

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

Re: THE APPLICATION OF Cook Inlet) Docket Number: CO-14-33
Energy, LLC for an exception to the spacing) Conservation Order No. 712
requirements of 20 AAC 25.055 (a)(3) to drill)
and complete a development oil well within the) Redoubt Shoal Field
same governmental quarter section as, and) Redoubt Shoal Unit
within 1,000 feet of, wells that are, or may be) Undefined Oil Pool
capable of, producing from the same pool.) Redoubt Shoal Unit-7B
) Development Oil Well
) Kenai Peninsula Borough, Alaska
)
) January 8, 2015

IT APPEARING THAT:

1. By a letter received November 17, 2014, Cook Inlet Energy, LLC (CIE) requested an exception to the spacing provisions of 20 AAC 25.055(a)(3) to drill, complete, and produce the Redoubt Shoal Unit (RU) No. 7B development oil well in the same governmental quarter section as, and within 1,000 feet of, wells that are, or may be capable of, producing from the same pool.
2. Pursuant to 20 AAC 25.540, the Alaska Oil and Gas Conservation Commission (AOGCC) tentatively scheduled a public hearing for January 13, 2015. On November 19, 2014, the AOGCC published notice of the opportunity for that hearing on the State of Alaska's Online Public Notice website and on the AOGCC's website, electronically transmitted the notice to all persons on the AOGCC's email distribution list, and mailed printed copies of the notice to all persons on the AOGCC's mailing distribution list. On November 20, 2014, the notice was published in the ALASKA DISPATCH NEWS.
3. Pursuant to 20 AAC 25.055(d)(1), CIE sent by certified mail notice of the application to all owners, landowners, and operators of all properties within 1,000 feet of the proposed RU-7B well. CIE provided the AOGCC the notice, date of mailing, addresses to which the notice was sent, and copies of the certified mail return receipts.
4. Neither comments on the application nor a request for hearing was received.
5. Because CIE provided sufficient information upon which to make an informed decision, the request can be resolved without a hearing.
6. On December 16, 2014, the tentatively scheduled public hearing was vacated.

FINDINGS:

1. CIE is the operator of the RU, located offshore within the Cook Inlet, Kenai Peninsula Borough, Alaska.
2. The RU-7B is a proposed deviated development well with an offshore surface location 1,962 feet from the south line and 271 feet from the east line of Section 14, Township 7 North, Range 14 West, Seward Meridian (S.M.). The projected offshore bottom-hole location is 1,136 feet from the north line and 2,246 feet from the west line of Section 19, Township 7 North, Range 13 West, S.M.
3. The surface location of RU-7B will lie within State of Alaska oil and gas lease ADL 381203, and the bottom-hole location of the well will lie within State of Alaska oil and gas lease ADL 374002.
4. Wells RU Nos. 2A and 6 currently produce, or are capable of producing from the Redoubt Shoal Undefined Oil Pool within the same governmental quarter section as the planned well RU-7B.
5. RU-7B will be within 1,000 feet of service well RU-6 that injects water into the same pool.
6. RU-7, the current downdip completion, is nearing its economic limit with low production rates and high water cut.
7. RU-7B will access oil reserves at a structurally advantageous location and is expected to provide an increase in production rates and add additional reserves over those capable of capture from existing wells.
8. The AOGCC received no comments, objections or protests in response to the public notice regarding the proposed RU-7B well or to the notification sent by CIE to all known owners, landowners, and operators within 1,000 feet of the RU-7B well.

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 RU-7B development oil well.
2. RU-7B will recover reserves that are not accessible to existing development wells.
3. An exception to the well spacing provisions of 20 AAC 25.055(a)(3) for the RU-7B 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:

CIE's November 17, 2014 application for an order granting an exception to the well spacing provisions of 20 AAC 25.055(a)(3) to allow drilling and completion of the RU-7B development oil well within the Redoubt Shoal, Undefined Oil Pool is hereby approved as long as CIE complies with the terms of all lease agreements, applicable Alaska laws, and all other legal requirements.

DONE at Anchorage, Alaska and dated January 8, 2015.



Cathy P. Foerster
Chair, Commissioner



Daniel T. Seamount Jr.
Commissioner



David Mayberry
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.

