

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINES AND MINERALS
Alaska Oil and Gas Conservation Committee

3001 Porcupine Drive
Anchorage, Alaska

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RE: THE APPLICATION OF THE SHELL OIL COMPANY)
AND THE PAN AMERICAN PETROLEUM CORPORATION,)
covering the development of a prescribed area)
of the Middle Ground Shoal Field for an except-)
ion to Section 2061.1 of the Alaska Oil and Gas)
Conservation Regulations and requesting auth-)
orization to initiate, expand and continue)
pressure maintenance or secondary recovery)
operations pursuant to the authority granted)
by Section 31.05.030 of the Alaska Statutes)

Conservation Order #44

July 19, 1967

IT APPEARING THAT:

1. The Shell Oil Company and the Pan American Petroleum Corporation submitted a petition dated June 9, 1967, requesting the referenced exceptions and authorizations.
2. Notice of the hearing was published in the Anchorage Daily News on July 3, 1967. Because of a typographical error in the original publication the notice of hearing was republished July 8, 1967.
3. A waiver of personal service was received from each of the affected parties.
4. A public hearing was held in the City Council Chambers of the Z. J. Lussac Library on July 19, 1967. Testimony in support of the petition was presented by Pan American Petroleum Corporation and Shell Oil Company.

AND IT FURTHER APPEARING that reservoir data presented at the hearing is adequate to determine that an exception to the acreage spacing requirements of Section 2061.1 of the Alaska Oil and Gas Conservation Regulations is necessary for the affected area hereinafter described.

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AND IT FURTHER APPEARING that the data on the reservoir performance as shown at the hearing indicates that tests to determine the feasibility of pressure maintenance or secondary recovery operations by fluid injection should be initiated and that Field Rules authorizing such testing and initiation of pressure maintenance or secondary recovery operations and a continuation and expansion of such operations if proven feasible should be adopted.

AND IT FURTHER APPEARING that certain changes should be made to enlarge the affected area and modify rules listed in Conservation Order #31.

AND IT FURTHER APPEARING that pool rules establishing requirements for bottom hole pressure surveys, gas-oil ratio surveys, and minimum casing and cementing requirements should be adopted for the affected area.

NOW, THEREFORE, IT IS ORDERED that **the** area described as follows is affected by this order:

<u>T8N-R13W, S. M.</u>	
Section 1: All	Section 22: SE/4
Section 2: E/2	Section 23: All
Section 11: SW/4, E/2	Section 24: W/2
Section 12: SW/4, N/2	Section 25: W/2
Section 13: W/2	Section 26: All
Section 14: All	Section 27: E/2
<u>T9N-R12W, S. M.</u>	<u>T9N-R13W, S. M.</u>
Section 19: S/2	Section 25: E/2
Section 30: All	Section 36: E/2
Section 31: All	

The following special rules apply to the aforementioned area:

Rule 1, Spacing pattern

(a) Oil wells may be completed closer than 500 feet to the section lines or quarter section lines and may be completed closer than 1000 feet to any well drilling to or capable of producing from the same pool, except that no oil well shall be completed at a distance of less than 500 feet from a lease line where ownership changes.

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(b) No more than two oil completions shall be allowed in any governmental quarter section or governmental lot corresponding thereto in any pool as designated in Rule 2.

Rule 2, Pool designation

The vertical producing intervals shall be divided into seven (7) pools which will be correlated with the following intervals in the Pan American Petroleum Corporation State 17595 #4 well.

MGS Oil Pool A - 5300' to 5720'
MGS Oil Pool B - 5720' to 6100'
MGS Oil Pool C - 6100' to 6400'
MGS Oil Pool D - 6400' to 6750'
MGS Oil Pool E - 6750' to 7050'
MGS Oil Pool F - 7050' to 7375'
MGS Oil Pool G - 7375' to 9215'

Rule 3, Permissible commingling

A well may be completed in and produced simultaneously from any one or more, or from all of the above seven pools provided that the production from the pools is adequately segregated in the well bore and produced at the surface so that the following requirements may be met:

(a) Production from MGS Oil Pool A, as defined in Rule 2, must be segregated in the same well bore from production originating from any other pool.

(b) Production from MGS Oil Pools B, C, and D, as defined in Rule 2, may be commingled in the same well bore, but must be segregated from production from any other pool.

(c) Production from MGS Oil Pools E, F, and G, as defined in Rule 2, may be commingled in the same well bore, but must be segregated from production from any other pool.

Rule 4, Fluid injection

The injection of fluid into any of the pools described in Rule 2, for the purpose of pressure maintenance or secondary recovery or of conducting injectivity tests, is hereby permitted, subject to the following requirements:

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(a) Fluid injected into MGS Pool A must be segregated from and injected separately in the well bore from fluid injection through the same well into any other pool.

(b) Fluid to be injected into MGS Pools B, C, and D, may be commingled in the well bore and injected simultaneously into all three pools, but must be segregated from and injected separately in the well bore from fluid injection through the same well into any other pool.

(c) Fluid to be injected into MGS Pools E, F, and G, may be commingled in the well bore and injected simultaneously into all three pools, but must be segregated from and injected separately in the well bore from fluid injected through the same well into any other pool.

(d) The same well may be used for both injection and producing purposes simultaneously provided that the requirements of Rule 3, and of Rule 4 (a), (b), and (c) above are met, and there is an adequate shut-off between that part of the well used for injection purposes and that part used for production purposes.

Rule 5, Lease line well

The drilling of a well to be completed in the pools defined in Rule 2, at a location as nearly as practicable upon the township line between Township 8 North and Township 9 North and the boundary line separating Lease ADL 17595 from Lease ADL 18754 is hereby permitted, upon a showing being made to the Committee that an appropriate agreement therefor has been entered into by all affected parties, including the State of Alaska as lessor. Said well may be completed and produced as an oil well but shall not be considered as one of the two wells attributable to a quarter section for the purposes of Rule 1 as to either Lease ADL 17595 or Lease ADL 18754. Said well may at any time thereafter be converted to injection purposes. The Committee shall be notified of the effective date of the change.

Rule 6, Administrative approval of changes in pressure maintenance or secondary recovery operations

The Committee may upon a showing that the operators of each of the leases, as the representatives of all affected parties, concur in the request therefor and that appropriate and adequate casing, cementing, and testing has been, or will be, carried out, authorize any of the following operations as an administrative matter and without notice or hearing:

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(a) The conversion to injection purposes of any well initially completed either as a producer of oil or as a dry hole.

(b) The drilling for injection purposes of a well or wells at any location.

(c) The conversion from injection purposes to producing status of any well or wells.

(d) The drilling of additional wells, i.e. wells not otherwise authorized by these Field Rules, for producing purposes at any location.

(e) The commingling in the well bore of fluid produced by a well from any pool defined by Rule 2, with fluid produced by said well from any other pool or pools defined by Rule 2.

(f) The commingling in the well bore of fluid injected through a well into any pool as defined by Rule 2 with fluid injected through said well into any other pool or pools as defined by Rule 2.

Rule 7, Casing and cementing requirements

Surface casing must be set and cemented to a depth of at least 1600 feet. Sufficient cement must be used to circulate to the surface.

The production string must be cemented with a sufficient volume of cement to extend at least 500 feet above the shoe or a volume to cover the uppermost producing zone encountered in the well, whichever is greater.

Rule 8, Bottom hole pressure surveys

An annual key well bottom hole pressure survey shall be made during the months of January and February with the results to be reported to the Committee by the end of March each year. The operators in the field, with approval of the Committee, will determine the datum, the wells to be included, the method to be used and the type of information to be secured. Bottom hole pressures obtained by a static build-up pressure survey, a 24 hour shut-in instantaneous test or a multiple flow rate test will be acceptable for this purpose. Survey results will be reported on Form P-12 or other appropriate means agreed to by the operators and the Committee.

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Rule 9, Gas-oil ratio tests

A gas-oil ratio test of 24 hours duration shall be made on each producing well annually. The test will be made during the months of January and February and the results will be reported on Form P-9 by the end of March of each year. The requirements of this rule will be waived if monthly reported oil and gas production is based on a gas-oil ratio test made at least every six months by the operator.

IT IS FURTHER ORDERED that Conservation Orders #26 and #31 are superceded by Conservation Order #44. This Order is made pursuant to Section 2061.3 of the Alaska Oil and Gas Conservation Regulations and the rules affecting well spacing shall continue in force for a period of not more than eighteen (18) months provided, however, that wells which have been drilled and completed and are being produced in compliance with the provisions of this Order, or any other Order of the Committee, may be produced in compliance with the terms of said Order notwithstanding the fact that such Order may have expired or have been terminated, or that there may be pending a request that said Order be modified or terminated, until such time as the Committee shall, after notice and hearing, enter an Order establishing different rules, requirements, or provisions. The Committee on its own motion, or at the request of any interested party, may at any time during the temporary period set this matter for further hearing for the purpose of determining whether the present Order should be amended or modified. The Committee will, in the absence of a request of an interested party for a hearing at an earlier date, set this matter for hearing for a date which shall be not later than 30 days prior to the date of the expiration of this Order, for the purpose of determining the proper spacing and field rules which should then be applicable to this field.

SEE CO#53

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DONE at Anchorage and Juneau, Alaska, and dated July 19, 1967.

Thomas R. Marshall, Jr.

Thomas R. Marshall, Jr., Executive Secretary
Alaska Oil and Gas Conservation Committee



Concurrence:

James A. Williams

James A. Williams, Chairman
Alaska Oil and Gas Conservation Committee

Dale Wallington

Dale Wallington, Member
Alaska Oil and Gas Conservation Committee

Karl L. VonderAhe

Karl L. VonderAhe, Member
Alaska Oil and Gas Conservation Committee