

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION
333 W. 7th Avenue, Suite 100
Anchorage Alaska 99501

Re: Proposed amendment of rules waiving) Conservation Order No. 261A
certain requirements of 20 AAC 25.280)
concerning Applications for Sundry Approvals)
for workover operations,)
)
) Kuparuk River Field
) Kuparuk River Oil Pool
) West Sak Oil Pool
) Tabasco Oil
) Tarn Oil Pool
) Meltwater Oil Pool
)
) July 29, 2005

IT APPEARING THAT:

1. Conservation Order No. 261 (“CO 261”), issued October 23, 1990, currently waives the requirements of 20 AAC 25.280(a) for certain wells in the Kuparuk River Oil Pool, Kuparuk River Field. CO 261 further requires the operator to provide the Alaska Oil and Gas Conservation Commission with a listing of planned workover operations including the well and intended operation on a weekly basis.
2. Four additional oil pools have been defined in the Kuparuk River Field:

West Sak Oil Pool	Conservation Order No. 406B
Tarn Oil Pool	Conservation Order No. 430A
Tabasco Oil Pool	Conservation Order No. 435A
Meltwater Oil Pool	Conservation Order No. 456A
3. On its own motion, the Commission proposed to amend the waiver for the Kuparuk River Oil Pool and to extend the waiver to include the West Sak, Tabasco, Tarn and Meltwater Oil Pools.
4. Notice of public hearing was published in the Anchorage Daily News on November 22, 2004.
5. No protests to the proposal were filed with the Commission and no public request for a hearing was made.
6. One comment letter in support of the Commission’s proposed action was received.

7. The Commission held the hearing as noticed.

FINDINGS:

1. 20 AAC 25.280(a) requires an operator to file an Application for Sundry Approvals (Form 10-403) and receive Commission approval prior to performing well workovers (i.e., perforating or reperforating casing, stimulation, pulling tubing, altering casing, and repairing wells) on any well subject to the Commission's jurisdiction.
2. 20 AAC 25.280(d) requires an operator to file a Report of Sundry Well Operations (Form 10-404), including supporting documentation, within 30 days after completing workover operations.
3. In addition to relieving the operator of the sundry approval requirement for certain wells in the Kuparuk River Oil Pool for the type of operations in 20 AAC 25.280(a), CO 261 requires the operator, on a weekly basis, to supply the Commission with a listing of the planned operations for which the requirement to submit a sundry approval application had been waived.
4. While weekly reports of planned or anticipated operations have been filed with the Commission under CO 261, these reports have been of limited utility because not all reported operations are actually performed and it has often been difficult to determine which have been and which have not been performed.
5. CO 261 is ambiguous as to the categories of wells that are covered by the waiver.
6. Most work within the physical confines of the production casing/liner or the production tubing has become standard and routine for development and service wells in the pools that have been defined in the Kuparuk River Field. Work within service wells, while routinely performed, requires additional regulatory scrutiny due to the requirements of the Underground Injection Control ("UIC") Program as delegated to the Commission by the United States Environmental Protection Agency. Regardless of the well type, it is still important to the Commission's surveillance and regulatory functions for the Commission to receive timely reports of such workover operations.
7. Alteration of casing which provides a physical barrier between the wellbore and the subsurface formations in development and service wells is not standard or routine so as to warrant waiving the requirement of advance approval by the Commission.
8. Conservation Order No. 494, dated September 4, 2003, requires the operator to notify the Commission when any development well in the Kuparuk River Field experiences sustained annulus pressure exceeding a specified value. The purpose of this requirement, together with others in that order, is to prevent failure of well integrity, uncontrolled release of fluid or pressure, or threat to human safety.

9. Well workovers as described in 20 AAC 25.280(a), (1), (2), (3) and (5) on development wells in the pools that have been defined in the Kuparuk River Field generally do not call for additional requirements beyond the criteria imposed by regulation.
10. Well workover operations on injection wells may frequently call for additional requirements such as but not limited to mechanical integrity tests and cement quality logs.
11. Commission inspectors routinely inspect drilling and well workover operations to ensure compliance with regulations.
12. The attached document titled "Well Work Operations and Sundry Notice/Reporting Requirements for Pools Subject to Sundry Waiver Rules," dated July 15, 2005, sets out with more specificity than the Commission's regulations the sundry application and reporting requirements that apply to various types of workover operations, as modified consistent with the above findings.

CONCLUSIONS:

1. Waiving the requirements of 20 AAC 25.280(a) (1), (2), and (3) and modifying the requirements of 20 AAC 25.280(a) (5) for development wells in the pools that have been defined in the Kuparuk River Field will result in administrative efficiencies for both the operator and the Commission.
2. Waiving the requirements of 20 AAC 25.280(a) (1), (2), and (3) and modifying the requirements of 20 AAC 25.280(a) (5) for development wells in the pools that have been defined in the Kuparuk River Field will not promote waste, jeopardize correlative rights, or result in an increased risk of fluid movement into freshwater.
3. Modifying the requirements of 20 AAC 25.280(a) (1) and (5) for service wells in the pools that have been defined in the Kuparuk River Field will result in administrative efficiencies for both the operator and the Commission.
4. Modifying the requirements of 20 AAC 25.280(a) (1) and (5) for service wells in the pools that have been defined in the Kuparuk River Field will not promote waste, jeopardize correlative rights, or result in an increased risk of fluid movement into freshwater.
5. Modifying the requirements of 20 AAC 25.280(a) (1) and (5) for service wells in the pools that have been defined in the Kuparuk River Field will not compromise the administration of the Class II UIC program.
6. Increased regulatory scrutiny for those wells reported to the Commission in compliance with the Sustained Casing Pressure Rules (CO 494) is appropriate.

7. Increased regulatory scrutiny for any well with compromised ability to contain pressure is appropriate.
8. Increased regulatory scrutiny for work to repair casing (20 AAC 25.280(a) (4)) is appropriate.
9. The operator's submission of a schedule of *upcoming/planned* workover operations has not been of material value to the Commission, but the operator's submission of a list of workover operations *actually performed* in the preceding week will aid the Commission with its surveillance and regulatory responsibilities.
10. The attached document titled "Well Work Operations and Sundry Notice/Reporting Requirements for Pools Subject to Sundry Waiver Rules" dated July 15, 2005, sets out the appropriate sundry approval and reporting requirements for frequently performed well operations in the pools that have been defined in the Kuparuk River Field.

NOW, THEREFORE IT IS ORDERED THAT:

This order supersedes CO 261, dated October 23, 1990. The findings, conclusions, and administrative record for CO 261 and CO 494 are adopted by reference and incorporated in this decision to the extent that they do not conflict with this order. The following rules, in addition to statewide requirements under 20 AAC 25, to the extent not superseded by these rules, apply to the affected areas established in Conservation Order No. 432C (Kuparuk River Oil Pool), Conservation Order No. 406B (West Sak Oil Pool), Conservation Order No. 430A (Tarn Oil Pool), Conservation Order No. 435A (Tabasco Oil Pool), and Conservation Order No. 456A (Meltwater Oil Pool).

Rule 1

Except as provided in Rules 4 and 5, the requirement to submit an Application for Sundry Approvals (Form 10-403) and supporting documentation for workover activities described in 20 AAC 25.280(a) (1), (2), (3) and (5) is waived or modified for development wells as provided in the attached document entitled "Well Work Operations and Sundry Notice/Reporting Requirements for Pools Subject to Sundry Waiver Rules," dated July 15, 2005 (the "Attachment"). This waiver and modification do not affect the operator's responsibility to submit a Report of Sundry Well Operations (Form 10-404) within 30 days following the completion of a workover operation.

Rule 2

Except as provided in Rules 4 and 5, the requirement to submit an Application for Sundry Approvals (Form 10-403) and supporting documentation for workover activities described in 20 AAC 25.280(a) (1) and (5) is modified for service wells as provided in the Attachment document described in Rule 1. This modification does not affect the operator's responsibility to submit a Report of Sundry Well Operations (Form 10-404) within 30 days following the completion of a workover operation.

Rule 3

The Attachment described in Rule 1 summarizes the sundry approval and reporting requirements that apply to various categories of operations in the specific well types under Commission regulations as modified by these rules.

Rule 4

The waivers provided under Rule 1 above do not apply to wells that are required to be reported to the Commission under the provisions of an applicable Sustained Casing Pressure Rule in Conservation Order No. 494.

Rule 5

The Commission reserves the discretion to require that an operator submit an Application for Sundry Approvals for a particular well or for a particular operation on any well.

Rule 6

Each week the operator shall provide the Commission with a report of workover operations performed the previous week that did not require submission of a Form 10-403. (These operations are listed in Column 2 of the Attachment) The report must include the date, well, permit to drill number, nominal operation completed, and a brief description of that operation including depths of perforations, reperfing, and stimulated zones.

Rule 7

Nothing in this order precludes an operator from filing an Application for Sundry Approvals (Form 10-403) in advance of any well work or from including Sundry authorized operations (listed in column 3 of the Attachment) in the weekly report required by Rule 6.

Rule 8

Unless notice and public hearing are otherwise required, the Commission may administratively waive the requirements of any rule stated above or administratively amend any rule including the Attachment, as long as the change does not promote waste or jeopardize correlative rights, is based on sound engineering and geoscience principles, and will not result in an increased risk of fluid movement into freshwater.

DONE at Anchorage, Alaska and dated July 29, 2005.

John K. Norman, Chairman

Daniel T. Seamount, Jr., Commissioner

Cathy P. Foerster, Commissioner

AS 31.05.080 provides that within 20 days after receipt of written notice of the entry of an order, a person affected by it may file with the Commission an application for rehearing. A request for rehearing must be received by 4:30 PM on the 23rd day following the date of the order, or next working day if a holiday or weekend, to be timely filed. The Commission shall grant or refuse the application in whole or in part within 10 days. The Commission can refuse an application by not acting on it within the 10-day period. An affected person has 30 days from the date the Commission refuses the application or mails (or otherwise distributes) an order upon rehearing, both being the final order of the Commission, to appeal the decision to Superior Court. Where a request for rehearing is denied by nonaction of the Commission, the 30-day period for appeal to Superior Court runs from the date on which the request is deemed denied (i.e., 10th day after the application for rehearing was filed).

**Well Work Operations and Sundry Notice/Reporting Requirements for Pools Subject to Sundry Waiver Rules
July 29, 2005**

DEVELOPMENT [~~PRODUCTION~~] WELLS

No Forms Required -10-403 Not Required -10-404 Not Required	1 Form Required -10-403 Not Required -10-404 / 407 or other form Required	2 Forms Required -10-403 Required -10-404 / 407 or other form Required
<p>Thru-tubing Operations (D)</p> <ul style="list-style-type: none"> • Fill tag • Set & pull retrievable plugs • Change GLV's • Dummy & gauge ring runs • Pull & rerun SSSV's • Pressure surveys – unless required by some specific approval • Temperature surveys – unless required by some specific approval • Caliper surveys • Reperforating existing intervals • Bottom hole samples • Spinner surveys • Logs – CNL, TDT, CO, CCL, CBL and Other Types – Unless required by some specific approval • Pump changes. • Packoff GLM (POGLM) 	<p>Thru-tubing Operations (D)</p> <ul style="list-style-type: none"> • Permanent cement or mechanical plugs that do not completely abandon a zone. (D) • Cutting off tailpipes. (D) • Perforate new intervals within a pool (D) • Patches (D) 	<p>Thru-tubing Operations (D)</p> <ul style="list-style-type: none"> • Perforate a new pool (D) <p align="center">SPECIAL (D)</p> <p>On a case-by-case basis, a 10-403 will be required for a particular well or operation if the Commission requests it.</p> <p>If a well is operating under a sundry approval, a 10-403 may be required to perform work. The operator should consult with the AOGCC to determine if a 10-403 is needed.</p>

Attachment

Incorporated by reference into Conservation Orders 261 A, 297 A, 341 D Rule 14, 347 A, 351 A and 556

**Well Work Operations and Sundry Notice/Reporting Requirements for Pools Subject to Sundry Waiver Rules
July 29, 2005**

DEVELOPMENT [PRODUCTION] WELLS

No Forms Required -10-403 Not Required -10-404 Not Required	1 Form Required -10-403 Not Required -10-404 / 407 or other form Required	2 Forms Required -10-403 Required -10-404 / 407 or other form Required
Pumping Operations, including using coil.(D) <ul style="list-style-type: none"> • Tubing scale removal • Sludge removal • Freeze protection • Ice plug removal • Inhibitor squeezes • Hot Oil • Tubing acid jobs • Fill clean out 	Pumping Operations, including using coil. <ul style="list-style-type: none"> • Stimulations (frac or acid) (D) • Remedial cementing operations <ul style="list-style-type: none"> ○ Conductor Fill (D) • Squeezes/plugs to control fluid movement in zone (D) 	Pumping Operations, including using coil <ul style="list-style-type: none"> • Remedial cementing operations (including but not limited to) <ul style="list-style-type: none"> ○ Casing shoes (outer annulus) (D) • Repair casing (including but not limited to) <ul style="list-style-type: none"> ○ mechanical repairs (D) ○ “pumping” repairs (cement or gel squeezes) (D)
Other Operations (D) <ul style="list-style-type: none"> • Xmas tree & valve replacement • Diagnostic & pressure testing – unless required by some specific approval 	Other Operations <ul style="list-style-type: none"> • Seal welding on bradenheads (D) 	Other Operations <ul style="list-style-type: none"> • Convert producer (D) to injector • Major welding repairs on wellheads (D) • Conductor “cutaways” and surface casing welding repairs (D) • Annular disposal (D) (Reported on form 10-423)
	Rig/Coil Operations <ul style="list-style-type: none"> • Alteration of mechanical completion (including but not limited to) <ul style="list-style-type: none"> ○ Pulling tubing, milling packers (D) ○ Install velocity strings (D) 	Rig/Coil Operations <ul style="list-style-type: none"> • Repair Casing (including but not limited to) <ul style="list-style-type: none"> ○ Mechanical repairs (D) (scab liners, tiebacks, etc)

Attachment

Incorporated by reference into Conservation Orders 261 A, 297 A, 341 D Rule 14, 347 A, 351 A and 556

**Well Work Operations and Sundry Notice/Reporting Requirements for Pools Subject to Sundry Waiver Rules
July 29, 2005**

SERVICE [INJECTION] WELLS

No Forms Required -10-403 Not Required -10-404 Not Required	1 Form Required -10-403 Not Required -10-404 / 407 or other form Required	2 Forms Required -10-403 Required -10-404 / 407 or other form Required
<p>Thru-tubing Operations (S)</p> <ul style="list-style-type: none"> • Fill tag • Set & pull retrievable plugs • Change GLV's • Dummy & gauge ring runs • Pull & rerun SSSV's • Pressure surveys – unless required by some specific approval • Temperature surveys – unless required by some specific approval • Caliper surveys • Reperforating existing intervals • Bottom hole samples • Spinner surveys • Logs – CNL, TDT, CO, CCL, CBL and Other Types – Unless required by some specific approval <p>If operations in this column are planned on a disposal well, the operator should contact the AOGCC to determine if a 10-403 is needed.</p>	<p>Thru-tubing Operations (S)</p> <ul style="list-style-type: none"> • Perforate new interval within a pool (S) <p>A 10-403 should be submitted for any perforating (new or reperf) operations on a Class II disposal well.</p>	<p>Thru-tubing Operations (S)</p> <ul style="list-style-type: none"> • Perforate a new pool. (S) • Permanent cement or mechanical plugs that do not completely abandon a zone (S) • Patches (S) • Cutting off tailpipes. (S) <p align="center">SPECIAL (S)</p> <p>On a case-by-case basis, a 10-403 will be required for a particular well or operation if the Commission requests it.</p> <p>If a well is operating under a sundry approval, a 10-403 may be required to perform work. The operator should consult with the AOGCC to determine if a 10-403 is needed.</p> <p>Please note that authorization from EPA Region 10 may be necessary to perform any work on a Class I disposal well.</p>

Attachment

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**Well Work Operations and Sundry Notice/Reporting Requirements for Pools Subject to Sundry Waiver Rules
July 29, 2005**

SERVICE [INJECTION] WELLS

No Forms Required -10-403 Not Required -10-404 Not Required	1 Form Required -10-403 Not Required -10-404 / 407 or other form Required	2 Forms Required -10-403 Required -10-404 / 407 or other form Required
Pumping Operations, including using coil.(S) <ul style="list-style-type: none"> • Tubing scale removal • Sludge removal • Freeze protection • Ice plug removal • High pressure breakdown or inhibitor squeezes, excluding frac or acid jobs • Hot Oil • Tubing acid jobs • Fill clean out 	Pumping Operations, including using coil. <ul style="list-style-type: none"> • Remedial cementing operations <ul style="list-style-type: none"> ○ Conductor Fill (S) • Squeezes/plugs to control fluid movement in zone (S) 	Pumping Operations, including using coil. <ul style="list-style-type: none"> • Stimulations (frac or acid) (S) • Remedial cementing operations (including but not limited to) <ul style="list-style-type: none"> ○ Casing shoes (outer annulus) (S) • Repair casing (including but not limited to) <ul style="list-style-type: none"> ○ mechanical repairs (S) ○ “pumping” repairs (cement or gel squeezes) (S)
Other Operations (S) <ul style="list-style-type: none"> • Xmas tree & valve replacement • Diagnostic & pressure testing – unless required by some specific approval 	Other Operations <ul style="list-style-type: none"> • Injection well MIT (on MIT form) (S) • Initial conversion from water injector to WAG injector (S) • Convert from injector to producer if for more than 30 days. (S) • Seal welding on bradenheads (S) 	Other Operations <ul style="list-style-type: none"> • Major welding repairs on wellheads (S) • Conductor “cutaways” and surface casing welding repairs (S) • Annular disposal (S) (Reported on form 10-423)

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**Well Work Operations and Sundry Notice/Reporting Requirements for Pools Subject to Sundry Waiver Rules
July 29, 2005**

		<p>Rig/Coil Operations</p> <ul style="list-style-type: none">• Alteration of mechanical completion (including but not limited to)<ul style="list-style-type: none">○ Pulling tubing ,milling packers (S)• Repair Casing (including but not limited to)<ul style="list-style-type: none">○ Mechanical repairs (S) (scab liners, tiebacks, etc)
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