

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

Re: THE APPLICATION OF Buccaneer) Docket Number: CO-13-04
Alaska Operations, LLC for an exception to) Conservation Order No. 671
spacing requirements of 20 AAC 25.055(a)(3))
that provide that a well drilling for oil may be) Cosmopolitan State No. 1
drilled to and completed in the same govern-) Exploratory Oil Well
mental quarter section as wells that are, or may) Cook Inlet Basin
be capable of, producing from the same pool.) Kenai Peninsula Borough, Alaska
)
) July 12, 2013

IT APPEARING THAT:

1. By letter received March 25, 2013, Buccaneer Alaska Operations, LLC (Buccaneer) requested an exception to the spacing requirements of 20 AAC 25.055(a)(3) to drill, complete, test and produce the Cosmopolitan State No. 1 (Cosmopolitan 1) exploratory well within the same governmental quarter section as wells that are, or may be capable of, producing from the same pool.
2. On March 22, 2013, by certified mail, Buccaneer sent notice of the application to all owners, landowners, and operators of all properties within 3,000' of the planned Cosmopolitan 1 well. Buccaneer provided the Alaska Oil and Gas Conservation Commission (AOGCC) the notice, date of mailing, addresses to which the notice was sent, and proof of certified mailing.
3. A public hearing was scheduled for May 14, 2013. On April 9, 2013, the AOGCC mailed 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 April 10, 2013, 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 May 10, 2013.
6. Because Buccaneer provided sufficient information upon which to make an informed decision, the request can be resolved without a hearing.

FINDINGS:

1. Cosmopolitan 1 will be an offshore, vertical exploratory well located on the east side of the Cook Inlet, Kenai Peninsula Borough, Alaska.
2. Cosmopolitan 1 will have a surface location 2,084' from the south line and 614' from the east line of Section 29, T03S, R15W, Seward Meridian (S.M.) and a planned bottom-hole

location 2,084' from the south line and 614' from the east line of Section 29, T03S, R15W, S.M.

3. Cosmopolitan 1 will be located within State of Alaska lease ADL-384403, which is owned and operated by Buccaneer.
4. Cosmopolitan 1 will be the second well in the southeast governmental quarter section of Section 29, T03S, R15W, S.M. A portion of shut-in exploratory well Hansen 1A-L1 lies within this same governmental quarter section.
5. Buccaneer selected the planned location of Cosmopolitan 1 based on interpretation of 3D seismic data, information from nearby wells, and the boundaries of Buccaneer's leased acreage.
6. Other potentially affected owners, landowners, and operators within a 3,000-foot radius of the well are the State of Alaska, Department of Natural Resources (DNR); U.S. Bureau of Energy Management, Alaska Oil and Gas Region (BOEM), Buccaneer Cosmopolitan, LLC, and BlueCrest Energy, Inc.. Buccaneer sent notice of its application to these entities by certified mail on March 22, 2013 and provided copies of signed Certified Mail Domestic Return Receipts from each of these entities.
7. The AOGCC received no comments, objections, or protests in response to the notification sent by Buccaneer to all known owners, landowners, and operators within 3,000' of Cosmopolitan 1.

CONCLUSIONS:

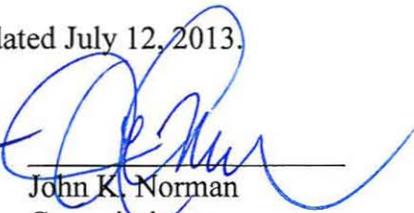
1. An exception to the well spacing provisions of 20 AAC 25.055(a)(3) is necessary to drilling and completion of the Cosmopolitan 1 exploratory well.
2. An exception to the well spacing provisions of 20 AAC 25.055(a)(3) for Cosmopolitan 1 is consistent with sound engineering and geoscience principles and will not result in waste or jeopardize correlative rights of adjoining or nearby owners.

NOW THEREFORE IT IS ORDERED:

Buccaneer's March 25, 2013 application for an exception to the well spacing provisions of 20 AAC 25.055(a)(3) to allow drilling, completion, testing, and production of the Cosmopolitan 1 exploratory well is hereby approved as long as Buccaneer complies with the terms of all lease agreements, applicable Alaska laws, and all other legal requirements.

DONE at Anchorage, Alaska and dated July 12, 2013.


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.