

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

Re: THE APPLICATION OF Furie Operating Alaska, LLC to drill and complete the Kitchen Lights Unit A-1 development gas well within 3,000 feet of a well that is, or may be capable of, producing from the same pool.) Docket No. CO 16.009
) Conservation Order No. 724
) Kitchen Lights Unit
) Undefined Sterling Gas Pool
) Undefined Beluga Gas Pool
) Kitchen Lights Unit A-1
) Gas Development Well
) Kenai Borough, Alaska
)
) June 23, 2016

IT APPEARING THAT:

1. By a letter received April 26, 2016, Furie Operating Alaska, LLC (Furie) requests an order allowing the drilling and completion of the Kitchen Lights Unit (KLU) A-1 development gas well within 3,000 feet of a well that is, 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 June 8, 2016. On May 2, 2016, 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 May 3, 2016, the AOGCC published the notice in the ALASKA DISPATCH NEWS.
3. Pursuant to 20 AAC 25.055(d)(1), Furie sent by certified mail notice of the application to all owners, landowners, and operators of all properties within 3,000 feet of the proposed KLU A-1 development gas well, *i.e.*, Cornucopia Oil and Gas Company, LLC, A.L. Berry, Danny S. Davis, Taylor Minerals, LLC, Furie Operating Alaska, LLC, Corsair Oil and Gas, LLC, and the State of Alaska. Furie provided the AOGCC the notice, date of mailing, addresses to which the notice was sent, and copies of the certified mail receipts.
4. No comments on the application nor request for the hearing were received.
5. Because Furie provided sufficient information upon which to make an informed decision, the request can be resolved without a hearing.
6. The tentatively scheduled public hearing was vacated on May 24, 2016.

FINDINGS:

1. Furie is the operator of the Kitchen Lights Unit located within the Cook Inlet, Kenai Peninsula Borough, Alaska. Working interest owners are Cornucopia Oil and Gas Company, LLC, A.L. Berry, Danny S. Davis, Taylor Minerals, LLC, Furie Operating Alaska, LLC, and Corsair Oil and Gas, LLC.
2. The proposed KLU A-1 well is an offshore, deviated development gas well with a surface location of 341 feet from the south line and 883 feet from the west line of Section 24, Township 10 North, Range 11 West, Seward Meridian (S.M.). The bottom-hole location is 971 feet from the north line and 1,822 feet from the west line of Section 25, Township 10 North, Range 11 West, S.M.

3. The surface location of KLU A-1 will lie within State of Alaska oil and gas lease ADL 389197, and the productive portion of the well will lie within State of Alaska oil and gas lease ADL 389198.
4. KLU A-1 will target the gas-bearing sandstones within the Sterling Undefined Gas Pool and the Beluga Undefined Gas Pool.
5. KLU A-1 well is located within 3,000 feet of the KLU-3 development gas well that is, or may be capable of, producing from the Sterling Undefined Gas Pool and the Beluga Undefined Gas Pool.
6. Development gas well KLU-3 currently produces from the Sterling Undefined Gas Pool. This well also tested gas from the Beluga Undefined Gas Pool, and it may be capable of regular gas production from the Beluga sand reservoir if future workover of the well is successful in removal of tubing obstruction which is isolating the lower potential zones.
7. KLU A-1 is needed to increase deliverability from the delineated Sterling and Beluga gas reservoirs in support of Furie's south-central natural gas utility contracts.

CONCLUSIONS:

1. An exception to the well spacing provisions of 20 AAC 25.055(a)(4) is necessary to allow the drilling and completion of the KLU A-1 development gas well in order to increase gas production rates from the Sterling and the Beluga Undefined Gas Pools.
2. Granting an exception to the well spacing provisions of 20 AAC 25.055(a)(4) for the KLU A-1 well will not result in waste or jeopardize correlative rights of adjoining or nearby owners.

NOW THEREFORE IT IS ORDERED:

The AOGCC grants Furie's April 26, 2016 application for an exception to the well spacing provisions of 20 AAC 25.055(a)(4) to allow drilling and completion of the KLU A-1 development gas well within the Sterling Undefined Gas Pool and the Beluga Undefined Gas Pool. Furie may proceed as long as it complies with the terms of the Kitchen Lights Unit agreement, applicable Alaska laws, and all other legal requirements.

DONE at Anchorage, Alaska and dated June 23, 2016.

signature on file
Cathy P. Forester
Chair, Commissioner

signature on file
Daniel T. Seamont, Jr.
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.