, Office of Drinking Water;
- (13) if drilling waste was previously disposed of through the annular space of the well, the dates of the disposal operations, the types and volumes of each type of waste disposed of, and the sources of the waste; and
- (14) additional information and analyses required by the commission.
- (f) Annular disposal operations must comply with the following conditions:

- (1) the downhole disposal pressure may not at any time exceed the downhole pressure measured during the formation leak-off test that was conducted below the surface casing shoe unless the commission approves a higher pressure;
- (2) the operator must continuously monitor the following during disposal operations: the types and volumes of each type of waste disposed, disposal rates, surface pressures of the receiving well's disposal annulus, and, as specified by the commission, surface pressures of the annuli of all wells within a one-quarter mile radius of the surface casing shoe of the receiving well and surface pressures of the receiving well's outer annuli and tubing;
- (3) the operator shall immediately cease disposal, notify the commission within 24 hours, and take all appropriate remedial action, including but not limited to any action ordered by the commission, if
  - (A) there is evidence of a breach of the disposal annulus or migration of fluids from the disposal interval;
  - (B) disposal operations pose a threat to well integrity, health or safety, hydrocarbon-bearing zones, correlative rights, or the environment, including freshwater; or
  - (C) there is any unauthorized disposal;
- (4) the operator shall file with the commission an incident report within 10 working days after any incident requiring action under (f)(3) of this section; the incident report shall include a description of any actions taken and the effects and results of those actions; and

- (5) the operator shall comply with any other conditions the commission determines are important to ensure compliance with any limitations or requirements of this section.

(g) The operator shall

- (1) not later than 30 days after each calendar quarter during an authorized disposal operation period, file with the commission a Report of Annular Disposal (Form 10-423); and
- (2) file additional information and analyses as required by the commission.

(h) Upon written request of the operator, the commission may approve a variance from a requirement of this section if the variance provides at least an equally effective means of complying with the requirement, or a waiver of a requirement of this section if the waiver will not promote waste, is based on sound engineering and geoscience principles, will not jeopardize the ultimate recovery of hydrocarbons, will not jeopardize correlative rights, and will not result in an increased risk to health, safety, or the environment, including freshwater.

(i) In this section, “drilling waste” means the following substances, unless identified as a “hazardous waste” in 40 C.F.R. 261:

- (1) drilling mud, drilling cuttings, reserve pit fluids, cement-contaminated drilling mud, completion fluids, formation fluids associated with the act of drilling a well permitted under 20 AAC 25.005, and any added water needed to facilitate the pumping of drilling mud or drilling cuttings;
- (2) drill rig wash fluids and drill rig domestic waste water; and

- (3) other substances that the commission determines, upon the operator’s written request, are wastes associated with the act of drilling a well permitted under 20 AAC 25.005.

(Eff. 9/22/96, Register 129; am 11/7/99, Register 152; am \_\_\_\_/\_\_\_\_/\_\_\_\_, Register \_\_\_\_)

**Authority:** AS 31.05.030 AS 31.05.040

20 AAC 25.110(n) is amended to read:

(n) Upon written request of the operator, the commission may modify a deadline in this section upon a showing of good cause, **approve a variance from any other requirement of this section if the variance provides at least an equally effective means of complying with the requirement, or approve a waiver of a requirement of this section if the waiver will not promote waste, is based on sound engineering and geoscience principles, will not jeopardize the ultimate recovery of hydrocarbons, will not jeopardize correlative rights, and will not result in an increased risk to health, safety, or the environment, including freshwater.** (Eff.

4/2/86, Register 97; am 11/7/99, Register 152; am 11/19/2008, Register 188; am \_\_\_\_/\_\_\_\_/\_\_\_\_, Register \_\_\_\_)

**Authority:** AS 31.05.030 AS 31.05.040 AS 31.05.095