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AOGCC

Schlumberger

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February 4, 2013

Alaska Oil and Gas Conservation Commission
333 West 7th Avenue, Suite 100
Anchorage, Alaska, 99501
Via facsimile at 907-276-7542

RE: Proposed regulation changes in Title 20, Chapter 25 of the Alaska Administrative Code

Schlumberger submits the following comments on the Alaska Oil and Gas Conservation Commission ("AOGCC") proposed changes to regulations governing hydraulic fracturing applications.

Schlumberger is an oilfield services company supplying technology, information solutions and integrated project management to optimize reservoir performance for customers working in the oil and gas industry since 1926. Schlumberger consistently spends more on research and development ("R&D") than all other oilfield services companies combined. Schlumberger's services and solutions combine domain expertise, best practices, safe and environmental sound well site operations, innovative technologies, and high-quality support, aimed at helping its customers increase oilfield efficiency, lower finding and producing costs, improve productivity, maximize reserve recovery, and increase asset value in a safe, environmental sound manner.

As an oilfield services company operating in Alaska with significant technical expertise concerning downhole technology, Schlumberger has an interest in ensuring the proposed changes to the regulations are grounded in an understanding of oilfield technology and its applications. The following comments focus on technology and the importance of protecting the correct, skilled and reliable use of dynamically evolving technology in oilfields. In particular, the comments focus on the hydraulic fracturing program and associated reporting.

Schlumberger submits comments on two aspects of the proposed changes: (a) proposed changes to 20 AAC 25.283(h) in which certain information documenting the hydraulic fracturing program performed is required to be submitted within the Report of Sundry Well Operations (Form 10-404) within 30 days of completing the hydraulic fracturing operations; and (b) proposed changes to 20 AAC 25.283(a)(13) in which a detailed copy of the proposed hydraulic fracturing program by stage is required.

Proposed changes to 20 AAC 25.283(h) requiring certain information documenting the hydraulic fracturing program performed is required to be submitted within the Report of Sundry Well Operations (Form 10-404) within 30 days of completing the hydraulic fracturing operations

As an oilfield services company that performs hydraulic fracturing services for its clients, Schlumberger has an interest in there being consistency in reporting requirements such that AOGCC's information objectives can be met in a manner that is not administratively burdensome.

Submission of the Sundry Report to the AOGCC within 30 days of completion of the hydraulic fracturing operations, particularly given the increased information required in the report is challenging in that it would require submission of the hydraulic fracturing information to the operator much in advance of that date in order for its inclusion. As hydraulic fracturing is a dynamic operation with operational and technical decisions made during the operation itself, it is often not feasible to provide the required information rapidly enough to the Operator to permit it to meet a 30 day submission deadline. We respectfully request that greater than 30 days be allowed for this reporting requirement.

Proposed changes to 20 AAC 25.283(a)(13), requiring a detailed copy of the proposed hydraulic fracturing program by stage.

In the proposed changes regarding detailed copy of the proposed hydraulic fracturing program, 20 AAC 25.283(a)(13)(C), it appears that the intent was to require an estimated amount or volume of principal additives to be used as it lists viscosifiers, acids or gelling agents, and as the principal fluid is already addressed in the preceding section 20 AAC 25.283(a)(13)(B). In general hydraulic fracturing practices, proppants are a component of the overall fracturing fluid. In 20 AAC 25.283(a)(13)(D), there is a reference to "proppants and other substances injected to aid in well cleanup" which is inconsistently followed by 20 AAC 25.283(a)(14) which requires a separate submission of a detailed plan for post fracture cleanup, in which the substances injected to aid in well cleanup are better placed to be reported. In addition, we note the increased administrative burden of submitting amount or volume information on stage-by-stage basis rather than cumulative amounts or volumes for the overall well.

Finally, Schlumberger requests the AOGCC to make provisions in the proposed changes to the regulations to include provisions to accommodate requests for trade secret protection on selected chemicals or additives that satisfy the established criteria to be afforded such a designation under current state or federal laws relating to the protection of trade secrets.

Schlumberger respectfully submits that the requirements of this section (20 AAC 25.283)(a) would be more clearly posed as follows:

(13) ~~a detailed copy of the proposed hydraulic fracturing program by stage including:~~

~~(A) the estimated total volumes planned;~~

~~(B) the trade name and generic name of the base fluid to be used;~~

~~(C) the estimated amount or volume of the additives to be used including viscosifiers, acids, proppants, or gelling agents;~~

~~(D) the estimated weight or volume of inert substances, including proppants and other substances injected to aid in well cleanup;~~

~~(D) the maximum anticipated treating pressure and information sufficient to support a determination that the well is appropriately construed for the proposed hydraulic fracturing program; and~~

~~(E) the designated height and length of the proposed fracture(s), including the calculated MD and TVD of the top of the fracture(s).~~

(14) a detailed description of the plan for post fracture wellbore cleanup and fluid recovery through to production operations.

In the proposed changes in 20 AAC 25.283(h)(2), we again highlight the increased administrative burden of providing the required information on stage-by-stage basis rather than cumulative amounts or volumes for the overall well. In addition, there are practical contradictions between the information requested in 20 AAC 25.283(h)(2)(B) for each ingredient of additive and 20 AAC 25.283(h)(2)(D) that requires information on chemical ingredients added to the fracturing fluid. These contradictions lead to uncertainty in acceptable reporting formats. In general, Schlumberger is able to provide the type of detailed information sought in the proposed sections 20 AAC 25.283(h)(2)(B) and (D) in a system-style format for the overall fracturing fluid.

Schlumberger respectively submits that the requirements of this section (20 AAC 25.283)(h)(2) would be more clearly posed as follows:

~~(2) the amount and types(s) of material pumped during each treatment stage and the total amount and types of materials pumped including:~~

~~(A) a description of the hydraulic fracturing fluid pumped identified by additive type (e.g. acid, biocide, breaker, brine, corrosion inhibitor, crosslinker, demulsifier, friction reducer, gel, iron control, oxygen scavenger, pH adjusting agent, proppant, scale inhibitor, surfactant);~~

~~(B) the chemical ingredient name and the Chemical Abstract Services (CAS) Registry number, as published by the Chemical Abstracts Service, a division of the American Chemical Society (www.cas.org) for each ingredient of the additive used. The rate or concentration for each additive shall be provided in appropriate measurement units (pounds per gallon, gallons per thousand gallons, percent by weight or percent by volume, or parts per million);~~

(B) each chemical ingredient used in the hydraulic fracturing treatment(s) of the well that is subject to the requirements of 29 Code of Federal Regulations §1910.1200(g)(2), as provided by the chemical supplier or service company or by the operator, if the operator provides its own chemical ingredients; and

(C) a supplemental list of all chemicals not subject to the requirements of 29 Code of Federal Regulations §1910.1200(g)(2), that were intentionally included in and used for the purpose of creating the hydraulic fracturing treatments for the well and their respective Chemical Abstract Services (CAS) Registry number, as published by the Chemical Abstracts Service, a division of the American Chemical Society (www.cas.org) and the rate or concentration for each additive in appropriate measurement units (pounds per gallon, gallons per thousand gallons, percent by weight or percent by volume, or parts per million), excluding chemicals subject to a claim of trade secret protection.

Schlumberger appreciates the opportunity to provide comments on these proposed changes to regulations pertaining to hydraulic fracturing operation in Alaska. If you have any questions regarding Schlumberger's comments or require clarification, please contact me at 1-907-273-1741.

Sincerely,



Lees Rodionov

General Manager