

STATE OF ALASKA

ALASKA OIL AND GAS CONSERVATION COMMISSION

SEAN PARNELL, GOVERNOR

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REVISED ADMINISTRATIVE APPROVAL AIO 7.2

Re: The application of Union Oil Company of California to increase the volume of approved wastes from the Baker Platform for the purpose of disposal into the stratigraphic interval authorized for enhanced recovery by Area Injection Order No. 7.

Mr. Timothy Brandenburg
Drilling Manager
Union Oil Company of California.
P. O. Box 196247
Anchorage, Ak 99519-6247

RE: Baker Platform (PTD 177-017 and PTD 185-217 Request for Administrative Approval

Mr. Brandenburg:

The Alaska Oil and Gas Conservation Commission (Commission or AOGCC) **APPROVES** Union Oil Company of California (UNOCAL)'s request to increase the allowed disposal volume in wells MGS State 17595 16 [Ba-16] and MGS State 17595 17 [Ba-17] to 100,000 barrels as requested in your letter of August 24, 2010. Prior to beginning disposal operations, please contact the AOGCC Inspectors so that witnessed MITs may be conducted.

Production and injection operations were halted on Baker Platform in June 2003 and the platform surface equipment was purged/cleaned of hydrocarbons and most of the equipment removed from the platform. Waste liquids from the purging/cleaning operation were disposed of into the producing formations in Ba-16 and Ba-17 according to AIO 7.002. Slightly in excess of 10,000 barrels of waste was injected. In 2005, the productive intervals of 5 wells were plugged with cement and 7,000 additional barrels of waste was injected. A total disposal volume of 50,000 barrels was originally authorized.

Unocal is now planning to place additional, shallower plugs in those 5 wells and deep and shallow plugs in the remaining 18 wells on the platform. Union requested that the total approved waste volume be increased to 100,000 barrels. The increase in volume allows for about 1,400 barrels of waste for each deep plug and 2,500 barrels of waste for each shallow plug. When the work is completed, all well drilled from Baker Platform should be plugged back proximate to the mud line in preparation for ultimate platform removal.

The fluid is expected to be primarily comprised of unfiltered inlet water, produced water, produced oil, sludge, triethyleneglycol, paraffin, asphaltenes, deck drainage due to rainfall on the platform and waste liquids from the cementing process. Area Injection Order No. 7 authorizes injection in the Northern Portion of the Middle Ground Shoal Field. Administrative Approval

AIO 7.002 authorized pumping waste liquids into the producing intervals of Ba-16 and Ba-17. Rule 9 of Area Injection Order No. 7 allows the Commission to administratively amend any rule in the order as long as the operator demonstrates to the Commission'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.

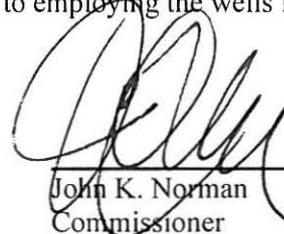
Until the enhanced recovery operations were halted, Baker Platform wells Ba-16 and Ba-17 were operated in compliance with AIO 7 and 20 AAC 25.404 and 25.412. Both wells passed MITs in July 2005 in conjunction with the original deep plugging.

The portion of aquifers beneath Cook Inlet described by a ¼ mile area beyond and lying directly below the middle Ground Shoal Field are exempted for Class II injection activities by 40 CFR 147.102(b)(2)(B) and 20 AAC 25.440(c). Disposal operations in these wells will not cause waste due to the limited volume of injectant and the swept condition of the underlying reservoirs that surround these wells.

Unocal's correspondence demonstrates that the proposed injection wells have mechanical integrity, and that injection of non-hazardous Class II fluids into strata authorized for enhanced recovery injection by AIO No. 7 will not result in an increased risk of fluid movement into an underground source of drinking water. Pursuant to Rule 9 of Area Injection Order No. 7, the authorized total disposal volume for the well plugging project on Baker Platform is increased to 100,000 barrels. Witnessed MITs should be conducted prior to employing the wells for disposal.

DONE at Anchorage, Alaska and dated September 2, 2010.


Daniel T. Seamont, Jr.
Chair, 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 Commission grants for good cause shown, a person affected by it may file with the Commission 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 Commission 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 Commission 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 Commission mails, OR 30 days if the Commission 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 Commission 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 Commission, and it may be appealed to superior court. That appeal MUST be filed within 33 days after the date on which the Commission mails, OR 30 days if the Commission 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 Commission 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.