



**ADMINISTRATIVE APPROVAL  
AREA INJECTION ORDER NO. 12.004**

Mr. Larry Greenstein  
Regulatory Compliance Manager  
Hilcorp Alaska, LLC.  
P.O. Box 244027  
Anchorage, AK 99524-4027

Re: Docket Number: AIO-16-005  
Request for administrative approval to allow well Trading Bay ST A-25RD (PTD 1881370) to be online in water only injection service with known tubing by inner annulus communication.  
Trading Bay ST A-25RD (PTD 1881370)  
Trading Bay Field (Southern Half Monopod Platform)  
Middle Kenai C and D Oil Pools

Dear Mr. Greenstein:

By email dated February 9, 2016, Hilcorp Alaska, LLC. (Hilcorp) requested administrative approval to continue water only injection in the subject well.

In accordance with Rule 8 of Area Injection Order (AIO) 012.000, the Alaska Oil and Gas Conservation Commission (AOGCC) hereby **GRANTS** the Hilcorp request for administrative approval to continue water only injection in the subject well.

Hilcorp reported a potential tubing by inner annulus pressure communication to AOGCC in November 2015 while performing an acid stimulation to increase injectivity in the well. Hilcorp shut in the well and performed diagnostics including a static and injecting temperature survey. The surveys demonstrated fluid entry is below the packer to the perforations. Reported results of Hilcorp diagnostic procedures and wellhead pressure trend plots indicate that injection is confined to the authorized zone. Accordingly, the AOGCC believes that the well's condition does not compromise overall well integrity so as to threaten human safety or the environment. 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 12 month period.

Rule 8 of AIO 12.000 allows the AOGCC to administratively 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.

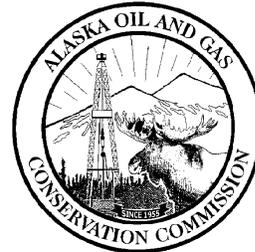
AOGCC's approval to continue water injection only in Trading Bay ST A-25RD is conditioned upon the following:

1. Hilcorp shall record wellhead pressures and injection rate daily;
2. Hilcorp shall submit to the AOGCC a monthly report of well pressures, injection rates, and pressure bleeds for all annuli. Bleeds to be flagged on the report;
3. Hilcorp shall perform a temperature survey every 2 years;
4. Hilcorp shall immediately shut in the well and notify the AOGCC if there is any change in the well's mechanical condition;
5. After well shut in due to a change in the well's mechanical condition, AOGCC approval shall be required to restart injection;
6. Hilcorp shall submit to AOGCC an annual surveillance report evaluating the performance of the EOR injection by April 1<sup>st</sup> 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
7. This administrative approval shall expire 12 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 February 26, 2016.

//signature on file//  
Cathy P. Foerster  
Chair, Commissioner

//signature on file//  
Daniel T. Seamount, Jr.  
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.

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.