

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

Re: THE APPLICATION OF Cook Inlet Energy, LLC for an exception to the spacing requirements of 20 AAC 25.055(a)(3) to drill and complete a development oil well within the same governmental quarter section as wells that are, or may be capable of, producing from the same pool

) Docket Number: CO-12-38  
) Conservation Order No. 668  
)  
) Redoubt Unit No. 2A  
) Development Oil Well  
) Redoubt Shoal Undefined Oil Pool  
) Redoubt Unit  
) Kenai Peninsula Borough, Alaska  
)  
) January 23, 2013

**IT APPEARING THAT:**

1. By letter received December 3, 2012, Cook Inlet Energy, LLC (CIE) requests the Alaska Oil and Gas Conservation Commission (AOGCC) issue an order for an exception to the spacing requirements of 20 AAC 25.055(a)(3) to drill and complete the Redoubt Unit No. 2A (Redoubt Unit 2A) development oil well within the same governmental quarter section as wells that are, or may be capable of, producing from the same pool.
2. On November 29, 2012, by certified mail, CIE sent notice of the application to all owners, landowners, and operators of all properties within 3,000 feet of the planned Redoubt Unit 2A well. CIE provided the AOGCC the notice, date of mailing, addresses to which the notice was sent, and proof of certified mailing.
3. Pursuant to 20 AAC 25.540, the AOGCC tentatively scheduled a public hearing for January 17, 2013. On December 14, 2012, the AOGCC mailed printed copies of the notice of the opportunity for public hearing to all persons on the AOGCC's mailing distribution list, published notice of the opportunity for that hearing on the State of Alaska's Online Public Notice website and on the AOGCC's website, and electronically transmitted the notice to all persons on the AOGCC's email distribution list. On December 15, 2012, the notice was published in the ANCHORAGE DAILY NEWS.
4. No protest to the application or request for hearing was received.
5. The tentatively scheduled public hearing was vacated on January 9, 2013.
6. Because CIE provided sufficient information upon which to make an informed decision, the request can be resolved without a hearing.

## **FINDINGS:**

1. CIE is the operator of the Redoubt Unit and the planned Redoubt Unit 2A development oil well, which are located in the Kenai Peninsula Borough, Alaska.
2. Redoubt Unit 2A will be an offshore, deviated development oil well with a surface location 1,918' from the south line and 320' from the east line of Section 14, T07N, R14W, Seward Meridian (S.M.). The estimated top of the productive interval is 2,306' from the north line and 755' from the west line of Section 19, T07N, R13W, S.M. The projected bottom hole location is 2,475' from the south line and 1,505' from the west line of Section 19, T07N, R13W, S.M.
3. Redoubt Unit 2A will be located within State of Alaska leases ADL-381203 and ADL-374002.
4. Other potentially affected owners, landowners, and operators—those within a 3,000-foot radius of the well—are the State of Alaska, Department of Natural Resources. CIE sent notice of its application to these entities by certified mail on November 29, 2012.
5. Development oil wells Redoubt Unit No. 1 and Redoubt Unit No. 7 currently produce within the same governmental quarter section as the planned well Redoubt Unit 2A.
6. Redoubt Unit 2A will access oil reserves at a structurally advantageous location that is fault-separated from wells Redoubt Unit No. 1 and Redoubt Unit No. 7.
7. The AOGCC received no comments, objections, or protests in response to the public notice regarding Redoubt Unit 2A or to the notification sent by CIE to all known owners, landowners, and operators within 3,000 feet of Redoubt Unit 2A.

## **CONCLUSIONS:**

1. An exception to the well spacing provisions of 20 AAC 25.055(a)(3) is necessary to allow drilling and completion of the Redoubt Unit 2A development well in oil reservoirs in order to maximize recovery of reserves.
2. Redoubt Unit 2A will recover reserves that are not accessible to other existing wells.
3. A spacing exception to allow drilling and completion of Redoubt Unit 2A is consistent with sound engineering and geoscience principles and will not result in waste or jeopardize correlative rights of adjoining or nearby owners.
4. An exception to the requirements of 20 AAC 25.055(a)(3) will not promote waste or jeopardize correlative rights.

**NOW THEREFORE IT IS ORDERED:**

CIE's December 3, 2012 application for an order granting exception to the well spacing provisions of 20 AAC 25.055(a)(3) to allow drilling and completion of the Redoubt Unit 2A development oil well are hereby approved. CIE may proceed with regular production as long as it complies with the terms of the Redoubt Unit Agreement, applicable Alaska laws, and all other legal requirements.

DONE at Anchorage, Alaska and dated January 23, 2012.



  
Cathy P. Foerster  
Chair, Commissioner

  
John K. Norman  
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.