

# STATE OF ALASKA

SEAN PARNELL, GOVERNOR

## ALASKA OIL AND GAS CONSERVATION COMMISSION

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### ADMINISTRATIVE APPROVAL Area Injection Order 9.007 Revised

Mr. Paul Figel  
Engineering Manager  
XTO Energy  
200 North Loraine, Suite 800  
Midland, TX 79701

RE: MGS C24-23 (PTD 1681070) Administrative Approval Revision  
Middle Ground Shoal (MGS) W, F, G Oil Pool

Dear Mr. Figel:

In accordance with Rule 6 of Area Injection Order ("AIO") 09.000, on June 26, 2006 the Alaska Oil and Gas Conservation Commission (AOGCC or Commission) approved continued operation of MGS C24-23 with tubing x inner annulus (TxIA) communication. AIO 9.007 restated observation and reporting obligations originally imposed in the Commission's letter of September 30, 1993 (copy attached). XTO has complied with the requirements and the operating information continues to demonstrate that the well structure remains competent and the injected fluids are being placed into the intended production intervals. All aquifers in the Middle Ground Shoal Field have been exempted [40 CFR 147.102 (b) (2) (iii)].

A recent review of the well operating conditions revealed that the surface injection pressure is 3500 psi which is 48% of the published minimum internal yield pressure (7240 psi) of the 7", 26#/ft, N-80 production casing. The production casing is competent, however if a leak were to develop, the 10-3/4", 40.5 #/ft, J-55 surface casing could fail when subjected to the surface injection pressure which calculates to 111% of published minimum internal yield pressure (3130 psi).

To protect against overpressure and potential failure of the surface casing, the Commission now requires that XTO install engineering controls on the outer annulus (OA) of MGS C24-23. With such controls in place, the Commission believes that the well's condition would not compromise overall well integrity so as to threaten human safety or the environment.

AOGCC's revised administrative approval to continue water injection only in MGS C24-23 is conditioned upon the following:

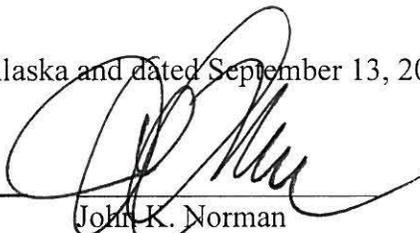
1. Injection is limited to WATER ONLY.
2. XTO shall monitor and record tubing, inner annulus and outer annulus (T/I/O) pressures and injection rate daily;

3. XTO shall submit to the AOGCC a monthly report of well pressures, injection rates, and pressure bleeds for all annuli;
4. A pressure test of the combined tubing and inner annulus (CMIT) is NOT required as stated in the Commission's letter dated September 20, 1993;
5. XTO shall perform a MIT-OA to 500 psi every 2 years;
6. Within 60 days of the effective date of this approval, XTO shall install, maintain and operate automatic well shut-in equipment linked to the well's outer annulus pressure. The actuation pressure shall not exceed 300 psi. Testing of the shut-in equipment shall be performed in conjunction with production well pilots and safety valves;
7. XTO shall immediately shut in the well and notify the AOGCC if there is any change in the well's mechanical condition;
8. After well shut in due to a change in the well's mechanical condition, AOGCC approval shall be required to restart injection; and
9. The initial OA MIT should be performed in conjunction with the shut-in equipment testing requirement of Rule 6. That will establish the anniversary date for future testing.

**DONE** at Anchorage, Alaska and dated September 13, 2010.



Daniel T. Seamont  
Chair, Commissioner



John K. Norman  
Commissioner



Cathy P. Foerster  
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.