

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

Re: THE APPLICATION OF Buccaneer ) Conservation Order No. 653  
Alaska Operations, LLC for an order granting )  
an exception to the spacing requirements of ) Kenai Loop #3  
Kenai Loop # 3 Gas Exploration Well 20 AAC ) Gas Exploration Well  
25.055(a)(2)(4) to provide for the drilling, )  
completion, testing and regular production of a ) October 6, 2011  
gas exploration well within 1500 feet of an )  
adjacent property line, and within 3,000 feet of )  
a well capable of producing from the same )  
pool. )

**IT APPEARING THAT:**

1. On August 11, 2011 Buccaneer Alaska Operations, LLC (Buccaneer) requested the Alaska Oil and Gas Conservation Commission (AOGCC) grant an exception to the spacing requirements of 20 AAC 25.055(a)(2)(4) to drill the Kenai Loop # 3 gas exploration well within 1500 feet of an adjacent property line, and within 3,000 feet of a well capable of producing from the same pool.
2. Pursuant to 20 AAC 25.054, the AOGCC published notice of opportunity for a public hearing in the Peninsula Clarion on August 18, 2011.
3. Buccaneer has provided the AOGCC 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 # 3 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 September 12, 2011.

**FINDINGS:**

1. Buccaneer is the operator of the proposed Kenai Loop # 3 gas exploration well.
2. The proposed Kenai Loop #3 is a gas exploration well with a surface location of 3394 feet FSL and 1134 feet FWL, and a bottomhole location 1573 feet FSL and 997 FWL Section 33, T6N, R11W, Seward Meridian (S. M.).
3. The Kenai Loop # 3 well will target thin discontinuous gas reservoirs in the Upper Tyonek Formation.
4. Buccaneer currently holds the State lease adjacent to the proposed Kenai Loop # 3 location (ADL0391094).
5. Buccaneer currently holds the Mental Health Trust lease where the Kenai Loop #3 well will be drilled (MHT9300082).

6. The proposed Kenai Loop # 3 gas exploration well is within 1500 feet of adjacent property owners and within 3000 feet of a well capable of producing from the same pool.

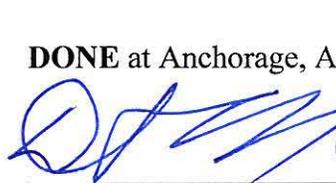
### CONCLUSIONS:

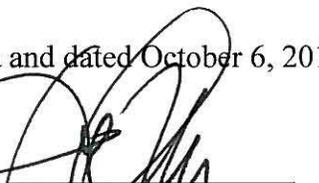
1. An exception to spacing requirements of 20 AAC 25.055(a)(2)(4) is necessary to allow drilling, completion, testing and regular production of the proposed Kenai Loop # 3 gas exploration well.
2. A spacing exception to allow drilling, completion, testing and regular production of the Kenai Loop # 3 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)(4) for the purpose of drilling, completion, testing and regular production of the Kenai Loop # 3 well is approved. Buccaneer may proceed with the drilling, completion, testing and regular production of the Kenai Loop # 3 as long as it is in compliance the terms of the leases and applicable Alaska Law.

**DONE** at Anchorage, Alaska and dated October 6, 2011.

  
Daniel T. Seamount, Jr.  
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 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. As provided in AS 31.05.080(b), "[t]he questions reviewed on appeal are limited to the questions presented to the AOGCC 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.