

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

Re: THE APPLICATION OF Hilcorp) Docket CO-13-015
Alaska, LLC. for an exception to the) Conservation Order No. 677
well spacing provisions of Rules 4 and) Trading Bay Field
5 of Conservation Order 93 to re-) Trading Bay Middle Kenai "C" Oil Pools
complete and produce development oil) Trading Bay Middle Kenai "E" Oil Pools
well TBF A-16RD.)
) September 5, 2013

IT APPEARING THAT:

By letter received August 13, 2013, Hilcorp Alaska, LLC (Hilcorp) requested the Alaska Oil and Gas Conservation Commission (AOGCC) issue an order for an exception to the well spacing provisions of Rules 4 and 5 of Conservation Order 93 to allow re-completion of and development of Trading Bay Middle Kenai "C" Oil Pools and Trading Bay Middle Kenai "E" Oil Pools within the Trading Bay ST A-16RD (TBF A-16RD) development oil well. The applicable rules are:

Conservation Order 93 Rule 4, "not more than four (4) completed oil wells shall be allowed in each of the defined pools in any governmental quarter section".

Conservation Order 93 Rule 5, "no oil well shall be completed in any defined pools closer than 660 feet, true measured distance, to any other oil well in the same defined pools".

FINDINGS:

1. Hilcorp is the operator of the Trading Bay Field and is operator of the TBF A-16RD development oil well that is located on the west side of the Cook Inlet, Kenai Peninsula Borough, Alaska.
2. The TBF A-16RD well is an offshore, deviated development oil well with a surface location 1,609 feet from south line and 565 feet from east line of Section 4, Township 9 North, Range 13 West, Seward Meridian. The bottom-hole location is 2,503 feet from the south line and 2,556 feet from the east line of Section 4, Township 9 North, Range 13 West, Seward Meridian.
3. The TBF A-16RD well is located entirely within State of Alaska Lease ADL 18731.
4. The TBF A-16RD well has or is currently completed in the Middle Kenai "D" and Hemlock Oil Pools. This well will be re-completed in the Middle Kenai "C", "D", and "E" Oil Pools and the Hemlock Oil Pool. No spacing exceptions are required for the Middle Kenai "D" Oil Pools or for the Hemlock Oil Pool.

5. Completed development oil wells within the Middle Kenai “C” Oil Pools in the SE1/4 Section 4, Township 9 North, Range 13 West, Seward Meridian, are TBF A-07, TBF A-09RD, TBF A-10, TBF A-11, TBF A-13, and TBF A-32 wells.
6. Completed development oil wells within the Middle Kenai “E” Oil Pools in the SE1/4 Section 4, Township 9 North, Range 13 West, Seward Meridian are TBF A-01RD, TBF A-02, TBF A-07, and TBF A-09RD wells.
7. Rule 9 of Conservation Order No. 93 specifies in part that the AOGCC “Upon request of the applicant and a showing that all affected parties have been notified of such request, ...may authorize the drilling of any well at any location...”
8. The proposed re-completion of TBF A-16RD targets un-drained reserves that cannot be reached by wells conforming to applicable spacing restrictions.
9. In conformance with 20 AAC 25.055(d) and Rule 9 of Conservation Order No. 93, Hilcorp has given notice of this request to all potentially affected landowners, owners and operators—those within 1,000 foot radius of the TBF A-16RD well—the State of Alaska and Hilcorp Alaska, LLC. Hilcorp sent notice of its application to the State of Alaska by certified mail on August 12, 2013. The AOGCC received no objection or comment regarding Hilcorp’s request.

CONCLUSIONS:

1. An exception to the well spacing provisions of Rules 4 and 5 of Conservation Order No. 93 is necessary to allow re-completion of the TBF A-16RD development oil well in order to maximize recovery of reserves.
2. A spacing exception to allow re-completion of the TBF A-16RD development oil well is consistent with sound engineering and geoscience principles and will not result in waste or jeopardize correlative rights of adjoining or nearby owners.

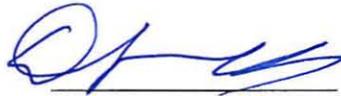
NOW THEREFORE IT IS ORDERED:

Hilcorp’s August 13, 2013 application for an order granting an exception to the well spacing requirements of Rules 4 and 5 of Conservation Order No. 93 to allow re-completion of the TBF A-16RD development oil well is approved. Hilcorp may proceed as long as it complies with applicable Alaska laws, and all other legal requirements.

DONE at Anchorage, Alaska and dated September 5, 2013.



Cathy P. Foerster
Chair, Commissioner



Daniel T. Seamount, Jr.
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.