

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

Re: THE APPLICATION OF Hilcorp) Docket No. CO-15-005
Alaska, LLC to re-complete the Granite) Conservation Order No. 76.33
Point State 18742-17A development oil)
well within 1,000 feet of, and within the) Granite Point State 18742-17A
same governmental quarter section as,) Granite Point Field
wells that are, or may be capable of,) Middle Kenai Oil Pool
producing from the same pool.)
) May 26, 2015

IT APPEARING THAT:

By a letter received May 11, 2015, Hilcorp Alaska, LLC (Hilcorp) requests an order allowing re-completion of the Granite Point State 18742-17A development oil well within 1,000 feet of, and within the same governmental quarter section as, wells that are, or may be capable of, producing from the same pool.

FINDINGS:

1. Hilcorp is the operator of the Granite Point Field (GPF) and is the operator of the GPF State (ST) 18742-17A development oil well that is located on the west side of the Cook Inlet, Kenai Peninsula Borough, Alaska.
2. The GPF ST 18742-17A well is an offshore, deviated development oil well with a surface location of 798 feet from the north line and 596 feet from the east line of Section 12, Township 10 North, Range 12 West, Seward Meridian (S.M.). The bottom hole location is 898 feet from the south line and 1,994 feet from the west line of Section 12, Township 10 North, Range 12 West, S.M.
3. The GPF ST 18742-17A well is located entirely within State of Alaska Oil and Gas Lease ADL 18742.
4. The GPF ST 18742-17A well is currently completed in the undefined Hemlock Oil Pool. This well has been unsuccessful as a Hemlock producer. Hilcorp proposes to plug the well back and re-complete it in the Middle Kenai Oil Pool within an area governed by Conservation Order No. 76.
5. The GPF ST 18742-17A will be the fourth well within the southeast quarter of Section 12 capable of producing from the Middle Kenai Oil Pool.
6. The GPF ST 18742-17A will be within 1,000 feet to the GPF ST 18742-21, 23RD and 09 development wells that produce or are capable of producing from the Middle Kenai Oil Pool.
7. Conservation Order 76, Rule 2. Spacing provides
 - a. not more than two completed wells shall be allowed in any governmental quarter section; and
 - b. no pay opened to the well bore shall be nearer than 500 feet to any property line nor nearer than 1,000 feet to any well drilling to or capable of producing from the same pool.
8. Conservation Order 76, Rule 7. Administrative Approval specifies in part that the Alaska Oil and Gas Conservation Commission (AOGCC) "...may authorize the conversion or

drilling of any well at any location...reasonably designed to further the purposes of the project.”

9. The re-completion of GPF ST 18742-17A is designed to maximize recovery from the Middle Kenai Oil Pool at Granite Point Field by accessing un-drained reserves in oil reservoirs that cannot be reached by wells conforming to applicable spacing restrictions.
10. In conformance to Rule 7 of Conservation Order No. 76, Hilcorp gave notice of this request to all potentially affected landowners, owners and operators—those within 1,000-foot radius of the GPF ST 18742-17A well—the State of Alaska, Department of Natural Resources (DNR) and Hilcorp Alaska, LLC. Hilcorp sent notice of its application to the DNR. DNR received the notification on May 11, 2015. The AOGCC received no objection or comment regarding Hilcorp’s request.

CONCLUSIONS:

1. An exception to the well spacing provisions of Rule 2, CO 76 is necessary to allow re-completion of the GPF development oil well in order to maximize recovery of reserves.
2. A spacing exception to allow re-completion of the GPF ST 18742-17A development oil well is consistent with sound engineering and geoscience principles and will not result in waste or jeopardize correlative rights of adjoining or nearby owners.

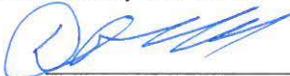
NOW THEREFORE IT IS ORDERED:

Hilcorp’s May 11, 2015 application for an order granting an exception to the well spacing requirements of 20 AAC 25.055(a)(3) to allow re-completion of the GPF ST 18742-17A development oil well is APPROVED. Hilcorp may proceed as long as it complies with the terms of the applicable Alaska laws, and all other legal requirements.

DONE at Anchorage, Alaska and dated May 26, 2015.



Cathy P. Foerster
Chair, Commissioner



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.