

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION
333 West 7th Avenue, Suite 100
Anchorage, Alaska 99501

Re: **THE APPLICATION OF**) Area Injection Order No. 012.003
HILCORP ALASKA, LLC. for)
Administrative Approval to re-) Trading Bay Field (Southern half)
establish EOR Class II non-hazardous) Monopod Platform
fluid injection into well Trading Bay) Middle Kenai B, C, D, E and Hemlock
ST A-12RD (PTD 1710290).) Oil Pools
)
) September 25, 2013

By email dated August 12, 2013, Hilcorp Alaska, LLC (Hilcorp) requested approval to re-establish Enhanced Oil Recovery (EOR) injection operations governed by provisions of the underlying AIO 012.000. The Alaska Oil and Gas Conservation Commission (AOGCC) hereby **GRANTS** the Hilcorp request for administrative approval to allow the use of Trading Bay ST A-12RD.

An annual review of the performance of this injection project is required as outlined below and will be the basis for continuing approval of injection into the well as currently configured.

Trading Bay ST A-12RD has been shut-in since April 1984 after a failed MIT indicating tubing by inner annulus communication. The well has been retained since then for future use as an injector, and Hilcorp has now decided that the well can be of benefit to the Trading Bay Field given the recent workover successes and opportunity for increased injection rates. The well has been reported to AOGCC as required, and temperature surveys were performed in 1998, 2002, and 2005 which confirmed that injected fluids were contained within the C sands and there were no indications of cross flow in the wellbore. Hilcorp has indicated that, based on injection performance and Trading Bay Field development plans, the well would be evaluated as a workover candidate within a two year period.

Rule 8 of AIO 12.000 allows the AOGCC administratively to amend any rule stated as long as the operator demonstrates to the AOGCC's satisfaction that sound engineering practices are maintained and the amendment will not result in an increased risk of fluid movement into an underground source of drinking water.

Finding 4 of AIO 12.000 states that the portion of aquifers beneath the Cook Inlet described by ¼ mile area beyond and lying directly below the Trading Bay Field are exempt, and Finding 5 finds that less stringent requirements for well construction, operation, monitoring, and reporting of injection operations may be more appropriate than would be required when injection occurs into, through, or above portions of aquifers not exempted.

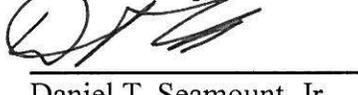
AOGCC's approval to continue water injection only is conditioned upon the following:

1. Hilcorp shall re-establish injection and perform a temperature survey after one month of monitoring;
2. Hilcorp shall monitor and record wellhead pressures and injection rate daily;
3. Hilcorp shall submit to AOGCC a monthly report of well pressures, injection rates, and pressure bleeds for all annuli. Bleeds to be flagged on the report;
4. Hilcorp shall perform a temperature survey every 2 years;
5. Hilcorp shall immediately shut in the well and notify the AOGCC if there is any change in the well's mechanical condition;
6. After well shut in due to a change in the well's mechanical condition, AOGCC approval shall be required to restart injection;
7. Hilcorp shall submit to AOGCC an annual surveillance report evaluating the performance of the EOR injection by April 1st of each year covering injection operations during the previous calendar year. The report shall include data sufficient to characterize the injection operation, including among other information, the following: injection and annuli pressures (i.e. daily average, maximum, and minimum pressures); fluid volumes injected; injection rates; mechanical condition of the injection wells; and integrity of confining layers. An assessment of the applicability of the injection order findings, conclusions, and rules based on actual performance shall be included with the annual performance report; and
8. This administrative approval shall expire 24 months after the effective date shown below unless an extension is approved according to Rule 8 of AIO 12.000.

DONE at Anchorage, Alaska and dated September 25, 2013



Cathy P. Foerster
Chair, Commissioner



Daniel T. Seamount, Jr.
Commissioner



John K. Norman
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. As provided in AS 31.05.080(b), "[t]he questions reviewed on appeal are limited to the questions presented to the AOGCC by the application for reconsideration."

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.