

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION
333 WEST SEVENTH AVENUE, SUITE 100
Anchorage, Alaska 99501

Re: The Application of Buccaneer Alaska) Conservation Order No. 647
Operations, LLC for an order granting an)
Exception to the spacing requirements of) Kenai Loop # 1 Gas Exploration Well
20 AAC 25.055(a)(2) to provide for the)
drilling completion, testing and regular)
production of a gas exploration well within)
1500 feet of an adjacent property line.) May 12, 2011

IT APPEARING THAT:

1. On April 7, 2011 Buccaneer Alaska Operations, LLC,(Buccaneer) requested the Alaska Oil and Gas Conservation Commission (Commission) grant an exception to the spacing requirements of 20 AAC 25.055(a)(2) to drill the Kenai Loop #1 gas exploration well within 1500 feet of an adjacent property line.
2. Pursuant to 20 AAC 25.054, the Commission published notice of opportunity for a public hearing in the Peninsula Clarion on April 11, 2011.
3. Buccaneer has provided the Commission with copies of the notice of the application for exception to the well spacing requirements sent by certified mail to all owners, landowners, and operators of all properties within 3000 feet of the Kenai Loop # 1 well.
4. No protest to the application or request for hearing was received.
5. Because Buccaneer provided sufficient information upon which to make an informed decision, Buccaneer's request can be resolved without a hearing.
6. The public hearing was vacated on May 3, 2011.

FINDINGS:

1. Buccaneer is the operator of the proposed Kenai Loop # 1 gas exploration well.
2. The proposed Kenai Loop #1 is a gas exploration well with a surface and bottomhole location of 1888 feet FNL and 1064 feet FWL, Section 33, T6N, R11W, Seward meridian (S. M.).
3. The proposed Kenai Loop # 1 gas exploration well is within 1500 feet of adjacent property owners.

4. The Kenai Loop # 1 well will target potential gas reservoirs in the middle Tyonek and Beluga Formations.
5. Buccaneer currently holds the State lease where the proposed Kenai Loop # 1 will be located (ADL0391094).
6. The adjacent lease within 1500 feet of the Kenai Loop #1 well is held by Buccaneer from the Mental Health Trust (MHT9300082).
7. The proposed location for the Kenai Loop # 1 well lies at the highest point on the structure to adequately test the potential reservoirs of the middle Tyonek and Beluga Formations as mapped by Buccaneer.

CONCLUSIONS:

1. An exception to spacing requirements of 20 AAC 25.055(a)(2) is necessary to allow drilling, completion, testing and regular production of the proposed Kenai Loop # 1 gas exploration well.
2. A spacing exception to allow drilling, completion, testing and regular production of the Kenai Loop # 1 well will not result in waste or jeopardize correlative rights of adjoining or nearby owners and operators.

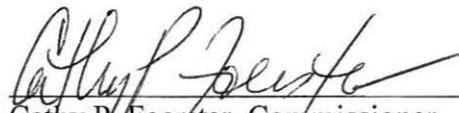
NOW, THEREFORE, IT IS ORDERED:

Buccaneer's application for exception to the well spacing provisions of 20 AAC 25.055(a)(2) for the purpose of drilling, completion, testing and regular production of the Kenai Loop # 1 well is approved. Buccaneer may proceed with the drilling, completion, testing and regular production of the Kenai Loop # 1 as long as it is in compliance the terms of the leases and applicable Alaska Law.

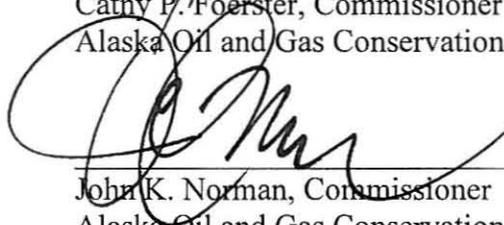
DONE at Anchorage, Alaska and dated May 12, 2011.



Daniel T. Seamount, Jr. Chair
Alaska Oil and Gas Conservation Commission



Cathy P. Foerster, Commissioner
Alaska Oil and Gas Conservation Commission



John K. Norman, Commissioner
Alaska Oil and Gas Conservation Commission

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.