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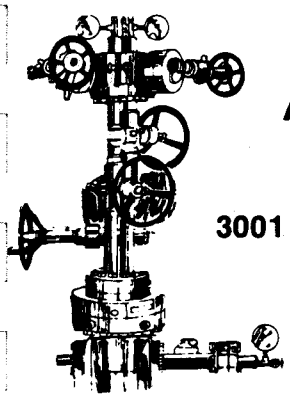
OTHER ORDER #5
REGULATIONS

1.	December 15, 1978	Transcript Pre-Hearing Conference
2.	July 14, 1979	Notice of Hearing
3.	July 18, 1979	Memo re: Notice of Hearing
4.	August 24, 1979	Comments/testimony on Proposed Regulations 8/24/79
5.	August 24, 1979	Hearing Sign In Sheet
6.	August 24, 1979	Transcript
7.	August 27, 1979	Chevron's ltr re: Proposed Drilling Regulation
8.	September 5, 1979	Exxon's ltr re: Proposed Drilling Regulation
9.	October 24, 1979	Memo re: Repeal of 11 AAC Chapter 22
10.	March 5, 1980	Draft Regulations to Commissioner of DNR
11.	----------	AOGA's testimony
12.	March 14, 1980	Regulation Effective 4/13/80 register July 24, 1980
13.	August 7, 1985	Transcript
14.	----------	Regulations

OTHER ORDER #5

Conservation File # 212



STATE OF ALASKA

ALASKA OIL AND GAS CONSERVATION COMMISSION

3001 PORCUPINE DR. ANCHORAGE, ALASKA 99501

Bill Sheffield; Governor

C.V. Chatterton; Commissioner
Chairman of Commission

Harry W. Kugler; Commissioner

Lonnie C. Smith; Commissioner

REGULATIONS

Alaska Administrative Code

Title 20 - Chapter 25

April 2, 1986

THIS PUBLICATION IS A COMPILATION OF BASIC REGULATORY DOCUMENTS WHICH PERTAIN TO THE ACTIVITIES OF THE ALASKA OIL AND GAS CONSERVATION COMMISSION.

- ALASKA OIL AND GAS REGULATIONS
  These govern drilling, abandonment, plugging, production practices and recovery methods in Alaska.

- FORMS REQUIRED BY THE COMMISSION

- FEDERAL LAWS ADMINISTERED BY THE COMMISSION

- OIL AND GAS CONSERVATION ACT STATUTES
  These describe the organization and operations of the Commission.

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CHAPTER 25.
ALASKA OIL AND GAS CONSERVATION COMMISSION

Editor's Note: This chapter is based on the former regulations of the Division of Oil and Gas Conservation formerly located in 11 AAC 22.

Article

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2. Abandonment and Plugging
(20 AAC 25.105–20 AAC 25.172)
3. Production Practices
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6. General Provisions
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ARTICLE 1.
DRILLING

Section

05. Permit to drill
10. Re-entry of a suspended well
15. Changes to drilling permit
20. Designation of operator
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25. Bonding
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30. Casing and cementing
33. Primary well control: drilling fluid program and drilling fluid surface system
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71. Geologic data and logs
72. Shutdown of well operations
75. Other wells in designated areas

20 AAC 25.005. PERMIT TO DRILL. (a) An application for a Permit to Drill (Form 10-401)

must be submitted to the commission, and approved, before drilling, redrilling, or deepening the following types of wells:

(1) exploratory;

(2) development;

(3) service; and

(4) stratigraphic test.

(b) An application for a Permit to Drill must be submitted to the commission, and approved, before the re-entry of an abandoned well.

(c) The application for a Permit to Drill must be accompanied by the following:

(1) a fee of $100 payable to the State of Alaska, Department of Revenue;

(2) a plat identifying the property and showing the coordinates of the proposed surface, top of the objective formation and bottom-hole location referenced to governmental section lines;

(3) a diagram and description of the BOP equipment to be used, as required by 20 AAC 25.035(a)(1), and the pressure information required in 20 AAC 25.035(d)(2);

(4) a complete proposed casing and cementing program as required in 20 AAC 25.030;

(5) a diagram and description of the diverter system to be used as specified in 20 AAC 25.035(b), unless this requirement is waived by the commission;

(6) a drilling fluid program, a schematic diagram and description of the drilling fluid system to be used, and the information required in 20 AAC 25.033;

(7) for exploratory and stratigraphic test wells, a tabulation setting out the depths of predicted overpressured strata as required by 20 AAC 25.033(e); and

(8) for exploratory and stratigraphic test wells, a seismic refraction or reflection analysis as required by 20 AAC 25.061(a);

(9) for offshore wells drilled from a mobile bottom-founded, jack-up, or floating unit, an analysis of seabed conditions as required by 20 AAC 25.061(b); and

(10) a copy of the proposed drilling program.

(d) For a well that is to be intentionally deviated, the requirements of 20 AAC 25.050(b) must be met.

(e) Each hole drilled below the conductor casing, unless drilled solely to straighten the original hole, sidetrack junk, or correct mechanical difficulties, is a separate well requiring a Permit to Drill. To provide for continuous operation, the commission will verbally approve the permit to drill the separate well; however, an application for a Permit to Drill (Form 10-401) for the separate well must be submitted on the commission's next working day.

(f) Each well must be identified by a name and number which is unique.

(g) Information must be submitted at the time of filing the application for a Permit to Drill regarding a bond, as required by 20 AAC 25.025.

(h) If actual drilling operations are not commenced within 24 months after issuance, the drilling permit expires.

(i) A drilling permit is not valid at a location where the applicant does not have a right to drill for, produce, and remove oil and gas.

(j) A survey plat certified by a registered land surveyor showing the precise surface location must be submitted before the completion or abandonment of the well. Only the first well drilled from a fixed platform or a multiple-well site must have a certified survey. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030
AS 31.05.090

20 AAC 25.010. RE-ENTRY OF A SUSPENDED WELL. (a) If a suspended well is to be re-entered to conduct completion operations, the operator shall submit the form entitled Application for Sundry Approvals (Form

10-403) for commission approval. The Form 10-403 filing must set out the current condition of the well and the proposed program for completion operations.

(b) If a suspended well is to be re-entered to conduct actual drilling operations, the operator shall submit the form entitled Permit to Drill (Form 10-401) for commission approval in conformance with 20 AAC 25.005.

(c) The operator shall file with the commission within 30 days after completion, abandonment, or suspension of the well a Well Completion or Recompletion Report (Form 10-407) and all information required by 20 AAC 25.070 and 20 AAC 25.071. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030
AS 31.05.090

20 AAC 25.015. CHANGES TO DRILLING PERMIT. (a) For a proposed change in a drilling permit or a filing required for a drilling permit by 20 AAC 25.005(c) before the start of actual drilling operations, an operator

(1) shall notify the commission of the proposed change;

(2) shall submit a new application for a Permit to Drill (Form 10-401) if required; however no additional fee is required;

(3) shall file a revised plat as described in 20 AAC 25.005(c)(2) if the surface location is changed; and

(4) must obtain the approval of the commission.

(b) For a proposed change in a drilling permit or a filing required for the drilling permit by 20 AAC 25.005(c) after actual drilling operations have started, an operator shall

(1) to change the bottom-hole location, submit a new Permit to Drill (Form 10-401) application, in accordance with 20 AAC 25.050(b), accompanied by a fee of $100, to the commission for approval; and

(2) for other changes, submit the form entitled Application for Sundry Approvals (Form 10-403) to the commission for approval; the Form 10-403 filing must set out the current condition of the well and the proposed changes; in cases where prompt approval is needed, verbal approval may be requested from the commission or its representative; if verbal approval is obtained, the name of the commission member or its representative who provided verbal approval, and the date of the approval, must be included on the Form 10-403 submitted on the commission's next working day. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030
AS 31.05.090

20 AAC 25.020. DESIGNATION OF OPERATOR. If an owner of a property wishes to relinquish the role of operator, or designate a new operator for the property, the owner shall submit to the commission for approval a Designation of Operator (Form 10-411). The newly designated operator must signify acceptance of the obligations as operator on the same Form 10-411 and must furnish a bond as provided for in 20 AAC 25.025. The commission's acceptance of the designated operator's bond constitutes the release of the owner's or former operator's bonding obligation for the property indicated on the Form 10-411. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.022. CHANGE OF OWNERSHIP. A person who is the operator of a property on which operations subject to this chapter have been proposed to the commission or are being conducted, shall file a Notice of Change of Ownership (Form 10-417) within 15 days after conveyance, each time that an owner or landowner, as defined by AS 31.05.170, conveys all or a partial interest in the property to another person. (Eff. 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.025. BONDING. (a) The commission will require from the operator an appropriate bond and the filing of Bond (Form 10-402) to ensure that each well is operated, maintained, repaired, and abandoned in accordance with this chapter.

(b) The bond required in (a) of this section

must be either a single-well bond of not less than $100,000, or a blanket bond of not less than $200,000, in favor of the Alaska Oil and Gas Conservation Commission.

(c) The bond must be by a

(1) corporate surety authorized to do business in Alaska; or

(2) certificate of deposit issued in sole favor of the Alaska Oil and Gas Conservation Commission from a bank authorized to do business in Alaska; a certificate of deposit may not be rolled over without prior commission approval.

(d) A bond must remain in effect until the abandonment of all wells covered by the bond and final clearance of well sites are approved by the commission. The bond then will be released by the commission upon written request of the operator. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.026. CLAIMS. Commission approval of the abandonment of a well and the release of the bond, required by sec. 25 of this chapter, constitutes a presumption of proper abandonment, but does not relieve an operator of further claim by the commission after the abandonment. (Eff. 4/13/80, Reg. 74)

Authority: AS 31.05.030

20 AAC 25.030. CASING AND CEMENTING. (a) For each type of well listed in 20 AAC 25.005(a), a complete proposed casing and cementing program must be submitted on the application for the Permit to Drill (Form 10-401). Unless modified or altered by special pool rules, each casing program must be designed to

(1) provide suitable and safe operating conditions for the total measured depth proposed;

(2) confine fluids to the well bore;

(3) prevent migration of fluids from one stratum to another;

(4) assure control of well pressures encountered;

(5) protect from thaw subsidence and freeze-back effects within permafrost;

(6) prevent contamination of freshwater; and

(7) provide well control until the next casing is set; all pertinent factors for well control should be considered, including formation fracture gradients, formation pressures, casing setting depths, and proposed total depth.

(b) The following requirements apply to all offshore wells drilled from a mobile bottom-founded, jack-up, or floating drilling unit.

(1) structural casing must be set by driving, jetting, or drilling to a minimum depth of 100 feet below the mud line.

(2) conductor casing must be set at least 300 feet, but not more than 1000 feet, below the mud line; the casing must be cemented with a quantity of cement sufficient to fill the annular space up to the mud line or to the top of the casing when the blowout prevention stack is placed in an excavation or glory hole. Cement fill must be verified by observation or other means approved by the commission. Upon approval of the commission, cement may be washed out to a depth not exceeding the depth of the structural casing shoe, to facilitate casing removal upon well abandonment.

(3) after drilling no more than 10 feet of new formation, a pressure test must be obtained by testing to formation leak-off to aid in determining a formation fracture gradient. The results of this test and any subsequent tests of the formation must be recorded as required by 20 AAC 25.070(a)(1).

(4) surface casing and subsequent casing must be set and cemented in accordance with (d)(2), (3), (4), and (5) of this section.

(c) The following requirements apply to all beach or offshore wells drilled from a fixed structure, an artificially constructed gravel island, or a historically shifting natural island.

(1) structural casing must be set by driving, jetting, or drilling to a minimum depth of 100 feet below the mud line datum. The mud line

datum is the depth of the mud line as it occurred before construction of a structure from which to drill. The mud line datum for a beach well is the plane of mean low water depth extended beneath the well site. The mud line datum for a shifting natural island is the depth at which a horizontal plane constructed through the toe of the island slope intersects the well bore.

(2) conductor casing must be set at least 300 feet, but not more than 1000 feet, below the mud line, and cemented with a quantity of cement to fill the annular space up to the surface or rig grade. Cement fill must be verified by observation of cement return. Upon approval of the commission, the cement may be washed out to a depth not exceeding the depth of the structural casing shoe to facilitate casing removal upon well abandonment.

(3) after drilling no more than 10 feet of new formation, a pressure test must be obtained by testing to formation leak-off to aid in determining a formation fracture gradient. The results of this test and any subsequent test of the formation must be recorded as required by 20 AAC 25.070(a)(1).

(4) surface casing and subsequent casing must be set and cemented in accordance with (d)(2), (3), (4), and (5) of this section.

(d) The following requirements apply to all onshore wells and wells drilled offshore from historically stable islands.

(1) Conductor casing.

(A) the casing must be set at a depth sufficient to provide anchorage for a diverter system.

(B) the casing must be set by drilling, driving, or jetting. If the hole is drilled, sufficient cement must be used to fill the annular space to the surface.

(2) Surface casing.

(A) setting depth must be below the base of all water-bearing strata known or reasonably expected to serve as a source of drinking water and below the base of permafrost, at a depth that will insure good anchorage to prevent blowouts or uncontrolled flow.

(B) the casing must be set into a competent stratum and cemented with sufficient cement in the annulus to circulate to the surface. If cement does not circulate to the surface, the open annulus must be cemented to the surface before drilling ahead. If the well is offshore or on a beach, sufficient cement must be used to bring the top of the cement to the rig grade; however, if drilling is from a mobile bottom-founded, jack-up, or floating vessel, the top of the cement must be brought to the mudline. Cement fill must be verified by observation or other means approved by the commission. Cement may be washed out to a depth not exceeding 100 feet above the conductor casing shoe for beach or offshore wells, to facilitate casing removal upon well abandonment.

(C) the surface casing must be tested in accordance with (g) of this section and recorded as required by 20 AAC 25.070(a)(1).

(D) after drilling no more than 10 feet of new formation, a pressure test must be obtained by testing either to formation leak-off or to a predetermined equivalent mud weight to aid in determining a formation fracture gradient. The results of this test and any subsequent tests of the formation must be recorded as required by 20 AAC 25.070 (a)(1).

(3) Intermediate casing.

(A) the casing must be set and cemented when required to maintain primary well control.

(B) under normal conditions drilling may continue until the mud weight has been increased to a point not exceeding 0.5 pounds per gallon less than the equivalent mud weight of the most recent pressure test of the formation below the surface casing shoe.

(C) a sufficient quantity of cement must

be used to provide annular fill-up to a minimum of 500 feet above all significant hydrocarbon zones and abnormal pressure intervals; in cases where zonal coverage is not required, a minimum fill up of 500 feet of cement above the casing shoe is required.

(D) if freshwater sands are encountered below the shoe of the surface casing, the casing must be cemented in a manner that is satisfactory to the commission, and that will ensure that no movement of fluids will occur into sources of freshwater.

(E) casing must be tested in accordance with (g) of this section and recorded as required by 20 AAC 25.070(a)(1).

(F) after drilling no more than 10 feet of new formation, a pressure test must be obtained by testing either to formation leak-off or to a predetermined equivalent mud weight, to aid in determining a formation fracture gradient. The results of this test, and any subsequent tests of the formation, must be recorded as required by 20 AAC 25.070 (a)(1).

(4) Production casing.

(A) the casing may be set and cemented through, into or just above the production interval.

(B) cementing practices must be the same as that for intermediate casing in accordance with (3)(C) and (D) of this subsection.

(C) casing must be tested in accordance with (g) of this section and recorded as required by 20 AAC 25.070(a)(1).

(5) Liners.

(A) liners may be set and cemented as an extension of intermediate or production casing or hung through the productive interval from production casing.

(B) a cemented liner must have a minimum of 100 feet of cemented lap within the next larger casing. Other cementing practices must be the same as that for intermediate casing.

(C) before drilling ahead, a cemented liner and lap must be tested, in accordance with (g) of this section, to determine that a seal between the liner top and next larger casing has been achieved. The test must be recorded as required by 20 AAC 25.070 (a)(1).

(D) if a cemented liner is drilled through, a pressure test must be obtained after drilling no more than 10 feet of new formation by testing to formation leak-off or to a predetermined equivalent mud weight, to aid in determining a formation fracture gradient. The results of this test, and any subsequent test of the formation, must be recorded as required by 20 AAC 25.070(a)(1).

(e) With the exception of conductor casing, in casing required by (d) of this section, cement must not be drilled until a minimum compressive strength of 300 psig at bottom-hole conditions has been attained according to the manufacturer's cement strength tables for the particular cement being used.

(f) Within permafrost intervals, fluids that have a freezing point above the minimum permafrost temperature must not be left in annuli or inside the casing upon completion, suspension, or shutdown of well operations without commission approval.

(g) Pressure Testing of Casing and Casing Surveys.

(1) with the exception of structural and conductor casing, before drilling out the casing or liner after cementing, all casing, liners, and liner laps must be tested to a surface pressure of 1500 psig, or 0.25 psi/ft multiplied by the true vertical depth of the casing shoe, whichever is greater; however, surface pressure must not subject the casing to a hoop stress that will exceed 70 percent of the minimum yield strength of the casing. If the pressure declines more than 10 percent in 30 minutes, or if there are indications of improper cementing, such as lost returns, cement channeling, or mechanical failure of equipment, corrective measures must be taken.

(2) when, in the commission's discretion, casing is subjected to prolonged actual drilling

operations the casing must be pressure tested, calipered or otherwise evaluated by a method approved by the commission.

(3) for injection wells, a cement bond log must be obtained following the primary cementing of all casing that is 9-5/8 inches or less in diameter, and sufficient notice of pressure tests required by (1) of this subsection must be given, so that a representative of the commission may witness the test.

(h) Upon request of the operator, the commission will, in its discretion, approve variances from the requirements of this section to allow for special or unusual conditions. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.033. PRIMARY WELL CONTROL: DRILLING FLUID PROGRAM AND DRILLING FLUID SURFACE SYSTEM. (a) For each type of well listed in 20 AAC 25.005 (a), a proposed drilling fluid program and a schematic diagram with a list of equipment for a drilling fluid system designed to prevent the loss of primary well control must be submitted with the application for the Permit to Drill (Form 10-401). Unless modified or amended by pool rules adopted in accordance with 20 AAC 25.520, each drilling fluid program and drilling fluid system must be designed to provide and maintain

(1) a drilling fluid of sufficient density to overbalance the pressure of formations penetrated and compensate for static pressure reduction upon withdrawal of drilling assembly from the well bore;

(2) a drilling fluid of gel strength sufficiently low to mitigate a bottom-hole static pressure surge upon running drilling assembly into the well bore;

(3) a drilling fluid with as low a viscosity as practical to enhance the drop out of solids and the escape of any entrained gas; and

(4) a drilling fluid system with a volumetric capacity for drilling fluid reserves appropriate for the volume of the well bore.

(b) The drilling fluid system must be equipped with

(1) an operable degasser to be maintained for use through the drilling and completion of the well;

(2) equipment appropriate for drilling fluid solids control;

(3) a shaker screen sized appropriately;

(4) a recording drilling fluid pit level indicator with both visual and audio warning devices located in the immediate area of the driller's console;

(5) a drilling fluid measuring system or trip tank for accurately determining drilling fluid volumes required to fill the well bore on trips;

(6) a drilling fluid flow sensor with a readout convenient to the driller's console to determine that drilling fluid returns essentially equal drilling fluid pump discharge rates; and

(7) drilling fluid agitators of sufficient number and size to ensure that uniform drilling fluid properties are maintained within the system.

(c) Drilling fluid testing equipment must be on the drill site at all times. Tests to determine drilling fluid properties must be performed once each tour, or more frequently when conditions warrant.Tests must be conducted in conformance with American Petroleum Institute recommended practices (API RP) 13 B, "Recommended Practice for Standard Procedure for Testing Drilling Fluids," and recorded as required by 20 AAC 25.070(a)(1).

(d) To ensure that primary well control is being effectively maintained, the following practices must be employed before tripping the drilling assembly out of the well bore.

(1) the drilling fluid within the well bore must be in balance and conditioned to maintain drilling fluid properties within close tolerance to the properties necessary for well control.

(2) the flow nipple must be visually observed to ensure that there is no indication of formation fluid influx.

(3) the well bore must be kept full of drilling fluid at all times. The volumes of drilling fluid required to keep the well bore full while tripping the drilling assembly out of the well bore must be measured and recorded on the daily drilling report.

(e) Additional requirements that apply to all exploratory and stratigraphic test wells only are as follows.

(1) if geophysical data are available, a velocity analysis of the strata to be penetrated by the well must be undertaken to predict the potential of encountering overpressured strata. The analysis must be displayed as an interval transit time versus depth plot. The operator shall include with the application for the Permit to Drill (Form 10-401) a tabulation that sets out the depths of predicted overpressured strata. The commission will, in its discretion, require a confidential review of the velocity analysis and the interval transit time versus depth plot.

(2) a drilling fluid monitoring unit must be employed and continually manned. At a minimum, the following equipment for monitoring and recording must be operational:

(A) equipment for detecting gas entrained in the drilling fluid,

(B) equipment for determining drilling fluid density,

(C) equipment for determining drilling fluid salinity,

(D) equipment for determining shale chip density,

(E) equipment for determining the rate of penetration, and

(F) equipment for detecting hydrogen sulfide as required by 20 AAC 25.065.

(3) means for communication between the drilling fluid monitoring unit and the rig floor must be installed. Rig floor personnel must be notified immediately when excursions from normal trends occur for each of the parameters set out in (2) of this subsection.

(f) A drilling fluid return sample must be taken and tested to determine density and salinity just before tripping the drill pipe, when drilling exploratory and stratigraphic test wells, or when drilling development and service wells while known hydrocarbon-bearing strata are exposed to open hole. Density and salinity test results must be recorded as required by 20 AAC 25.070(a)(1). If the density is less or the salinity varies with that of the drilling fluid being pumped down the drilling assembly, the drilling fluid must be circulated and conditioned until a close tolerance of the properties of the return drilling fluid with the input drilling fluid is achieved. (Eff. 4/2/86, Reg. 97)

Authority: AS 31.05.030

Editor's Note: A copy of all American Petroleum Institute Recommended Practices (API RP) referred to in this chapter, is available for inspection during business hours at the commission office. Copies of these recommended practices may be obtained, for a monetary consideration, from the American Petroleum Institute, Publications and Distribution Section, 1220 L Street, Northwest, Washington, D.C. 20005.

20 AAC 25.035. SECONDARY WELL CONTROL: BLOWOUT PREVENTION EQUIPMENT (BOPE) REQUIREMENTS. (a) General BOPE Requirements for the drilling of a well.

(1) for each type of well listed in 20 AAC 25.005(a), a schematic diagram of the blowout preventer (BOP) stack for each proposed casing installation must be submitted with the application for the Permit to Drill (Form 10-401). BOP and related well-control equipment must be installed, used, maintained, and tested in a manner necessary to assure well control, and to, at a minimum, conform with API RP 53, "Recommended Practice for Blowout Prevention Systems."

(2) the working pressure of a BOP must exceed the anticipated surface pressure to which it may be subjected, except that the working pressure of the annular preventer need not exceed 5000 psi unless a higher working pressure is required by the commission. If the anticipated

surface presure exceeds the rated working pressure of the annular preventer, the operator shall submit with the application for Permit to Drill (Form 10-401) a well-control procedure that indicates how the annular preventer will be used and the pressure limitations that will be applied during each mode of pressure control.

(3) a BOPE assembly must include the following:

(A) a hydraulic actuating system that provides sufficient accumulator capacity to supply 1.5 times the volume necessary to close all BOPs, excepting blind units; the system must also be capable of maintaining a minimum pressure of 200 psi above the required precharge pressure when all BOPs, excepting blind units, are closed and all power sources are shut off; an accumulator backup system, supplied by an independent nitrogen power source, must be provided with sufficient capacity to close all BOPs and hold them closed; locking devices must be provided on the ram-type preventers; the method of BOP actuation control, such as hydraulic, acoustic, or other methods, must be described and included in the application for Permit to Drill (Form 10-401); accumulators and primary controls must be shielded by a fire wall;

(B) one operable remote BOPE control station on the drilling floor;

(C) a drilling spool with flanged or hubbed side outlets, if flanged or hubbed side outlets are not provided in the BOP body, to provide for separate kill and choke lines;

(D) a kill line equipped with two kill line valves; the master valve must be adjacent to the drilling spool; the master valve may not normally be used for opening or closing on flowing fluid; the second valve must be adjacent to the master valve and must be used as the control valve;

(E) a fillup line above the uppermost BOP;

(F) a choke manifold; a choke manifold utilized with a required 5M, 10M or 15M BOP must be equipped with at least one remotely operated choke, in addition to all other required chokes;

(G) valves, pipes, flexible steel hoses, and other fittings, including all sections of the choke manifold which are subject to full wellhead pressure, with working pressure ratings at least equal to the working pressure of the BOP required to be installed;

(H) a wellhead assembly with a working pressure at least equal to the working pressure of the BOP required to be installed;

(I) blind/shear rams in place of blind rams in the case of an offshore subsea BOPE assembly; and

(J) a kill line and choke line must be

(i) as straight as practical; all turns must be at 90 degrees and targeted;

(ii) firmly anchored to prevent excess whip or vibration;

(iii) sufficiently sized to prevent excessive erosion or fluid friction; and

(iv) without internally clamped joints, unless approved by the commission.

(4) Auxiliary equipment. The following auxiliary equipment must be provided and maintained in operable condition at all times:

(A) a kelly cock valve installed below the swivel and an essentially full-opening lower kelly valve of a design that allows it to be run through BOP's installed at the bottom of the kelly; a properly sized wrench for each valve stored in a conspicuous location readily accessible to the drilling crew;

(B) an inside BOP and an essentially full-opening drilling assembly safety valve in the open position on the rig floor to fit all connections that are in the drilling assembly;

(C) an automatic choke controller for each remotely operated choke; and

(D) a hydraulically operated valve installed in the choke line at the BOP stack and actuated by remote control.

(5) all equipment must be in good operating condition at all times and must be protected to insure reliable operation under the range of weather conditions that may be encountered at the well site.

(6) blind rams must be function-tested each trip, but need not be function-tested more than once each day on days when more than one trip is made. All other BOPs must be function-tested each day.

(7) testing of BOPE.

(A) all ram-type BOPs, kelly valves, emergency valves and choke manifolds must be tested to the rated working pressure or to the maximum surface pressure as required to be submitted in (d)(2) of this section. Annular preventers must be tested to not less than 50 percent of the rated working pressure. These tests must be made when the BOPE is installed or changed, and at least once each week after that. Test results must be recorded as part of the daily record required by 20 AAC 25.070(a)(1).

(B) to insure that minimum standards are achieved, the operator shall perform the recommended tests for BOP closing units specified in sections 5A and 5B of API RP 53.

(C) sufficient notice of certain BOPE tests must be given so that a representative of the commission may witness the tests. These tests will be specified in the drilling permit or by notice to the operator.

(b) Structural Casing BOPE Requirements.

(1) before drilling below the structural casing, a high capacity flow diverter system must be installed to provide safety for personnel and equipment. The flow diverter system must be equipped with a remotely operated annular pack-off device and only one 10-inch minimum diameter vent line outlet located below the annular pack-off, either as an integral part of the annular pack-off device or as a vent line outlet spool immediately below. The vent line valve must be full-opening. The actuating mechanism for the vent line valve must be integrated with the actuating mechanism for the annular pack-off device in a fail-safe manner so that the vent line valve will automatically, and simultaneously, open upon closure of the annular pack-off device to prevent the shut-off of a well bore flow. The 10-inch minimum diameter vent line must bifurcate in directions that ensure safe downwind venting, and the bifurcated sections of the vent line must extend to a point at least 100 feet removed from a potential source of ignition. The vent line must be designed to avoid freezeup, and be secured to prevent movement, and all turns must be at 90 degrees and targeted. Valves or deflection devices for the selection of a bifurcated vent line section must be designed to ensure in a fail-safe manner that one of the bifurcated vent line sections is always open. All valves or deflector devices must be full-opening or full-flow capability. A schematic diagram, list of equipment with specifications, and operational procedure for the diverter system must be submitted for approval with the application for a Permit to Drill (Form 10-401). Upon request of the operator, the commission will, in its discretion, approve variances to the required equipment and design of the diverter system.

(2) if formation competency at the structural casing setting depth is not adequate to permit circulation of drilling fluids while drilling the conductor hole, a program that provides for safety in these operations must be described and submitted to the commission for approval. This program must be supported by the inclusion of all known pertinent information including seismic and geologic data, water depth, drilling fluid hydrostatic pressure, and a contingency plan for moving off location.

(3) the commission will, in its discretion, waive the requirements of (1) of this subsection if drilling experience in the near vicinity indicates a diverter system is not necessary.

(c) Conductor Casing BOPE Requirements.

(1) before drilling below conductor casing, a high capacity flow diverter system must be installed to provide safety for personnel and

equipment. The flow diverter system must conform to the requirements set out in (b)(1) of this section. A schematic diagram, list of equipment with specifications, and operational procedure for the diverter system must be submitted for approval with the application for a Permit to Drill (Form 10-401).

(2) the commission will, in its discretion, waive the requirements of (1) of this subsection if drilling experience in the near vicinity indicates a diverter system is not necessary.

(d) Surface, Intermediate and Production Casing BOPE Requirements.

(1) before drilling below or perforating these casings, and until well operation is completed, the requirements set out in (a) of this section must be met. Stack arrangements for the required BOP working pressure must be as follows:

(A) if required, API 2M and 3M stacks must have at least three preventers, including one equipped with pipe rams that fit the size of drill pipe, tubing, or casing in use, one with blind rams and one annular type.

(B) if required, API 5M, 10M, and 15M stacks must have at least four preventers, including two equipped with pipe rams that fit the size of the drill pipe, tubing, or casing being used, one with blind rams and one annular type.

(2) information submitted with the application for Permit to Drill (Form 10-401) must include the maximum downhole pressures that may be encountered, the maximum potential surface pressures, and the criteria used to determine these pressures. (Eff. 4/13/80, Reg. 74; am 2/22/81, Reg. 77; am 4/2/86, Reg. 97)
Authority: AS 31.05.030

20 AAC 25.040. WELL IDENTIFICATION. (a) Every well must be identified by a sign posted in a conspicuous place. During the period of time from spud to well completion, suspension, or abandonment, the sign must be on or near the derrick, but not more than 100 feet from the well. For suspended or producible wells, the well sign must be at the wellhead or on the wellhead building. The sign must be of durable construction, large enough to be legible under normal conditions at a distance of 50 feet, and maintained in legible condition. Each sign must show

(1) the name of the well;

(2) the name of the owner;

(3) the operator if different from the owner;

(4) the well number;

(5) the well surface location by quarter section, section, township and range; and

(6) the drilling permit number during the period of time from spud to well completion, suspension, or abandonment.

(b) Each well will be assigned an API well number by the commission when the drilling permit is approved.

(c) For platforms or multiple-well drill sites, the information required in (a)(1), (2), (3), and (5) of this section may be posted on one sign on the platform or at the main entrance to the drill site. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)
Authority: AS 31.05.030

20 AAC 25.045. SEALING OFF STRATA. Repealed 4/2/86.

20 AAC 25.047. RESERVE PITS. (a) Before spudding a well permitted under 20 AAC 25.005, a proper and appropriate reserve pit must be constructed, or appropriate tankage installed for the reception and confinement of drilling fluids and cuttings, to facilitate the safety of the drilling operation, and to prevent contamination of ground water and damage to the surface environment. Special precautions must be taken to render impervious the confining surface of a reserve pit. If practical, confinement diking in construction of a reserve pit must be avoided. If confinement dikes are necessary, they must be kept to a minimum. Dikes must be constructed and maintained to insure their confinement integrity.

(b) Upon termination of completion, suspension, or abandonment operations, the operator shall proceed with diligence to dispose of or solidify in place all pumpable fluids, and shall leave the reserve pit in a condition that does not constitute a hazard to ground water. (Eff. 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.050. DEVIATION. (a) A well that is not intentionally deviated must be

(1) drilled as close to vertical as is possible using conventional drilling techniques, except that deviation is permitted for short intervals to straighten the hole, sidetrack junk, or correct mechanical difficulties;

(2) surveyed to determine the inclination from the vertical with surveys starting at 500 feet and no more than 500 feet apart to total depth; and

(3) surveyed by a complete continuous directional survey if the surface location is less than 660 feet from a lease line where ownership changes or less than 660 feet from any other vertical or deviated well; the survey must be taken at intervals not more than 100 feet apart, beginning within 100 feet of the surface.

(b) If a well is to be intentionally deviated, the application for a Permit to Drill (Form 10-401) must

(1) include a plat, drawn to a suitable scale, showing the path of the proposed well bore in relation to all other vertical and deviated well bores; if well bores occur within 200 feet of the proposed well bore, plat those areas at a scale of one inch equals 100 feet and include the true vertical depths shown at frequent intervals along each well bore;

(2) list the affected owners and show that each has been furnished a copy of the application by registered mail, or state that the applicant is the only affected owner; and

(3) include a neat and accurate plat of the property and of all affected properties, showing the identity of the affected properties, the names of all affected owners, and all wells within one-half mile of any portion of the new well; the plat must be drawn to a scale that will permit easy observation of all pertinent data.

(c) The items listed in (b)(2) and (3) are not applicable to a well drilled on land subject to an approved unit and located 660 feet or more from the exterior boundary of the unit.

(d) If there are no affected owners, the commission will promptly approve the Permit to Drill (Form 10-401) submitted under (b) of this section. If there are affected owners, the commission will

(1) hold the application for 15 days, and will then promptly issue a Permit to Drill if no objections have been received from affected owners; or

(2) issue a Permit to Drill before the end of the 15-day period if a letter of non-objection is received from each affected owner before the end of that period; or

(3) schedule a public hearing in accordance with 20 AAC 25.540 if an affected owner objects within the 15-day period and issue an order governing the application within 30 days following the close of the public hearing.

(e) If a well is intentionally deviated, the operator shall run a complete, continuous, directional survey at intervals not more than 100 feet apart, beginning within 100 feet of the surface.

(f) Within 30 days after the completion, abandonment, or suspension of a well, a complete copy of each inclination and directional survey obtained must be filed with the commission. A composite survey may also be filed if the operator feels this would better represent the well course. If a composite survey is filed, the operator shall specify the portion of each survey used in the composite.

(g) If the final location of the producing interval of a well is not in compliance with 20 AAC 25.055 or other rules of the commission applicable to the reservoir, the operator shall apply for an exception; the application will be handled in accordance with 20 AAC 25.540.

(h) For the purpose of this section, an affected owner is an owner of a quarter section directly or diagonally offsetting any quarter section upon which the operation is proposed to be conducted. In areas where irregular-shaped properties are to be drilled, the commission will determine who is an affected owner.

(i) A directional survey report, required by (a)(3) or (e) of this section, must contain the following:

(1) name of surveying company;

(2) name, title, and signature of person actually performing the survey;

(3) the date on which the survey was performed;

(4) type of survey conducted;

(5) method used in calculating survey;

(6) a complete identification of the well so as to indicate the name of the operator, the property name, the well number, and field name;

(7) the depth interval over which the survey was conducted; and

(8) a plat showing the surface location, the plotted well course, and the nearest property lines or unit lines.

(j) An inclination survey report, required by (a)(2) of this section, must contain a tabulation of the depth and drift angles for all inclination survey points.

(k) The commission will, in its discretion, require the submittal of the original film, time sheets, charts, graphs, discs, and other data used to compile the survey required by (a)(3) or (e) of this section.

(l) Upon application, the commission will, in its discretion, waive all or part of the directional survey requirements of this section, or approve alternate means for determining the location of a bore hole. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.055. DRILLING UNITS AND WELL SPACING. (a) In proven oil and gas fields, the establishment of drilling units and a spacing pattern may be governed by special pool rules adopted in accordance with 20 AAC 25.520. In the absence of an order by the commission establishing drilling units or prescribing a spacing pattern for a pool, the following apply:

(1) a governmental quarter section constitutes the drilling unit for oil exploration; the surface location for a well exploring for oil must be at least 500 feet from the drilling unit boundary;

(2) a governmental section constitutes the drilling unit for gas exploration; the surface location for a well exploring for gas must be at least 1500 feet from the drilling unit boundary;

(3) where oil has been discovered, not more than one well may be drilled to that pool on any governmental quarter section, nor may any oil pool be opened to the well bore closer than 500 feet to any quarter section line, nor closer than 1,000 feet to any well drilling to or capable of producing from the same pool; and

(4) where gas has been discovered, not more than one well may be drilled to that pool on any governmental section, nor may any gas pool be opened to the well bore closer than 1,500 feet to any section line, nor closer than 3,000 feet to any well drilling to or capable of producing from the same pool.

(b) An application for exception to the provisions of this section must set out the names of all owners and of all operators of governmental quarter sections directly and diagonally offsetting the quarter section where the oil well is located, or the names of all owners and of all operators of governmental sections directly or diagonally offsetting the section where the gas well is located. A plat must be attached, drawn to a scale of one inch equaling 2,640 feet or larger, showing the location of the well for which the exception is sought, all other completed and drilling wells on the property, and all adjoining properties and wells. The application must be verified by a person acquainted with the facts, stating that all facts are true and

that the plat correctly portrays pertinent and required data. The applicant for exception must send notice of the application by registered mail to all owners and to all operators noted above, and furnish the commission with a copy of the notice, date of mailing, and the addresses to which the notices were sent. The application for exception will be handled in accordance with 20 AAC 25.540.

(c) A well may not be re-entered for the purpose of producing oil on a property that is smaller than the governmental quarter section upon which the well is located or for the purpose of producing gas on a property that is smaller than the governmental section upon which the well is located.

(d) If two or more separately owned properties are embraced within a governmental quarter section to be drilled, or a well re-entered for oil, or a governmental section to be drilled, or a well re-entered for gas, persons owning the oil or gas rights may voluntarily pool their separate interests to form a drilling unit. A copy of the pooling agreement must be submitted to the commission. If one or more persons owning oil and gas rights fail to voluntarily pool their interests, the commission, upon petition or its own motion, and after public hearing, will, in its discretion, issue an order pooling the owner's interests for the development of their land as a drilling unit. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030
AS 31.05.100

20 AAC 25.061. WELL SITE SURVEYS. (a) Near surface strata to a depth of 2000 feet in the well site area for all exploratory and stratigraphic test wells must be evaluated seismically by common depth point refraction or reflection profile analysis to identify anomalous velocity variations indicative of potential shallow gas sources. Analysis results must be included with the application for the Permit to Drill (Form 10-401).

(b) The well site area must be evaluated by sidescan sonar and other pertinent surveys to determine whether potential seabed hazards to drilling operations are present for each type of well listed in 20 AAC 25.005 to be drilled offshore from a mobile bottom-founded, jack-up or floating unit. Survey results must be included with the application for Permit to Drill (Form 10-401).

(c) Upon request by the operator, the commission, in its discretion, will waive the requirements of this section. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.065. HYDROGEN SULFIDE. (a) When hydrogen sulfide gas is encountered, the operator shall notify the commission within 24 hours.

(b) If a well is to be drilled in an area where a formation to be penetrated is known to contain hydrogen sulfide gas, or if hydrogen sulfide is encountered while drilling, each operator shall meet the requirements of API RP 49, "Recommended Practices for Safe Drilling of Wells Containing Hydrogen Sulfide."

(c) If there is an insufficient history of drilling in an area to know whether hydrogen sulfide exists, the commission will specify on the drilling permit that the operator shall comply with the minimum requirements for detection monitoring, contingency and control, and training, as follows:

(1) detection monitoring

(A) an automatic hydrogen sulfide monitor must be installed and must have a combination visual and audible alarm system located where it can be seen or heard from all parts of the location;

(B) the automatic hydrogen sulfide monitor must have a minimum of two probes, one at the shale shaker and one on the bell nipple; and

(C) in addition to the automatic hydrogen sulfide monitor, at least three manual detectors with an adequate supply of extra detector tubes must be available at the drill site;

(2) contingency and control

(A) hydrogen sulfide treating material for the drilling mud must be available on or near the location, in good condition and in sufficient quantity to adequately treat the mud system should hydrogen sulfide be encountered;

(B) detailed emergency operating procedures must be defined and posted to ensure the safety of all personnel should hydrogen sulfide be encountered;

(C) detailed step-by-step remedial procedures must be developed and posted to cover emergencies while drilling or tripping; and

(D) personnel protective equipment must be available at the well site;

(3) all drill site supervisors must be trained for emergency procedures in the presence of hydrogen sulfide.

(d) If a well produces hydrogen sulfide gas, each operator shall meet the requirements of API RP 55 "Recommended Practices for Conducting Oil & Gas Production Operations Involving Hydrogen Sulfide." (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.070. RECORDS AND REPORTS. (a) The operator of each well shall

(1) keep a detailed accurate daily record of the actual drilling, completion, suspension and abandonment operations, and the tests required by this chapter, which must be available for inspection at reasonable times by the commission or a representative of the commission

(A) at the well; and

(B) in Alaska for five years after the date of well abandonment; and

(2) file with the commission, within 30 days after completion, abandonment, or suspension of the well, a complete well record on the Well Completion or Recompletion Report and Log (Form 10-407), including a copy of the daily reports of well operations and the tests required by this chapter.

(b) For all completed exploratory wells, the operator shall submit to the commission a certification that the well is capable of producing oil or gas. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.071. GEOLOGIC DATA AND LOGS. (a) An operator shall log the portion of the well below the conductor pipe by either a complete electrical log or a complete radioactivity log unless the commission specifies which type of log is to be run.

(b) Within 30 days after completion, suspension, or abandonment of a drilling well, the operator shall file with the commission

(1) a sepia and a reproduced copy of a complete mud log or a lithology log consisting of a detailed record and description of the sequence of strata encountered, including kind and character of the rock and all shows of hydrocarbons;

(2) a complete set of washed and dried, legibly-identified samples of all drill cuttings, as caught by the operator in accordance with good geological practices, consisting of a minimum of one-quarter cup in volume or three ounces in weight of cuttings for each sample interval;

(3) a lithologic description of all cores and a chip or chips from each foot of recovered core; the chips must be representative of the one-foot interval, and must be approximately either one cubic inch in volume or two ounces in weight;

(4) a list of the geologic markers encountered in the well and the measured and true vertical depths of each marker;

(5) a sepia and a reproduced copy of all logs run in the well (including dipmeter and composite logs, if available), except velocity surveys and experimental logs;

(6) if available, a tape and verification listing of the digitized data for all logs run in the well, except the dipmeter survey, including a written description of the logical and physical format of the digitized data; and

(7) a copy of all drill stem test data and charts; core analysis determinations of porosity, permeability and fluid saturations; and formation water analyses obtained by the operator; these data must be filed as soon as available if the 30-day filing period cannot be met.

(c) The commission will, in its discretion, waive the requirements of (a), (b)(1), and (b)(2) of this section for development wells.

(d) In this section

(1) "experimental logs" means logs that are so newly developed or so limited or specialized in application that they are not commonly run on petroleum exploration or development wells; and

(2) "velocity survey" means a survey, the primary purpose of which is to determine velocity of seismic waves through formations penetrated by a well by measuring travel times of seismic pulses from or near the surface to a seismometer lowered to various depths in the well. (Eff. 4/2/86, Reg. 97)

Authority: AS 31.05.030
AS 31.05.035

20 AAC 25.072. SHUTDOWN OF WELL OPERATIONS. (a) If climate, operational or environmental concerns, prudency, or other circumstances prevent the continuation of the program approved on the drilling permit, or for rig substitution, the operator shall apply to the commission for approval to shut down well operations. The commission will, in its discretion, approve the shutdown of well operations. The letter of application must set out a full justification for the shut down and be accompanied by an Application for Sundry Approvals (Form 10-403) which sets out the proposed condition of the well bore upon shutdown of well operations, approximate date when well operations will resume, and a proposed program for securing the well during the period of shutdown.

(b) The operator shall file with the commission, within 30 days after well shutdown, a complete well record on a Report of Sundry Well Operations (Form 10-404), including a copy of the daily reports of well operations required by 20 AAC 25.070(a)(1) and a copy of all logs run in the well as required by 20 AAC 25.071(b)(5). The commission will, in its discretion, waive the requirements of this subsection if well operations are to be resumed within 60 days.

(c) Shutdown of well operations does not establish a completion, suspension, or abandonment date for a well.

(d) If well operations are not resumed within 12 months, the operator shall immediately proceed to abandon the well. (Eff. 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.075. OTHER WELLS IN DESIGNATED AREAS. There are areas in the state where drilling operations could unexpectedly encounter oil, gas, or hazardous substances at shallow depths. When the commission obtains sufficient evidence to define a specific area and the approximate depth range of the substances, it will issue an order that will present the evidence, define the area, and stipulate a drilling depth. After the issuance of such an order, any well drilled in the defined area, for any purpose, that exceeds the stipulated depth will require a drilling permit and may be subject to the other requirements of this chapter. (Eff. 4/13/80, Reg. 74)

Authority: AS 31.05.030

ARTICLE 2.
ABANDONMENT AND PLUGGING

Section

105. Plugging, suspension, and abandonment of wells
110. Suspended wells
120. Well abandoment marker
140. Water wells
170. Onshore location clearance
172. Offshore location clearance

20 AAC 25.105. PLUGGING, SUSPENSION, AND ABANDONMENT OF WELLS. (a) All wells that have been permitted on a property under 20 AAC 25.005 must be abandoned before expiration of the operator's lease termination rights to that property. If the operator is the landowner, all wells that have been permitted on a property by 20 AAC 25.005 must

be abandoned within one year following cessation of the operator's oil and gas activity within the field where the wells are located.

(b) Each well drilled onshore or offshore from a fixed structure or historically stable island must be abandoned or suspended before removal of the drilling unit from the site unless completed as an oil, gas, or service well.

(c) Each well drilled offshore from a mobile bottom-founded, jack-up, or floating drilling unit must be abandoned before removal of the drilling unit from location unless completed as an oil, gas, or service well, or unless well operations are shut down, in conformance with 20 AAC 25.072, and subsea equipment is installed in a manner approved by the commission.

(d) Each well drilled from a beach or from an artificially constructed island or a shifting natural island must be abandoned or suspended before removal of the drilling unit from the site unless completed as an oil, gas, or service well, or unless well operations are shut down in conformance with 20 AAC 25.072 and plans for maintaining the integrity of the well site are approved by the commission.

(e) Each well to be abandoned or suspended must be plugged by the operator who is responsible for the well, to prevent the movement of fluid either into or between freshwater and hydrocarbon sources and to prevent all other fluid migration within the well bore. If a well is to be abandoned or suspended, the form entitled Application for Sundry Approvals (Form 10-403) must be filed with, and approved by, the commission before beginning work. Approval will be conditioned as necessary to protect freshwater and hydrocarbon resources. Verbal approval may be obtained from the commission or its representative before beginning work. A verbal approval must be followed by the filing of Form 10-403 within 10 days. A Form 10-403 filing must include

(1) the reason for abandonment or suspension; and

(2) a statement of proposed work, including the following:

(A) information on porous and abnormally geopressured strata;

(B) the kind, size, and location, by measured depth, of existing and proposed plugs;

(C) plans for mudding, cementing, shooting, testing, and removing casing;

(D) all other pertinent information; and

(E) if the Form 10-403 is filed after beginning work, the name of the commission member or its representative who provided verbal approval, and the date of the approval.

(f) Uncased portions of a well bore must be plugged with cement in a manner that ensures that all hydrocarbons and freshwater are confined to their respective indigenous strata and are prevented from migrating into other strata or to the surface. Minimum requirements for plugging the uncased portion of a well bore are as follows:

(1) by the displacement method, a continuous cement plug must be spaced to extend upward from 50 feet below the base to 100 feet above the top of all hydrocarbon-bearing strata;

(2) by the displacement method, a continuous cement plug must be spaced to extend upward from 100 feet below the base to 50 feet above the base of abnormally geo-pressured strata and another continuous cement plug from 50 feet below the top extending upward to 100 feet above the top of the abnormally geopressured strata;

(3) by the displacement method, a continuous cement plug must be spaced to extend from 150 feet below to 50 feet above the base of the deepest freshwater strata.

(g) Uncased and cased portions of the well bore must be effectively segregated to prevent vertical movement of fluid within the well bore. The minimum plugging requirement is as follows.

(1) by the displacement method, a continuous cement plug must be spaced upward extending from 100 feet below to 100 feet above the casing shoe; or

(2) by the downsqueeze method through a retainer set no less than 50 feet and no more than 100 feet above the casing shoe, sufficient cement must be pumped through the retainer to extend from the retainer to 100 feet below the casing shoe; the retainer must be capped with a continuous 50 foot cement plug; or

(3) by the displacement method, a continuous cement plug must be spaced upward extending from 100 feet below to 100 feet above the casing stub.

(h) Cased portions of the well bore must be plugged with cement to ensure that all hydrocarbons and freshwater are confined to their respective indigenous strata and are prevented from migrating into other strata or to the surface. Minimum requirements for plugging cased portions of the well bore are as follows.

(1) perforated intervals must be plugged by one of the following methods:

(A) by the displacement method, continuous cement plugs must be spaced extending from 100 feet below to 50 above the base of the perforated interval and extending from 50 feet below to 100 feet above the top of the perforated interval;

(B) by the down squeeze method, through a cement retainer or production packer set above the perforated interval with a volume of cement equivalent to fill the lineal feet of the well bore from the retainer or packer to 100 feet below the base of the perforated interval;

(C) by placing a mechanical bridge plug no more than 50 feet above the top of the perforated interval and placing no less than a 75-foot cement plug on top of the bridge plug providing the perforations are isolated from open hole below.

(2) casing stubs within outer casing must be plugged by one of the following methods:

(A) by the displacement method, a continuous cement plug must be spaced extending from 100 feet below the stub to 100 feet above the stub;

(B) by the downsqueeze method, through a retainer set 50 feet above the stub with a volume of cement equivalent to fill 150 lineal feet squeezed below the retainer and with an additional 50 lineal feet of cement plug placed above the retainer;

(C) by placing a mechanical bridge plug no more than 25 feet above the casing stub and placing no less than a 75-foot cement plug on top of the bridge plug.

(i) Surface plugs for wells to be abandoned must be as follows:

(1) by the displacement method, a cement plug at least 150 feet in length with the top of the plug 5 feet or less below rig grade elevation upland or 15 feet or more below the mud line offshore must be spaced within the smallest casing extending to the surface onshore or mud line offshore; and

(2) all annular space in communication with open hole and extending to the surface upland or mud line offshore must be plugged with sufficient cement to effectively seal the annular space in a manner satisfactory to the commission; or

(3) all casing interior to the surface casing may be recovered to a depth of 165 feet or more below the rig grade elevation upland or the mud line offshore and the casing stubs plugged with cement as detailed by (g) or if the top of the plug resulting from compliance with (g) or (h)(2) of this section will not permit a plug of 150 feet as required in (1) of this section, the cement plug required by (g) or (h)(2) must be increased to extend to 5 feet or less below rig grade elevation upland or 15 feet or more below the mud line offshore.

(j) Cements used for plugging within zones of permafrost must be designed to set before freezing and have a low heat of hydration.

(k) Intervals below and between plugs must be filled with a fluid of a density that equals or exceeds the fluid density used to drill that interval, unless otherwise approved by the commission.

(l) The operator shall record the actual location and integrity of cement plugs required by this section after setting sufficient weight on the plug to confirm its location, that the cement has set, and that a competent plug is in place. When a mechanical bridge plug is capped with cement and pressure tested for plug integrity, the operator shall record the location of the bridge plug and not the top of the cement. Notice of the plugging operations must be given to the commission in time so that a representative of the commission may be present to witness the work.

(m) Upon a proper showing of extenuating circumstances, the commission will, in its discretion, approve a variance from the requirements of this section, if the variance equally effects proper plugging of the well and will not allow the movement of fluid into sources of hydrocarbons or freshwater. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.110. SUSPENDED WELLS. (a) Upon application by the operator under 20 AAC 25.105(e), the commission will, in its discretion, approve the suspension of a well if the well

(1) encounters hydrocarbons of sufficient quality and quantity to indicate the well is capable of producing in paying quantities as reasonably demonstrated by well tests or interpretive formation evaluation data; or

(2) is reasonably demonstrated to have future value as a service well.

(b) In addition to the filing requirements set out in 20 AAC 25.105(e), the applicant has the burden of justifying to the commission's satisfaction why the well should not be completed or abandoned. The confidentiality of information voluntarily submitted in support of well suspension will be kept confidential in accordance with 20 AAC 25.537. Justifiable reasons for suspension include

(1) surface production and resource marketing facilities are not available;

(2) security maintenance of a completed well in a shut-in status is not prudent;

(3) pool delineation and evaluation is necessary to determine prudency of pool development and the construction of production or access to market facilities;

(4) well production awaits design, delivery, and construction of production and market outlet facilities.

(c) In addition to the plugging requirements of 20 AAC 25.105, the operator shall set a bridge plug between 200 and 300 feet below the casing head and cap with 100 linear feet of cement.

(d) The commission will, in its discretion, approve an exception to 20 AAC 25.105(c) if the requirements of 20 AAC 25.105(i)(2) are met and subsurface equipment satisfactory to the commission for well re-entry is installed.

(e) During the period of well suspension, the operator shall maintain the integrity of the well site and clear the location in a manner approved by the commission. (Eff. 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.120. WELL ABANDONMENT MARKER. (a) The exact surface location of an abandoned well must be shown by a steel marker post. The marker post may not be installed until wellhead equipment, casing landing heads and casing are recovered to a depth at least three feet below rig grade level. The description and installation of the post must be as follows:

(1) four inches in diameter;

(2) at least 10 feet long;

(3) set in cement inside well casing;

(4) extending from four to six feet above final ground level;

(5) the top of the marker post must be closed with one of the following:

(A) cement plug;

(B) screw cap; or

(C) welds; and

(6) as an alternative method to (2) and (3) of this subsection, the marker post may be firmly welded with supporting fillets to the top of a steel plate secured to the casinghead or casing stub.

(b) The following information must be bead-welded directly to the marker post:

(1) name of the operator;

(2) unit or lease name;

(3) well number; and

(4) exact location with

(A) footage from section lines;

(B) section number;

(C) township, north or south;

(D) range, east or west; and

(E) meridian.

(c) Inspection of proper marker-post installation and correct information will be made by a representative of the commission at the time of the location clearance inspection as required in 20 AAC 25.170.

(d) If requested by the operator or surface owner, the marker-post installation requirement will, in the commission's discretion, be waived by the commission. If the requirement is waived, the information required in (b)(1), (2), and (3) of this section must be bead-welded on top of a steel plate secured to the casinghead.

(e) This section does not apply to abandoned wells that were drilled from a mobile bottom-founded, jack-up or floating drilling unit; an offshore fixed structure; an artificially constructed gravel or historically shifting natural island; or a beach location. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.140. WATER WELLS. If a well drilled for oil or gas is to be plugged and abandoned, but may safely be used as a freshwater well, and such a use is desired by a person, written authority for this action must be obtained from the landowner and owner of the surface rights. The authorization must provide for the authorized person's assumption of full responsibility for the final plugging of the water well. This authorization must be filed with, and approved by, the commission. Following the commission's approval of the plugging of the well to protect the freshwater bearing strata and the location clearance, the operator is relieved of further obligation under the operator's bond. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.170. ONSHORE LOCATION CLEARANCE. (a) The location of an abandoned well onshore or upon a historically stable island, must be cleared within one year following well abandonment or before expiration of operator's rights, whichever occurs first. The operator shall

(1) remove all materials, supplies, structures, and installations from the location;

(2) remove, adequately bury, or incinerate all loose debris occurring on or near the location;

(3) fill and grade all pits; and

(4) leave the location in a clean and graded condition.

(b) The commission will, in its discretion, grant an extension of time beyond one year following well abandonment, upon receipt of the form entitled Application for Sundry Approvals (Form 10-403), on which is stated

(1) a request for a specific time extension not to exceed one year;

(2) the reason an extension is necessary;

(3) a description of location clearance progress; and

(4) the expiration date of the operator's rights to enter the location

(c) Following completion of all work required in (a) of this section, on-site inspections at a time convenient to the operator will be made by a representative of the commission to

(1) verify a proper well marker as required in 20 AAC 25.120;

(2) verify the location condition at the time of inspection; and

(3) provide the operator and field representative a report of the inspection. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.172. OFFSHORE LOCATION CLEARANCE. (a) After an offshore well is abandoned from a fixed platform, the site must be cleared before expiration of the operator's lease termination rights, by removing all casing, wellhead equipment, piling, structures, and other obstructions, to a depth at least 15 feet below the mud line floor or to a depth approved by the commission after review of sea bottom conditions. The operator must verify, by appropriate means approved by the commission, that the site has been cleared of all obstructions.

(b) For a well abandoned from a mobile bottom-founded, jack-up or floating drilling unit, the well site must be cleared before removal of the drilling unit from the location by recovering all casing, wellhead equipment, piling, and other obstructions, to a depth at least 15 feet below the mud line floor, unless otherwise approved by the commission. The operator must verify, by appropriate means approved by the commission, that the location has been cleared of all obstructions.

(c) For a well abandoned from an artificial gravel island or shifting natural island, the well site must be cleared within one year following abandonment, or before the time that the operator ceases to conduct activities necessary to ensure the integrity of the well site, or before expiration of operator's rights, whichever occurs first. The operator shall

(1) remove all casing and wellhead equipment to a depth of at least two feet below the mudline; the mudline for an artificial gravel island is defined as the depth of the sea floor when the island was constructed; the mudline for a shifting natural island is defined as the depth at which a horizontal plane constructed through the toe of the slope of the island intersects the well bore;

(2) remove all materials, supplies, structures, and installations from the location;

(3) remove from the location, or incinerate, all loose debris occurring on or near the location;

(4) fill and grade all pits; and

(5) leave the location in a clean and graded condition.

(d) Following completion of all work required in (c) of this section, onsite inspections at a time convenient to the operator will be made by a representative of the commission to

(1) verify the location condition at the time of inspection; and

(2) provide the operator and field representative a report of the inspection. (Eff. 4/2/86, Reg. 97)

Authority: AS 31.05.030

ARTICLE 3.
PRODUCTION PRACTICES

Section

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270. **Initial reservoir pressure**
275. **Reservoir fluid properties**
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285. **Blowout prevention equipment for workover operations**

20 AAC 25.200. PRODUCTION EQUIPMENT. (a) Surface production equipment must be installed to control, separate, clean, and gather in a safe manner all produced oil, gas, and water. All equipment must be maintained in accordance with good established industry practice.

(b) All equipment must be designed and protected to ensure reliable operation under the range of weather conditions expected for the specific location.

(c) Wellhead equipment must include appropriate gauges and valves installed on the tubing, casing-tubing annulus and casing-casing annuli to show surface pressures and to control the well flow for the range of conditions expected. Other alternatives will, in the commission's discretion, be approved for subsea completions.

(d) All wells capable of unassisted flow must be completed with downhole production equipment consisting of suitable tubing and a packer which effectively isolates the tubing-casing annulus from fluids being produced, unless otherwise specifically approved by the commission. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.205. NOTIFICATION OF ACCIDENTAL LOSS OF OIL OR GAS. (a) The commission must be immediately notified by the operator of any accidental loss of crude oil or natural gas, or both, from a well or production handling operation.

(b) Within five days after the accidental loss, the operator shall submit a written report to the commission, detailing the following facts:

(1) time of incident;

(2) location where incident took place;

(3) volumes of crude oil and of natural gas lost;

(4) cause of the loss;

(5) actions taken and planned to prevent further loss; and

(6) equipment or procedural changes, if applicable, to prevent the loss from recurring. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.210. MULTIPLE COMPLETION OF WELLS. A well may not be completed in more than one pool without approval of the commission. The commission will require evidence of complete separation of flowstreams from separate pools, as ascertained by pressure or other acceptable tests conducted at the time the packers are set. Subsequently, if packer leakage is suspected, the commission will, in its discretion, request the operator to provide proof of complete separation of the pools involved in the completions or make a packer leakage test. Notification must be given so that the packer leakage test may be witnessed by a representative of the commission. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg 97)

Authority: AS 31.05.030

20 AAC 25.215. COMMINGLING OF PRODUCTION. (a) On the surface, the production from one pool may not be commingled with that from another pool except when the quantities from each pool are determined by at least monthly well tests.

(b) Commingling of production within the same well bore from two or more pools is not permitted unless, after request, notice, and opportunity for public hearing in conformance with 20 AAC 25.540, the commission finds that waste will not occur, production from separate pools can be properly allocated, and the commission issues an order providing for commingling for all wells completed from these pools within the field. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.225. POTENTIAL OF GAS WELLS. All gas wells must be tested by the

multi-point back-pressure method before significant production. The test results and calculations must be reported to the commission on the form entitled Gas Well Open Flow Potential Test Report (Form 10-421) within 30 days after the test. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.228. PRODUCTION MEASUREMENT EQUIPMENT. (a) Hydrocarbon measurement equipment used for the purpose of custody transfer or sale must be fabricated and installed in accordance with the API "Manual of Petroleum Measurement Standards."

(b) Fluid samplers must be either a probe or a slipstream type. The sampler location must be profiled in accordance with sec. 2, ch. 8 of the "Manual of Petroleum Measurement Standards."

(c) If a totalizer system is microprocessor-based, it must be equipped with a back-up pulse accumulator for each meter run, which will count and preserve meter pulses in the event of power or computer failure.

(d) If a microprocessor totalizing system is used, the reports of net measured volumes for the custody transfer intervals must, at a minimum, show the raw or factored pulses, average temperature, pressure, gravity, meter factors, correction factors, and the gross standard volumes.

(e) Gas meter runs must be fabricated, installed and maintained in accordance with ch. 14 of the API "Manual of Petroleum Measurement Standards."

(f) Upon request, the commission will, in its discretion, approve a variance from the requirements of this section. (Eff. 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.230. PRODUCTION MEASUREMENT. (a) All hydrocarbon production must be measured in accordance with this section before severance from the property or unit where produced. If compliance is not prudent, the commission will, in its discretion, approve an alternate site for measurement facilities upon application and a showing that the accuracy in measuring hydrocarbons severed from the property or unit is not jeopardized.

(b) Production from each well must be measured to determine the quantities of oil, gas and water, using equipment and techniques acceptable to the commission. Production from a property or unit may be measured as a whole, if individual well test facilities acceptable to the commission are employed to test each well at least once each 30 days to assure accurate allocation to each well.

(c) Bypasses may not be connected around custody transfer or sales measurement equipment such as tanks, meters, gauges, sample containers, or gas meter runs.

(d) The volumes of produced gas, oil, and water must be reported monthly on the Monthly Production Report (Form 10-405) or by an alternate format acceptable to the commission. Disposition of produced gas must be reported monthly on the Producer's Report of Gas Disposition (Form 10-422).

(e) The commission will, in its discretion, require sufficient notice so that its representative may monitor, witness, and collect data to confirm consistency with the API "Manual of Petroleum Measurement Standards" at all custody transfer installations for the following:

(1) water drawing of provers utilized for certification of custody transfer meters;

(2) crude oil sample collection, handling, and analysis;

(3) meter proving and volume calculations; and

(4) gas meter calibrations and volume calculations.

(f) Successive liquid meter factors that differ by more than 0.0025 are unacceptable and proper steps must be immediately taken to bring the meter factor within acceptable tolerance.

(g) Upon request, the commission will, in its discretion, approve a variance from the requirements of this section. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.235. GAS UTILIZATION. (a) Gas from a well may not be permitted to escape into the air without commission approval, except

(1) when required for safety;

(2) when required for initial testing; or

(3) in cases of operational necessity, if the escape is for not more than five days within any 30-day period.

(b) The disposition of gas production must be reported each month on the Producer's Report of Gas Disposition (Form 10-422). (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030
AS 31.05.095

20 AAC 25.240. GAS-OIL RATIOS. (a) For each new oil pool, the operator shall determine,

within three months after discovery, the original solution gas-oil ratio by a well test conducted in a manner approved by the commission. The operator shall report the results on the Well Status Report and Gas-Oil Ratio Tests (Form 10-409) within 45 days after the test.

(b) An oil well may not be produced if the gas-oil ratio of the well exceeds the original solution gas-oil ratio of the crude within the producing pool by more than 100 percent.

(c) Upon written application by an operator, the commission will, in its discretion, waive the limitation in (b) of this section

(1) for wells producing from a pool that has an additional recovery project in operation;

(2) if the produced gas is being returned to the same pool; or

(3) if acquisition of pool performance data is necessary to determine an optimum reservoir management program.

(d) Exceptions for conditions other than those specified in (c) of this section will, at the discretion of the commission, be granted only after application, notice, and an opportunity for public hearing. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.245. COMMON PRODUCTION FACILITIES. Common facilities may be used to receive the production from any number of wells if appropriate tankage or other measuring equipment is installed so that production from each well can be accurately determined at least once each month. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.250. DISPOSAL OF SALT WATER AND OTHER WASTES. Repealed 4/2/86.

20 AAC 25.252. UNDERGROUND DISPOSAL OF WATER AND OTHER OIL FIELD WASTE FLUIDS AND UNDERGROUND STORAGE OF LIQUID HYDROCARBONS. (a) The underground disposal of freshwater or salt water, brackish water, or other oil field waste fluids and the underground storage of liquid hydrocarbons, are prohibited except as ordered by the commission in response to a letter of application for injection filed by an operator for underground disposal or storage. An order authorizing disposal or storage wells remains valid unless revoked by the commission.

(b) The operator has the burden of demonstrating that the proposed disposal or storage operation will not allow the movement of fluid into sources of freshwater. Disposal or storage wells must be cased and the casing cemented in a manner that will protect oil, gas, and freshwater sources.

(c) An application for underground injection must include

(1) a plat showing the location of all proposed disposal and storage wells, including abandoned wells, production wells, dry holes, and any other wells that penetrate the injection zone within one-quarter mile of each disposal or storage well;

(2) a list of all operators and surface owners within a one-quarter mile radius of each proposed disposal or storage well;

(3) an affidavit showing that the operators and surface owners within a one-quarter mile radius have been provided a copy of the application for disposal or storage;

(4) the name, description, depth, and thickness of the formation into which fluids are to be injected and appropriate geological data on the injection zone and confining zones, including lithologic description and geologic name;

(5) logs of the disposal or storage wells, if not already on file, or other similar information;

(6) a description of the casing of the disposal or storage wells, or the proposed casing program and the proposed method for testing casing before use of the disposal or storage wells;

(7) a statement as to the type of fluid to be injected, its composition, its source, and the

estimated maximum amounts to be injected daily;

(8) the estimated average and maximum injection pressure;

(9) evidence and data to support a commission finding that the proposed disposal or storage well will not initiate or propagate fractures through the confining zones which might enable the injection fluid or formation fluid to enter any freshwater strata;

(10) an analysis of the water within the formation into which fluid injection is proposed, by a standard laboratory water analysis determination, or by an analytical method acceptable to the commission; and

(11) a reference to any applicable freshwater exemption issued in accordance with 20 AAC 25.440.

(d) Mechanical integrity for disposal or storage wells drilled or converted to disposal or storage wells after the effective date of approval of the commission's program under 42 U.S.C. 300h-4 must be demonstrated according to 20 AAC 25.412 before operation. Mechanical integrity for all disposal or storage wells must be demonstrated by the operator by monitoring the pressure in the casing-tubing annulus during actual injection. The monitored annulus pressure must be reported monthly on the Monthly Injection Report (Form 10-406).

(e) If the casing-tubing annulus pressure subjects the casing to a hoop stress that exceeds 70 percent of the minimum yield strength of the casing, or if there is more than a 200 psi change in pressure between consecutive pressure readings, the commission must be immediately notified and commission-approved corrective action taken.

(f) The commission will, in its discretion, require additional mechanical integrity tests.

(g) Modifications of existing or pending disposal or storage operations will be approved by the commission, in its discretion, under 20 AAC 25.507, upon application containing sufficient detail to evaluate the proposed modification. No modification will be approved unless the applicant proves to the commission that the modification will not allow the movement of fluids into sources of freshwater.

(h) The operator shall provide a report on the mechanical conditions of all wells that have penetrated the injection zone within a one-quarter mile radius of a proposed disposal or storage well. It is the operator's responsibility to assure that any of the wells under the operator's control within the radius of investigation which may allow the movement of fluids into sources of freshwater are properly repaired, plugged, or otherwise modified. If wells exist that are not under the operator's control, the commission will not approve the application until the operator responsible for those wells has properly repaired, plugged, or otherwise modified the wells to prevent the movement of fluids into sources of freshwater.

(i) The commission will publish notice of the disposal or storage application and will provide opportunity for a hearing in accordance with 20 AAC 25.540.

(j) If disposal or storage operations are not begun within 24 months after the approval date, the injection approval will expire unless an application for extension is approved by the commission. (Eff. 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.255. EQUITABLE DISTRIBUTION OF PRODUCTION. Repealed 4/2/86.

20 AAC 25.260. ILLEGAL PRODUCTION. No person may produce or transport crude oil or natural gas from a well or pool in Alaska when in violation of the regulations and orders of the commission. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.265. AUTOMATIC SHUT-IN EQUIPMENT. (a) A completed well covered by this chapter with an offshore surface location, which is capable of unassisted flow of hydrocarbons, must be equipped with a commission-approved

(1) fail-safe automatic surface safety valve

(SSV) system capable of preventing an uncontrolled flow; and

(2) fail-safe automatic surface controlled subsurface safety valve (SSSV) system, unless another type of subsurface valve is approved by the commission; this valve must be in the tubing string and located below the mud line, permafrost, or at some other depth as may be required; the valve must be capable of preventing an uncontrolled flow.

(b) The commission will, in its discretion, also require SSV's or SSSV's, or both, on wells in other areas, after notice and an opportunity for hearing in accordance with 20 AAC 25.540.

(c) A representative of the commission will witness operation and performance tests at intervals and times as prescribed by the commission to confirm that the SSV, SSSV, and all associated equipment are in proper working condition. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.270. INITIAL RESERVOIR PRESSURE. The operator shall determine the initial reservoir pressure in any new pool before significant production. The results must be reported to the commission on the form entitled Reservoir Pressure Report (Form 10-412). (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.275. RESERVOIR FLUID PROPERTIES. (a) The operator shall obtain fluid samples from each new pool within three months after discovery, and determine

(1) crude composition assay;

(2) crude pressure, volume, temperature (PVT) relationship;

(3) solution or non-associated gas composition assay.

(b) Sampling and determinations must be conducted and reported in accordance with accepted industry practice. Reports must be submitted to the commission within 45 days following completion of determinations. (Eff. 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.280. WORKOVER OPERATIONS. (a) An application for well workover operations must be submitted by filing the form entitled Application for Sundry Approvals (Form 10-403). The application must be approved by the commission before entering a producible or injection well to conduct the following operations:

(1) perforate or reperforate casing,

(2) stimulate,

(3) pull tubing,

(4) alter casing,

(5) repair well.

(b) The Form 10-403 filing must set out the following:

(1) the current condition of the well;

(2) a copy of the proposed program for well work;

(3) a diagram and description of the BOP equipment required by 20 AAC 25.285(a) and the static bottom-hole pressure;

(4) a description of the workover fluid to be used for primary well control.

(c) The operator shall keep records and reports of well workover and repair operations in conformance with the requirements of 20 AAC 25.070(a).

(d) The operator shall file with the commission, within 30 days after completion of workover and repair operations, a complete well record on a Report of Sundry Well Operations (Form 10-404), including a copy of the daily reports of well operations and the tests as required by 20 AAC 25.070(a)(1). (Eff. 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.285. BLOWOUT PREVENTION EQUIPMENT FOR WORKOVER OPERATIONS. (a) General BOPE requirements for workover of a well.

(1) a schematic diagram of the BOP must be submitted with the Application for Sundry Approvals (Form 10-403). A BOP and related well control equipment must be installed, used, maintained, and tested in a manner necessary to assure well control.

(2) the working pressure of a blowout preventer (BOP) must exceed the anticipated surface pressure to which it may be subjected.

(b) A BOPE assembly must be installed, as appropriate, for the proposed downhole operations as follows:

(1) for production tubing and drill pipe operations, a BOPE assembly including choke and kill line in accordance with API RP 53 "Recommended Practices for Blowout Prevention Systems";

(2) for coil tubing operations, a stuffing box and BOP with blind/shear and tubing rams with hydraulic slips;

(3) for braided and slickline operations, a lubricator with stuffing box and wireline rams;

(4) for downhole operations not covered by this subsection, the commission will, in its discretion, approve alternate BOPE installations.

(c) A BOPE assembly required by (b)(1) of this section must be pressure tested in accordance with API RP 53 "Recommended Practice for Blowout Prevention Systems" before well bore entry. Sufficient notice must be given so that a representative of the commission may witness the test. A BOP must be function-tested weekly after that.

(d) A BOPE assembly for coiled tubing and wireline operations must be pressure tested following installation and at least weekly after that. (Eff. 4/2/86, Reg. 97)

Authority: AS 31.05.030

ARTICLE 4. REPORTS

Section
300. Request for additional information
310. Books and records
320. Filing of forms

20 AAC 25.300. REQUEST FOR ADDITIONAL INFORMATION. This chapter does not limit or restrict the authority of the commission to require the furnishing of such additional reports, data, or other information relative to drilling, production, transportation, storage, or handling of crude oil or natural gas and injection operations on oil and gas properties and units in Alaska, as may appear to it to be necessary or desirable, either generally or specifically, for the prevention of waste, protection of correlative rights, the movement of fluids into freshwater sources and the conservation of the natural resources. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030
AS 31.05.095

20 AAC 25.310. BOOKS AND RECORDS. All operators, producers, transporters, storers, and handlers of crude oil and natural gas on oil and gas properties and units within Alaska shall make, and keep in Alaska for a period of not less than five years, appropriate books and records covering their operation in Alaska. The data from these books and records must be used to make and substantiate the reports required by this chapter. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.320. FILING OF FORMS. (a) Where this chapter requires forms to be filed, the completed forms must be submitted to the Alaska Oil and Gas Conservation Commission at 3001 Porcupine Drive, Anchorage, Alaska 99501-3192. One originally signed, state-printed form, not a copy, must be submitted with the required number of copies indicated on each form.

(b) Forms required by this chapter will be furnished by the commission upon request. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030

ARTICLE 5.
ENHANCED RECOVERY

Section
400. (Repealed)
402. Enhanced recovery operations
410. (Repealed)
412. Casing, cementing and tubing of injection wells for enhanced recovery, disposal and storage
420. Notice of commencement and discontinuance of injection operations
430. Enhanced recovery records
432. Report of underground injection
440. Freshwater aquifer exemption
450. Underground injection control variances
460. Area injection orders

20 AAC 25.400. APPLICATION FOR ADDITIONAL RECOVERY. Repealed 4/2/86.

20 AAC 25.402. ENHANCED RECOVERY OPERATIONS. (a) Enhanced recovery operations involving the introduction of extraneous forms of energy into a pool by injection are prohibited, except as ordered by the commission in response to a letter of application for injection filed by an operator for an enhanced recovery project. An order authorizing injection for enhanced recovery projects remains valid unless revoked by the commission.

(b) The operator has the burden of demonstrating that the proposed operation will not allow the movement of fluid into sources of freshwater. Injection wells must be cased, and the casing cemented in a manner that will protect oil, gas, and freshwater sources.

(c) The application must include

(1) a plat showing the location of all proposed injection wells, including abandoned wells, production wells, dry holes, and any other wells that penetrate the injection zone within one-quarter mile of each proposed injection well;

(2) a list of all operators and surface owners within one-quarter mile radius of each proposed injection well;

(3) an affidavit showing that the operators and surface owners within a one-quarter mile radius have been provided a copy of the application for injection;

(4) a full description of the particular operation for which approval is requested;

(5) the names, description, and depth of the pools to be affected;

(6) the name, description, depth, and thickness of the formation into which fluids are to be injected, and appropriate geological data on the injection zone and confining zones, including lithologic descriptions and geologic names;

(7) logs of the injection wells if not already on file, or other similar information;

(8) a description of the casing of the injection wells, or the proposed casing program, and the proposed method for testing casing before use of the injection wells;

(9) a statement of the type of fluid to be injected, its composition, its source, the estimated maximum amounts to be injected daily, and compatibility with the receiving formation and confining zones;

(10) the estimated average and maximum injection pressure;

(11) evidence and data to support a commission finding that each proposed injection well will not initiate or propagate fractures through the overlying strata or confining zones which might enable the injection fluid or formation fluid to enter any freshwater strata;

(12) an analysis of the water within the formation into which fluid injection is proposed by a standard laboratory water analysis determination or by an analytical method acceptable to the commission;

(13) reference to any applicable freshwater exemption issued under 20 AAC 25.440; and

(14) the expected incremental increase in ultimate hydrocarbon recovery.

(d) Mechanical integrity for injection wells drilled or converted to injection wells after the effective date of approval of the commission's program under 42 U.S.C. 300h-4 must be demonstrated under 20 AAC 25.412 before operation. Mechanical integrity of all injection wells must be demonstrated by the operator by monitoring the pressure in the casing-tubing annulus during actual injection. The monitored annulus pressure must be reported monthly on the Monthly Injection Report (Form 10-406).

(e) If the casing-tubing annulus pressure subjects the casing to a hoop stress that exceeds 70 percent of the minimum yield strength of the casing, or if there is more than a 200 psi change in pressure between consecutive pressure readings, the commission must be immediately notified and commission-approved corrective action taken.

(f) The commission will, in its discretion, require additional mechanical integrity tests.

(g) Modifications of existing or pending injection operations will be approved by the commission, in its discretion, under 20 AAC 25.507 upon application containing sufficient detail to evaluate the proposed modification if there has been no change in geologic, regulatory, or environmental situations. No modification will be approved unless the applicant proves to the commission that the modification or variation will not allow the movement of fluids into sources of freshwater.

(h) The operator shall provide a report on the mechanical condition of all wells that have penetrated the injection zone within a one-quarter mile radius of an injection well. It is the operator's responsibility to assure that any wells under the operator's control within that radius, which may allow the movement of fluids into sources of freshwater, are properly repaired, plugged, or otherwise modified. If wells exist which are not under the operator's control, the commission will not approve the application until the operator responsible for these wells has properly repaired, plugged, or otherwise modified the wells to prevent the movement of fluids into sources of freshwater.

(i) The commission will publish notice of the enhanced recovery application and provide opportunity for a hearing in accordance with 20 AAC 25.540.

(j) If injection operations are not begun within 24 months after the approval date, the enhanced recovery approval will expire unless a letter of application for extension is approved by the commission. (Eff. 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.410. INJECTION WELLS. Repealed 4/2/86.

20 AAC 25.412. CASING, CEMENTING AND TUBING OF INJECTION WELLS FOR ENHANCED RECOVERY, DISPOSAL AND STORAGE. (a) Wells that inject fluids for enhanced recovery of oil or gas, for disposal of non-hazardous oil field waste fluids, or for storage of liquid hydrocarbons, must be cased with safe and appropriate casing and be tubed to prevent leakage, and must be cemented to protect oil, gas, and freshwater sources.

(b) A new well drilled for the injection of fluids must be cased, cemented, and pressure tested in conformance with 20 AAC 25.030.

(c) An existing well newly converted for injection of fluids may not be operated before pressure testing the casing immediately exterior to the injection tubing string. The casing must be tested at a surface pressure of 1,500 psig or 0.25 psi/ft multiplied by the true vertical depth of the casing shoe whichever is greater, but must not subject the casing to a hoop stress that will exceed 70 percent of the minimum yield strength of the casing. If the pressure declines more than 10 percent within 30 minutes, corrective measures must be taken until a satisfactory pressure test is achieved.

(d) Fluid injection wells must be equipped with tubing and packer, or other equipment which isolates pressure to the injection interval. The minimum burst pressure of the tubing must exceed the maximum surface injection pressure by at least 25 percent.

(e) Sufficient notice of pressure tests required by (c) must be given so that a representative of

the commission may witness the test. (Eff. 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.420. NOTICE OF COMMENCEMENT AND DISCONTINUANCE OF INJECTION OPERATIONS. (a) At least 10 days before beginning an injection operation or program, the operator shall notify the commission of the intended injection date.

(b) Within 10 days after discontinuing an injection operation or program, the operator shall notify the commission of the date of discontinuance and the reasons for it. (Eff. 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.430. ENHANCED RECOVERY RECORDS. Each operator shall keep accurate records showing volumes of fluids produced, injected volumes, reservoir pressures, and injection pressures, by well and pool. Each operator shall retain these records for five years. The commission will, in its discretion, specify retention of these records for a longer time period. Upon reasonable notice, the commission or its authorized representative must be given full access during normal business hours to all records. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.432. REPORT OF UNDERGROUND INJECTION. Each operator who injects fluids into subsurface strata through a service well for any purpose, other than fracturing, acidizing, or other similar treatment, shall file with the commission monthly reports that show all injected volumes and other data, by well and pool, as required by the commission on forms entitled Monthly Injection Report (Form 10-406), Report of Injection Projects (Form 10-413) and, if applicable, the Producer's Report of Gas Disposition (Form 10-422). Computerized forms may be submitted in place of the required forms if they contain the same required information and have been approved for format by the commission. (Eff. 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.440. FRESHWATER AQUIFER EXEMPTION. (a) Upon receipt of a letter of application, and in accordance with (b) of this section, the commission will, in its discretion, issue an order designating a freshwater aquifer or portion of it as an exempt freshwater aquifer, if the freshwater aquifer meets the following criteria:

(1) it does not currently serve as a source of drinking water, and it cannot now and will not in the future serve as a source of drinking water because

(A) it is hydrocarbon-producing or can be demonstrated by the applicant to contain hydrocarbons that, considering their quantity and location, are expected to be commercially producible;

(B) it is situated at a depth or location that makes recovery of water for drinking water purposes economically or technologically impractical; or

(C) it is so contaminated that recovery of water for drinking water purposes is economically or technologically impractical; or

(2) the total dissolved solids content of the ground water is more than 3,000 and less than 10,000 mg/l, and it is not reasonably expected to supply a public water system.

(b) To apply for exemption of a freshwater aquifer, an operator shall submit to the commission a letter of application that includes sufficient data to justify the proposal, including data to substantiate that the criteria in (a) of this section are met. The commission will provide 15 days legal notice and the opportunity for a public hearing on the matter in accordance with 20 AAC 25.540.

(c) Freshwater aquifers within Alaska that are designated as exempt aquifers by the United States Environmental Protection Agency at the time the commission is granted primary enforcement responsibility under 42 U.S.C. 300h-4 will be accepted as exempt aquifers by the commission without further action. (Eff. 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.450. UNDERGROUND INJECTION CONTROL VARIANCES. (a) If injection does not occur into, through, or above a freshwater source or non-exempt freshwater aquifer, the commission will, in its discretion, authorize less stringent requirements for a well or project than otherwise required by this chapter, for radius of investigation, casing and cementing, mechanical integrity, operation, monitoring, and reporting, to the extent that the reduction in requirements will not result in an increased risk of movement of fluids into a freshwater source.

(b) At the discretion of the commission, pilot projects for enhanced recovery using a technology not proved feasible under the conditions in which it is being tested may be operated with less stringent requirements for well construction, operation, monitoring, and reporting, if the project will not result in an increased risk of fluid movement into freshwater sources. (Eff. 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.460. AREA INJECTION ORDERS. (a) Upon application under this section, the commission will, in its discretion, after legal notice and opportunity for public hearing in accordance with 20 AAC 25.540, issue an order permitting the underground injection of fluids on an area basis, rather than for each well individually, if the wells are

(1) described and identified by location in the application if they are existing wells, except that the commission will, in its discretion, accept a single description of wells with substantially the same characteristics;

(2) within the same field, facility site, reservoir, project, or similar area;

(3) operated by a single operator; and

(4) used to inject other than hazardous waste.

(b) The area injection order will specify

(1) the area and strata within which underground injections are authorized; and

(2) the requirements for drilling, operating, monitoring, reporting, and abandoning all wells authorized by the order.

(c) The area injection order will, in the commission's discretion, authorize the operator to drill and operate, convert, or plug and abandon wells within the area if

(1) the operator files with the commission a Form 10-401 or Form 10-403, as appropriate, for approval before work; and

(2) the cumulative effects of drilling and operating additional injection wells are considered by the commission during evaluation of the area injection order application and are acceptable to the commission.

(d) If the commission determines that any well drilled and operated under an area injection order does not satisfy all of the requirements of this section, the commission will take enforcement action to ensure compliance. (Eff. 4/2/86, Reg. 97)

Authority: AS 31.05.030

ARTICLE 6.
GENERAL PROVISIONS

Section

505. Scope of regulations
507. Change of an approved program
510. Commission office, hours, and seal
515. U.S. government leases
517. Plan for pool development and operation, and integration of interests
520. Field and pool regulation and classification
525. (Repealed)
526. Conduct of operations and fire hazard
528. Open pit storage of oil
530. Cooperation with other parties
534. Tests, surveys, and remedial measures
536. (Repealed)
537. Public and confidential well information
538. (Repealed)
540. Hearings
545. Public mailing lists
550. Oaths
555. (Repealed)
557. Subpoenas
570. Definitions

20 AAC 25.505. SCOPE OF REGULATIONS. (a) This chapter generally consists of statewide regulations which apply to all wells, pools, fields, and oil and gas properties, unless the commission, in its discretion, issues an order in conformance with 20 AAC 25.540.

(b) An order issued in conformance with 20 AAC 25.540 prevails over this chapter except for those regulations which govern underground injection and the protection of freshwater. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030
AS 31.05.060
AS 31.05.100

20 AAC 25.507. CHANGE OF AN APPROVED PROGRAM. If unexpected conditions necessitate a substantive change in an approved program application, complete details of the current condition and the proposed change must be submitted to the commission with the Application for Sundry Approvals (Form 10-403). A change of an approved program may not be undertaken without commission approval. If prompt approval is needed, verbal approval may be obtained from the commission or its authorized representative, and the required Form 10-403 submitted, on the commission's next working day, setting out the name of the person who provided verbal approval and the date of the verbal approval. The commission will condition its approval as necessary to protect oil, gas and freshwater sources. (Eff. 4/2/86, Reg. 97)

Authority: AS 31.05.030
AS 31.05.095

20 AAC 25.510. COMMISSION OFFICE, HOURS, AND SEAL. (a) The principal office of the Alaska Oil and Gas Conservation Commission is located at 3001 Porcupine Drive, Anchorage, Alaska 99501-3192. The commission's telephone number is (907) 279-1433.

(b) The office of the commission is open for the transaction of business each day from 8:00 a.m. until 12:00 noon and from 1:00 p.m. until 4:30 p.m., except Saturday, Sunday, and every state holiday. A commission representative will be available after normal office hours and on weekends and state holidays through an answering service by calling the number given in (a) of this section.

(c) The official seal of the commission is reproduced below.

(Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.017
AS 31.05.030

20 AAC 25.515. U.S. GOVERNMENT LEASES. A person, including a federal agency, drilling for or producing oil or natural gas or conducting underground injection activities related to the recovery and production of oil or gas on federal land shall comply with all applicable regulations and orders of the commission. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.517. PLAN FOR POOL DEVELOPMENT AND OPERATION, AND INTEGRATION OF INTERESTS. (a) Before the development and operation of an oil or gas pool, the operator shall submit to the commission for approval a plan of development and operation for the pool or the portion of the pool for which development is contemplated by the operator. This plan of development and operation must be updated and submitted to the commission for approval at least 90 days before the expiration date of the previously approved plan, as set out in that plan. If properties to be developed are leased from the state, and committed to a unit approved by the commissioner of the Department of Natural Resources under AS 38.05.180, the plan of development and operation, and all updated plans of development and operation, required by AS 38.05.180, must be submitted to the commission for informational purposes.

(b) The plan of development and operation must provide for

(1) the prevention of waste;

(2) the protection of correlative rights for the owner of each property in the pool; and

(3) the maximum ultimate recovery of oil and gas that is prudent.

(c) A copy of an agreement validly integrating the interests of all persons owning interests in affected property in the pool or portion of the pool for which development is contemplated by the operator must be filed with the commission no later than 30 days before the commencement of regular production from the pool. In the absence of an agreement, the commission will, in its discretion, after notice and public hearing in accordance with 20 AAC 25.540, issue an order creating a unit, or an area of participation within a unit, which integrates the interests of all persons owning an interest in the pool or a portion of the pool. (Eff. 4/2/86, Reg. 97)

Authority: AS 31.05.030
AS 31.05.110

20 AAC 25.520. FIELD AND POOL REGULATION AND CLASSIFICATION. (a) Upon the motion of the commission, or the request of an affected property operator or owner at any time after the discovery of oil or gas in a field or pool, a hearing will be held in accordance with 20 AAC 25.540 and the commission will issue an order, based upon the evidence presented, classifying the pool as an oil or gas pool in a field and prescribing rules for the development of the pool. A pool order so issued will

(1) prevent waste, protect freshwater, and protect correlative rights; and

(2) be based on the operating and technical data presented.

(b) The commission will, in its discretion, reclassify fields and pools, or amend pool orders, upon the presentation of additional data at a subsequent hearing. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030 AS 31.05.095
AS 31.05.060 AS 31.05.100

20 AAC 25.525. FORMS UPON REQUEST. Repealed 4/2/86.

20 AAC 25.526. CONDUCT OF OPERATIONS AND FIRE HAZARD. An operator shall carry on all operations and maintain the property at all times in a safe and skillful manner in accordance with industry practices, and having due regard for the preservation and conservation of the property and protection of freshwater. Each well location and property must be maintained in a manner to prevent fires. All rubbish, debris, waste material, spilled oil, and any other substance that constitutes a fire hazard must be disposed of in an environmentally safe manner. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.528. OPEN PIT STORAGE OF OIL. An operator may not, except during an emergency, store or retain crude oil in an open earthen confinement or in an open receptacle. (Eff. 4/2/86, Reg. 97)

Authority: AS 31.05.030
AS 31.05.095

20 AAC 25.530. COOPERATION WITH OTHER PARTIES. The commission will, in its discretion, from time to time enter into arrangements with state and federal agencies, industry committees, or individuals, with respect to special projects, services, and studies relating to underground fluid injection and the conservation of oil and gas. If an arrangement requires the commission to use procedures not covered in this chapter, the procedures necessary to carry out the intent of the arrangement will be formulated and made available at the office of the commission after public notice and opportunity for public comment. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.023
AS 31.05.030

20 AAC 25.534. TESTS, SURVEYS, AND REMEDIAL MEASURES. When considered necessary or advisable to carry out the purposes of the Alaska Oil and Gas Conservation Act and this chapter, the commission will require that tests or surveys be made to determine the quality of oil and gas produced; the formation, casing, tubing, or other pressures; the existence of any waste of crude oil, gas, or reservoir energy; or the risk of fluid movement into freshwater sources. The commission will, in its discretion, exercise its statutory power to enter

and conduct on-site investigations and inspections at reasonable times of facilities, equipment, practices, records, or operations for the purpose of ensuring compliance with the requirements of this chapter. If it is determined that the requirements of this chapter are not being met, the commission will order remedial work or take other action it considers necessary. (Eff. 4/2/86, Reg. 97)

Authority: AS 31.05.030

20 AAC 25.536. GEOLOGIC DATA AND LOGS. Repealed 4/2/86.

20 AAC 25.537. PUBLIC AND CONFIDENTIAL WELL INFORMATION. (a) The commission will routinely make available to the public, by means of records or reports, in its offices or elsewhere, or by means of regular publication, the following information:

(1) surface and proposed bottom-hole location of each well, after approval of the Permit to Drill (Form 10-401);

(2) total depth, bottom-hole location and well status after the Well Completion or Recompletion Report and Log (Form 10-407) is filed;

(3) regular production data and regular production reports, as required to be filed by the operator each month;

(4) injection data and injection reports, as required to be filed by the operator each month; and

(5) all data filed on a well as required by this chapter upon expiration of the confidential period described in (d) of this section.

(b) Information not required by this chapter, but voluntarily filed with the commission will be kept confidential if the person filing the information so requests.

(c) In this section, "well status" means the classification of a well as oil, gas, service, suspended, or abandoned.

(d) Except as provided by (a) of this section, the reports and information required by this chapter to be filed by the operator will be kept confidential by the commission for 24 months following the 30-day filing period after well completion, suspension, or abandonment unless the operator gives written and unrestricted permission to release all of the reports and information at an earlier date. Upon notification that the commissioner of the Department of Natural Resources has made a finding that the required reports and information from a well contain significant information relating to the valuation of unleased land in the same vicinity, the commission will hold the reports and information confidential beyond the 24-month period and until notified by the commissioner of the Department of Natural Resources to release the reports and information.

(e) Notwithstanding (b) or (d) of this section, any information obtained or used by the commission in the administration of its program under 42 U.S.C. 300h-4 (Safe Drinking Water Act of 1974, as amended, 42 U.S.C. 300f - 300j)

(1) will be made available to the public unless the material has been claimed confidential and has been determined by the commission to be entitled to confidential treatment; claims of confidentiality will be denied for the following:

(A) the name and address of any applicant for underground injection of fluids, and

(B) information that deals with the existence, absence, or level of contaminants in freshwater;

(2) will be made available to the U.S. Environmental Protection Agency upon request; if the information has been submitted to the commission under claim of confidentiality, the commission will submit that claim to the U.S. Environmental Protection Agency when providing the information. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.026 AS 31.05.035
AS 31.05.030 AS 31.05.170

20 AAC 25.538. NAMING OF FIELDS AND POOLS. Repealed 4/2/86.

20 AAC 25.540. HEARINGS. (a) On its own motion or if a written request is received to issue an order affecting a single well or a single field, the commission will publish notice in an appropriate newspaper. The notice will set out the essential details of the requested order and provide the opportunity for a public hearing. The notice will specify the place, the time, and the date for the opportunity to be heard, that will be scheduled not less than 30 calendar days following the date of publication. A proper protest and request in writing for a hearing must be filed with the commission at its office in Anchorage, Alaska, within 15 days after the publication date by any person who may be harmed if the requested order is issued. If a protest is timely filed, a hearing will be held on the date and time specified in the notice. If no protest is timely filed, the commission will, in its discretion, issue an order without a hearing.

(b) On its own motion or if a written request for a public hearing is received concerning a matter within the jurisdiction of the commission under this chapter, the commission will publish notice in an appropriate newspaper. The notice will provide the essential details of the matter and set out the place for the public hearing, the date, and the time for the public hearing. The hearing will be scheduled not less than 30 calendar days after the date of publication.

(c) The following is the procedure for public hearings conducted under (a) and (b) of this section:

(1) the hearing will be called to order and the subject of the hearing, along with the date and place of public notice given for the hearing, will be read into the record;

(2) the commission will receive both sworn testimony and unsworn statements; it will give greater weight in its deliberations to sworn testimony;

(3) all persons wishing to testify will be sworn;

(4) each witness shall state his or her name and whom he or she represents;

(5) each witness who wishes to give expert testimony shall state his or her qualifications, and the commission will rule on whether the witness qualifies as an expert;

(6) the applicant will be asked to present testimony first; all others wishing to present testimony will be heard next; upon request, the commission will, in its discretion, allow cross-examination of witnesses by the applicant or affected owners;

(7) a person wishing to make an oral statement will be allowed to do so after the conclusion of all testimony;

(8) a person wishing to submit a written statement will be allowed to do so after the conclusion of the oral statements;

(9) the commission will, in its discretion, ask questions of a witness;

(10) no member of the audience will be permitted to ask questions of witnesses directly; to have a question directed to a witness, the person must write the question down and give it to a designated commission representative indicating to whom the question should be directed; before the end of the hearing, the commission will review these questions and ask those which it believes will be helpful in eliciting needed information; all questions will be included in the public record; and

(11) a written transcript of the hearing will be prepared and included in the public record of the hearing.

(d) Hearings on matters of statewide or general application will be held under the applicable provisions of AS 44.62 (Administrative Procedure Act). (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030
AS 31.05.050
AS 31.05.060

20 AAC 25.545. PUBLIC MAILING LISTS. Public mailing lists will be maintained by the commission for the purpose of sending appropriate notices, orders, and publications to

persons who request to be put on these lists. (Eff. 4/13/80, Reg. 74)
Authority: AS 31.05.030 AS 31.05.050
AS 31.05.035 AS 31.05.060

20 AAC 25.550. OATHS. Each member of the commission has the power to administer oaths to witnesses in any hearing, investigation, or proceeding conducted under AS 31.05 and this chapter. (Eff. 4/13/80, Reg. 74)
Authority: AS 31.05.030
AS 31.05.070

20 AAC 25.555. ORDERS. Repealed 4/2/86.

20 AAC 25.557. SUBPOENAS. (a) The commission will, in its discretion, issue subpoenas and subpoenas duces tecum.

(b) Subpoenas duces tecum for the production of books, records, papers, or other documents of any sort will, in the commission's discretion, be issued by the commission upon a written request. The applicant must establish that he or she has a proper relation to the matter, and must show the relevance of the evidence sought and the facts expected to be proved by them.

(c) The issuance of a subpoena requiring the attendance of a witness for the purpose of taking oral testimony before the commission will, in the commission's discretion, be issued by the commission upon a written request. The applicant must establish that he or she has proper relation to the matter and give the name and address of the desired witness. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)
Authority: AS 31.05.030
AS 31.05.070

20 AAC 25.570. DEFINITIONS. In this chapter, unless the context clearly requires otherwise,

(1) "abandoned well" means a well that has been plugged as required by 20 AAC 25.105;

(2) "abandonment operations" means work performed as required by 20 AAC 25.105 in a dry hole or an oil, gas, service, or suspended well to effect abandonment;

(3) "abnormally geo-pressured strata" means subsurface zones where the pore pressure exceeds the calculated hydrostatic pressure for the depth of the strata using a hydrostatic pressure gradient of 0.50 psi/ft;

(4) "actual drilling operations" means the actual penetration of ground below the setting depth of structural or conductor casing, whichever is first set, by the drill bit, using a drilling unit capable of performing the permitted well work, and includes the running of casing, cementing, and other downhole work performed ancillary to formation evaluation, and drilling the well to the permitted depth;

(5) "API" means the American Petroleum Institute;

(6) "API Specifications" means those API specifications that are in effect at the time these regulations take effect;

(7) "API Standards" means those API standards that are in effect on 4/2/86;

(8) "API RP" means those API recommended practices that are in effect at the time these regulations take effect;

(9) "barrel" means 42 U.S. gallons, measured under standard conditions;

(10) "BOP" means blowout preventer, which is a casinghead assembly equipped with special gates or rams or other packoffs which can be closed around the drill pipe, tubing, casing, or tools, and which completely closes the top of the casing to control well pressure;

(11) "BOPE" means blowout prevention equipment;

(12) "commission" means the Alaska Oil and Gas Conservation Commission;

(13) "completed well" means a well that has been drilled and equipped as a producible or service well;

(14) "completion operations" means the work performed in an oil, gas, or service well after the casing and cementing of the well bore, and includes plugging, perforating, stimulating,

testing, and equipping the well as a producible or service well;

(15) "day" means a calendar day;

(16) "development well" means a well drilled to a known productive pool;

(17) "drilling fluid" means any fluid used for the purpose of drilling a well;

(18) "drilling permit" means a Permit to Drill (Form 10-401) that has been approved by the commission;

(19) "drilling unit" means that area of a pool set by the commission, either by order or regulation, to which no more than one oil or gas well may be drilled or produced;

(20) "exploratory well" means a well that is drilled to discover a pool;

(21) "fluid" means any material or substance which flows or moves, whether in a semi-solid, liquid, sludge, gas, or other form or state;

(22) "freshwater" means water having a total dissolved solids concentration of less than 10,000 milligrams per liter that occurs in strata not exempted by 20 AAC 25.440, or water that occurs in strata that supply a source of drinking water for human consumption;

(23) "gas-oil ratio" means the cubic feet of gas determined under standard conditions, that are produced per barrel of oil produced;

(24) "gas well" means a well that produces natural gas from a pool where all of the hydrocarbons in the pool exist in the gaseous phase at the original temperature and pressure conditions of the pool;

(25) "injection" means the subsurface emplacement of fluid for enhanced recovery of oil or natural gas, disposal of water or other oil field waste fluids, or for the underground storage of hydrocarbons that are liquid at standard conditions;

(26) "multiple completion" means the completion of a well so as to permit production from more than one pool, with the production from each pool completely segregated;

(27) "oil well" means a well that produces hydrocarbons from a pool where some of the hydrocarbons in the pool exist in the liquid phase at the original temperature and pressure conditions of the pool;

(28) "operator" means an owner or a person authorized by an owner who is responsible for drilling, development, production, injection and abandonment operations;

(29) "potential" means the actual or computed daily ability of a well to produce oil or gas;

(30) "property" means a legally described tract of land, submerged or otherwise, to which a person has the exclusive right to drill, extract, remove, clean, process and dispose of oil, gas, and associated substances;

(31) "reservoir" means the same as pool in AS 31.05.170;

(32) "service well" means a well drilled or completed for the purpose of supporting production in an existing field; service wells are drilled for gas injection, water injection, steam injection, air injection, salt water and oil field waste disposal, liquid hydrocarbon storage, water supply for injection, observation, and injection for in-situ combustion;

(33) "spud date" means the day that actual drilling operations commence;

(34) "standard conditions" means a temperature of 60 degrees Fahrenheit and an absolute pressure of 14.65 pounds per square inch;

(35) "stratigraphic test" means a hole drilled for the sole purpose of gaining structural or stratigraphic information, or both;

(36) "suspended well" means a well that has been plugged as required by 20 AAC 25.105 and held in abeyance pending a determination to either complete the well as a service or producible well or to abandon the well;

(37) "suspension operations" means work performed as required by 20 AAC 25.105 in a well bore to effect well suspension;

(38) "unit" means an aggregation, by voluntary agreement, or order of the commission, of properties overlying a pool to form a single property unit for the purpose of pool development and operation in a manner to prevent waste, insure greater ultimate recovery of oil and gas and protect correlative rights;

(39) "well abandonment date" means the day that abandonment operations cease;

(40) "well completion date" means the day that completion operations cease;

(41) "well suspension date" means the day that suspension operations cease. (Eff. 4/13/80, Reg. 74; am 4/2/86, Reg. 97)

Authority: AS 31.05.030

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION

PERMIT TO DRILL

20 AAC 25.005

1a. Type of work Drill ☐ Redrill ☐ Re-Entry ☐ Deepen ☐

1b. Type of well. Exploratory ☐ Stratigraphic Test ☐ Development Oil ☐ Service ☐ Developement Gas ☐ Single Zone ☐ Multiple Zone ☐

2. Name of Operator

3. Address

4. Location of well at surface

At top of productive interval

At total depth

5. Datum Elevation (DF or KB) feet

6. Property Designation

7. Unit or property Name

8. Well number

9. Approximate spud date

10. Field and Pool

11. Type Bond (see 20 AAC 25.025)

Number

Amount

12. Distance to nearest property line feet

13. Distance to nearest well feet

14. Number of acres in property

15. Proposed depth (MD and TVD) feet

16. To be completed for deviated wells
Kickoff depth feet Maximum hole angle °

17. Anticipated pressure (see 20 AAC 25.035 (e)(2))
Maximum surface psig At total depth (TVD) psig

18. Casing program

size		Specifications				Setting Depth				Quantity of cement
						Top		Bottom		
Hole	Casing	Weight	Grade	Coupling	Length	MD	TVD	MD	TVD	(include stage data)

19. To be completed for Redrill, Re-entry, and Deepen Operations.
Present well condition summary
Total depth: measured feet Plugs (measured)
true vertical feet

Effective depth: measured feet Junk (measured)
true vertical feet

Casing	Length	Size	Cemented	Measured depth	True Vertical depth
Structural					
Conductor					
Surface					
Intermediate					
Production					
Liner					

Perforation depth: measured
true vertical

20. Attachments Filing fee ☐ Property plat ☐ BOP Sketch ☐ Diverter Sketch ☐ Drilling program ☐
Drilling fluid program ☐ Time vs depth plot ☐ Refraction analysis ☐ Seabed report ☐ 20 AAC 25.050 requirements ☐

21. I hereby certify that the foregoing is true and correct to the best of my knowledge

Signed Title Date

Commission Use Only

Permit Number	API number 50—	Approval date	See cover letter for other requirements

Conditions of approval Samples required ☐ Yes ☐ No Mud log required ☐ Yes ☐ No
Hydrogen sulfide measures ☐ Yes ☐ No Directional survey required ☐ Yes ☐ No
Required working pressure for BOPE ☐2M; ☐ 3M; ☐ 5M; ☐ 10M; ☐ 15M
Other:

Approved by Commissioner by order of the commission Date

Form 10-401 Rev. 12-1-85 Submit in triplicate

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION

BOND

BOND NUMBER_____ PENAL SUM $ _____

KNOW ALL MEN BY THESE PRESENTS,

That we,.....

of the City of..... , State of.....

as principal, and.....

of..... , as surety, authorized to do business in the State of Alaska, are held firmly bound unto the Alaska Oil and Gas Conservation Commission in the penal sum as indicated, lawful money of the United States, for which payment, well and truly to be made, we bind ourselves and each of us, and each of our heirs, executors, administrators or successors, and assigns jointly and severally, firmly by these presents.

Whereas the above bounden principal proposes to engage in the drilling, producing and operating of a well or wells for oil and/or gas, or proposes to drill holes for stratigraphic information in and upon the lands situated within the State of Alaska, at a location described as follows:

☐ SINGLE WELL BOND—minimum penal sum $100,000

Unit or Lease Name	Well Number	Area of State

Surface Well Location—Sec., Twp., Rng. and Mer.

☐ BLANKET BOND—minimum penal sum $200,000

Any and all wells drilled and operated by the principal in the State of Alaska.

NOW, THEREFORE, the above bounden principal shall comply with all of the provisions of the laws of the State of Alaska and the rules, regulations and orders of the Alaska Oil and Gas Conservation Commission, and file with the Alaska Oil and Gas Conservation Commission all notices and records required by said Commission.

This obligation shall remain in full force and effect until released by the Alaska Oil and Gas Conservation Commission at the request of Principal or Surety.

Witness our hands and seals this

.....day of..... ,19..... (Principal).....

Witness our hands and seals this

.....day of..... ,19..... (Surety).....

Approved: ..... Date: .....
Commissioner

Approved: ..... Date: .....
Commissioner

Approved: ..... Date: .....
Commissioner

(requires two signatures) ALASKA OIL AND GAS CONSERVATION COMMISSION

Countersigned:

_____
(Resident Agent, if necessary)

Form 10-402
Rev. 7-1-80

Submit in duplicate—one form will be returned

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION

APPLICATION FOR SUNDRY APPROVALS

1. Type of Request: Abandon ☐ Suspend ☐ Operation Shutdown ☐ Re-enter suspended well ☐ Alter casing ☐
Time extension ☐ Change approved program ☐ Plugging ☐ Stimulate ☐ Pull tubing ☐ Amend order ☐ Perforate ☐ Other ☐

2. Name of Operator	5. Datum elevation (DF or KB) feet
3. Address	6. Unit or Property name
4. Location of well at surface	7. Well number
At top of productive interval	8. Permit number
At effective depth	9. API number 50—
At total depth	10. Pool

11. Present well condition summary

Total depth: measured feet Plugs (measured)
true vertical feet

Effective depth: measured feet Junk (measured)
true vertical feet

Casing	Length	Size	Cemented	Measured depth	True Vertical depth
Structural					
Conductor					
Surface					
Intermediate					
Production					
Liner					

Perforation depth: measured

true vertical

Tubing (size, grade and measured depth)

Packers and SSSV (type and measured depth)

12. Attachments Description summary of proposal ☐ Detailed operations program ☐ BOP sketch ☐

13. Estimated date for commencing operation

14. If proposal was verbally approved

Name of approver Date approved

15. I hereby certify that the foregoing is true and correct to the best of my knowledge

Signed Title Date

Commission Use Only

Conditions of approval Notify commission so representative may witness
☐ Plug integrity ☐ BOP Test ☐ Location clearance

Approval No.

Approved by Commissioner by order of the commission Date

Form 10-403 Rev 12-1-85 Submit in triplicate

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION

REPORT OF SUNDRY WELL OPERATIONS

1. Operations performed: Operation shutdown ☐ Stimulate ☐ Plugging ☐ Perforate ☐ Pull tubing ☐ Alter Casing ☐ Other ☐

2. Name of Operator	5. Datum elevation (DF or KB) Feet
3. Address	6. Unit or Property name
4. Location of well at surface	7. Well number
At top of productive interval	8. Approval number
At effective depth	9. API number 50—
At total depth	10. Pool

11. Present well condition summary

Total depth: measured feet Plugs (measured)
true vertical feet

Effective depth: measured feet Junk (measured)
true vertical feet

Casing	Length	Size	Cemented	Measured depth	True Vertical depth
Structural					
Conductor					
Surface					
Intermediate					
Production					
Liner					

Perforation depth: measured

true vertical

Tubing (size, grade and measured depth)

Packers and SSSV (type and measured depth)

12. Stimulation or cement squeeze summary

Intervals treated (measured)

Treatment description including volumes used and final pressure

13. Representative Daily Average Production or Injection Data

	Oil-Bbl	Gas-Mcf	Water-Bbl	Casing Pressure	Tubing Pressure
Prior to well operation					
Subsequent to operation					

14. Attachments
Daily Report of Well Operations ☐ Copies of Logs and Surveys Run ☐

15. I hereby certify that the foregoing is true and correct to the best of my knowledge

Signed Title Date

Form 10-404 Rev. 12-1-85 Submit in Duplicate

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION

MONTHLY PRODUCTION REPORT

20 AAC 25.230

Name of Operator _____ Field and Pool _____ Month and Year of Production _____

1. WELL NO.	2. API NUMBER 50—	3. CLASS	4. FIELD & POOL CODE	5. METHOD	6. DAYS IN OPER	7. GAS-OIL RATIO	8. TUBING PSIG	DAILY AVG. PROD. 9. OIL (BBL)	10. WATER (BBL)	11. GAS (MCF)	TOTAL MONTHLY PRODUCTION 12. OIL (BBL)	13. WATER (BBL)	14. GAS (MCF)
										15. TOTAL			

I hereby certify that the foregoing is true and correct to the best of my knowledge

Signed _____

Title _____ Date _____

Form 10-405 Rev. 12-1-85 INSTRUCTIONS ON REVERSE SIDE Submit In Duplicate

INSTRUCTIONS

1. Report due by the 20th of the month following reporting period.

2. Property totals should be shown for each defined pool or defined commingling group similar to that required at the bottom of the page. Inclusion of more than one property in a pool on the page is permissible.

3. Codes utilized in column 3, Classification of well, are:

   O - Oil producer G - Gas producer

4. Codes used in cloumn 4, Field and Pool Code, are as assigned by the Alaska Oil and Gas Conservation Commission.

5. Codes utilized in column 5, Method of Operation are:

   1 - Flowing
   2 - Gas lift
   3 - Rod pump
   4 - Hydraulic pump
   5 - Submersible
   6 - Standing or shut-in
   7 - Other

6. Wells with no production which are not abandoned should be shown with zero production and as Code 6 in column 5 under Method.

7. In column 6, Days in Operation, report any portion of a day as a full day.

8. Daily average production should equal total monthly production divided by Days in Operation.

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION

MONTHLY INJECTION REPORT

20 AAC 25.432

Name of Operator _____ Field and Pool _____ Month and Year of Injection _____

1. WELL NO.	2. API NUMBER 50—	3. CLASS	4. FIELD & POOL CODE	5. DAYS IN OPER	TUBING PRESSURE 6. MAX PSIG	TUBING PRESSURE 7. AVERAGE PSIG	CASING PRESSURE 8. MAX PSIG	CASING PRESSURE 9. AVERAGE PSIG	DAILY AVERAGE INJECTION 10. LIQUID (BBL)	DAILY AVERAGE INJECTION 11. GAS (MCF)	TOTAL MONTHLY INJECTION 12. LIQUID (BBL)	TOTAL MONTHLY INJECTION 13. GAS (MCF)
										14. TOTAL		

I hereby certify that the foregoing is true and correct to the best of my knowledge

Signed _____

Title _____ Date _____

Form 10-406 Rev. 12-1-85 INSTRUCTIONS ON REVERSE SIDE Submit in Duplicate

INSTRUCTIONS

1. Report due by the 20th of the month following reporting period.

2. Codes utilized in column 3, Classification well, are:

O - Oil injector	M - Miscible fluid injector
G - Gas injector	D - Fluid disposal injector
W - Water injector	S - Liquid storage injector

3. Codes used in column 4, Field and Pool Code, are as assigned by the Alaska oil and Gas Conservation Commission.

4. In column 5, Days in Operation, report any portion of a day as a full day.

5. Daily average injection should equal total monthly injection divided by Days in Operation.

6. Columns 8 and 9 are to be used for reporting the pressure on the tubing-casing annulus at the wellhead.

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1. Status of Well

OIL ☐ GAS ☐ SUSPENDED ☐ ABANDONED ☐ SERVICE ☐

Classification of Service Well

2. Name of Operator

7. Permit Number

3. Address

8. API Number
50–

4. Location of well at surface

At Top Producing Interval

At Total Depth

9. Unit or Lease Name

10. Well Number

11. Field and Pool

5. Elevation in feet (indicate KB, DF, etc.)

6. Lease Designation and Serial No.

12. Date Spudded	13. Date T.D. Reached	14. Date Comp., Susp. or Aband.	15. Water Depth, if offshore feet MSL	16. No. of Completions

17. Total Depth (MD+TVD)	18. Plug Back Depth (MD+TVD)	19. Directional Survey YES ☐ NO ☐	20. Depth where SSSV set feet MD	21. Thickness of Permafrost

22. Type Electric or Other Logs Run

23. CASING, LINER AND CEMENTING RECORD

CASING SIZE	WT. PER FT.	GRADE	SETTING DEPTH MD TOP	SETTING DEPTH MD BOTTOM	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED

24. Perforations open to Production (MD+TVD of Top and Bottom and interval, size and number)

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)

26. ACID, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT & KIND OF MATERIAL USED

27. PRODUCTION TEST

Date First Production

Method of Operation (Flowing, gas lift, etc.)

Date of Test	Hours Tested	PRODUCTION FOR TEST PERIOD ➡	OIL-BBL	GAS-MCF	WATER-BBL	CHOKE SIZE	GAS-OIL RATIO
Flow Tubing Press.	Casing Pressure	CALCULATED 24-HOUR RATE ➡	OIL-BBL	GAS-MCF	WATER-BBL	OIL GRAVITY-API (corr)	

28. CORE DATA

Brief description of lithology, porosity, fractures, apparent dips and presence of oil, gas or water. Submit core chips.

Submit in duplicate

Form 10-407
Rev. 7-1-80

CONTINUED ON REVERSE SIDE

29. GEOLOGIC MARKERS			30. FORMATION TESTS
NAME	MEAS. DEPTH	TRUE VERT. DEPTH	Include interval tested, pressure data, all fluids recovered and gravity, GOR, and time of each phase.

31. LIST OF ATTACHMENTS

32. I hereby certify that the foregoing is true and correct to the best of my knowledge

Signed _____ Title _____ Date _____

INSTRUCTIONS

General: This form is designed for submitting a complete and correct well completion report and log on all types of lands and leases in Alaska.

Item 1: Classification of Service Wells: Gas injection, water injection, steam injection, air injection, salt water disposal, water supply for injection, observation, injection for in-situ combustion.

Item 5: Indicate which elevation is used as reference (where not otherwise shown) for depth measurements given in other spaces on this form and in any attachments.

Item 16 and 24: If this well is completed for separate production from more than one interval (multiple completion), so state in item 16, and in item 24 show the producing intervals for only the interval reported in item 27. Submit a separate form for each additional interval to be separately produced, showing the data pertinent to such interval.

Item 21: Indicate whether from ground level (GL) or other elevation (DF, KB, etc.).

Item 23: Attached supplemental records for this well should show the details of any multiple stage cementing and the location of the cementing tool.

Item 27: Method of Operation: Flowing, Gas Lift, Rod Pump, Hydraulic Pump, Submersible, Water Injection, Gas Injection, Shut-in, Other-explain.

Item 28: If no cores taken, indicate "none".

Form 10-407

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION

WELL STATUS REPORT AND GAS-OIL RATIO TESTS

Name of Operator _____ Field and Pool _____ Unit or Lease Name _____

Address _____ Reporting Period _____

Well Name and No.	API Number 50–	Date of Test	Method	Choke Size	Pressures			Separator Temp. °F.	Length of Test (Hrs.)	Production During Test					Gas-Oil Ratio Cu. Ft. Per Bbl.
					Tubing	Casing	Separator			Water Bbls.	Gravity Oil	Oil Bbls.	Gravity Gas	Gas MCF	

All tests reported herein were made in accordance with the applicable rules, regulations and instructions of the Alaska Oil and Gas Conservation Commission.

I hereby certify that the foregoing is true and correct to the best of my knowledge.

Signed _____ Title _____ Date _____

Form 10-409
Rev. 7-1-80

INSTRUCTIONS ON REVERSE SIDE

Submit in duplicate

INSTRUCTIONS

Use a separate sheet for each pool

Show all data requested for each well separately, and determine the gas-oil ratio according to the following procedure:

(1) General:
All well data and gas-oil ratio tests submitted to the Commission on this form shall be made by a person qualified by training or experience to make such tests. Methods of gas measurement used shall be in accordance with API Standards.

(2) Gas Volumes:
The volume of gas used in computing the gas-oil ratio and reported as being produced during the test (except tests on gas lift wells) shall be the total volume of gas produced from the well in the test period. This total volume of gas shall include all gas withdrawn from the casing as well as that produced through the tubing.

(3) Flowing Wells:
The oil flow shall be stabilized during the 24-hour period immediately preceding the test. Adjustments in the rate of flow should be made during the first 12 hours of the stabilization period and no adjustment shall be made during the last 12 hours or during the time in which the well is being tested.

(4) Gas Lift:
In submitting gas-oil ratio tests for gas lift wells, the total input and total output gas volumes shall be recorded separately. These volumes shall be properly identified and determined by continuous measurement during the test. The volume of gas used in determining the operating gas-oil ratio hereunder shall be the volume remaining after the total input gas has been deducted from the total output volume: this net volume is to be reported on this form.

(5) Pumping Wells:
In computing the operating gas-oil ratio, the total volume of gas and the total barrels of oil produced during the test period must be used regardless of the pumping time in the test period.

(6) Method of Operation:
Under "Method of Operation" use the following code: 1-Flowing, 2-Gas Lift, 3-Rod Pump, 4- Hydraulic Pump, 5-Submersible, 8-Standing or shut-in, 9-Other.

(7) Pressures:
Show the stabilized working pressure on the tubing, casing, and separator, while the well is being tested.

(8) Gas Production:
The Gas Production listed shall be the total volume of gas produced during the test, expressed in thousands of cubic feet (MCF) at a standard pressure of 14.65 pounds per square inch, absolute, and a standard temperature of 60 degrees Fahrenheit; volume corrections to be made in accordance with Chapter 14.3 of the API Manual of Measurement Standards (adopted A.G.A. Report No. 3).

Form 10-409

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION

DESIGNATION OF OPERATOR

20 AAC 25.020

1. Name of Owner

2. Address

3. Notice is hereby given of a designation of operatorship for the oil and gas property described below:
   Property designation:

   Legal description of property:

   Property Plat Attached ☐

4. Name of Designated Operator

   Address

5. Effective date designation

6. Acceptance of operatorship for the above described property with all attendant responsibilities and obligations is hereby acknowledged

Signed Title Date

7. The owner hereby certifies that the foregoing is true and correct

Signed Title Date

Form 10-411, 12-1-85

Submit in Duplicate

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION

RESERVOIR PRESSURE REPORT

Name of Operator	Address

Unit or Lease Name	Field and Pool	Datum Reference	Oil Gravity	Gas Gravity

Well Name and No.	API Number 50–	Oil (O) or Gas (G)	Date Tested	Shut-In Time	Final Shut-In Tubing Pressure	Pressure Test Data			Production and Test Data							Pressure at Datum
						Tool Depth MD	B.H. Temp.	Final Observed Pressure	PRODUCTION RATES (Bbls. per Day) (Mcfd)			Liquid Gradient	Wt. of Liquid Column	Wt. of Gas Column	Casing Pressure	
									Oil	Water	Gas					

I hereby certify that the foregoing is true and correct to the best of my knowledge.

Signed _____ Title _____ Date _____

Form 10-412
Rev. 7-1-80

INSTRUCTIONS ON REVERSE SIDE

Submit in Duplicate

INSTRUCTIONS FOR RUNNING AND REPORTING RESERVOIR PRESSURES

This report shall be submitted, in duplicate, not later than the last day of the month immediately following the month in which tests were made. All bottom hole pressure tests reported herein shall be made by a person qualified by both training and experience to make such tests.

1. Datum reference shall be in feet above or below sea level.

2. Gas gravity shall be determined from an analysis of the casinghead gas.

3. Date Tested-Enter in this column the month and day on which the bottom hole pressure test was made.

4. Shut-in Time-Shall be reported accurately to nearest hour. The well tested shall have produced its normal daily rate of production or allowable within the 24-hour period immediately preceding the time at which it was shut in. (Any deviations shall be certified to on this report and shall be approved by the Commission).

5. Tool Depth-Shall be reported in feet as measured depth at the point to which the pressure tool was stationed.

6. Bottom Hole Temperature-Shall be reported in degrees Fahrenheit as determined at test depth by either a recording or maximum reading thermometer.

7. Final Observed Pressure-Shall be reported as the pressure in pounds per square inch gauge observed at test depth before any necessary temperature correction has been made.

8. Production Rates-The oil, gas, and water reported shall be from a representative production test immediately preceding the time at which the well was shut in.

9. Liquid Gradient-Shall be in pounds per square inch per foot based on check points from the pressure tool.

10. Weight of Liquid Column shall be in pounds per square inch.

11. Weight of Gas Column shall be in pounds per square inch.

12. Casing pressure-Shall be reported as the pressure in pounds per square inch gauge.

13. Pressure at Datum
    (a) In the case of pressure tool measurements, this pressure shall be the observed pressure after the corrections for reservoir temperature and for the difference between test depth and datum reference have been made. It shall be reported in pounds per square inch gauge.

    (b) In the case of sonic measurements this pressure shall be determined from the weight of the fluid column plus the weight of any gas present above the fluid column plus casinghead pressure after proper corrections are made for temperature.

14. Calibration-the subsurface bomb type pressure tool shall be calibrated against a U.S. Bureau of Standards certified dead weight tester both prior and subsequent to the dates at which all tests reported hereon are made, and in no case shall this time exceed a period of one month. The prior and subsequent calibrations shall not disagree by more than one per cent (1%).

    If the subsurface pressure tool is a quartz pressure gauge, its calibration is subject to inspection by the Commission.

Form 10-412

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION

REPORT OF INJECTION PROJECT

FOR THE MONTH OF....., 19.....

Name of Operator			Address	
Unit or Lease Name			Field and Pool	
Type of Injection Project	Name of Injection Project		Number of Conservation Order Authorizing Project	
1. WATER INJECTION DATA				
Total net active water inj. wells beginning of month	Net active water inj. wells added or subtracted during month + –	Total net active water inj. wells end of month	Total water inj. during month	Cumulative inj. to date
2. GAS INJECTION DATA				
Total net active gas inj. wells beginning of month	Net active gas inj. wells added or subtracted during month + –	Total net active gas inj. wells—end of month	Total gas inj. during month	Cumulative inj. to date
3. LPG INJECTION DATA				
Total net active LPG inj. wells beginning of month	Net active LPG wells added or subtracted during month + –	Total net active LPG inj. wells—end of month	Total LPG inj. during month	Cumulative inj. to date
4. PRODUCTION DATA				
Total oil wells beginning of month	Oil wells added or subtracted during month + –	Total oil wells-end of month	Total oil and/or condensate produced during month	Cumulative oil and/or cond. since project start
Total gas producing wells beginning of month	Gas producing wells added or subtracted during month + –	Total gas producing wells—end of month	Total gas produced during month	Cumulative gas produced since project start

5. INJECTION VOLUMES (Reservoir Barrels)	Current month	Cumulative since project start
Water (surface bbls.=reservoir bbls.) (A)		
LPG (Surface bbls.=reservoir bbls.) Indicate type of LPG Butane, Propane or other (B)		
Gas (Standard CF X volume factor v. where v= Z (compressibility factor) X Tr (reservoir temperature, °F absolute) X 14.65 / 5.6146 cf/bbl. X Pr. (reservoir pressure, psia) X 520 (absolute equivalent at 60° F)) (C)		
TOTAL FLUIDS INJECTED (in reservoir bbls.) (A) + (B) + (C)		
6. PRODUCED VOLUMES (Reservoir Barrels)		
Oil (Stock tank Bbls. X formation volume factor) (D)		
FREE GAS (Total gas produced in standard cubic feet less solution gas produced (Stock tank bbls. oil produced X solution gas oil ratio) X volume factor v calculated for produced gas) (E)		
WATER (Surface bbls.=reservoir bbls.) (F)		
TOTAL PRODUCED VOLUMES (in reservoir barrels) (D) + (E) + (F)		
NET INJECTED (+) OR PRODUCED (–) VOLUMES 5.–6.		
	Average reservoir pressure this month: psia	Datum feet Subsea

I hereby certify that the foregoing is true and correct to the best of my knowledge.

Signed _____ Title _____ Date _____

Form 10-413
Rev. 7-1-80

Submit in duplicate

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION

NOTICE OF CHANGE OF OWNERSHIP

20 AAC 25.022

1. Name of Operator

2. Address

3. Notice is hereby given that the owner ☐, landowner ☐ of record for the oil and gas property described below has
assigned or transfered interest in the property indicated below:
Property designation:

Legal description of property:

Property Plat Attached ☐

4. Effective date of assignment or transfer	5. Percentage interest assigned or transfered

6. Assignee or Transferee:

Address:

7. Assignor or Transferor:

Address:

8. I hereby certify that the foregoing is true and correct to the best of my knowledge

Signed _____ Title_____ Date_____

Form 10-417, 12-1-85

Submit in Duplicate

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION

GAS WELL OPEN FLOW POTENTIAL TEST REPORT

1a. TEST:	INITIAL ☐ ANNUAL ☐ SPECIAL ☐	1b. TYPE TEST MULTIPOINT ☐ OTHER_____	STABILIZED ☐ NON STABILIZED ☐ CONSTANT TIME ☐ ISOCHRONAL ☐

2. Name of Operator	7. Permit No.
3. Address	8. API Number 50–
4. Location of Well	9. Unit or Lease Name
	10. Well Number
	11. Field and Pool
5. Elevation in feet (indicate KB, DF etc.)	6. Lease Designation and Serial No.

12. Completion Date	13. Total Depth	14. Plugback T.D.	15. Type Completion (Describe)

16. Csg. Size Weight per foot, lb. I.D. in inches Set at ft. Perforations: From To

17. Tbg. Size Weight per foot, lb. I.D. in inches Set at ft.

18. Packer set at ft.	19. GOR cf/bbl.	20. API Liquid Hydrocarbons	21. Specific Gravity Flowing fluid (G)

22. Producing thru: Tbg. ☐ Csg. ☐ Reservoir Temp. °F. Mean Annual Temp. °F. Barometric Pressure (Pa), psia

23. Length of flow channel (L)	Vertical Depth (H)	Gg.	% CO_2	% N_2	% H_2S	Prover	Meter run	Taps

24.

	Flow Data				Tubing Data		Casing Data		
No.	Prover Line Size (in.) X Choke Orifice Size (in.)	Pressure psig	Diff. hw	Temp. °F.	Pressure psig	Temp. °F.	Pressure psig	Temp. °F.	Duration of Flow Hr.
1.									
2.									
3.									
4.									
5.									

No.	Basic Coefficient (24-Hour) Fb or Fp	$\sqrt{hwPm}$	Pressure Pm	Flow Temp. Factor Ft	Gravity Factor Fg	Super Comp. Factor Fpv	Rate of Flow Q, Mcfd
1.							
2.							
3.							
4.							
5.							

No.	Pr	Temperature T	Tr	Z		for Separator Gas Gg	for Flowing Fluid G
1.							
2.							
3.					Critical Pressure		
4.					Critical Temperature		
5.							

Form 10-421
Rev. 7-1-80

CONTINUED ON REVERSE SIDE

Submit in duplicate

Pc_____ Pc^2_____ Pf _____ Pf^2_____

No.	Pt	Pt^2	$Pc^2 - Pt^2$	Pw	Pw^2	$Pc^2 - Pw^2$	Ps	Ps^2	$Pf^2 - Ps^2$
1.									
2.									
3.									
4.									
5.									

25.

AOF (Mcfd)_____ n_____

Remarks:

I hereby certify that the foregoing is true and correct to the best of my knowledge

Signed_____ Title_____ Date_____

DEFINITIONS OF SYMBOLS

AOF	Absolute Open Flow Potential. Rate of Flow that would be obtained if the bottom hole pressure opposite the producing face were reduced to zero psia.
Fb	Basic orifice factor Mcfd/ $\sqrt{hwPm}$
Fp	Basic critical flow prover or positive choke factor Mcfd/psia
Fg	Specific gravity factor, dimensionless
Fpv	Super compressibility factor=$\sqrt{1/Z}$ dimensionless
Ft	Flowing temperature factor, dimensionless
G	Specific gravity of flowing fluid (air=1.000), dimensionless
Gg	Specific Gravity of separator gas (air=1.00), dimensionless
GOR	Gas-oil ratio, cu. ft. of gas (14.65 psia and 60 degrees F.) per barrel oil (60 degrees F.)
hw	Meter differential pressure, inches of water
H	Vertical depth corresponding to L, feet (TVD)
L	Length of flow channel, feet (MD)
n	Exponent (slope) of back—pressure equation, dimensionless
Pa	Field barometric pressure, psia
Pc	Shut-in wellhead pressure, psia
Pf	Shut-in pressure at vertical depth H, psia
Pm	Static pressure at point of gas measurement, psia
Pr	Reduced pressure, dimensionless
Ps	Flowing pressure at vertical depth H, psia
Pt	Flowing wellhead pressure, psia
Pw	Static column wellhead pressure corresponding to Pt, psia
Q	Rate of flow, Mcfd (14.65 psia and 60 degrees F.)
Tr	Reduced temperature, dimensionless
T	Absolute temperature, degrees Rankin
Z	Compressibility factor, dimensionless

Recommended procedures for tests and calculations may be found in the *Manual Of Back-Pressure Testing Of Gas Wells,* Interstate Oil Compact Commission, Oklahoma City, Oklahoma.

Form 10-421

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION

PRODUCER'S REPORT OF GAS DISPOSITION

Name of Operator and Code	Field and Pool and Codes	Month and year of disposition

DISPOSITION	VOLUME MCF			
	CASINGHEAD	GAS WELL	VAPORS	TOTAL
1. TOTAL VENTED OR FLARED				
2. USED				
3. SOLD				
4. SHRINKAGE				
5. INJECTION				
6. OTHER (EXPLAIN IN REMARKS)				
TOTAL				
GAS LIFT (RECYCLED GAS)				
ALLOWED SAFETY PILOT _____ MCFD X _____ Days of Month				
VENTED OR FLARED (IN EXCESS OF ALLOWED SAFETY PILOT)				

NOTE: ALL VOLUMES MUST BE CORRECTED TO PRESSURE OF 14.65 PSIA AND TO A TEMPERATURE OF 60° F. THIS REPORT SHALL BE USED WHEN GAS IS FLARED ON THE LEASE, USED BY THE PRODUCER FOR HIS OWN PURPOSES, OR WHEN INITIAL MEASUREMENT IS MADE BY THE PRODUCER. REPORT DUE BY 20th OF THE MONTH FOLLOWING THE MONTH OF DISPOSITION.

REMARKS:

I hereby certify that the foregoing is true and correct to the best of my knowledge

Signed _____ Title _____ Date _____

Form 10-422
Rev. 7-1-80

Submit in duplicate

U.S. DEPARTMENT OF ENERGY
Federal Energy Regulatory Commission
Washington, D.C. 20426

Form Approved
OMB No. 1902-0038
(Expires 12/31/84)

APPLICATION FOR DETERMINATION OF THE MAXIMUM LAWFUL PRICE UNDER THE NATURAL GAS POLICY ACT (NGPA)
(Sections 102, 103, 107 and 108)

GENERAL INSTRUCTIONS

Complete this form if you are applying for price classification under sections 102, 103, 107 or 108 of the NGPA.

Complete each appropriate item on the reverse side of this page. The code numbers used in items 4 and 6 can be obtained from the Buyer/Seller Code Book. If there is more than one purchaser or contract, identify the additional information in the space below. Also enter any additional remarks in the space below. The data reported on this form are not considered to be confidential and will not be treated as such.

Submit the completed application to the appropriate Jurisdictional Agency as listed in title 18 of the CFR, part 274.501. If there are any questions, call (202) 357-8585.

SPECIFIC INSTRUCTIONS

Use the codes in the table below for type of determination in item 2.

Section of NGPA *(a)*	Category Code *(b)*	Description *(c)*
102	1	New OCS lease
102	2	New onshore well (2.5 mile test)
102	3	New onshore well (1000 feet deeper test)
102	4	New onshore reservoir
102	5	New reservoir on old OCS lease
103	-	New onshore production well
107	0	Deep (more than 15,000 feet) high-cost gas
107	1	Gas produced from geopressured brine
107	2	Gas produced from coal seams
107	3	Gas produced from Devonian shale
107	5	Production enhancement gas
107	6	New tight formation gas
107	7	Recompletion tight formation gas
108	0	Stripper well
108	1	Stripper well – seasonally affected
108	2	Stripper well – enhanced recovery
108	3	Stripper well – temporary pressure buildup
108	4	Stripper well – protest procedure

Enter the appropriate information regarding other Purchasers/Contracts.

Line No.	Contract Date *(Mo, Da, Yr)* *(a)*	Purchaser *(b)*	Buyer Code *(c)*
1			
2			
3			
4			
5			
6			

Remarks:

FERC-121 (8-82)

APPLICATION FOR DETERMINATION OF THE MAXIMUM LAWFUL PRICE UNDER THE NATURAL GAS POLICY ACT (NGPA)

1.0 API well number: (If not assigned, leave blank. 14 digits.)	_ _ _
2.0 Type of determination being sought: (Use the codes found on the front of this form.)	Section of NGPA / Category Code
3.0 Depth of the deepest completion location: (Only needed if sections 103 or 107 in 2.0 above.)	____ feet
4.0 Name, address and code number of applicant: (35 letters per line maximum. If code number not available, leave blank.)	Name / Seller Code Street City / State / Zip Code
5.0 Location of this well: [Complete (a) or (b).] (a) For onshore wells (35 letters maximum for field name.)	Field Name County / State
(b) For OCS wells:	Area Name / Block Number Date of Lease: Mo. Day Yr. OCS Lease Number
(c) Name and identification number of this well: (35 letters and digits maximum.)	
(d) If code 4 or 5 in 2.0 above, name of the reservoir: (35 letters maximum.)	
6.0 (a) Name and code number of the purchaser: (35 letters and digits maximum. If code number not available, leave blank.)	Name / Buyer Code
(b) Date of the contract:	Mo. Day Yr.
(c) Estimated total annual production from the well:	____ Million Cubic Feet

		(a) Base Price	(b) Tax	(c) All Other Prices [Indicate (+) or (-).]	(d) Total of (a), (b) and (c)
7.0 Contract price: (As of filing date. Complete to 3 decimal places.)	$/MMBTU	_ . _ _ _	_ . _ _ _	_ . _ _ _	_ . _ _ _
8.0 Maximum lawful rate: (As of filing date. Complete to 3 decimal places.)	$/MMBTU	_ . _ _ _	_ . _ _ _	_ . _ _ _	_ . _ _ _

9.0 Person responsible for this application:	Name / Title Signature Date Application is Completed / Phone Number
Agency Use Only Date Received by Juris. Agency Date Received by FERC	

FERC-121 (8-82)

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION

Supplementary Information for
Natural Gas Policy Act Determination Procedures

1. API WELL NO. _____

2. LEASE NO. _____

3. LEASE NAME AND WELL NO. _____

4. SECTION, TOWNSHIP, AND RANGE _____

13. GAS PURCHASER(S) _____

14. CO-LESSEE AND/OR WORKING INTEREST OWNER _____

5. FIELD _____

6. RESERVOIR _____

7. BOROUGH _____

8. OPERATOR _____

9. TYPE OF WELL _____

10. APPLICANT _____

ADDRESS _____

11. REQUEST CATEGORY FOR DETERMINATION

___ Section 102(c)(1)(B), New Onshore Wells
___ Section 102(c)(1)(C), New Onshore Reservoirs
___ Section 103(c), New Onshore Production Well
___ Section 107(c), High-Cost Natural Gas
___ Section 108(b), Stripper-Wells Natural Gas

12. PERSON RESPONSIBLE FOR ANSWERING QUESTIONS _____

ADDRESS _____

TELEPHONE _____

I certify that the foregoing and the checklist attached are true and correct to the best of my knowledge as determined from available records.

_____
AUTHORIZED SIGNATURE

_____ _____
NAME TYPED OR PRINTED TITLE

DATE _____

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION

CHECKLIST FOR SECTION 102(c)(1)(B), NEW ONSHORE WELL
(NATURAL GAS POLICY ACT DETERMINATION PROCEDURES)

Mark below to indicate the materials reviewed that are relevant to this request. Attach accordingly.

1.a. Form FERC 121, Application form Determination of the Maximum Lawful Price Under the Natural Gas Policy Act. _____

b. A statement that completed copies of Form FERC 121 have been forwarded to the purchaser(s) and to the co-lessees and/or the working interest owners. _____

2. Well Completion or Recompletion Report and Log, (AOGCC Form 10-407). _____

3. A copy of the directional survey. _____

4. A plat locating and indentifying the well of interest, surface and completion interval, and any other well which produced natural gas after January 1, 1970, and before April 20, 1977 and is within the 2.5 mile radius of the well for which a determination is sought; including specific identification of all marker wells if any, within the 2.5 mile radius. _____

5. A statement(s) under oath as required by §274.202(e) for each application, including answers to certain questions as applicable. _____

6. A statement of certification for each of the supporting documents, except for the conventional Geological Survey agreements and forms already certified. _____

For the 2.5 Mile Test.

7. A statement by the applicant under oath, that on the basis of the results of the search and examination required by §274.202(e), he has concluded that to the best of his information, knowledge and belief, there is no marker well completion interval within 2.5 miles of the completion interval of the well for which he seeks a determination. _____

For the 1,000 Feet Deeper Test.

8. A list of the deepest completion intervals for all marker wells which are within a 2.5 mile radius of the well for which a determination is sought. _____

9. A statement by the applicant, under oath, that on the basis of the results of the search and examination required by §274.202(e), he has concluded that to the best of his information, knowledge and belief, there is no marker well within 2.5 miles of the well for which he seeks a determination which has a completion location less than 1,000 feet above the completion location of the new well. _____

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION

CHECKLIST FOR SECTION 102(c)(1)(C), NEW ONSHORE RESERVOIR
(NATURAL GAS POLICY ACT DETERMINATION PROCEDURES)

Mark below to indicate the materials reviewed that are relevant to this request. Attach accordingly.

1.a. Form FERC 121, Application form Determination of the Maximum Lawful Price Under the Natural Gas Policy Act. _____

b. A statement that completed copies of Form FERC 121 have been forwarded to the purchaser(s) and to the co-lessees and/or the working interest owners. _____

2. Well Completion or Recompletion Report and Log, (AOGCC Form 10-407). _____

3. A copy of the directional survey. _____

4. A plat locating and indentifying the well of interest. _____

5. Geologic information sufficient to support a determination that the reservoir is a new onshore reservoir; such information to include:
   A. Well logs;
   B. Pressure buildup tests;
   C. Well potential test;
   D. Structure maps;
   E. Cross-sections; and
   F. Gas analyses. _____

6. A statement by the applicant under oath, that on the basis of the results of the search and examination required by §274.202(e), he has concluded that to the best of his information, knowledge and belief, the natural gas to be produced and for which he seeks a determination is from a new onshore reservoir. _____

7. A statement(s) under oath as required by §274.202(e) for each application, including answers to questions in §274.202(d)(2)(i) through (iii). _____

8. A statement or certification for each of the supporting documents. _____

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION

CHECKLIST FOR SECTION 103(c), NEW ONSHORE PRODUCTION WELL
(NATURAL GAS POLICY ACT DETERMINATION PROCEDURES)

Mark below to indicate the materials reviewed and relevant to the request. Attach accordingly.

1. Form FERC 121, Application form Determination of the Maximum Lawful Price Under the Natural Gas Policy Act. _____

2. A statement(s) under oath as required by FERC for each application, including answers to certain questions as applicable. _____

3. A statement that completed copies of Form FERC 121 have been forwarded to the purchaser(s) and to the co-lessees and/or the working interest owners. _____

4. A statement of certification for each of the supporting documents, except for the conventional Geological Survey agreements and forms already certified. _____

5. Well Completion or Recompletion Report and Log. _____

6. A plat locating and indentifying the well of interest and the outline of the proration unit. Also, identification and explanation of any other wells within the proration unit. _____

7. A copy of the State Spacing Order, or, as applicable, the appropriate reference to a state regulation and/or a federal unit agreement. _____

8. For a new well which was spudded on or after February 19, 1977, and drilled as an additional well into an existing proration unit, a copy of the record developed prior to the commencement of drilling (as reasonably possible to do so), with geological and engineering support data included, sufficient to support a finding that the new well is necessary. Also, support data acquired after commencement of drilling, as appropriate. _____

9. Other: _____

_____ _____

Natural Gas Policy Act
Determination Procedures

This report is filed with the Federal Energy Regulatory Commission (FERC) by the Alaska Oil and Gas Conservation Commission (Commission) in accordance with Section 274.105 of Subchapter H - Regulation of Natural Gas Sales under the Natural Gas Policy Act of 1978. It should be noted that this report is to replace the report filed by the former Oil & Gas Conservation Committee with FERC dated December 11, 1978. The Commission is composed of three commissioners and their staff and has the authority to make the certifications as requested by FERC and will do so upon receiving applications.

Applicants shall use the FERC form 121 in applying for price classification under sections 102, 103, 107 and 108 in accordance with Part 274 Subpart B. Filings shall be in duplicate and shall only be made by the operator of the well. The operator is requested to file all pertinent records as part of the application. Applications shall be made to:

Alaska Oil and Gas Conservation Commission
3001 Porcupine Drive
Anchorage, Alaska 99501

With each application the operator shall include affidavits of mailing notifying all working interest owners and parties to the gas purchase contract that an application for a certain category determination is being submitted.

Upon receipt of an application, the Commission will acknowledge the receipt in writing to the operator. The application will be date stamped, a file prepared and a number assigned to the file. The Commission will advise the operator in writing if further information must be filed. The Commission will give no notice of the filing of an application.

The Commission's engineering and geological staff will review the application and accompaning documents as well as the records on file with the Commission to evaluate the filing. The Commission's records contain such data as the Permit to Drill or Deepen (Form 10-401), Sundry Notice and Report on Wells (Form 10-403), Monthly Report of Drilling and Workover Operations (Form 10-404), Well Completion or Recompletion Report and Log (Form 10-407), records of production, directional surveys, survey plats and well logs.

If the Commission receives a written protest to an application within 15 days of its filing, the Commission shall hold a hearing. The notice of hearing shall be published in an appropriate newspaper at least 10 days prior to the hearing date. The hearing notice shall provide the subject of the hearing,

the date, time and place of the hearing. Any person wishing to testify or make an oral or written statement will be permitted to do so. Within 30 days following a hearing the Commission will make known its determination.

If no protest is received, the Commission will process the application without a hearing.

The Commission's determination will be made after reviewing the engineering and geological staffs evaluation of the filing and any other data the Commission feels necessary. The Commission will give written notice to FERC of its determination in accordance with Section 274.104 and also to the operator. The Commission will also submit to FERC a copy of the application and records filed by the operator and a copy of the hearing record if a hearing was held.

Protests of the Commission's determination should be made to FERC.

ORIGINAL SIGNED
BY HOYLE H. HAMILTON

Submitted on January 18, 1979

Hoyle H. Hamilton
Chairman
Alaska Oil and Gas
Conservation Commission.

JAY S. HAMMOND
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

September 23, 1980

The Honorable W. Michael Blumenthal
Secretary of the Treasury
15th Street and Pennsylvania Avenue
Washington, D.C. 20220

Dear Mr. Secretary:

Pursuant to the requirements of Section 4993 (d)(5)(A) of the recently enacted Crude Oil Windfall Profits Tax Act of 1980, I have appointed the Alaska Oil and Gas Conservation Commission (AOGCC) as the jurisdictional agency over applications involving tertiary recovery projects on lands in Alaska not under federal jurisdiction. The AOGCC will review and take suitable action on any application for a tertiary recovery project within the stipulations of the Crude Oil Windfall Profits Tax Act of 1980, and applicable regulations.

This notification fulfills the responsibilities of the Governor of Alaska to provide a written submittal of agency designation in accordance with Section 4993 (d)(5)(A) of the Act.

Acknowledgement of receipt of this letter is requested.

Sincerely,

Jay S. Hammond
Governor

cc: Hoyle H. Hamilton, Chairman/Commissioner
Alaska Oil and Gas Conservation Commission

The Honorable William P. Clements, Governor of Texas
Interstate Oil Compact Commission

William W. Hopkins
Alaska Oil and Gas Association

The Honorable Robert E. LeResche, Commissioner
Department of Natural Resources

Alaska Statutes

Title 31. Oil and Gas.

Chapter

05. Alaska Oil and Gas Conservation Act (§§ 31.05.005 — 31.05.170)
15. Common Purchasers of Oil (§§ 31.15.010 — 31.15.050)
30. Miscellaneous Provisions (§ 31.30.010)

Revisor's notes. — The provisions of this title were redrafted in 1985 to remove personal pronouns pursuant to § 4, ch. 58, SLA 1982, and to make other, minor word changes.

Chapter 05. Alaska Oil and Gas Conservation Act

Article

1. Administration (§§ 31.05.005 — 31.05.080)
2. Regulation of Operations (§§ 31.05.090 — 31.05.120)
3. General Provisions (§§ 31.05.150 — 31.05.170)

Revisor's notes. — Under sec. 5, ch. 158, SLA 1978, references in this chapter to the Department of Natural Resources have been changed to Alaska Oil and Gas Conservation Commission, except in AS 31.05.026.

Opinions of attorney general. — This chapter, which mandates the conservation of oil and gas and prohibits their waste, would not be contravened by a local coastal management plan which comports with the Alaska Coastal Management Program. May 12, 1980, Op. Att'y Gen.

Article 1. Administration.

Section

05. Alaska Oil and Gas Conservation Commission created
07. Term of office; vacancy; removal
09. Qualifications of members
11. Quorum
13. Oath of office
15. Compensation of members of the commission
17. Principal office; seal
21. Legal counsel
23. Commission staff
25. Conflict of interest
26. Relationship to Department of Natural Resources
27. Land subject to commission's authority
30. Powers and duties of commission
35. Confidential reports
40. Regulations and orders
50. Notice
60. Action by commission
70. Attendance and testimony of witnesses
80. Rehearings and appeals

Sec. 31.05.005. Alaska Oil and Gas Conservation Commission created. (a) There is created as an independent quasi-judicial agency of the state the Alaska Oil and Gas Conservation Commission, composed of three commissioners appointed by the governor and confirmed by the legislature in joint session.

(b) The governor shall designate one member of the commission as chairman of the commission. This member shall serve as chairman for a term of four years, but may be appointed for successive terms. (§ 1 ch 158 SLA 1978)

Sec. 31.05.007. Term of office; vacancy; removal. (a) The term of office of each member is six years. The governor shall designate who among the initial appointees shall serve respectively for terms of two years, four years and six years. A commissioner, upon the expiration of a term, shall continue to hold office until a successor is appointed and qualified.

(b) A vacancy arising in the office of a commissioner shall be filled by appointment by the governor and confirmed by the legislature in joint session, and an appointee selected to fill a vacancy shall hold office for the balance of the full term for which the predecessor on the commission was appointed.

(c) A vacancy in the commission does not impair the authority of a quorum of commissioners to exercise all the powers and perform all the duties of the commission.

(d) The governor may remove a commissioner from office for cause including but not limited to incompetence, neglect of duty or misconduct in office. A commissioner, to be removed for cause, shall be given a copy of the charges and afforded an opportunity to be publicly heard in person or by counsel in the commissioner's own defense upon not less than 10 days' notice. If a commissioner is removed for cause, the governor shall file with the lieutenant governor a complete statement of all charges made against the commissioner and the governor's finding based on the charges, together with a complete record of the proceedings. (§ 1 ch 158 SLA 1978)

Sec. 31.05.009. Qualifications of members. Members shall be qualified as follows: one member shall be a licensed professional engineer with educational and professional background in the field of petroleum engineering; one member shall be a geologist with educational and professional background in the field of petroleum geology; one member need not be trained and experienced in the fields of petroleum engineering or petroleum geology. (§ 1 ch 158 SLA 1978)

Sec. 31.05.010. Application. [Repealed, § 4 ch 158 SLA 1978.]

Sec. 31.05.011. Quorum. Two members of the commission constitute a quorum for the transaction of business, for the performance of a duty, or for the exercise of a power of the commission. (§ 1 ch 158 SLA 1978)

Sec. 31.05.013. Oath of office. Each commissioner, before entering upon the duties of office, shall take and subscribe to the oath prescribed for principal officers of the state. (§ 1 ch 158 SLA 1978)

Sec. 31.05.015. Compensation of members of the commission. Members of the commission are in the exempt service and shall receive an annual salary. (§ 1 ch 158 SLA 1978)

Sec. 31.05.017. Principal office; seal. (a) The commission shall establish a principal office and branch offices necessary to discharge its business efficiently. For the convenience of the public or of parties to a proceeding the commission may hold meetings, hearings or other proceedings at other locations.

(b) The commission shall have an official seal. (§ 1 ch 158 SLA 1978)

Sec. 31.05.020. [Renumbered as AS 31.05.095.]

Sec. 31.05.021. Legal counsel. (a) The Department of Law shall provide full-time legal counsel to the commission. The legal counsel provided by the Department of Law is subject to the approval of the commission.

(b) The commission may, subject to the approval of the attorney general, contract for the services of additional specialized legal counsel or legal consultants. (§ 1 ch 158 SLA 1978)

Sec. 31.05.023. Commission staff. (a) The commission shall employ such staff as it considers necessary to carry out its responsibilities.

(b) The professional staff of the commission and the personal secretary of each commissioner are in the exempt service under AS 39.25.110.

(c) The secretarial and clerical staff of the commission, except the personal secretary of each commissioner, are in the classified service.

(d) In addition to its staff of regular employees, the commission may contract for and engage the services of consultants and experts the commission considers necessary. (§ 1 ch 158 SLA 1978)

Sec. 31.05.025. Conflict of interest. (a) Members and employees of the commission, except clerical and secretarial staff, are subject to AS 39.50.

(b) A member of the commission is disqualified from voting upon any matter before the commission in which the member has a conflict of interest. (§ 1 ch 158 SLA 1978)

Sec. 31.05.026. Relationship to Department of Natural Resources. (a) The Department of Natural Resources shall have standing before the commission to raise all issues relating to state-owned land without regard to the type of proprietary interest held by the state in that land.

(b) With respect to federal land from which the state or any subdivision of the state is entitled under federal law to receive a share of the federal royalty interest, the Department of Natural Resources shall have the same standing before the commission as if it were the holder of the equivalent royalty interest.

(c) When both the Department of Natural Resources and the commission have the authority to require, and do require, the submission of substantially the same information from persons subject to this chapter, the commission, in order to alleviate the administrative burdens placed on those persons, may by regulation enter into an agreement with the Department of Natural Resources whereby either the commission or the Department of Natural Resources shall have the responsibility to collect the information lawfully required by both.

(d) For budget and audit procedures and considerations, the commission shall have the same standing as any other major state agency. Whenever practicable the commission may enter into state interagency agreements concerning administrative, employee relations, and fiscal duties.

(e) The Department of Natural Resources shall have the same standing (no more or less) before the commission as granted by law to any other proprietary interest. (§ 1 ch 158 SLA 1978)

Sec. 31.05.027. Land subject to commission's authority. The authority of the commission applies to all land in the state lawfully subject to its police powers. It applies to land of the United States or to land subject to the jurisdiction of the United States only to the extent that control and supervision of conservation of oil and gas and prevention of waste by the United States on its land fails to carry out the intent and purposes of this chapter, and otherwise applies to federal land so far as an officer of the United States having jurisdiction, or an authorized representative, shall approve any of the provisions of this chapter or orders of the commission which affect

land. The authority of the commission further applies to all land included in a voluntary cooperative or unit plan of development or operation entered into in accordance with AS 38.05.180(p). (§ 1 ch 158 SLA 1978; am § 32 ch 94 SLA 1980)

Sec. 31.05.030. Powers and duties of commission. (a) The commission has jurisdiction and authority over all persons and property, public and private, necessary to carry out the purposes and intent of this chapter.

(b) The commission shall investigate to determine whether or not waste exists or is imminent, or whether or not other facts exist which justify or require action by it.

(c) The commission shall adopt regulations and orders and take other appropriate action to carry out the purposes of this chapter.

(d) The commission may require

(1) identification of ownership of wells, producing leases, tanks, plants and drilling structures;

(2) the making and filing of reports, well logs, drilling logs, electric logs, lithologic logs, directional surveys, and all other subsurface information on a well drilled for oil or gas, or for the discovery of oil or gas, or for geologic information, and the required reports and information shall be filed within 30 days after the completion, abandonment, or suspension of the well;

(3) the drilling, casing and plugging of wells in a manner that will prevent the escape of oil or gas out of one stratum into another, the intrusion of water into an oil or gas stratum, the pollution of fresh water supplies by oil, gas or salt water, and prevent blowouts, cavings, seepages and fires;

(4) the furnishing of a reasonable bond with sufficient surety conditions for the performance of the duty to plug each dry or abandoned well or the repair of wells causing waste;

(5) the operation of wells with efficient gas-oil and water-oil ratios, and may fix these ratios;

(6) the gauging or other measuring of oil and gas to determine the quality and quantity of oil and gas;

(7) every person who produces oil or gas in the state to keep and maintain for a period of five years in the state complete and accurate records of the quantities of oil and gas produced, which shall be available for examination by the Department of Natural Resources or its agents at all reasonable times;

(8) the measuring and monitoring of oil and gas pool pressures;

(9) the filing and approval of a plan of development and operation for a field or pool in order to prevent waste, insure a greater ultimate recovery of oil and gas, and protect the correlative rights of persons owning interests in the tracts of land affected.

(e) The commission may regulate, for conservation purposes

(1) the drilling, producing and plugging of wells;
(2) the shooting and chemical treatment of wells;
(3) the spacing of wells;
(4) the disposal of salt water, nonpotable water and oil field wastes;
(5) the contamination or waste of underground water;
(6) the quantity and rate of the production of oil and gas from a well or property; this authority shall also apply to a well or property in a voluntary cooperative or unit plan of development or operation entered into in accordance with AS 38.05.180(p).

(f) The commission may classify wells as oil or gas wells for purposes material to the interpretation or enforcement of this chapter.

(g) When the commission finds sufficient likelihood of an unexpected encounter of oil, gas, or other hazardous substance as a result of well drilling in an area of the state, the commission may, by regulation, designate the area and specify a depth in the area as one in which wells or any boring into the soil in excess of the specified depth but not otherwise subject to this chapter are subject to the regulations and requirements adopted under this section. The designation of an area or specification of a depth under this subsection does not constitute a certification that no hazardous substance will be encountered in another area or at a lesser depth, and the state is not liable for any damages arising from such an unexpected encounter of a hazardous substance.

(h) The commission may take all actions necessary to allow the state to acquire primary enforcement responsibility under 42 U.S.C. 300h-4 (Safe Drinking Water Act of 1974, as amended, 42 U.S.C. 300f-300j), for the control of underground injection related to the recovery and production of oil and natural gas. (§ 4 ch 40 SLA 1955; am § 2 ch 75 SLA 1960; am § 1 ch 209 SLA 1970; am § 1 ch 87 SLA 1977; am §§ 1, 2 ch 160 SLA 1978; am § 1 ch 91 SLA 1984)

Effect of amendments. — The 1984 amendment added subsection (h).

Sec. 31.05.035. Confidential reports. (a) For all wells for which a permit to drill has been issued by the commission since January 3, 1959, the commission may require:

(1) the making and filing of reports, well logs, drilling logs, electric logs, lithologic logs, directional surveys, and all other subsurface information on a well drilled for oil or gas, or for the discovery of oil or gas, or for geologic information; and

(2) the filing of flow test information and all logs, except experimental logs and velocity surveys run on a well and not required by (1) of this subsection;

(3) the operator to make available for copying the digitized log information, if it is available, on any log required to be filed under (1) or (2) of this subsection.

(b) Reports and information required under (a)(1) and (2) of this section shall be filed within 30 days after the completion, abandonment, or suspension of a well. However, under (a)(1) of this section, the commission may not require the making of a log on a well completed, abandoned or suspended before June 19, 1970.

(c) The reports and information required in (a) of this section shall be kept confidential for 24 months following the 30-day filing period unless the owner of the well gives written permission to release the reports and information at an earlier date. If the commissioner of natural resources finds that the required reports and information contain significant information relating to the valuation of unleased land in the same vicinity, the commissioner shall keep the reports and information confidential for a reasonable time after the disposition of all affected unleased land, unless the owner of the well gives written permission to release the reports and information at an earlier date. Well location, depth, status and production data and production reports required by the commission to be filed subsequent to the 30-day filing period shall be considered public information and shall not be classified confidential. Production data, as used in this subsection, means volume, gravity and gas-oil ratio of all production of oil or gas after the well begins regular production.

(d) Engineering, geological, and other information not required by (a) of this section but voluntarily filed with the commission shall be kept confidential if the person filing the information so requests.

(e) Notwithstanding (c) of this section, claims of confidentiality will be denied for information disclosed to the commission under AS 31.05.030(h) that is required to be disclosed under 42 U.S.C. 300h-4. (§ 2 ch 209 SLA 1970; am §§ 3 — 6 ch 160 SLA 1978; am § 86 ch 6 SLA 1984; am § 2 ch 91 SLA 1984)

Effect of amendments. — The first 1984 amendment, in the second sentence in subsection (c), inserted "of natural resources" and substituted "the commissioner" for "he" near the middle of the sentence.

The second 1984 amendment added subsection (e).

NOTES TO DECISIONS

Cited in Hammond v. North Slope Borough, Sup. Ct. Op. No. 2499 (File Nos. 5550, 5558), 645 P.2d 750 (1982).

Sec. 31.05.040. Regulations and orders. (a) The commission shall adopt regulations governing practice and procedure before it under this chapter.

(b) All orders issued by the commission shall be in writing, shall be entered in full and indexed in books kept by the commission for that purpose, and shall be public records open for inspection at all times during reasonable office hours. A copy of an order certified by the commission, under its seal, shall be received in evidence in all courts of the state with the same effect as the original. (§ 9(1) and (5) ch 40 SLA 1955)

Cross references. — For administrative procedures generally, see AS 44.62.

Sec. 31.05.050. Notice. (a) A notice required by this chapter shall be given in accordance with the Administrative Procedure Act (AS 44.62).

(b) Procedures to be followed under (a) of this section do not apply if the nature of the notice is not of a statewide or general application but is concerned only with operations on a single well or within a single field and the modification of procedure is within the authority delegated to the commission under AS 31.05.030. A notice required by this chapter shall be given by one publication in a newspaper published in the borough in which the hearing is to be held, or if none is published in the borough, in a newspaper published in this state and circulating within the borough, and posted in at least one public place within the borough, at least 10 days before the date of the hearing. The notice shall be issued in the name of the state, shall be signed by the commission, and shall specify the style and number of the proceeding, the time and place of the hearing, and shall briefly state the purpose of the proceeding. The commission may also give, or require the giving of, additional notice in a proceeding, or class of proceeding, which it considers necessary or desirable. (§ 9(4) ch 40 SLA 1955; am § 1 ch 190 SLA 1968; am § 1 ch 87 SLA 1969)

Sec. 31.05.060. Action by commission. (a) The commission may act upon its own motion, or upon the petition of an interested person. On the filing of a petition concerning a matter within the jurisdiction of the commission under this chapter, the commission shall promptly fix a date for a hearing, and shall cause notice of the hearing to be given. The hearing shall be held without undue delay after the filing of the petition. The commission shall enter its order within 30 days after the hearing.

(b) Except as provided in this subsection, any action by the

commission under this chapter that has statewide or general application shall be performed in accordance with the Administrative Procedure Act (AS 44.62). Any action by the commission under this chapter that has application to a single well or single field need not comply with the provisions of AS 44.62.330 — 44.62.630, but shall be performed in accordance with regulations of the commission designed to afford persons affected by the action notice and an opportunity to be heard. (§ 9(6) ch 40 SLA 1955; am § 7 ch 160 SLA 1978)

Collateral references. — 58 C.J.S., Mines and Minerals, § 242.

Sec. 31.05.070. Attendance and testimony of witnesses. (a) The commission may summon witnesses, administer oaths, and require the production of records, books and documents for examination at a hearing or investigation conducted by it. A person may not be excused from attending and testifying, or from producing books, papers and records before the commission or a court, or from obedience to the subpoena of the commission or a court, on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of that person may tend to incriminate or subject that person to a penalty or forfeiture. This section does not require a person to produce books, papers or records, or to testify in response to an inquiry not pertinent to some question lawfully before the commission or court for determination. A natural person is not subject to criminal prosecution or to a penalty or forfeiture for or on account of any transaction, matter or thing concerning which, in spite of objection, that person may be required to testify or produce evidence, documentary or otherwise, before the commission or court, or in obedience to its subpoena. However, a person testifying is not exempt from prosecution and punishment for perjury committed in so testifying.

(b) If a person fails or refuses to comply with the subpoena issued by the commission, or refuses to testify as to any matter regarding which the person may be interrogated, any court of record in the state, upon application of the commission, may issue an attachment for the person and compel that person to comply with the subpoena, and attend before the commission and produce the records, books, and documents for examination, and give testimony. The court may punish for contempt as in the case of disobedience to a subpoena issued by the court, or for refusal to testify in court. (§ 10 ch 40 SLA 1955)

Sec. 31.05.080. Rehearings and appeals. (a) Within 20 days after written notice of the entry of an order or decision of the commission, or such further time as the commission grants for good cause shown, a person affected by it may file with the commission an application for the rehearing in respect of the matter determined by the order or decision, setting forth the respect in which the order or decision is believed to be erroneous. The commission shall grant or refuse the application in whole or in part within 10 days after it is filed, and failure to act on it within this period is a refusal of it and a final disposition of the application. If the hearing is granted, the commission may enter a new order or decision after rehearing as may be required under the circumstances.

(b) A party to the rehearing proceeding, dissatisfied with the disposition of the application for rehearing, may appeal from it to the superior court in the judicial district in which any property affected by the decision of the commission is located, by filing a petition for the review of the action of the commission within 20 days after the entry of the order following rehearing or after the refusal of rehearing as the case may be. The petition shall state briefly the nature of the proceedings before the commission and shall set out the order or decision of the commission complained of and the grounds of invalidity of it upon which the applicant will rely. However, the questions reviewed on appeal shall be only questions presented to the commission by the application for rehearing. Notice of appeal shall be served upon the adverse parties and the commission in the manner provided for the service of summons in civil proceedings. The trial upon appeal shall be without a jury, and the transcript of proceedings before the commission, including the evidence taken in hearings by the commission, shall be received in evidence by the court in whole or in part upon offer by either party, subject to legal objections to evidence, in the same manner as if the evidence was originally offered in the superior court. The commission's action complained of is prima facie valid and the burden is upon the party seeking review to establish the invalidity of the action of the commission. The court shall determine the issues of fact and of law and shall, upon a preponderance of the evidence introduced before the court, which may include evidence in addition to the transcript of proceedings before the commission, and the applicable law, enter its order either affirming or vacating the order of the commission. Appeals may be taken from the judgment or decision of the superior court in the same manner as provided for appeals from any other final judgment entered by a superior court.

(c) The pendency of proceedings to review does not of itself stay or suspend operation of the order or decision being reviewed, but during the pendency of the proceedings, the superior court may, upon its own motion or upon proper application of a party, stay or suspend, in whole or in part, operation of the order or decision pending review, on the

terms the court considers just and proper and in accordance with the rules of civil procedure. The court, as a condition to staying or suspension of operation of an order or decision, may require that one or more parties secure, in the form and amount as the court considers just and proper, one or more other parties against loss or damage due to the staying or suspension of the commission's order or decision, if the action of the commission is affirmed.

(d) The rules of practice and procedure in civil cases govern the proceedings for review and appeal to the extent they are consistent with this chapter. (§ 11 ch 40 SLA 1955)

Revisor's notes. — The procedures for appeal set out in this section are superseded by the rules of court. See App. R. 607, adopted Nov. 15, 1980.

Cross references. — For rules of court governing appeals from administrative agencies, see App. R. 601-611.

Article 2. Regulation of Operations.

Section
90. Permits and fees to drill wells
95. Waste prohibited
100. Establishment of drilling units for pools
110. Unitization and unitized operation of pools and integration of interests by agreement
120. Use of gas from well to manufacture carbon products without permit is prima facie waste

Sec. 31.05.090. Permits and fees to drill wells. A person desiring to drill a well in search of oil or gas shall notify the commission of the person's intent on a form prescribed by the commission and shall pay a fee of $100 for a permit for each well sought to be drilled. Upon receipt of notification and fee, the commission shall promptly issue a permit to drill, unless the drilling of the well is contrary to law or a regulation or order of the commission, or unless the person is in violation of a commission regulation, order or stipulation pertaining to drilling, plugging or abandonment of a well. The drilling of a well is prohibited until a permit to drill is obtained in accordance with this chapter. (§ 5 ch 40 SLA 1955; am § 1 ch 120 SLA 1970)

Sec. 31.05.095. Waste prohibited. The waste of oil and gas in the state is prohibited. (§ 1 ch 40 SLA 1955)

Revisor's notes. — Formerly AS 31.05.020. Renumbered in 1985.

Collateral references. — 58 C.J.S., Mines and Minerals, § 234.

Constitutionality of statute controlling exploitation or waste of oil and gas. 24 ALR 307; 78 ALR 834.

Constitutionality of statute, ordinance, or regulation limiting rights of surface owner in respect of oil or gas. 67 ALR 1346; 99 ALR 1119.

Construction and effect of statutes regulating production of oil or gas in a manner or under conditions constituting waste. 86 ALR 431.

Sec. 31.05.100. Establishment of drilling units for pools. (a) For the prevention of waste, to protect and enforce the correlative rights of lessees in a pool, and to avoid the augmenting and accumulation of risks arising from the drilling of an excessive number of wells, or the reduced recovery which might result from too small a number of wells, the commission shall, after a hearing, establish a drilling unit or units for each pool. The establishment of a unit for gas shall be limited to the production of gas.

(b) Each well permitted to be drilled on a drilling unit shall be drilled under the rules and regulations and in accordance with the spacing pattern as the commission prescribes for the pool in which the well is located. Exceptions to the rules and spacing pattern may be granted where it is shown, after notice and hearing, that the unit is partly outside the pool, or for some other reason a well so located on the unit would be nonproductive, or topographical conditions are such as to make the drilling at such a location unduly burdensome. If an exception is granted, the commission shall take such action as will offset any advantage which the person securing the exception may have over other producers by reason of the drilling of the well as an exception, and so that drainage from developed units to the tract with respect to which the exception is granted will be prevented or minimized, and the producer of the well drilled as an exception will be allowed to produce no more than a just and equitable share of the oil and gas in the pool.

(c) When two or more separately owned tracts of land are embraced within an established drilling unit, persons owning the drilling rights in it and the right to share in the production from it may agree to pool their interests and develop their lands as a drilling unit. If the persons do not agree to pool their interests, the commission may enter an order pooling and integrating their interests for the development of their lands as a drilling unit for the prevention of waste, for the protection of correlative rights, or to avoid the drilling of unnecessary wells. Orders effectuating such pooling shall be made after notice and hearing, and shall be upon terms and conditions which will afford to the owner of each tract the opportunity to recover or receive the owner's just and equitable share of the oil and gas in the pool without unnecessary expense. Operations incident to the drilling of a well upon a portion of a unit covered by a pooling order shall be considered for all purposes to be the conduct of the operation upon each separately owned tract in the unit by the several lessees of it. The portion of the production allocated to the lessee of each tract included in a drilling unit formed by a pooling order shall, when produced, be considered as if it had been produced from the tract by a well drilled on it. If pooling is effectuated, the cost of development and operation of the pooled unit chargeable by the operator to the other interested lessee is limited to the actual and reasonable expenditures for this

purpose, including a reasonable charge for supervision. As to lessees who refuse to agree upon pooling, the order shall provide for reimbursement for costs chargeable to each lessee out of, and only out of, production from the unit belonging to such lessee. In the event of a dispute relative to the costs, the commission shall determine the proper costs upon notice to all interested parties and hearing. Appeals may be taken from the determination as from any other order of the commission. If a lessee drills and operates, or pays the expense of drilling and operating the well for the benefit of others, then in addition to any other right conferred by the pooling order, the lessee drilling or operating has a lien on the share of production from the unit accruing to the interest of each of the other lessees for the payment of the proportionate share of such expenses. All the oil and gas subject to the lien, or so much of the oil and gas subject to the lien as is necessary shall be marketed and sold by the creditor, and the proceeds applied in payment of the expenses secured by the lien, with the balance, if any, payable to the debtor.

(d) The commission shall, in all instances where a unit has been formed out of lands or areas of more than one ownership, require the operator, upon request of a lessee, but subject to the right of the operator to market production and collect the proceeds with respect to a lessee in default, as provided in (c) of this section, to deliver to the lessee or assigns the lessee's proportionate share of the production from the well common to the drilling unit. The lessee receiving a share shall provide at the lessee's own expense proper receptacles for the receipt and storage of it.

(e) If persons owning the drilling or other rights in separate tracts embraced within a drilling unit fail to agree upon the pooling of the tracts and the drilling of the well on the unit, and if the commission is without authority to require pooling as provided by this section, then, subject to all other applicable provisions of this chapter, the lessee of each tract embraced within the drilling unit may drill on the lessee's tract, but the allowable production from the tract shall be the proportion of the allowable production for the full drilling unit as the area of the separately owned tract bears to the full drilling unit. (§ 6 ch 40 SLA 1955)

Cross references. — For oil and gas leasing, see AS 38.05.180.

Collateral references. — Respective rights of adjoining owners as to pumping oil. 5 ALR 421.

Sec. 31.05.110. Unitization and unitized operation of pools and integration of interests by agreement. (a) To prevent, or to assist in preventing waste, to insure a greater ultimate recovery of oil and gas, and to protect the correlative rights of persons owning interests in the tracts of land affected, these persons may validly integrate their interests to provide for the unitized management, development, and operation of such tracts of land as a unit. Where, however, they have not agreed to integrate their interests, the commission, upon proper petition, after notice and hearing, has jurisdiction, power and authority, and it is its duty to make and enforce orders and do the things necessary or proper to carry out the purposes of this section.

(b) If upon the filing of a petition by or with the commission and after notice and hearing, all in the form and manner and in accordance with the procedure and requirements provided in this section, the commission finds that (1) the unitized management, operation and further development of a pool or portion of a pool is reasonably necessary in order to effectively carry on pressure control, pressure-maintenance or repressuring operations, cycling operations, water flooding operations, or any combination of these, or any other form of joint effort calculated to substantially increase the ultimate recovery of oil and gas from the pool; (2) one or more of the unitized methods of operation as applied to the pool or portion of it is feasible, and will prevent waste and will with reasonable probability result in the increased recovery of substantially more oil and gas from the pool than would otherwise be recovered; (3) the estimated additional cost, if any, of conducting such operations will not exceed the value of the additional oil and gas so recovered; and (4) the unitization and adoption of one or more of the unitized methods of operation is for the common good, it shall make a finding to that effect and make an order creating the unit and providing for the unitization and unitized operation of the pool or portion of it described in the order, upon the terms and conditions, as may be shown by the evidence to be fair, reasonable, equitable, and which are necessary or proper to protect, safeguard and adjust the respective rights and obligations of the several persons affected, including royalty owner, owners of overriding royalties, oil and gas payments, carried interests, mortgages, lien claimants and others, as well as the lessees. The petition shall set out a description of the proposed unit area with a map or plat of it attached, shall allege the existence of the facts required to be found by the commission as provided in this subsection and shall have attached to it a recommended plan of unitization applicable to the proposed unit area and which the petitioner considers to be fair, reasonable and equitable.

(c) The order of the commission shall define the boundary of the area to be included within the unit area and prescribe with reasonable

detail the plan of unitization applicable to it. Each unit and unit area may be limited to all or a portion of a single pool. Only so much of a pool or pools as has been defined and determined to be productive on the basis of information available to the commission may be so included within the unit area. A unit may be created to embrace less than the whole of a pool only where it is shown by the evidence that the area to be so included within the unit area is of a size and shape as may be reasonably required for the successful and efficient conduct of the unitized method of operation for which the unit is created, and that the conduct of it will have no material adverse effect upon the remainder of the pool. The plan of unitization for each unit and unit area shall be one suited to the needs and requirements of the particular unit dependent upon the facts and conditions found to exist with respect to it. In addition to other terms, provisions, conditions and requirements found by the commission to be reasonably necessary or proper to carry out the purpose of this chapter, and subject to the further requirements of this section, each plan of unitization shall contain fair, reasonable and equitable provisions for

(1) the efficient unitized management or control of the further development and operation of the unit area for the recovery of oil and gas from the pool affected; under such a plan the actual operations within the unit area may be carried on in whole or in part by the unit itself, or by one or more of the lessees within the unit area as the unit operator subject to the supervision and direction of the unit, dependent upon what is most beneficial or expedient; the designation of the unit operator shall be by vote of the lessees in the unit in a manner provided in the plan of unitization and not by the commission;

(2) the division of interest or formula for the apportionment and allocation of the unit production, among and to the several separately owned tracts within the unit area such as will reasonably permit persons otherwise entitled to share in or benefit by the production from such separately owned tracts to produce and receive, instead thereof, their fair, equitable and reasonable share of the unit production or other benefits of it; a separately owned tract's fair, equitable, and reasonable share of the unit production shall be measured by the value of each such tract for oil and gas purposes and its contributing value to the unit in relation to like values of other tracts in the unit, taking into account acreage, the quantity of oil and gas recoverable from it, location on the structure, its probable productivity of oil and gas in the absence of unit operations, the burden of operations to which the tract will or is likely to be subjected, or so many of these factors, or such other pertinent engineering, geological or operating factors as may be reasonably susceptible of determination; "unit production" as that term is used in this chapter means all oil and gas produced from a unit area from the effective date of the order of the commission creating the unit regardless of the well or tract within the unit area from which the same is produced;

(3) the manner in which the unit and the further development and operation of the unit area shall or may be financed and the basis, terms and conditions on which the cost and expense of it shall be apportioned among and assessed against the tracts and interests made chargeable with it, including a detailed accounting procedure governing all charges and credits incident to such operations; upon terms and conditions as to time and rate of interest as may be fair to all concerned, reasonable provision shall be made in the plan of unitization for carrying or otherwise financing lessees who are unable to promptly meet their financial obligations in connection with the unit;

(4) the procedure and basis upon which wells, equipment and other properties of the several lessees within the unit area are to be taken over and used for unit operations, including the method of arriving at the compensation for it, or of otherwise proportionately equalizing or adjusting the investment of the several lessees in the project as of the effective date of unit operation;

(5) the creation of an operating committee to have general overall management and control of the unit and the conduct of its business and affairs and the operations carried on by it, together with the creation or designation of other subcommittees, boards or officers to function under the authority of the operating committee as may be necessary, proper or convenient in the efficient management of the unit, defining the powers and duties of all the committees, boards and officers, and prescribing their tenure and time and method for their selection;

(6) the time when the plan of unitization becomes effective;

(7) the time when and the conditions under which and the method by which the unit shall or may be dissolved and its affairs wound up.

(d) *[Repealed, § 17 ch 160 SLA 1978.]*

(e) Except as otherwise expressly provided in this section, all proceedings held under this chapter, including the filing of petitions, the giving of notices, the conduct of hearings and other action taken by the commission shall be in the form and manner and in accordance with the procedure provided in AS 31.05.040 — 31.05.060. Additional notice shall be given as the commission requires.

(f) From the effective date of an order of the commission creating a unit and prescribing the plan of unitization applicable to it, the operation of a well producing from the pool or portion of it within the unit area defined in the order by persons other than the unit or persons acting under its authority or except in the manner and to the extent provided in the plan of unitization is unlawful and is prohibited.

(g) The obligation or liability of the lessees or other owners of the oil and gas rights in the several separately owned tracts for the payment of unit expense shall at all times be several and not joint or

collective and in no event shall a lessee or other owner of the oil and gas rights in the separately owned tract be chargeable with, obligated or liable, directly or indirectly, for more than the amount apportioned, assessed or otherwise charged to that lessee's or owner's interest in the separately owned tract under the plan of unitization and then only to the extent of the lien provided for in this chapter.

(h) Subject to such reasonable limitations as may be set out in the plan of unitization, the unit has a first and prior lien upon the leasehold estate and all other oil and gas rights (exclusive of a landowners' royalty interest) in and to each separately owned tract, the interest of the owners in and to the unit production and all equipment in the possession of the unit, to secure the payment of the amount of the unit expense charged to and assessed against such separately owned tract. The interest of the lessee or other persons who by lease, contract or otherwise are obligated or responsible for the cost and expense of developing and operating a separately owned tract for oil and gas in the absence of unitization shall, however, be primarily responsible for and charged with any assessment for unit expense made against the tract and resort may be had to overriding royalties, oil and gas payments, or other interests, except royalty interests, which otherwise are not chargeable with these costs, only in the event the owner of interest primarily responsible fails to pay the assessment of the production to the credit thereof, or production is insufficient for that purpose. If the owner of any royalty interest, overriding royalty, oil or gas payment, or any other interest which under the plan of unitization is not primarily responsible for it pays in whole or in part the amount of an assessment for unit expense for the purpose of protecting such interest, or the amount of the assessment in whole or in part is deducted from the unit production to the credit of such interest, the owner of it is to the extent of the payment or deduction subrogated to all the rights of the unit with respect to the interest or interests primarily responsible for the assessment. The landowners' royalty share of the unit production allocated to each separately owned tract shall be regarded as royalty to be distributed to and among, or the proceeds of it paid to, the landowners, free and clear of all unit expense and free of any lien for it.

(i) Property rights, leases, contracts and all other rights and obligations shall be regarded as amended and modified to the extent necessary to conform to the provisions and requirements of this chapter, and to any valid and applicable plan of unitization or order of the commission made and adopted under this chapter, but otherwise remain in effect.

(j) Nothing contained in this chapter shall be construed to require a transfer to or vesting in the unit of title to the separately owned tracts or leases on them within the unit area, other than the right to use and operate them to the extent set out in the plan of unitization; nor shall

the unit be regarded as owning the unit production. The unit production and the proceeds from the sale of it shall be owned by the several persons to whom it is allocated under the plan of unitization. All property, whether real or personal, which the unit may in any way acquire, hold or possess, shall not be acquired, held or possessed by the unit for its own account but shall be acquired, held and possessed by the unit for the account and as agent of the several lessees and shall be the property of the lessees as their interests appear under the plan of unitization, subject, however, to the right of the unit to the possession, management, use or disposal of the same in the proper conduct of its affairs, and subject to any lien the unit may have on it to secure the payment of unit expense. Neither the unit production or proceeds of the sale of it, nor the other receipts shall be treated, regarded, or taxed as income or profits of the unit; but instead, all such receipts shall be the income of the several persons to whom or to whose credit the same are payable under the plan of unitization. To the extent the unit may receive or disburse the receipts it shall only do so as a common administrative agent of the persons to whom the receipts are payable.

(k) The amount of the unit production allocated to each separately owned tract within the unit, and only that amount, regardless of the well or wells in the unit area from which it may be produced and regardless of whether it is more or less than the amount of the production from the well or wells, if any, on any such separately owned tract, shall for all intents, uses and purposes be regarded and considered as production from the separately owned tract, and, except as may be otherwise authorized in this chapter, or in the plan of unitization approved by the commission, shall be distributed among or the proceeds of it paid to the persons entitled to share in the production from the separately owned tract in the same manner, in the same proportions, and upon the same condition that they would have participated and shared in the production or proceeds of it from such separately owned tract had not the unit been organized, and with the same legal effect. If adequate provisions are made for the receipt of it, the share of the unit production allocated to each separately owned tract shall be delivered in kind to the persons entitled to it by virtue of ownership of oil and gas rights in it or by purchase from the owners subject to the rights of the unit to withhold and sell the same in payment of unit expense under the plan of unitization, and subject further to the call of the unit on such portions of the gas for operating purposes as may be provided in the plan of unitization.

(*l*) An agreement or plan for the development and operation of a field or pool of oil or gas as a unit, if approved by the commission for the purpose of conserving oil or gas, does not violate a statute of the state prohibiting monopolies or acts, arrangements, agreements, contracts, combinations or conspiracies in restraint of trade or commerce.

(m) Operations carried on under and in accordance with the plan of unitization shall be regarded and considered as a fulfillment of a compliance with all of the provisions, covenants and conditions, express or implied, of the several oil and gas leases upon lands included within the unit area, or other contracts pertaining to the development of it insofar as the leases or other contracts may relate to the pool or portion of it included in the unit area. Wells drilled or operated on any part of the unit area no matter where located shall for all purposes be regarded as wells drilled on each separately owned tract within the unit area.

(n) Nothing in this section or in any plan of unitization shall be construed as increasing or decreasing the implied covenants of a lease in respect to a common source of supply or lands not included within the unit area of a unit.

(o) The unit area of a unit may be enlarged to include adjoining portions of the same pool, including the unit area of another unit, and a new unit created for the unitized management, operation and further development of the enlarged unit area, or the plan of unitization may be otherwise amended, or the unit area contracted, all in the same manner, upon the same conditions and subject to the same limitations as provided with respect to the creation of a unit in the first instance.

(p) An aliquot of unit production may be underlifted or overlifted from a unit established under this chapter or AS 38.05.180(p) only when it does not create waste, except the commissioner may permit underlifting or overlifting for temporary periods for the purpose of accommodating extraordinary disruptions to an interest owner's production disposal system. Underlifted oil may be recovered by an interest owner at a daily rate not to exceed 10 percent of the owner's working or royalty interest share of daily production at the time of underlift recovery. This subsection applies to all units created after June 30, 1978.

(q) This section applies to all involuntary units formed in the state. Subsections (a) and (g) — (p) of this section apply to all voluntary units formed in the state and to a voluntary cooperative or unit plan of development or operation entered into in accordance with AS 38.05.180(p). (§ 7 ch 40 SLA 1955; am §§ 8 — 13, 17 ch 160 SLA 1978; am § 33 ch 94 SLA 1980)

Cross references. — For provisions regarding oil and gas leasing, see AS 38.05.180.

Legislative history reports. — For conference committee letter of intent relating to the 1978 repeal of subsection (d) (sec. 17, ch. 160, SLA 1978 — HB 815), see 1978 House Journal, p. 1720.

Collateral references. — Operator's or lessee's responsibility for production of oil

or gas in excess of allowance as affected by his ignorance of excess production or his failure to profit thereby. 150 ALR 1149.

Sec. 31.05.120. Use of gas from well to manufacture carbon products without permit is prima facie waste. The use of gas from a well producing gas only, or from a well which is primarily a gas well for the manufacture of carbon black or similar products predominantly carbon is declared to constitute waste prima facie, and the gas well shall not be used for this purpose unless it is clearly shown at a public hearing held by the commission, on application of the person desiring to use the gas, that waste would not take place by the use of the gas for the purpose applied for, and that gas which would otherwise be lost is now available for such purpose, and that the gas to be used cannot be used for a more beneficial purpose, such as for light or fuel purposes, except at prohibitive cost, and that it would be in the public interest to grant the permit. If the commission finds that the applicant has clearly shown a right to use the gas for the purpose applied for, it shall issue a permit upon terms and conditions it finds necessary in order to permit the use of the gas and at the same time require compliance with the intent of this section. (§ 8 ch 40 SLA 1955)

Secs. 31.05.130 — 31.05.140. Levy of Tax and Disposition of Funds. [Repealed, § 2 ch 247 SLA 1970.]

Article 3. General Provisions.

Section
150. Penalties
160. Injunctive relief
170. Definitions

Sec. 31.05.150. Penalties. (a) A person who wilfully violates a provision of this chapter, or a regulation or order of the commission adopted under this chapter is subject to a penalty of not more than $1,000 for each act of violation and for each day that the violation continues, unless the penalty for violation is otherwise provided for and made exclusive in this chapter.

(b) If a person, for the purpose of evading this chapter, or any regulation or order of the commission adopted under this chapter, wilfully makes or has made a false entry in a record, account or memorandum required by this chapter, or by a regulation or order, or wilfully omits, or causes to be omitted, from a record, account or memorandum, full, true and correct entries as required by this chapter, or by a regulation or order, or removes from the state or destroys, mutilates, alters or falsifies such record, account or memo-

randum, the person is guilty of a misdemeanor, and upon conviction is punishable by a fine of not more than $5,000, or by imprisonment in jail for not more than six months, or by both.

(c) A person who knowingly aids or abets another person in the violation of any provision of this chapter, or a regulation or order of the commission adopted under this chapter is subject to the same penalty as that prescribed by this chapter for the violation by the other person.

(d) The penalties provided in this section are recoverable by suit filed by the attorney general in the name and on behalf of the commission in the superior court of the judicial district in which the defendant resides or in which any defendant resides, if there is more than one defendant, or in the superior court of the judicial district in which the violation occurs. The payment of a penalty does not relieve a person on whom the penalty is imposed from liability to any other person for damages arising out of the violation.

(e) The commission may impose a penalty payment on every 1,000 cubic feet of natural gas flared, vented or otherwise determined to be waste as defined in AS 31.05.170. The penalty shall be the fair market value of the natural gas at the point of waste. (§ 12 ch 40 SLA 1955; am § 1 ch 195 SLA 1968)

Collateral references. — 58 C.J.S. Mines and Minerals § 241.

Sec. 31.05.160. Injunctive relief. (a) Whenever it appears that a person is violating or threatening to violate any provision of this chapter, or any regulation or order of the commission, the commission shall bring suit against that person in the superior court of the judicial district where the violation occurs or is threatened, to restrain the person from continuing the violation or from carrying out the threat of violation. In the suit, the court shall have jurisdiction to grant to the commission, without bond or otherwise undertaking, such prohibitory and mandatory injunctions as the facts warrant.

(b) If the commission fails to bring suit to enjoin a violation or threatened violation within 10 days after receipt of written request to do so by a person who is or will be adversely affected by the violation, the person making the request may bring suit to restrain the violation or threatened violation in the court in which the commission may bring suit. If the court finds that injunctive relief should be granted, the commission shall be made a party and shall be substituted for the person who brought the suit, and the injunction shall be issued as if the commission had at all times been the plaintiff. (§ 13 ch 40 SLA 1955)

Sec. 31.05.170. Definitions. In this chapter, unless the context otherwise requires

(1) "and" includes "or" and "or" includes "and";

(2) "correlative rights" mean the opportunity afforded, so far as it is practicable to do so, to the owner of each property in a pool to produce without waste the owner's just and equitable share of the oil or gas, or both, in the pool; being an amount, so far as can be practically determined, and so far as can practicably be obtained without waste, substantially in the proportion that the quantity of recoverable oil or gas, or both under the property bears to the total recoverable oil or gas or both in the pool, and for such purposes to use the owner's just and equitable share of the reservoir energy;

(3) "commission" means the Alaska Oil and Gas Conservation Commission;

(4) "cubic foot" of natural gas means the volume of gas contained in one cubic foot of space measured at a pressure base of 14.65 pounds per square inch absolute and a temperature base of 60 degrees Fahrenheit;

(5) "field" means a general area which is underlain or appears to be underlain by at least one pool, and includes the underground reservoir containing oil or gas; and the words "pool" and "field" mean the same thing when only one underground reservoir is involved, but "field" unlike "pool" may relate to two or more pools;

(6) "gas" includes all natural gas and all hydrocarbons produced at the wellhead not defined as oil;

(7) "landowner" means the owner of the subsurface estate of the tract affected;

(8) "oil" includes crude petroleum oil and other hydrocarbons regardless of gravity which are produced at the wellhead in liquid form and the liquid hydrocarbons known as distillate or condensate recovered or extracted from gas, other than gas produced in association with oil and commonly known as casinghead gas;

(9) "owner" means the person who has the right to drill into and produce from a pool and to appropriate the oil and gas the person produces from a pool for that person and others;

(10) "person" includes a natural person, corporation, association, partnership, receiver, trustee, executor, administrator, guardian, fiduciary or other representative of any kind, and includes a department, agency or instrumentality of the state or a governmental subdivision of the state;

(11) "pool" means an underground reservoir containing, or appearing to contain, a common accumulation of oil or gas. Each zone of a general structure which is completely separated from any other zone in the structure is covered by the term "pool";

(12) "producer" means the owner of a well or wells capable of producing oil or gas or both;

(13) "regular production" means continuing production of oil or gas from a well into production facilities and transportation to market, but does not include short term testing, evaluation, or experimental pilot production activities that have been approved by permit or order of the commission;

(14) "waste" means, in addition to its ordinary meaning, "physical waste" and includes

(A) the inefficient, excessive, or improper use of, or unnecessary dissipation of, reservoir energy; and the locating, spacing, drilling, equipping, operating or producing of any oil or gas well in a manner which results or tends to result in reducing the quantity of oil or gas to be recovered from a pool in this state under operations conducted in accordance with good oil field engineering practices;

(B) the inefficient above-ground storage of oil; and the locating, spacing, drilling, equipping, operating or producing of an oil or gas well in a manner causing, or tending to cause, unnecessary or excessive surface loss or destruction of oil or gas;

(C) producing oil or gas in a manner causing unnecessary water channeling or coning;

(D) the operation of an oil well with an inefficient gas-oil ratio;

(E) the drowning with water of a pool or part of a pool capable of producing oil or gas, except insofar as and to the extent authorized by the commission;

(F) underground waste;

(G) the creation of unnecessary fire hazards;

(H) the release, burning, or escape into the open air of gas, from a well producing oil or gas, except to the extent authorized by the commission;

(I) the use of gas for the manufacture of carbon black, except as provided in this chapter;

(J) the drilling of wells unnecessary to carry out the purpose or intent of this chapter. (§ 2 ch 40 SLA 1955; am §§ 2, 3 ch 195 SLA 1968; am §§ 14, 15 ch 160 SLA 1978; am § 3 ch 91 SLA 1984)

Revisor's notes. — Reorganized in 1984 to alphabetize the defined terms.

Effect of amendments. — The 1984 amendment inserted paragraph (13).

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20 AAC 25.005 is amended to read:

20 AAC 25.005. PERMIT TO DRILL. (a) An application for a Permit to Drill (Form 10-401) must be submitted and approved [FOR APPROVAL] before [THE] drilling, redrilling or deepening [OF] the following types of wells:

(1) exploratory [WELLS];

(2) development [WELLS];

(3) service [WELLS]; and

(4) stratigraphic test [WELLS].

(b) An application for a Permit to Drill [(FORM 10-401)] must be submitted and approved [FOR APPROVAL] before the re-entry of an abandoned well.

(c) The application for a Permit to Drill must be accompanied by the following:

(1) a fee of $100 payable to the State of Alaska, Department of Revenue;

(2) a plat identifying the property and showing the coordinates of the proposed surface, top of the objective formation and bottom-hole location referenced to governmental section lines.[;] Before the completion[, SUSPENSION,] or abandonment of the well, a survey plat certified by a registered land surveyor showing the precise surface location must be submitted; however, only the first well drilled from a

fixed platform or a multiple-well site must have a certified survey;

(3) a diagram and description of the BOP equipment to be used and the pressure information required in 20 AAC 25.035(a)(1) and (d)(2)[(c)(2)];

(4) the complete proposed casing and cementing program as required in 20 AAC 25.030; [AND]

(5) a diagram and description of the diverter system to be used as specified in 20 AAC 25.035[(b)], unless this requirement is waived by the commission;

(6) a drilling fluid program, a schematic diagram and description of the drilling fluid system to be used, and the information required in 20 AAC 25.033;

(7) for exploratory and stratigraphic test wells, a tabulation setting forth the depths of predicted over-pressured strata as required by 20 AAC 25.033(e); and

(8) for exploratory and stratigraphic test wells, a seismic refraction or reflection analysis as required by 20 AAC 25.061(a);

(9) for offshore wells drilled from a mobile bottom-founded, jack-up or floating unit, an analysis of seabed conditions as required by 20 AAC 25.061(b);

(10) a copy of the proposed drilling program.

(d) Any well which is not to be intentionally deviated must meet the requirements of 20 AAC 25.050(a).

(e) Any well which is to be intentionally deviated must meet the requirements of 20 AAC 25.050(b) [AND (c)].

[(F) EACH OFFSHORE LOCATION MUST MEET THE REQUIREMENTS OF 20 AAC 25.061.]

(f)[(g)] Each hole drilled below the conductor casing, unless drilled solely to straighten the original hole, sidetrack junk, or correct mechanical difficulties, is a separate well requiring a Permit to Drill. To provide for continuous operation, the commission will verbally approve the permit to drill the separate well; however, an application for a Permit to Drill (Form 10-401) for the separate well must be submitted on the next working day.

(g)[(h)] Each well [LEASE] must be identified by a name and number which is unique [HAVE A DIFFERENT AND DISTINCT NAME].

(h)[(i)] Information must be submitted regarding the bond as required by 20 AAC 25.025.

(i)[(j)] After approval by the commission, the Permit to Drill (Form 10-401) will [MAY] be referred to in this chapter as the ["]drilling permit[" IN THIS CHAPTER].

(j)[(k)] If actual drilling operations are [IS] not commenced within 24 months after issuance [THE APPROVAL DATE], the drilling permit will expire.

(k)[(l)] A drilling permit is not valid at locations where the applicant does not have a right to drill. (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030
AS 31.05.090

20 AAC 25. 010 is repealed and readopted to read:

20 AAC 25.010. RE-ENTRY OF A SUSPENDED WELL. (a) If a suspended well is to be re-entered to conduct completion operations, the operator shall submit the form entitled Application for Sundry Approvals (Form 10-403) for commission approval. The Form 10-403 filing must set forth the current condition of the well and the proposed program for completion operations.

(b) If a suspended well is to be re-entered to conduct actual drilling operations, the operator shall submit the form entitled Permit to Drill (Form 10-401) for commission approval in conformance with 20 AAC 25.005.

(c) The operator shall file with the commission within 30 days after completion, abandonment, or suspension of the well a Well Completion or Recompletion Report (Form 10-407) and all information required by 20 AAC 25.070 and 20 AAC 25.536. (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030
AS 31.05.090

20 AAC 25.015 is amended to read:

20 AAC 25.015. CHANGES TO DRILLING PERMIT. (a) For any proposed change in a drilling permit <u>or the approved program for well operations</u>, before the start of <u>actual</u> drilling operations, an operator <u>shall</u> [MUST COMPLY WITH THE FOLLOWING:]

(1) notify the commission of the proposed change;

(2) <u>submit</u> a new application for a Permit to Drill (Form 10-401) <u>if</u> [MAY BE] required<u>; however</u> [BUT] no additional fee is required;

(3) <u>file</u> a revised plat as required by 20 AAC 25.005 [MUST BE FILED] if the surface location is changed; and

(4) <u>obtain the approval of</u> [BE APPROVED BY] the commission.

(b) For any proposed change in a drilling permit, after actual drilling operations have started, an operator shall [MUST COMPLY WITH THE FOLLOWING]

(1) to change the bottom-hole location, submit a new Permit to Drill (Form 10-401) accompanied by a fee of $100 [MUST BE SUBMITTED] to the commission for approval; and

(2) [REQUESTS] for other changes submit the form entitled Application for Sundry Approvals (From 10-403) [MUST BE SUBMITTED] to the commission for approval [ON THE FORM ENTITLED SUNDRY NOTICES AND REPORTS ON WELLS (FORM 10-403)]; the Form 10-403 filing must set forth the current condition of the well and the proposed changes; in cases where prompt approval is needed, verbal approval may be obtained from the commission or its representative; if verbal approval is obtained, [A DESCRIPTION OF THE APPROVED CHANGE,] the name of the commission member or its representative that provided verbal approval[,] and the date of the approval must be included on the Form 10-403 submitted. (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030
AS 31.05.090

20 AAC 25.020 is amended to read:

20 AAC 25.020. DESIGNATION [CHANGE] OF OPERATOR. If an owner of a property [OPERATOR] wishes to relinquish the

[HIS] role as operator or designate a new operator for the property, the owner [HE] shall submit [A WRITTEN STATEMENT] to the commission for approval a Designation of Operator (Form 10-411) [SETTING FORTH THE FACTS, DESIGNATING THE NEW OPERATOR, AND REQUESTING APPROVAL BY THE COMMISSION]. The newly designated operator shall signify [NOTIFY THE COMMISSION IN WRITING OF HIS] acceptance of the obligations as operator on the same Form 10-411 and shall furnish a bond as provided for in 20 AAC 25.025 [SEC. 25 OF THIS CHAPTER]. Acceptance [APPROVAL] by the commission of the bond of the designated operator [CHANGE] constitutes the release of the owner's [FORMER OPERATOR'S] bonding obligation for the property indicated on the Form 10-411. (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030

20 AAC 25 is amended by adding a new section to read:

20 AAC 25.022. CHANGE OF OWNERSHIP. Any person who is the operator of property on which operations subject to this chapter have been proposed to the commission or are being conducted, shall file a Notice of Change of Ownership (Form 10-417) within 15 days of conveyance, each time that an owner or landowner as defined by AS 31.05.170, conveys all or

a partial interest in the property to another person. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.025 is amended to read:

20 AAC 25.025. BONDING. (a) [EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION,] The commission will require from the operator an appropriate bond and the filing of Form 10-402 to insure that each well is operated, maintained, repaired, and abandoned [OR REPAIRED] in accordance with [SECS. 45, 105, 120, 140, AND 170 OF] this chapter.

(b) The bond required in (a) of this section must be either a single well bond of not less than $250,000 [$100,000] or a blanket bond of not less than $500,000 [$200,000] in favor of the Alaska Oil and Gas Conservation Commission. Existing bonds [NOT] in favor of the commission will be valid until January 1, 1987 [1981].

(c) The bond must be by a

(1) corporate surety authorized to do business in Alaska; or

(2) certificate of deposit issued in sole favor of the Alaska Oil and Gas Conservation Commission from a bank authorized to do business in Alaska; a certificate of deposit

may not be rolled over without prior commission approval.

(d) A bond must remain in [FORCE AND] effect until the abandonment[S] of all wells covered and final clearance of well sites are approved by the commission. [AND] The bond then will be [IS] released by the commission upon written request of the operator.

[(e) IF A WELL IS TO BE DRILLED ON FEDERAL LAND THE OPERATOR IS NOT REQUIRED TO DEPOSIT A BOND WITH THE COMMISSION.] (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030

20 AAC 25.030 is repealed and readopted to read:

20 AAC 25.030. CASING AND CEMENTING. (a) For each type of well listed in 20 AAC 25.005(a), a complete proposed casing and cementing program must be submitted on the application for the Permit to Drill (Form 10-401). Unless modified or altered by special pool rules, each casing program must be designed to

(1) provide suitable and safe operating conditions for the total measured depth proposed;

(2) confine fluids to the well bore;

(3) prevent migration of fluids from one stratum to another;

(4) assure control of well pressures encountered;

(5) protect from thaw subsidence and freezeback effects within permafrost;

(6) prevent contamination of freshwater; and

(7) provide well control until the next casing is set; all pertinent factors for well control should be considered, including formation fracture gradients, formation pressures, casing setting depths, and proposed total depth.

(b) The following requirements apply to all offshore wells drilled from a mobile bottom-founded, jack-up, or floating drilling unit.

(1) Structural casing must be set by driving, jetting, or drilling to a minimum depth of 100 feet below the mud line.

(2) Conductor casing must be set at least 300 feet but not more than 1000 feet below the mud line and cemented with a quantity of cement sufficient to fill the annular space up to the mud line or to the top of the casing when the blowout prevention stack is placed in an excavation or glory hole. Cement fill must be verified by observation or other means approved by the commission. Upon approval of the commission cement may be washed out to a depth not exceeding the depth of the structural casing shoe to facilitate casing removal upon well abandonment.

(3) After drilling no more than 10 feet of new

formation, a pressure test must be obtained by testing to formation leak-off to aid in determining a formation fracture gradient. The results of this test and any subsequent tests of the formation must be recorded on the driller's log.

(4) Surface casing and subsequent casing must be set and cemented in accordance with subsection (d)(2), (3), (4) and (5) of this section.

(c) The following requirements apply to all beach or offshore wells drilled from a fixed structure, an artificially constructed gravel island, or a historically shifting natural island.

(1) Structural casing must be set by driving, jetting or drilling to a minimum depth of 100 feet below the mud line datum. The mud line datum is the depth of the mud line as it occurred before construction of a structure from which to drill. The mud line datum for a beach well is the plane of mean low water depth extended beneath the well site. The mud line datum for a shifting natural island is the depth at which a horizontal plane constructed through the toe of the island slope intersects the well bore.

(2) Conductor casing must be set at least 300 feet but not more than 1000 feet below the mud line and cemented with a quantity of cement to fill the annular space up to the surface or rig grade. Cement fill must be verified by observation of cement return. Upon approval of the commis-

sion, the cement may be washed out to a depth not exceeding the depth of the structural casing shoe to facilitate casing removal upon well abandonment.

(3) After drilling approximately 50 feet of new formation, a pressure test must be obtained by testing to formation leak-off to aid in determining a formation fracture gradient. The results of this test and any subsequent test of the formation must be recorded on the driller's log.

(4) Surface casing and subsequent casing must be set and cemented in accordance with subsection (d)(2), (3), (4) and (5) of this section.

(d) The following requirements apply to all onshore wells and wells drilled offshore from historically stable islands.

(1) Conductor casing.

(A) The casing must be set at a depth sufficient to provide anchorage for a diverter system.

(B) The casing must be set by drilling, driving, or jetting. If the hole is drilled, sufficient cement must be used to fill the annular space to the surface.

(2) Surface casing.

(A) Setting depth must be below the base of all water bearing strata known or reasonably expected to serve as a source of drinking water and below the base

of permafrost at a depth that will insure good anchorage to prevent blowouts or uncontrolled flow.

(B) The casing must be set into a competent stratum with sufficient cement in the annulus to circulate to the surface. If cement does not circulate to the surface, the annulus must be cemented before drilling ahead. If the well is offshore or on a beach, sufficient cement must be used to bring the top of the cement to the rig grade; however, when drilling from a mobile bottom-founded, jack-up, or floating vessel, the top of the cement must be brought to the mudline. Cement fill must be verified by observation or other means approved by the commission. Cement may be washed out to a depth not exceeding 100 feet above the conductor casing shoe for beach or offshore wells to facilitate casing removal upon well abandonment.

(C) After drilling no more than 10 feet of new formation, a pressure test must be obtained by testing either to formation leak-off or to a predetermined equivalent mud weight to aid in determining a formation fracture gradient. The results of this test and any subsequent tests of the formation must be recorded on the driller's log.

(3) Intermediate casing.

(A) The casing must be set when required to maintain primary well control.

(B) Under normal conditions drilling may continue until the mud weight has been increased to a point not exceeding 0.5 pounds per gallon less than the equivalent mud weight of the most recent pressure test of the formation below the surface casing shoe.

(C) A sufficient quantity of cement must be used to provide annular fill-up to a minimum of 500 feet above all hydrocarbon zones and abnormal pressure intervals; in cases where zonal coverage is not required, a minimum fill up of 500 feet of cement above the casing shoe is required.

(D) If freshwater sands are encountered below the shoe of the surface casing, the casing must be cemented in a manner satisfactory to the commission that will ensure that no movement of fluids will occur into sources of freshwater.

(E) After drilling no more than 10 feet of new formation, a pressure test must be obtained by testing either to formation leak-off or to a predetermined equivalent mud weight to aid in determining a formation fracture gradient. The results of this test and any subsequent tests of the formation must be recorded on the driller's log.

(4) Production casing.

(A) The casing may be set through, into or

just above the production interval.

(B) Cementing practices must be the same as that for intermediate casing in accordance with (d)(3) (C) and (D) of this section.

(C) Casing must be tested in accordance with (g) of this section.

(5) Liners.

(A) Liners may be set as an extension of intermediate or production casing.

(B) A cemented liner must have a minimum of 100 feet of cemented lap with the next larger casing. Other cementing practices must be the same as that for intermediate casing.

(C) Before drilling ahead, cemented liner and lap must be tested by a pressure test, in accordance with (g) of this section, to determine that a seal between the liner top and next larger casing has been achieved. The test must be recorded as required by 20 AAC 25.070(a)(1).

(e) With the exception of structural and conductor casing, a cement plug or shoe, in casing required by (d) of this section, must not be drilled until a minimum compressive strength of 300 psig at bottom-hole conditions has been

attained according to the manufacturer's cement strength tables for the particular cement being used.

(f) Within permafrost intervals, fluids which have a freezing point above the minimum permafrost temperature must not be left in annuli or inside the casing upon completion, suspension or shutdown of well operations without commission approval.

(g) Pressure Testing of Casing and Casing Surveys.

(1) With the exception of structural and conductor casing, before drilling out the casing or liner after cementing, all casing, liners, and liner laps must be tested to a surface pressure of 1500 psig or 0.25 psi/ft multiplied by the true vertical depth of the casing shoe whichever is greater; however, surface pressure may not exceed 70 percent of the minimum yield strength of the casing. If the pressure declines more than 10 percent in 30 minutes or if there are indications of improper cementing such as lost returns, cement channeling, or mechanical failure of equipment, corrective measures must be taken.

(2) When casing is subjected to prolonged actual drilling operations, in the commission's discretion, the casing must be pressure tested, calipered or otherwise evaluated as approved by the commission.

(3) For injection wells, a cement bond log must be obtained following the primary cementing of all casing which is 9-5/8 inches or less in diameter and sufficient notice of pressure tests required by (g)(1) must be given so that a representative of the commission may witness the test.

(h) Upon request of the operator, the commission will, in its discretion, approve variances from the requirements of this section to allow for special or unusual conditions.
(Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030

20 AAC 25 is amended by adding a new section to read:

20 AAC 25.033. PRIMARY WELL CONTROL: DRILLING FLUID PROGRAM AND DRILLING FLUID SURFACE SYSTEM. (a) For each type of well listed in 20 AAC 25.005(a), a proposed drilling fluid program and a schematic diagram with a list of equipment for a drilling fluid system designed to prevent the loss of primary well control must be submitted with the application for the Permit to Drill (Form 10-401). Unless modified or amended by special pool rules, each drilling fluid program and drilling fluid system must be designed to to provide and maintain

(1) a drilling fluid of sufficient density to overbalance the pressure of formations penetrated and

compensate for static pressure reduction upon withdrawal of drilling assembly from the well bore,

(2) a drilling fluid of gel strength sufficiently low to mitigate a bottom-hole static pressure surge upon running drilling assembly into the well bore,

(3) a drilling fluid with as low a viscosity as practical to enhance the drop out of solids and the escape of any entrained gas, and

(4) a drilling fluid system with a volumetric capacity for drilling fluid reserves appropriate for the volume of the well bore.

(b) The drilling fluid system must be equipped with

(1) an operable degasser to be maintained for use through the drilling and completion of the well,

(2) equipment appropriate for drilling fluid solids control,

(3) a shaker screen sized appropriately,

(4) a recording drilling fluid pit level indicator with both visual and audio warning devices located in the immediate area of the driller's console,

(5) a drilling fluid measuring system or trip tank for accurately determining drilling fluid volumes required to fill the well bore on trips,

(6) a drilling fluid flow sensor with a read-out convenient to the driller's console to determine that

drilling fluid returns essentially equal drilling fluid pump discharge rates, and

(7) drilling fluid agitators of sufficient number and size to ensure that uniform drilling fluid properties are maintained within the system.

(c) Drilling fluid testing equipment must be on the drill site at all times. Tests to determine drilling fluid properties must be performed once each tour or more frequently when conditions warrant. Tests must be conducted in conformance with API RP 13 B, "Recommended Practice for Standard Procedure for Testing Drilling Fluids" and recorded. The record must be kept at the drill site.

(d) To ensure that primary well control is being effectively maintained, the following practices must be employed before tripping the drilling assembly out of the well bore.

(1) The drilling fluid within the well bore must be in balance and conditioned to maintain drilling fluid properties within close tolerance to the properties necessary for well control.

(2) The flow nipple must be visually observed to ensure that there is no indication of formation fluid influx.

(3) The well bore must be kept full of drilling fluid at all times. The volumes of drilling fluid required to keep the well bore full while tripping the drilling

assembly out of the well bore must be measured and recorded on the daily drilling report.

(e) Additional requirements which apply to all exploratory and stratigraphic test wells only are as follows.

(1) Where geophysical data are available, a velocity analysis of the strata to be penetrated by the well must be undertaken to predict the potential of encountering overpressured strata. The analysis must be displayed as an interval transit time vs depth plot. The operator shall include with the application for the Permit to Drill (From 10-401) a tabulation which sets forth the depths of predicted overpressured strata. The commission will, in its discretion, require a confidential review of the velocity analysis and the interval transit time vs depth plot.

(2) A drilling fluid monitoring unit must be employed and continually manned. At a minimum, the following equipment for monitoring and recording must be operational:

(A) equipment for detecting gas entrained in the drilling fluid,

(B) equipment for determining drilling fluid density,

(C) equipment for determining drilling fluid salinity,

(D) equipment for determining shale chip density,

(E) equipment for determining the rate of penetration, and

(F) equipment for detecting hydrogen sulfide as required by 20 AAC 25.065.

(3) Means for communication between the drilling fluid monitoring unit and the rig floor must be installed. Rig floor personnel must be notified immediately when excursions from normal trends occur for each of the parameters set forth in (e)(2) of this section.

(f) A drilling fluid return sample must be taken and tested just before tripping the drill pipe when drilling

(1) exploratory and stratigraphic test wells;

(2) development and service wells while known hydrocarbon bearing strata are exposed to open hole; and

(3) to determine density and salinity. Results must be recorded on the daily drilling report. If the density is less or the salinity varies with that of the drilling fluid being pumped down the drilling assembly, the drilling fluid must be circulated and conditioned until a close tolerance of the properties of the return drilling fluid with the input drilling fluid is achieved. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 35 is repealed and readopted to read:

20 AAC 25.035. SECONDARY WELL CONTROL: BLOWOUT PREVENTION EQUIPMENT (BOPE) REQUIREMENTS. (a) General Requirements.

(1) For each type of well listed in 20 AAC 25.005 (a), a schematic diagram of the blowout preventer (BOP) stack for each proposed casing installation must be submitted with the application for the Permit to Drill (Form 10-401). BOP and related well-control equipment must be installed, used, maintained, and tested in a manner necessary to assure well control and at a minimum conform with API RP 53, "Recommended Practice for Blowout Prevention Systems."

(2) The working pressure of any BOP must exceed the anticipated surface pressure to which it may be subjected, except that the working pressure of the annular preventer need not exceed 5000 psi unless a higher working pressure is required by the commission. When the anticipated surface pressure exceeds the rated working pressure of the annular preventer, the operator shall submit with the application for Permit to Drill (Form 10-401) a well-control procedure which indicates how the annular preventer will be utilized and the pressure limitations which will be applied during each mode of pressure control.

(3) All BOPE systems must include the following:

(A) a hydraulic actuating system that

provides sufficient accumulator capacity to supply 1.5 times the volume necessary to close all BOPs, excepting blind units; the system must also be capable of maintaining a minimum pressure of 200 psi above the required precharge pressure when all BOPs, excepting blind units are closed and all power sources are shut off; an accumulator backup system, supplied by an independent nitrogen power source, must be provided with sufficient capacity to close all BOPs and hold them closed; locking devices must be provided on the ram-type preventers; the method of BOP actuation control, such as hydraulic, acoustic, or other methods, must be described and included in the application for Permit to Drill (Form 10-401); accumulators and primary controls must be shielded by a fire wall;

(B) one operable remote BOPE control station on the drilling floor;

(C) a drilling spool with flanged or hubbed side outlets to provide for separate kill and choke lines;

(D) a kill line equipped with two kill line valves; the master valve must be adjacent to the

drilling spool; the master valve may not normally be used for opening or closing on flowing fluid; the second valve must be adjacent to the master valve and must be used as the control valve;

(E) a fillup line above the uppermost BOP;

(F) a choke manifold; a choke manifold utilized with 5M, 10M or 15M BOPE must be equipped with at least one remotely operated choke, in addition to all other required chokes;

(G) valves, pipes, flexible steel hoses, and other fittings, including all sections of the choke manifold which are subject to full wellhead pressure, with working pressure ratings at least equal to the working pressure of the BOPE installed;

(H) a wellhead assembly with a working pressure at least equal to the required working pressure of the BOPE installed;

(I) blind/shear rams in place of blind rams in the case of offshore subsea BOPE; and

(J) a kill line and choke line must be

(i) as straight as practical; 90 degrees turns must be targeted;

(ii) firmly anchored to prevent excess whip or vibration;

(iii) sufficiently sized to prevent excessive erosion or fluid friction; and

(iv) without internally clamped joints unless approved by the commission.

(4) Auxiliary equipment. The following auxiliary equipment must be provided and maintained in operable condition at all times:

(A) a kelly cock valve installed below the swivel and an essentially full-opening lower kelly valve of a design that allows it to be run through BOPs installed at the bottom of the kelly; a properly sized wrench for each valve stored in a conspicuous location readily accessible to the drilling crew;

(B) an inside BOP and an essentially full-opening drilling assembly safety valve in the open position maintained on the rig floor at all times while actual drilling operations are being conducted; these valves must be maintained on the rig floor to fit all connections that are in the drilling assembly;

(C) an automatic choke controller for each remotely operated choke; and

(D) a high closing ratio (HCR) valve actuated by remote control.

(5) All equipment must be in good operating condition at all times and must be protected to insure reliable operation under the range of weather conditions which may be

encountered at the well site.

(6) Blind rams must be function-tested each trip, but need not be function-tested more than once each day. All other BOPs must be function-tested each day.

(7) Testing of BOPE.

(A) All ram-type BOPs, kelly valves, emergency valves and choke manifolds must be tested to the rated working pressure or to the maximum surface pressure as required to be submitted in (d)(2) of this section. Annular preventers must be tested to not less than 50 percent of the rated working pressure. These tests must be made when BOPE is installed or changed and at least once each week thereafter. Test results must be recorded as required by 20 AAC 25.070(a)(1).

(B) To insure that minimum standards are achieved, the operator shall perform the recommended tests for BOP closing units specified in sections 5A and 5B of API RP 53.

(C) Sufficient notice of certain BOPE tests must be given so that a representative of the commission may witness the tests. These tests will be specified in the drilling permit or by notice to the operator.

(b) Structural Casing BOPE Requirements.

(1) Before drilling below the structural casing

from either an offshore mobile bottom-founded, jack-up, floating unit, or a fixed platform, at least one remotely operated annular preventer and a flow diverter system must be installed. The annular preventer must permit the diversion of hydrocarbons and other fluids. The low pressure, high capacity diverter system must provide for at least two 10 inch or larger lines venting in different directions to ensure safe downwind diversion. The lines must be designed to avoid freezeup. The vent lines must extend to points at least 100 feet removed from a potential source of ignition and be secured to prevent movement while in use and all 90 degree turns targeted. The valves used must either be secured in the open position, mechanically linked so one valve is always open, or equipped so at least one valve will automatically open when the annular preventer is closed. All valves used in the diverter lines must be full-flow butterfly type valves or other valves approved by the commission. A schematic diagram, list of equipment with specifications, and operational procedure for the diverter system must be submitted for approval with the application for a Permit to Drill (Form 10-401).

(2) Where formation competency at the structural casing setting depth is not adequate to permit circulation of drilling fluids while drilling the conductor hole, a program which provides for safety in these operations must be described and submitted to the commission for approval. This

program must be supported by the inclusion of all known pertinent information including seismic and geologic data, water depth, drilling fluid hydrostatic pressure, and a contingency plan for moving off location.

(3) The commission will, in its discretion, waive the requirements of (1) of this subsection where drilling experience in the near vicinity indicates a diverter system is not necessary.

(c) Conductor Casing BOPE Requirements.

(1) Before drilling below conductor casing, at least one remotely operated annular preventer and a flow diverter system must be installed. The annular preventer must permit the diversion of hydrocarbons and other fluids. The low pressure, high capacity diverter system must provide at least two 10 inch or larger lines venting in different directions to insure safe downwind diversion. The lines must be designed to avoid freezeup. The vent lines must extend to points at least 100 feet removed from a potential source of ignition and be secured to prevent movement while in use and all 90 degree turns targeted. The valves used must either be secured in the opened position, mechanically linked so one valve is always open, or equipped so that at least one valve will automatically open when the annular preventer is closed. All valves used in the diverter lines must be full-flow butterfly type valves or other valves approved by the commis-

sion. A schematic diagram, list of equipment with specifications, and operational procedure for the diverter system must be submitted for approval with the application for a Permit to Drill (Form 10-401).

(2) The commission will, in its discretion, waive the requirements of (1) of this subsection where drilling experience in the near vicinity indicates a diverter system is not necessary.

(d) Surface, Intermediate and Production Casing BOPE Requirements.

(1) Before drilling below or perforating these casing and until well operation is completed, the requirements set forth by (a) of this section must be met. Stack arrangements for the required BOP working pressure must be as follows.

(A) API 2M and 3M stacks must have at least three preventers, including one equipped with pipe rams that fit the size of drill pipe, tubing, or casing in use, one with blind rams and one annular type.

(B) API 5M, 10M, and 15M stacks must have at least four preventers, including two equipped with pipe rams that fit the size of the drill pipe, tubing, or casing being used, one with blind rams and one annular type.

(2) Information submitted with Form 10-401 must include the maximum downhole pressures which may be encoun-

tered, the maximum potential surface pressures, and the criteria used to determine these pressures. (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030

20 AAC 25.040 is amended to read:

20 AAC 25.040. WELL IDENTIFICATION. (a) Every [DRILLING] well must be identified by a sign posted in a conspicuous place. During the period of time from spud to well completion, suspension or abandonment, the sign must be on or near the derrick but not more than 100 feet from the well. For suspended or producible wells, the well sign must be at the wellhead [FOR MULTIPLE-HOUSED WELLS] or on the wellhead building [FOR SINGLE HOUSED WELLS]. Signs [THE SIGN] must be of durable construction, large enough to be legible under normal conditions at a distance of 50 feet, and maintained in legible condition. Each sign must show

(1) the name of the well [LEASE ON WHICH THE PROPOSED OBJECTIVE IS LOCATED];

(2) the name of the owner [LESSEE];

(3) the [OWNER OR] operator if different from the owner [LESSEE];

(4) the well number;

(5) the well surface location by quarter section, section, township and range; and

(6) the drilling permit number (for drilling wells).

[(b) THE NAME OF EACH LEASE OR UNIT MUST BE DIFFERENT AND DISTINCT.]

[(c) THE WELLS ON EACH LEASE OR PROPERTY MUST BE NUMBERED IN A NONREPETITIVE, LOGICAL, AND DISTINCT SEQUENCE.]

(b) [(d)] Each well will be assigned an API well number by the commission when the drilling permit is approved.

(c) [(e)] For platforms or multiple-well drill sites, the information required in (a)(1),(2), (3), and (5) of this section may be posted on one sign [FOR EACH LEASE] on the platform or at the main entrance to the drill site. (Eff. 4/13/80, Register 74, am. / / , Register)

Authority: AS 31.05.030

20 AAC 25.045 is repealed.

20 AAC 25.045. SEALING OFF STRATA. Repealed / / .

20 AAC 25 is amended by adding a new section to read:

20 AAC 25.047. RESERVE PITS. (a) Before spudding a well permitted under 20 AAC 25.005, a proper and appropriate reserve pit must be constructed or appropriate tankage installed for the reception and confinement of drilling fluids and cuttings, to facilitate the safety of the drilling operation, and to prevent contamination of ground water and damage to the surface environment. Special precautions must be taken to render impervious the confining surface of a reserve pit. Whenever practical, confinement diking in construction of a reserve pit must be avoided. Whenever confinement dikes are necessary, they must be kept to a minimum. Dikes must be constructed and maintained to insure their confinement integrity.

(b) Upon termination of completion, suspension or abandonment operations, the operator shall proceed with diligence to dispose of or solidify in place all pumpable fluids and leave the reserve pit in a condition that does not constitute a hazard to ground water. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.050 is amended to read:

20 AAC 25.050. DEVIATION. (a) Any well which is not

intentionally deviated must be

(1) drilled as close to vertical as is possible using conventional [NORMAL, ACCEPTABLE] drilling techniques, except that deviation is permitted for short intervals to straighten the hole, sidetrack junk, or correct mechanical difficulties;

(2) surveyed to determine the inclination from the vertical with surveys starting at 500 feet and no more than 500 feet apart to total depth; and

(3) surveyed by a complete continuous [MULTISHOT] directional survey if the surface location is less than 660 feet from a lease line where ownership changes or less than 660 feet from any other vertical or deviated well, the survey must be taken at intervals not more than 100 feet apart, beginning within 100 feet of the surface.

(b) Any well which is to be intentionally deviated must meet the following criteria:

(1) the application for the Permit to Drill (Form 10-401) must

[(A) STATE THE SURFACE AND PROPOSED PRODUCING INTERVAL LOCATIONS;]

(A) [(B)] include a plat, drawn to a suitable scale [OF ONE INCH EQUAL TO 100 FEET], showing the path of the proposed well bore in relation to all other vertical and deviated well bores. Where well bores

occur within [WHICH ARE WITHIN A DISTANCE OF] 200 feet of [FROM] the proposed well bore, plat those areas at a scale of one inch equals 100 feet and include the true vertical depths [MUST BE] shown at frequent intervals along each well bore;

(B) [(C)] list the affected owners [OPERATORS] and show that each has been furnished a copy of the application by registered mail, or state that the applicant is the only affected owner [OPERATOR]; and

(C) [(D)] include a neat and accurate plat of the property [LEASE] and of all affected properties [LEASES], showing the identity of the affected properties, the names of all affected owners, [OPERATORS AND THE SURFACE AND PROPOSED PRODUCING INTERVAL LOCATIONS OF THE WELL] and all [OTHER] wells within one-half mile of any portion of the new well; the plat must be drawn to a scale which will permit easy observation of all pertinent data;

(2) items (b)(1)(B)[(C)] and (C)[(D)] of this section are not applicable to any well drilled on land subject to an approved unit, except that wells drilled near the unit's exterior boundary must conform with 20 AAC 25.055 [SEC. 55 OF THIS CHAPTER];

(3) if drilling is in progress, the operator shall notify the commission immediately of his intention to deviate and then may proceed at the operator's [HIS] own risk; when

an operator follows this procedure, [HE MUST FILE] an application must be filed as soon as practical [PRACTICABLE] and obtain another drilling permit as required by 20 AAC 25.015 [IN SEC. 15 OF THIS CHAPTER];

(4) if there are no affected owners, the commission will promptly approve the Permit to Drill (Form 10-401); [IF THE APPLICANT IS THE ONLY AFFECTED OPERATOR AND THE COMMISSION DOES NOT OBJECT TO THE APPLICATION, THE COMMISSION WILL APPROVE IT IMMEDIATELY; IF THERE ARE OTHER AFFECTED OPERATORS, THE COMMISSION WILL HOLD THE APPLICATION FOR 10 DAYS UNLESS A LETTER OF NON-OBJECTION FROM EACH AFFECTED OPERATOR HAS BEEN FILED WITH THE COMMISSION; IF OBJECTION FROM AN AFFECTED OPERATOR TO THE PROPOSED DEVIATION IS RECEIVED WITHIN THE 10-DAY PERIOD, OR IF THE COMMISSION DOES NOT APPROVE THE PROPOSED DEVIATION, THE APPLICATION WILL BE SUBJECT TO PUBLIC HEARING; IF NO OBJECTION FROM EITHER AFFECTED OPERATORS OR THE COMMISSION IS INTERPOSED WITHIN THE 10-DAY PERIOD, THE APPLICATION WILL BE APPROVED AND A DRILLING PERMIT ISSUED BY THE COMMISSION; AND]

(5) if there are affected owners the commission will

(A) hold the application for 10 days unless all affected owners have submitted letters of non-objection before the 10 days have elapsed and promptly issue a Permit to Drill;

(B) schedule a public hearing if an affected owner has objected within a 10 day period; and

(6)[(5)] the operator must run a complete, continuous[, MULTI-SHOT] directional survey at intervals not more than 100 feet apart, beginning within 100 feet of the surface.

(c) Within 30 days after the completion, abandonment, or suspension of the well, a complete copy of each inclination and directional survey obtained must be filed with the commission. A composite survey may also be filed if the operator feels this would better represent the well course. If a composite survey is filed, the operator shall specify the portion of each survey used in the composite.

(d) If the[PROPOSED OR] final location of the producing interval of a [THE DEVIATED] well is not in compliance with 20 AAC 25.055 [SEC. 55 OF THIS CHAPTER] or other rules of the commission applicable to the reservoir, the operator may apply for an exception which will be handled in accordance with 20 AAC 25.540 [SEC. 540 OF THIS CHAPTER].

(e) For the purpose of this section, an affected owner [OPERATOR] is an owner of [IN] a quarter section directly or diagonally off-setting any quarter section upon which the operation is proposed to be conducted. In areas where

irregular-shaped properties [LEASES] are to be drilled, the commission will determine who are the affected owners [OPERATORS].

(f) [INCLINATION AND] Directional survey reports must contain[, WHEN APPLICABLE,] the following:

(1) name of surveying company;

(2) name, title, and signature of person actually performing the survey;

(3) the date on which the survey was performed;

(4) type of survey conducted;

(5) method used in calculating survey;

(6) a complete identification of the well so as to indicate the name of the operator, the property [LEASE] name, the well number, and field name;

(7) the depth interval over which the survey was conducted; and

(8) a [CERTIFIED] plat showing the surface location, the plotted well course, and the nearest property [LEASE] lines or unit lines. [; AND]

[(9) A TABULATION OF THE DEPTH AND DRIFT ANGLES FOR ALL INCLINATION SURVEY POINTS.]

(g) Inclination survey reports must contain a tabulation of the depth and drift angles for all inclination survey

points. [CERTIFICATION REQUIREMENTS FOR SURVEY REPORTS ARE AS FOLLOWS:

(1) EACH INCLINATION SURVEY REPORT AS REQUIRED IN (a) OF THIS SECTION MUST BE ACCOMPANIED BY A CERTIFIED STATEMENT OF THE OPERATOR OR SOMEONE ACTING AT HIS DIRECTION ON HIS BEHALF THAT THE WELL WAS NOT INTENTIONALLY DEVIATED FROM THE VERTICAL;

(2) EACH DIRECTIONAL SURVEY REPORT AS REQUIRED IN (b) OF THIS SECTION MAY BE CERTIFIED TO BY THE PERSON HAVING PERSONAL KNOWLEDGE OF THE FACTS, BY EXECUTION AND DATING OF THE DATA COMPILED; AND

(3) A CERTIFIED PLAT AS REQUIRED IN (f)(8) OF THIS SECTION.]

(h) The commission will, in its discretion, [MAY] require the submittal of the original film, time sheets, charts, graphs, discs, and other data used to compile the survey.

(i) The willful filing of a false or incorrect inclination survey or directional survey is grounds for penalty actions under the applicable statutes.

(j) Upon application, the commission will, in its

discretion, waive the directional survey types required by this section providing equally accurate directional survey methods acceptable to the commission are substituted. (Eff. 4/13/80, Register 74; am. / / , Reg.)

Authority: AS 31.05.030

20 AAC 25.055 is amended to read:

20 AAC 25.055. DRILLING UNITS AND WELL SPACING. (a) In proven oil and gas fields, the establishment of drilling units and a spacing pattern may [WILL] be governed by special pool [FIELD] rules adopted in accordance with 20 AAC 25.520 [SEC. 520 OF THIS CHAPTER]. In the absence of an order by the commission establishing drilling units or prescribing a spacing pattern for a pool, the following applies:

(1) a governmental quarter section constitutes the drilling unit for oil exploration; the surface location for a well exploring for oil must be at least 500 feet from the drilling unit boundary [THE SURFACE LOCATION OF AN EXPLORATORY WELL MUST NOT BE LOCATED CLOSER THAN 500 FEET TO ANY PROPERTY LINE OF THE LEASE ON WHICH THE WELL IS LOCATED, NOR MAY ANY HYDROCARBON RESERVOIR BE OPENED TO THE WELL BORE CLOSER THAN 500 FEET TO ANY PROPERTY LINE OF THE LEASE ON WHICH THE WELL IS LOCATED];

(2) a governmental section constitutes the drilling unit for gas exploration; the surface location for a

well exploring for gas must be at least 1500 feet from the drilling unit boundary;

(3)[(2)] where oil has been discovered, not more than one well may be drilled to that pool on any governmental quarter section [OR GOVERNMENTAL LOT CORRESPONDING TO IT, NOR MAY ANY WELL BE DRILLED TO THAT POOL ON A GOVERNMENTAL QUARTER SECTION OR GOVERNMENTAL LOT CORRESPONDING TO IT, WHICH CONTAINS LESS THAN 150 ACRES], nor may any oil pool [HYDROCARBON RESERVOIR] be opened to the well bore closer than 500 feet to any quarter section [PROPERTY] line, nor closer than 1,000 feet to any well drilling to or capable of producing from the same pool; and

(4)[(3)] where gas has been discovered, not more than one well may be drilled to that pool on any governmental section [OR GOVERNMENTAL LOT CORRESPONDING TO IT, NOR MAY ANY WELL BE DRILLED TO THAT POOL ON A GOVERNMENTAL SECTION OR LOT CORRESPONDING TO IT WHICH CONTAINS LESS THAN 600 ACRES], nor may any gas pool [HYDROCARBON RESERVOIR] be opened to the well bore closer than 1,500 feet to any section [PROPERTY] line, nor closer than 3,000 feet to any well drilling to or capable of producing from the same pool.

(b) An application for exception to the provisions of this section [OR ANY SPACING ORDER OF THE COMMISSION] must set out the names of all owners and of all operators of

governmental quarter sections directly and diagonally offsetting the quarter section where the oil well is located, or the names of all owners and of all operators of governmental sections directly or diagonally offsetting the section where the gas well is located. A plat must be attached, drawn to a scale of one inch equaling 2,640 feet or larger, showing the location of the well [PROPERTY] for which the exception is sought, all other completed and drilling wells on the property, and all adjoining properties and wells. The application must be verified by a person acquainted with the facts, stating that all facts are true and that the plat correctly portrays pertinent and required data. The applicant for exception must send [GIVE] notice of the application [THAT FILING] by registered mail to all owners and to all operators noted above, and furnish the commission with a copy of the notice, date of mailing, and the addresses to which the notices were sent. The application for exception will be handled in accordance with 20 AAC 25.540 [SEC. 540 OF THIS CHAPTER].

(c) A well may not be re-entered for the purpose of producing oil on a property that is smaller than the governmental quarter section upon which the well is located or for the purpose of producing gas on a property that is smaller than the governmental section upon which the well is located.

(d) Where two or more separately owned properties are embraced within a governmental quarter section to be drilled for oil, or a governmental section to be drilled for gas, persons owning the oil or gas rights may voluntarily pool their separate interests to form a drilling unit. A copy of the pooling agreement must be submitted to the commission. If one or more persons owning oil and gas rights fail to voluntarily pool their interests, the commission, upon petition and after public hearing, will, in its discretion, issue an order pooling their interests for the development of their land as a drilling unit. (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030
AS 31.05.100

20 AAC 25.061 is repealed and re-adopted to read:

20 AAC 25.061. WELL SITE SURVEYS. (a) Near surface strata to a depth of 2000 feet in the well site area for all exploratory and stratigraphic test wells must be evaluated seismically by common depth point refraction or reflection profile analysis to identify anomalous velocity variations indicative of potential shallow gas sources. An evaluation report must be included with the application for the Permit to Drill (Form 10-401).

(b) The well site area must be evaluated by sidescan sonar and other pertinent surveys to determine whether potential seabed hazards to drilling operations are present for each type of well listed in 20 AAC 25.005 to be drilled offshore from a mobile bottom-founded, jack-up or floating unit. Survey results must be included with the application for Permit to Drill (Form 10-401).

(c) Upon request by the operator, the commission, in its discretion, will waive the requirements of this section. (Eff. 4/13/80, Register 74)

Authority: AS 31.05.030

20 AAC 25.065 is amended to read:

20 AAC 25.065. HYDROGEN SULFIDE. (a) When hydrogen sulfide gas is encountered [IN THE DRILLING OF ANY WELL], the operator shall [MUST] notify the Alaska Oil and Gas Conservation Commission within 24 hours.

(b) When a well is to be drilled in an area where a formation to be penetrated is known to contain hydrogen sulfide gas, or if hydrogen sulfide is encountered while drilling, each operator shall [MUST] meet the requirements of API RP 49, "Recommended Practices for Safe Drilling of Wells Containing Hydrogen Sulfide."

(c) Where there is an insufficient history of drilling in an area to know whether [IF] hydrogen sulfide exists, the commission will specify on the drilling permit that the operator shall [MUST] comply with the minimum requirements for detection monitoring, contingency and control, and training as follows:

(1) detection monitoring

(A) an automatic hydrogen sulfide monitor must be installed and have a combination visual and audible alarm system located where it can be seen or heard from all parts of the location;

(B) the automatic hydrogen sulfide monitor must have a minimum of two probes, one at the shale shaker and one on the bell nipple; and

(C) in addition to the automatic hydrogen sulfide monitor, at least three manual detectors with an adequate supply of extra detector tubes must be available at the drill site;

(2) contingency and control

(A) hydrogen sulfide treating material for the drilling mud must be available on or near the location in good condition and in sufficient quantity to adequately treat the mud system should hydrogen sulfide be encountered;

(B) detailed emergency operating procedures must be defined and posted to insure the safety of all personnel should hydrogen sulfide be encountered;

(C) detailed step-by-step remedial procedures must be developed and posted to cover emergencies while drilling or tripping; and

(D) personnel protective equipment must be available at the well site; [.]

(3) all drill site supervisors must be trained for emergency procedures [OPERATIONS] in the presence of hydrogen sulfide.

(d) When a well produces hydrogen sulfide gas, each operator shall meet the requirements of API RP 55 "Recommended Practices for Conducting Oil & Gas Production Operations Involving Hydrogen Sulfide." (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030

20 AAC 25.070 is amended to read:

20 AAC 25.070. RECORDS AND REPORTS. (a) The operator of each [DRILLING] well shall

(1) keep a detailed accurate [WRITTEN] daily record of the actual drilling, completion, suspension and abandonment [WELL] operations which must be available for

inspection at reasonable times by the commission or a representative of the commission

(A) at the well [BEFORE COMPLETION, ABANDONMENT, OR SUSPENSION]; and

(B) in Alaska for five years after the date of well [COMPLETION,] abandonment, [OR SUSPENSION,] upon 30 days written notice; and

[(2) FILE WITH THE COMMISSION, ON OR BEFORE THE 15TH OF EACH MONTH, THE MONTHLY REPORT OF DRILLING AND WORKOVER OPERATIONS (FORM 10-404), SETTING OUT AN ACCURATE SUMMARY OF THE DAILY RECORD OF WELL OPERATIONS DURING THE PREVIOUS CALENDAR MONTH; AND]

(2)[(3)] file with the commission within 30 days after completion, abandonment, or suspension of the well

(A) a complete well record on the Well Completion or Recompletion Report and Log (Form 10-407), including a copy of the daily reports of well operations; and

(B) information required by 20 AAC 25.050(c) and 20 AAC 25.536(b) [A DETAILED REPORT OF ALL DRILL STEM TESTS AND PRODUCTION TESTS, INCLUDING TIME INTERVALS, QUANTITY AND DESCRIPTION OF ALL RECOVERED FLUIDS, AND PRESSURE DATA; AND

(C) A COMPLETE WELL HISTORY.

(B) A WELL IS CONSIDERED COMPLETED, ABANDONED OR SUSPENDED ON THE DATE SIGNIFICANT WELL OPERATIONS CEASE.

THE COMMISSION WILL, IN ITS DISCRETION, APPROVE A SUBSEQUENT DATE UPON WHICH A SUSPENDED WELL WILL BE CONSIDERED COMPLETED, ABANDONED, OR SUSPENDED IF THE OPERATOR SHOWS THAT SIGNIFICANT WELL OPERATIONS WILL BE RESUMED WITHIN A REASONABLE TIME.]

(b)[(c)] For all completed exploratory wells, the operator shall submit to the commission a certification that the well is capable of producing oil or gas. [IN THIS SECTION, "SIGNIFICANT WELL OPERATIONS" MEANS THOSE WELL OPERATIONS CONDUCTED IN ACCORDANCE WITH GOOD OIL OR GAS FIELD PRACTICES.] (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030

20 AAC 25 is amended by adding a new section to read:

20 AAC 25.072. SHUTDOWN OF WELL OPERATIONS. (a) When climate, operational concerns, prudency or other circumstances prevent the continuation of the program approved on the drilling permit, or for rig substitution, the commission will, in its discretion, approve an application for the shutdown of well operations. The application must set forth a full justification for the shutdown and be accompanied with an Application for Sundry Approvals (Form 10-403) which sets forth the proposed condition of the well bore upon shutdown

of well operations, approximate date when well operations will resume, and a proposed program for securing the well during the period of shutdown.

(b) The operator must file with the commission within 30 days after well shutdown a complete well record on a Report of Sundry Well Operational (Form 10-404), including a copy of the daily reports of well operations and a copy of all logs run in the well. The commission will, in its discretion, waive the requirement of this subsection when well operations are resumed within 30 days.

(c) Shutdown of well operations does not establish a completion, suspension or abandonment date for a well if well operations are resumed within 12 months.

(d) If well operations are not resumed within twelve months, the operator shall immediately proceed to abandon the well. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.105 is repealed and readopted to read:

20 AAC 25.105. PLUGGING, SUSPENSION, AND ABANDONMENT OF WELLS. (a) All wells that have been permitted on a property by 20 AAC 25.005 must be abandoned before expiration of the operator's lease termination rights to that property.

When the operator is the landowner, all wells that have been permitted on a property by 20 AAC 25.005 must be abandoned within one year following cessation of the operator's oil and gas activity within the field where the wells are located.

(b) Each well drilled onshore or offshore from a fixed structure or historically stable island must be abandoned or suspended before removal of the drilling unit from the site unless completed as an oil, gas or service well.

(c) Each well drilled offshore from a mobile bottom-founded, jack-up, or floating drilling unit must be abandoned before removal of the drilling unit from location unless completed as an oil, gas or service well or well operations are shutdown, in conformance with 20 AAC 25.072 and subsea equipment installed in a manner approved by the commission.

(d) Each well drilled from a beach or from an artificially constructed island or a shifting natural island must be abandoned or suspended before removal of the drilling unit from the site unless completed as an oil, gas or service well or well operations are shut down in conformance with 20 AAC 25.072 and plans for maintaining the integrity of the well site are approved by the commission.

(e) Each well to be abandoned or suspended must be plugged by the operator who is responsible for the well to prevent the movement of fluid either into or between freshwater sources and to prevent all other fluid migration within the well bore. When a well is to be plugged, abandoned or suspended, the form entitled Application for Sundry Approvals (Form 10-403) must be filed and approved before beginning work. Approval will be conditioned as necessary to protect freshwater and hydrocarbon resources. Verbal approval may be obtained from the commission or its representative before beginning work. Any verbal approval must be followed by the filing of Form 10-403 within 10 days. The Form 10-403 filing must include

(1) the reason for plugging, abandonment or suspension; and

(2) a statement of proposed work, including the following:

(A) information on porous and abnormally geopressured strata;

(B) the kind, size, and location, by measured depth, of existing and proposed plugs;

(C) plans for mudding, cementing, shooting, testing, and removing casing;

(D) all other pertinent information; and

(E) when the Form 10-403 is filed after beginning work, the name of the commission member or its

representative who provided verbal approval and the date of the approval.

(f) Uncased portions of a well bore must be plugged with cement in a manner which ensures that all hydrocarbons and freshwater are confined to their respective indigenous strata and are prevented from migrating into other strata or to the surface. Minimum requirements for plugging the uncased portion of a well bore are:

(1) by the displacement method, a continuous cement plug must be spaced to extend upward from 50 feet below the base to 100 feet above the top of all hydrocarbon-bearing strata;

(2) by the displacement method, a continuous cement plug must be spaced to extend upward from 100 feet below the base to 50 feet above the base of abnormally geo-pressured strata and another continuous cement plug from 50 feet below the top extending upward to 100 feet above the top of the abnormally geo-pressured strata;

(3) by the displacement method, a continuous cement plug must be spaced to extend from 150 feet below to 50 feet above the base of the deepest freshwater strata.

(g) Uncased and cased portions of the well bore must be effectively segregated to prevent vertical movement of fluid

within the well bore. The minimum plugging requirement is as follows.

(1) By the displacement method, a continuous cement plug must be spaced upward extending from 100 feet below to 100 feet above the casing shoe; or

(2) by the downsqueeze method through a retainer set no less than 50 feet and no more than 100 feet above the casing shoe, sufficient cement must be pumped through the retainer to extend from the retainer to 100 feet below the casing shoe; the retainer must be capped with a continuous 50 foot cement plug.

(3) By the displacement method, a continuous cement plug must be spaced upward extending from 100 feet below to 100 feet above the casing stub.

(h) Cased portions of the well bore must be plugged with cement to ensure that all hydrocarbons and freshwater are confined to their respective indigenous strata and are prevented from migrating into other strata or to the surface. Minimum requirements for plugging cased portions of the well bore are as follow.

(1) Perforated intervals must be plugged by one of the following methods:

(A) by the displacement method, continuous cement plugs must be spaced extending from 100 feet below to 50 above the base of the perforated interval and extending

from 50 feet below to 100 feet above the top of the perforated interval;

(B) by the down squeeze method, through a cement retainer or production packer set above the perforated interval with a volume of cement equivalent to fill the lineal feet of the well bore from the retainer or packer to 100 feet below the base of the perforated interval;

(C) by placing a permanent bridge plug no more than 50 feet above the top of the perforated interval and placing no less than a 75 foot cement plug on top of the bridge plug providing the perforations are isolated from open hole below.

(2) Casing stubs within outer casing must be plugged by one of the following methods:

(A) by the displacement method, a continuous cement plug must be spaced extending from 100 feet below the stub to 100 feet above the stub;

(B) by the downsqueeze method, through a retainer set 50 feet above the stub with a volume of cement equivalent to fill 150 lineal feet squeezed below the retainer and with an additional 50 lineal feet of cement plug placed above the retainer;

(C) by placing a permanent bridge plug no more than 25 feet above the casing stub and placing no less than a 75 foot cement plug on top of the bridge plug.

(i) Surface plugs. This subsection does not apply to suspended wells.

(1) By the displacement method, a cement plug at least 150 feet in length with the top of the plug 5 feet or less below rig grade elevation upland or 15 feet or more below the mud line offshore must be spaced within the smallest casing extending to the surface onshore or mud line offshore;

(2) all annular space in communication with open hole and extending to the surface upland or mud line offshore must be plugged with sufficient cement to effectively seal the annular space in a manner satisfactory to the commission; or

(3) all casing interior to the surface casing may be recovered to a depth of 165 feet or more below the rig grade elevation upland or the mud line offshore and the casing stubs plugged with cement as detailed by (g) or if the top of the plug resulting from compliance with (g) or (h)(2) of this section will not permit a plug of 150 feet as required in (1) above, the cement plug required by (g) or (h)(2) must be increased to extend to 5 feet or less below rig grade elevation upland or 15 feet or more below the mud line offshore.

(j) Cements used for plugging within zones of permafrost must be designed to set before freezing and have a low heat of hydration.

(k) Intervals below and between plugs must be filled with a fluid of a density that equals or exceeds the fluid density utilized to drill that interval unless otherwise approved by the commission.

(l) The operator shall record the actual location and integrity of cement plugs required by this section after setting sufficient weight on the plug to confirm its location, that the cement has set and a competent plug is in place except when a mechanical bridge plug is capped with cement and pressure tested for plug integrity. Notice of the plugging operations must be given to the commission in time so that a representative of the commission may be present to witness the work.

(m) Following termination of plugging operations, a Report of Sundry Well Operations (Form 10-404) must be filed within 30 days and must contain a history of the completed work unless the well is completed, abandoned or suspended and Form 10-407 is filed in accordance with 20 AAC 25.070(a)(2).

(n) Upon a proper showing of extenuating circumstances, the commission will, in its discretion, approve a variance to the subsections of this section, so long as the variance equally effects proper plugging of the well and will not allow the movement of fluid into sources of hydrocarbons or freshwater. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25 is amended by adding a new section to read:

20 AAC 25.110. SUSPENDED WELLS. (a) Upon application by the operator, the commission will, in its discretion, approve the suspension of a well if the well

(1) encounters hydrocarbons of sufficient quality and quantity to indicate the well is capable of producing in paying quantities as reasonably demonstrated by well tests or interpretive formation evaluation data; and

(2) is reasonably demonstrated to have future value as a service well.

(b) In addition to the filing requirements set forth by 20 AAC 25.105(e), the applicant has the burden of justifying to the commission's satisfaction why the well should not be completed or abandoned. Justifiable reasons include but are not necessarily limited to

(1) surface production and resource marketing facilities are not available;

(2) security maintenance of a completed well in a shut-in status is not prudent;

(3) pool delineation and evaluation is necessary to determine prudency of pool development and the construction of production or access to market facilities;

(4) well production awaits design, delivery, and construction of production and market outlet facilities.

(c) In addition to the plugging requirements set forth by 20 AAC 25.105, the operator must set a bridge plug between 200 and 300 feet below the casing head and cap with 100 linear feet of cement.

(d) The commission will, in its discretion, approve an exception to 20 AAC 25.105(c) if the requirements of 20 AAC 25.105(i)(2) are met and subsurface equipment satisfactory to the commission for well re-entry is installed.

(e) During the period of well suspension, the operator must maintain the integrity of the well site and clear the location in a manner approved by the commission. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.120 is amended to read:

20 AAC 25.120. WELL ABANDONMENT MARKER. (a) The exact surface location of the abandoned hole must be shown by a steel marker post. The marker post must not be installed before removal of all wellhead fittings and the wellhead; casing landing heads and casing must be recovered to a depth at least three feet below rig grade level. The description and installation of the post must be as follows:

(1) [AT LEAST] four inches in diameter;

(2) at least 10 feet long;

(3) set in cement inside well casing;

(4) extending from [AT LEAST] four to six feet above final ground level;

(5) the top of the pipe must be closed with one of the following:

(A) cement plug;

(B) screw cap; or

(C) welds; and

(6) as an alternative method to (2) and (3) of this subsection, the marker post may be firmly welded with supporting fillets to the top of a steel plate secured to the casinghead or casing stub [BLIND FLANGE PLACED ON THE WELL-HEAD].

(b) The following information must be bead-welded directly to the marker post:

(1) name of the operator;

(2) unit or lease name;

(3) well number; and

(4) exact location with

(A) footage from section lines;

(B) section number;

(C) township, north or south;

(D) range, east or west; and

(E) meridian.

(c) Inspection of proper marker-post installation and correct information will be made by a representative of the commission at the time of the location clearance [CLEANUP] inspection as required in 20 AAC 25.170 [SEC. 170 OF THIS CHAPTER].

(d) When requested by the operator or surface owner, the marker-post installation requirement will, in the commission's discretion, be waived by the commission, in which case the information required in (b)(1), (2), and (3) of this section must be bead welded to the top steel plate secured to the casinghead [OF A BLIND FLANGE PLACED ON THE WELLHEAD].

(e) This section does not apply to abandoned wells which were drilled from a mobile bottom-founded, jack-up or floating drilling unit; an offshore fixed structure; an artificially constructed gravel or historically shifting natural island; or a beach location. [IN NAVIGABLE WATERS, MARKER POSTS ARE NOT REQUIRED.] (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030

20 AAC 25.140 is amended to read:

20 AAC 25.140. WATER WELLS. If a well drilled for oil or gas is to be plugged and abandoned but may safely be used as a freshwater well, and such a use is desired by a person, [THE LANDOWNER, THE WELL NEED NOT BE CEMENTED ABOVE THE REQUIRED PLUG SET BELOW THE FRESHWATER AS REQUIRED IN SEC. 105 OF THIS CHAPTER.] written authority for this action must be obtained from the landowner and owner of the surface rights, including the person's [HIS] assumption of the full responsibility for the final plugging of the water well. This authorization must be filed with and approved by the commission. Following the commission's approval of the plugging of the well to protect [THE BASE OF] the freshwater bearing strata and the location clearance [CLEANUP], the operator will be relieved of further obligation under the

operator's [HIS] bond. (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030

20 AAC 25.170 is amended to read:

20 AAC 25.170. ONSHORE LOCATION CLEARANCE [CLEANUP]. (a) The location of an abandoned well onshore or upon a historically stable island must be cleared within one year following well abandonment or before expiration of operator's rights, whichever first occurs. [WITHIN ONE YEAR OF SUSPENSION OR ABANDONMENT OF AN ONSHORE WELL] The operator shall

(1) remove all materials, supplies, structures, and installations from the location;

(2) remove from location, adequately bury, or incinerate all loose debris on or near the location in accordance with all applicable statutes and regulations;

(3) fill and grade all pits; and

(4) leave the location in a clean and graded condition.

(b) An extension of time beyond one year following well abandonment will, in the commission's discretion, be granted by the commission upon receipt of the form entitled Application for Sundry Approvals [SUNDRY NOTICES AND REPORTS ON WELLS] (Form 10-403) on which is stated

(1) a request for a specific time extension not to exceed one year;

(2) the reason an extension is necessary;

(3) a description of location clearance [CLEANUP] progress; and

(4) the expiration date of the operator's rights to enter the location.

(c) Following completion of all work required in (a) of this section, [OR WHEN REQUESTED BY THE OPERATOR,] on-site inspections at a time convenient to the operator will be made by a representative of the commission to

(1) verify a proper well marker as required in 20 AAC 25.120 [SEC. 120 OF THIS CHAPTER];

(2) verify the location condition at the time of inspection; and

(3) provide the operator and [HIS] field representative a report of the inspection. (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030

20 AAC 25 is amended by adding a new section to read:

20 AAC 25.172. OFFSHORE LOCATION CLEARANCE. (a) When all wells are abandoned from fixed platforms, the site must be cleared before expiration of operator's lease

termination rights by removing all casing, wellhead equipment, piling, structures, and other obstructions to a depth at least 15 feet below the mud line floor or to a depth approved by the commission after review of sea bottom conditions. The operator shall verify by appropriate means approved by the commission that the site has been cleared of all obstructions.

(b) For wells abandoned from mobile bottom-founded, jack-up or floating drilling units, the well site must be cleared before removal of the drilling unit from location by recovering all casing, wellhead equipment, piling, etc. to a depth at least 15 feet below the mud line floor unless otherwise approved by the commission. The operator shall verify by appropriate means approved by the commission that the location has been cleared of all obstructions.

(c) For wells abandoned from an artificial gravel island or shifting natural island, the well site must be cleared within one year following abandonment or before such time that the operator ceases to conduct activities necessary to ensure the integrity of the well site and before expiration of operator's rights, whichever first occurs. The operator shall

(1) remove all casing and wellhead equipment to a depth of at least two feet below the mudline; the mudline for an artificial gravel island is defined as the depth of the sea floor when the island was constructed; the mudline for a shifting natural island is defined as the depth at which a horizontal plane constructed through the toe of the slope of the island intersects the well bore;

(2) remove all materials, supplies, structures, and installations from the location;

(3) remove from location or incinerate all loose debris on or near the location in accordance with all applicable statutes and regulations;

(4) fill and grade all pits; and

(5) leave the location in a clean and graded condition.

(d) Following completion of all work required in (c) of this section, onsite inspections at a time convenient to the operator will be made by a representative of the commission to

(1) verify the location condition at the time of inspection; and

(2) provide the operator and [HIS] field representative a report of the inspection. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.200 is amended to read:

20 AAC 25.200. PRODUCTION [SURFACE] EQUIPMENT. (a) Surface [ADEQUATE] production equipment must be installed to control, separate, [PROCESS, AND] clean, and gather in a safe manner all produced oil, gas, and water. All equipment must be [INSTALLED AND] maintained in accordance with good established industry practice.

(b) All equipment must be designed and [ADEQUATELY] protected to insure reliable operation under the range of weather conditions expected for the specific location [AND USE].

(c) Wellhead equipment [INSTALLED] must include appropriate [ADEQUATE] gauges and valves installed on the tubing, [AND ON] casing-tubing annulus and casing-casing annuli to show surface pressures and to control the well flow for the range of conditions expected. Other alternatives may be approved for subsea completions.

(d) All wells capable of unassisted flow must be completed with downhole production equipment consisting of suitable tubing and a packer which effectively isolates the tubing-casing annulus from fluids being produced unless

otherwise specifically approved by the commission. (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030

20 AAC 25.205 is amended to read:

20 AAC 25.205. NOTIFICATION OF ACCIDENTAL LOSS OF OIL OR GAS. (a) The commission must be immediately notified by the operator of any accidental loss of crude oil or natural gas, or both, from any well [DRILLING] or production handling operation [PRODUCING WELL]. This notification does not relieve the operator from complying with any other notification requirements imposed by statute or regulation.

(b) Within five days after the accidental loss, the operator shall submit a written report to the commission detailing the following facts:

(1) time of incident;

(2) location where incident took place;

(3) volumes of crude oil and of natural gas lost;

(4) cause of the loss;

(5) actions taken and planned to prevent further loss; and

(6) equipment or procedural changes, if applicable, to prevent the loss from recurring. (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030

20 AAC 25.210 is amended to read:

20 AAC 25.210. MULTIPLE COMPLETION OF WELLS. A well may not be completed in more than one pool without approval of the commission. The commission will require evidence of [ADEQUATE AND] complete separation of flowstreams from separate pools as ascertained by pressure or other acceptable [CIRCULATION] tests conducted at the time the packers are set. Subsequently, if packer leakage is suspected, the commission will, in its discretion, request the operator to provide proof of [ADEQUATE AND] complete separation of the pools involved in the completions or make a packer leakage test. Notification must be given so that the packer leakage test may be witnessed by a representative of the commission. (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030

20 AAC 25.215 is amended to read:

20 AAC 25.215. COMMINGLING OF PRODUCTION. (a) On the surface, the production from one pool may not be commingled with that from another pool except when the quantities from each pool [SOURCE OF THE PRODUCTION] are determined by at

least monthly [PERIODIC] well tests [OR OTHER MEASUREMENTS].

(b) Commingling of production within the same well bore from two or more pools is not permitted unless, after request, notice and opportunity for public hearing in conformance with 20 AAC 25.540, the commission finds that waste will not occur, production from separate pools can be properly allocated, and the commission issues an order providing for commingling for all wells completed from these pools within the field. [IN THE SAME WELL BORE, COMMINGLING OF PRODUCTION FROM TWO OR MORE POOLS WILL NOT BE PERMITTED EXCEPT AFTER NOTICE, HEARING, AND AND ORDER OF THE COMMISSION APPROVING SUCH COMMINGLING. AFTER THE FIRST HEARING THE COMMISSION WILL, IN ITS DISCRETION, APPROVE COMMINGLING IN OTHER WELLS IN THE SAME POOLS IF THE PROPOSING OPERATOR HAS CERTIFIED THAT ALL OPERATORS WITH WELLS COMPLETED IN ONE OR MORE OF THE POOLS HAVE BEEN NOTIFIED AND NO PROTEST IS FURNISHED THE COMMISSION WITHIN 15 DAYS.] (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030

20 AAC 25.225 is amended to read:

20 AAC 25.225. POTENTIAL [CAPACITY] OF GAS WELLS. All gas wells must be tested by the multi-point back-pressure method before significant production [UPON COMPLETION OR AT A

TIME REQUESTED BY THE OPERATOR, AND APPROVED BY THE COMMISSION]. The test results and calculations must be reported to the commission on the form entitled Gas Well Open Flow Potential Test Report (Form 10-421) within 30 days after the test. (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030

20 AAC 25 is amended by adding a new section to read

20 AAC 25.228. PRODUCTION MEASUREMENT EQUIPMENT. (a) Hydrocarbon measurement equipment used for the purpose of custody transfer or sale must be fabricated and installed in accordance with the API "Manual of Petroleum Measurement Standards."

(b) Fluid samplers must be either a probe or a slip-stream type. The sampler location must be profiled in accordance with sec. 2, ch. 8 of the "Manual of Petroleum Measurement Standards."

(c) Computerized totalizers must be equipped with a pulse accumulator which will count and preserve meter pulses in the event of power or computer failure.

(d) Computerized printouts for turbine or positive displacement meter data must, at a minimum, show the raw

pulses, average temperature, pressure and gravity, the meter factor, the correction factors and the corrected through-put volume for the period covered by the delivery tickets.

(e) Gas meter runs must be fabricated, installed and maintained as per ch. 14 of the API "Manual of Petroleum Measurement Standards." (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.230 is repealed and re-adopted to read:

20 AAC 25.230. PRODUCTION MEASUREMENT. (a) All hydrocarbon production must be measured in accord with this section before severance from the property or unit where produced. Where compliance is not prudent, the commission will, in its discretion, approve an alternate site for measurement facilities upon application and a showing that the accuracy in measuring hydrocarbons severed from the property or unit is not jeopardized.

(b) Production from each well must be measured to determine the quantities of oil, gas and water, using equipment and techniques acceptable to the commission. Production from a property or unit may be measured as a whole providing that individual well test facilities acceptable to the

commission are employed to test each well at least once each 30 days to assure accurate allocation to each well.

(c) Bypasses must not be connected around custody transfer or sales measurement equipment such as tanks, meters, gauges, sample containers or gas meter runs.

(d) The volumes of produced gas, oil and water must be reported monthly on the Monthly Production Report (Form 10-405) or by an alternate format acceptable to the commission. Disposition of produced gas must be reported monthly on the Producer's Report of Gas Disposition (Form 10-422).

(e) The commission will, in its discretion, require sufficient notice so that its representative may monitor, witness, and collect data to confirm consistency with the API "Manual of Petroleum Measurement Standards" at all custody transfer installations for the following:

(1) well tests to verify production allocation and gas-oil ratio determinations;

(2) water drawing of provers utilized for certification of custody transfer meters;

(3) crude oil sample collection, handling, and analysis;

(4) meter proving and volume calculations; and

(5) gas meter calibrations and volume calculations.

(f) Successive liquid meter factors that differ by more than 0.0025 are unacceptable and proper steps must be immediately taken to bring the meter factor within acceptable tolerance.

(g) Upon request, the commission will, in its discretion, approve a variance to subsections of this section. (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030

20 AAC 25.235 is amended to read:

20 AAC 25.235. GAS UTILIZATION. [(a) GAS FROM A WELL MAY BE USED IN LEASE OR UNIT OPERATIONS FOR

(1) LIGHT OR FUEL;

(2) INJECTION TO INCREASE THE ULTIMATE RECOVERY OF HYDROCARBONS, OR FOR STORAGE;

(3) THE EXTRACTION OF LIQUID HYDROCARBONS IF THE GAS IS NOT WASTED; AND

(4) THE ARTIFICIAL LIFTING OF OIL FROM A POOL IF ALL GAS RETURNED TO THE SURFACE IS USED WITHOUT WASTE.]

(a)[(b)] Gas from a well may [MUST] not be permitted to escape into the air without commission approval, except

(1) when required for safety;

(2) when required for initial testing; and

(3) in cases of operational necessity if no such escape is for more than five days within any 30-day period.

(b)[(c)] The disposition of gas production must be reported each month on the Producer's Report of Gas Disposition (Form 10-422). (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.020
AS 32.05.030

20 AAC 25.240 is amended to read:

20 AAC 25.240. GAS-OIL RATIOS. (a) For each new oil pool, the operator must determine within three months of discovery, the original solution gas-oil ratio by a well test conducted in a manner approved by the commission and report the results on the Well Status Report and Gas-Oil Ratio Tests (Form 10-409) within 45 days.

(b)[(a)] An oil well may not be produced when the [ALLOWED TO PRODUCE WITH A] gas-oil ratio of the well exceeds the original solution gas-oil ratio of the crude within the

producing pool by more than 100 percent [IN EXCESS OF 2,000 CUBIC FEET OF GAS PER BARREL OF OIL].

(c)[(b)] Upon written application by an operator, the limitation in (b) [(a)] of this section will, in the commission's discretion, be waived by the commission

(1) for wells producing from a pool that has an [APPROVED] additional recovery project in operation; [OR]

(2) where the produced gas is being returned to the same pool; or[.]

(3) when acquisition of pool performance data is necessary to determine an optimum reservoir management program.

(d)[(c)] Exceptions for conditions other than those specified in (b) of this section will, at the discretion of the commission, be granted only after application, notice, and an opportunity for public hearing. (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030

20 AAC 25.245 is amended to read:

20 AAC 25.245. COMMON PRODUCTION FACILITIES. Common facilities may be used to receive the production from any number of wells if appropriate [ADEQUATE] tankage or other

measuring equipment is installed so that production from each well can be accurately determined at least once each month [REASONABLE INTERVALS. THE COMMISSION WILL, IN ITS DISCRETION, REQUIRE THE MEASUREMENT OF PRODUCTION FROM EACH LEASE]. (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030

20 AAC 25.250 is repealed.

20 AAC 25.250. DISPOSAL OF SALT WATER AND OTHER WASTES. Repealed / / .

20 AAC 25 is amended by adding a new section to read:

** 20 AAC 25.252. UNDERGROUND DISPOSAL OF WATER AND OTHER OIL FIELD WASTE FLUIDS AND UNDERGROUND STORAGE OF LIQUID HYDROCARBONS. (a) The underground disposal of freshwater or salt water, brackish water, or other oil field waste fluids and the underground storage of liquid hydrocarbons are prohibited except as ordered by the commission in response to an application filed by an operator for underground disposal or storage. This section and 20 AAC 25.412 apply to wells which are proposed to be converted and new wells drilled solely for the purpose of injection for underground disposal or storage of liquid hydrocarbons. Orders authorizing

disposal or storage wells remain valid unless revoked by the commission.

(b) The operator has the burden of demonstrating that the proposed disposal or storage operation will not allow the movement of fluid into sources of freshwater. Disposal or storage wells must be cased and the casing cemented in a manner that will protect oil, gas, and freshwater sources.

(c) The application for underground injection must include

(1) a plat showing the location of all proposed disposal and storage wells, including abandoned wells, production wells, dry holes, and any other wells which penetrate the injection zone within one-quarter mile of each disposal or storage well;

(2) a list of all operators and surface owners within a one-quarter mile radius of each proposed disposal or storage well;

(3) an affidavit showing that the operators and surface owners within a one-quarter mile radius have been provided a copy of the application for disposal or storage;

(4) the name, description, depth, and thickness of the formation into which fluids are to be injected and appropriate geological data on the injection zone and

confining zones, including lithologic description and geologic name;

(5) logs of the disposal or storage wells, if not already on file, or other similar information;

(6) a description of the casing of the disposal or storage wells, or the proposed casing program and the proposed method for testing casing before use of the disposal or storage wells;

(7) a statement as to the type of fluid to be injected, its composition, its source, and the estimated maximum amounts to be injected daily;

(8) the estimated average and maximum injection pressure;

(9) evidence and data to support a commission finding that the proposed disposal or storage well will not initiate or propagate fractures through the confining zones which might enable the injection fluid or formation fluid to enter any freshwater strata;

(10) an analysis of the water within the formation into which fluid injection is proposed by a standard laboratory water analysis determination or by an analytical method acceptable to the commission; and

(11) a reference to any applicable freshwater exemption issued in accordance with 20 AAC 25.450.

(d) Mechanical integrity for disposal or storage wells drilled or converted to disposal or storage wells after the effective date of approval of the commission's program under 42 U.S.C. 300h-4 must be demonstrated according to 20 AAC 25.412 before operation. Mechanical integrity for all disposal or storage wells must be demonstrated by the operator by monitoring the pressure in the casing-tubing annulus during actual injection. The monitored annulus pressure must be reported monthly on the Monthly Injection Report (Form 10-406).

(e) If the casing-tubing annulus pressure reaches 70 percent of the minimum internal yield strength of the casing, or if there is more than a 200 psi change in pressure between consecutive pressure readings, the commission must be immediately notified and commission approved corrective action taken.

(f) The commission will, in its discretion, require additional mechanical integrity tests.

(g) Modifications of existing or pending disposal or storage operations will be approved by the commission, in its discretion, under 20 AAC 25.507, upon application containing sufficient detail to evaluate the proposed modification. Approvals for remedial work under this section are valid for

two years but may be extended on request by filing an Application for Sundry Approvals (Form 10-403) with the commission if there has been no change in the geologic, regulatory, or environmental situation. No modification will be approved unless the applicant proves to the commission that the modification will not allow the movement of fluids into sources of freshwater.

(h) The operator shall provide a report on the mechanical conditions of all wells which have penetrated the injection zone within a one-quarter mile radius of a proposed disposal or storage well. It is the operator's responsibility to assure that any of the wells under the operator's control within the radius of investigation which may allow the movement of fluids into sources of freshwater are properly repaired, plugged, or otherwise modified. If wells exist which are not under the operator's control, the commission will not approve the application until the operator responsible for those wells has properly repaired, plugged, or otherwise modified the wells to prevent the movement of fluids into sources of freshwater.

(i) The commission will publish notice of the disposal or storage application and provide opportunity for a hearing in accordance with 20 AAC 25.540.

(j) If disposal or storage operations are not begun within 24 months of the approval date, the injection approval will expire unless an application for extension is approved by the commission. (Eff. / / , Register)

Authority: AS 31.05.030
AS 31.05.090

20 AAC 25.255 is repealed.

20 AAC 25.255. EQUITABLE DISTRIBUTION OF PRODUCTION. Repealed / / .

20 AAC 25.265 is amended to read:

20 AAC 25.265. AUTOMATIC SHUT-IN EQUIPMENT. (a) Any <u>completed</u> well covered by this chapter with an offshore surface location, which is capable of unassisted flow of hydrocarbons, must be equipped with a commission-approved

(1) fail-safe automatic surface safety valve (SSV) system capable of preventing an uncontrolled flow; and

(2) fail-safe automatic surface controlled subsurface safety valve (SSSV) system, unless another type of subsurface valve is approved by the commission; this valve must be in the tubing string and located below the mud line, permafrost, or at some other depth as may be required; the valve must be capable of preventing an uncontrolled flow.

(b) The commission will, in its discretion, also require SSV's or SSSV's, or both, on wells in other areas after notice and an opportunity for hearing in accordance with 20 AAC 25.540 [SEC. 540 OF THIS CHAPTER].

(c) A representative of the commission will witness operation and performance tests at intervals and times as prescribed by the commission to confirm that the SSV, SSSV, and all associated equipment are in proper working condition. (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030

20 AAC 25.270 is amended to read:

20 AAC 25.270. INITIAL RESERVOIR PRESSURE [BOTTOM HOLE PRESSURES]. The operator shall [MAKE A TEST TO] determine the initial reservoir [BOTTOM HOLE] pressure in [THE DISCOVERY WELL IN] any new pool prior to significant production. [THE TEST MUST BE MADE AFTER THE WELLS HAS BEEN SHUT-IN FOR A PERIOD SUFFICIENT TO ALLOW AN ACCURATE DETERMINATION OF THE RESERVOIR PRESSURE]. The results must be reported to the commission on the form entitled Reservoir Pressure Report (Form 10-412). (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030

20 AAC 25 is amended by adding new sections to read:

20 AAC 25.275. RESERVOIR FLUID PROPERTIES. (a) The operator shall obtain fluid samples from each new pool within three months of discovery and determine

(1) crude composition assay;

(2) crude pressure, volume, temperature (PVT) relationship;

(3) solution or non-associated gas composition assay.

(b) Sampling and determinations must be conducted and reported in accord with accepted industry practice. Reports must be submitted to the commission within 45 days following completion of determinations. (Eff. / / , am. / / , Register)

Authority: AS 31.05.030

20 AAC 25.280. WORKOVER OPERATIONS. (a) An application must be submitted by filing the form entitled Application for Sundry Approvals (Form 10-403). The application must be approved by the commission before entering a producible or injection well to conduct the following operations:

(1) perforate or reperforate casing,

(2) stimulate,

(3) pull tubing,

(4) alter casing,

(5) repair well.

(b) The Form 10-403 filing must set forth the following:

(1) the current condition of the well;

(2) a copy of the proposed program for well work;

(3) a diagram and description of the BOP equipment required by 20 AAC 25.285(a) and the static bottom-hole pressure;

(4) a description of the workover fluid to be used for primary well control.

(c) The operator shall keep records and reports of well workover and repair operations in conformance with the requirements of 20 AAC 25.070.

(d) The operator shall file with the commission within 30 days after completion of workover and repair operations a complete well record on a Report of Sundry Well Operations (Form 10-404), including a copy of the daily reports of well operations. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.285. BLOWOUT PREVENTION EQUIPMENT FOR WORK-OVER OPERATIONS. (a) General requirements

(1) a schematic diagram of the BOP must be submitted with the Application for Sundry Approvals (Form 10-403). BOPE and related well control equipment must be installed, used, maintained and tested in a manner necessary to assure well control.

(2) The working pressure of any blowout preventer (BOP) must exceed the anticipated surface pressure to which it may be subjected.

(b) BOPE must be installed, as appropriate, for the proposed downhole operations as follow:

(1) for production tubing and drill pipe operations, BOPE, including choke and kill line in accordance with API RP 53 "Recommended Practices for Blowout Prevention Systems;"

(2) for coil tubing operations, a stuffing box and BOP with blind/shear and tubing rams with hydraulic slips;

(3) for braided and slickline operations, a lubricator with stuffing box and wireline rams;

(4) for downhole operations not covered by this subsection, the commission will, in its discretion, approve alternate BOPE installations.

(c) BOPE required by (b)(1) of this section must be pressure tested in accordance with API RP 53 "Recommended Practice for Blowout Prevention Systems" before well bore entry. Sufficient notice must be given so that a representative of the commission may witness the test. BOPE must be function tested weekly after that.

(d) BOPE for coiled tubing and wireline operations must be pressure tested following installation and at lease weekly thereafter. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.300 is amended to read:

20 AAC 25.300. REQUEST FOR ADDITIONAL INFORMATION. This chapter does not limit or restrict the authority of the commission to require the furnishing of such additional reports, data, or other information relative to drilling, production, transportation, storage, or handling of crude oil or natural gas <u>and injection operations on oil and gas properties and units</u> in Alaska, as may appear to it to be necessary or desirable, either generally or specifically, for the prevention of waste<u>, protection of correlative rights</u>, and the conservation of the natural resources [OF ALASKA]. (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030

20 AAC 25.310 is amended to read:

20 AAC 25.310. BOOKS AND RECORDS. All operators, producers, transporters, storers, and handlers of crude oil and natural gas on oil and gas properties and units within Alaska shall make, and keep in Alaska for a period of not less than five years, appropriate books and records covering their operation in Alaska. The data from these books and records must be used to make and substantiate the reports required by this chapter. (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030

20 AAC 25.320 is amended to read:

20 AAC 25.320. FORMS TO BE USED. (a) Where this chapter requires forms to be filed, the forms to meet these requirements and the submission frequency are as follows:

(1) Application for Permit to Drill -- Form 10-401 (each well);

(2) Bond -- Form 10-402 (before drilling each well unless blanket bond filed);

(3) Application for Sundry Approvals [SUNDRY NOTICES AND REPORTS ON WELLS] -- Form 10-403 (irregular [AS NEEDED]);

(4) Report of Sundry Well Operations [MONTHLY REPORT OF DRILLING AND WORKOVER OPERATIONS] -- Form 10-404 (irregular) [(MONTHLY)];

(5) Monthly Production [AND INJECTION] Report -- Form 10-405 (monthly);

(6) Monthly Injection Report -- Form 10-406 (monthly);

(7)[(6)] Well Completion or Recompletion Report and Log -- Form 10-407 (within 30 days after completion, suspension, or abandonment);

(8)[(7)] Well Status Report and Gas-Oil Ratio Tests -- Form 10-409 (irregular);

(9) Designation or Change of Operator -- Form 10-411 (irregular);

(10)[(8)] Reservoir Pressure Report -- Form 10-412 (irregular);

(11)[(9)] Report of Injection Project -- Form 10-413 (monthly);

(12) Notice of Change of Ownership -- Form 10-417 (irregular);

(13)[(10)] Gas Well Open Flow Potential Test Report -- Form 10-421 (before significant production) [(UPON COMPLETION OF GAS WELL OR AT A TIME APPROVED BY THE COMMISSION)]; and

(14)[(11)] Producer's Report of Gas Disposition -- Form 10-422 (monthly).

(b) Completed [THESE] forms must be submitted to the Alaska Oil and Gas Conservation Commission at 3001 Porcupine Drive, Anchorage, Alaska 99501-3192. One originally signed state printed form (not a copy) must be submitted with the required number of copies indicated on each form. (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030

20 AAC 25.400 is repealed.

20 AAC 25.400. APPLICATION FOR ADDITIONAL RECOVERY. Repealed / / .

20 AAC 25 is amended by adding a new section to read:

20 AAC 25.402. ENHANCED RECOVERY OPERATIONS. (a) Enhanced recovery operations involving the introduction of extraneous forms of energy into a pool by injection are prohibited except as ordered by the commission in response to an application filed by an operator for an enhanced recovery project. This section and 20 AAC 25.412 apply to wells which are proposed to be converted to injection and new wells drilled solely for the purpose of injection for enhanced recovery projects. Orders authorizing injection for enhanced

recovery projects remain valid unless revoked by the commission.

(b) The operator has the burden of demonstrating that the proposed operation will not allow the movement of fluid into sources of freshwater. Injection wells must be cased and the casing cemented in a manner that will protect oil, gas, and freshwater sources.

(c) The application must include

(1) a plat showing the location of all proposed injection wells, including abandoned wells, production wells, dry holes, and any other wells which penetrate the injection zone within one-quarter mile of each injection well;

(2) a list of all operators and surface owners within one-quarter mile radius of each proposed injection well;

(3) an affidavit showing that the operators and surface owners within a one-quarter mile radius have been provided a copy of the application for injection;

(4) a full description of the particular operation for which approval is requested;

(5) the names, description, and depth of the pools to be affected;

(6) the name, description, depth, and thickness of the formation into which fluids are to be injected, and appropriate geological data on the injection zone and confining zones, including lithologic descriptions and geologic names;

(7) logs of the injection wells if not already on file or other similar information;

(8) a description of the casing of the injection wells, or the proposed casing program and the proposed method for testing casing before use of the injection wells;

(9) a statement of the type of fluid to be injected, its composition, its source, the estimated maximum amounts to be injected daily, and compatibility with the receiving formation and confining zones;

(10) the estimated average and maximum injection pressure;

(11) evidence and data to support a commission finding that each proposed injection well will not initiate or propagate fractures through the overlying strata or confining zones which might enable the injection fluid or formation fluid to enter any freshwater strata.

(12) an analysis of the water within the formation into which fluid injection is proposed by a standard laboratory water analysis determination or by an analytical method acceptable to the commission;

(13) reference to any applicable freshwater exemption issued under 20 AAC 25.450; and

(14) the expected incremental increase in ultimate hydrocarbon recovery.

(d) Mechanical integrity for injection wells drilled or converted to injection wells after the effective date of approval of the commission's program under 42 U.S.C. 300h-4 must be demonstrated under 20 AAC 25.412 before operation. Mechanical integrity of all injection wells must be demonstrated by the operator by monitoring the pressure in the casing-tubing annulus during actual injection. The monitored annulus pressure must be reported monthly on the Monthly Injection Report (Form 10-406).

(e) If the casing-tubing annulus pressure reaches 70 percent of the minimum internal yield strength of the casing, or if there is more than a 200 psi change in pressure between consecutive pressure readings, the commission must be immediately notified and commission approved corrective action taken.

(f) The commission will, in its discretion, require additional mechanical integrity tests.

(g) Modifications of existing or pending injection operations will be approved by the commission, in its discretion, under 20 AAC 25.507 upon application containing sufficient detail to evaluate the proposed modification. Approvals for remedial work under this section are valid for two years but may be extended on request by filing an Application for Sundry Approvals (Form 10-403) with the commission if there has been no change in geologic, regulatory, or environmental situations. No modification will be approved unless the applicant proves to the commission that the modification or variation will not allow the movement of fluids into sources of freshwater.

(h) The operator shall provide a report on the mechanical conditions of all wells which have penetrated the injection zone within a one-quarter mile radius of an injection well. It is the operator's responsibility to assure that any wells under the operator's control within radius of investigation which may allow the movement of fluids into sources of freshwater are properly repaired, plugged, or otherwise modified. If wells exist which are not under the operator's control, the commission will not approve the application until the operator responsible for these wells has properly repaired, plugged, or otherwise modified the wells to prevent the movement of fluids into sources of freshwater.

(i) The commission will publish notice of the enhanced recovery application and provide opportunity for a hearing in accordance with 20 AAC 25.540.

(j) If injection operations are not begun within 24 months of the approval date, the enhanced recovery approval will expire unless an application for extension is approved by the commission. (Eff. / / , Register)

Authority: AS 31.05.030
AS 31.05.090

20 AAC 25.410 is repealed.

20 AAC 25.410. INJECTION WELLS. Repealed / / .

20 AAC 25 is amended by adding new sections to read:

20 AAC 25.412. CASING, CEMENTING AND TUBING OF INJECTION WELLS FOR ENHANCED RECOVERY, DISPOSAL AND STORAGE. (a) Wells which inject fluids for enhanced recovery of oil or gas, for disposal of non-hazardous oil field waste fluids, or for storage of liquid hydrocarbons must be cased with safe and appropriate casing and tubed to prevent leakage and must be cemented to protect oil, gas, and freshwater sources.

(b) A new well drilled for the injection of fluids must be cased, cemented, and pressure tested in conformance with 20 AAC 25.030.

(c) An existing well newly converted for injection of fluids may not be operated before pressure testing the casing immediately exterior to the injection tubing string. The casing must be tested at a surface pressure of 1,500 psig or 0.25 psi/ft multiplied by the true vertical depth of the casing shoe whichever is greater, but may not exceed 70 percent of the minimum yield strength of the casing. If the pressure declines more than 10 percent within 30 minutes, corrective measures must be taken until a satisfactory pressure test is achieved.

(d) Fluid injection wells must be equipped with tubing and packer or other equipment which isolates pressure to the injection interval. The minimum internal yield pressure of the tubing must exceed the maximum surface injection pressure by at least of 25 percent.

(e) Sufficient notice of pressure tests required by (c) must be given so that a representative of the commission may witness the test. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.420. NOTICE OF COMMENCEMENT AND DISCONTINUANCE OF INJECTION OPERATIONS. (a) At least 10 days before beginning an injection operation or program, the operator shall notify the commission of the intended injection date.

(b) Within 10 days after discontinuing an injection operation or program, the operator shall notify the commission of the date of discontinuance and the reasons for it. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.430 RECORDS AND REPORTS is amended to read:

20 AAC 25.430. <u>ENHANCED RECOVERY</u> RECORDS [AND REPORTS]. Each operator shall keep accurate records showing volumes of fluids produced, injected volumes, reservoir pressures and injection pressures <u>by well and pool</u>. <u>Each operator shall retain these records for five years. The commission will, in its discretion, specify retention of these records for a longer time period.</u> Upon reasonable notice, the commission or its authorized representative must be given full access during normal business hours to all records [AND REPORTS]. [EACH OPERATOR SHALL FILE WITH THE COMMISSION A MONTHLY REPORT WHICH SHOWS ALL PRODUCED AND INJECTED VOLUMES AND OTHER DATA AS REQUIRED BY THE COMMISSION ON THE FORMS

ENTITLED MONTHLY PRODUCTION AND INJECTION REPORT (FORM 10-405), REPORT OF INJECTION PROJECTS (From 10-413) AND PRODUCER'S REPORT OF GAS DISPOSITION (FORM 10-422).] (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030

20 AAC 25 is amended by adding new sections to read:

20 AAC 25.432. REPORT OF UNDERGROUND INJECTION. Each operator who injects fluids into subsurface strata through a service well for any purpose, other than fracturing, acidizing, or other similar treatment, shall file with the commission monthly reports which show all injected volumes and other data by well and pool as required by the commission on forms entitled Monthly Injection Report (Form 10-406), Report of Injection Projects (Form 10-413) and, where applicable, the Producer's Report of Gas Disposition (Form 10-422). Computerized forms may be submitted in place of required forms if they contain the same required information and have been approved for format by the commission. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.440. FRESHWATER AQUIFER EXEMPTION. (a) The commission will, in its discretion, after due and legal notice and an opportunity for public hearing, designate a

freshwater aquifer or portion of it as an exempt freshwater aquifer if the freshwater aquifer meets the following criteria:

(1) it does not currently serve as a source of drinking water; and

(2) it cannot now and will not in the future serve as a source of drinking water because

(A) it is hydrocarbon producing or can be demonstrated to contain hydrocarbons that, considering their quantity and location, are expected to be commercially producible;

(B) it is situated at a depth or location which makes recovery of water for drinking water purposes economically or technologically impractical; or

(C) it is so contaminated that recovery of water for drinking water purposes is economically or technologically impractical; or

(3) the total dissolved solids content of the ground water is more than 3,000 and less than 10,000 mg/l, and it is not reasonably expected to supply a public water system.

(b) To apply for exemption of a freshwater aquifer,an operator shall submit to the commission an application which includes sufficient data to justify the proposal. The

commission will provide 30 days legal notice and the opportunity for a public hearing on the matter.

(c) Freshwater acquifers within Alaska that are designated as exempt acquifers by the United States Environmental Protection Agency at the time the commission is granted primary enforcement responsibility under 42 U.S.C. 300h-4 will be accepted as exempt acquifers by the commission without further action. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.450. UNDERGROUND INJECTION CONTROL VARIANCES. (a) When injection does not occur into, through, or above a freshwater source or non-exempt freshwater aquifer, the commission will, in its discretion, authorize a well or project with less stringent requirements than otherwise required by this chapter for radius of investigation, casing and cementing, mechanical integrity, operation, monitoring, and reporting to the extent that the reduction in requirements will not result in an increased risk of movement of fluids into a freshwater source.

(b) At the discretion of the commission, pilot projects for enhanced recovery using a technology not proved feasible under the conditions in which it is being tested may be operated with less stringent requirements if the project will

not result in an increased risk of fluid movement into freshwater sources. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.460. AREA INJECTION ORDERS. (a) Upon application, the commission will, in its discretion, after legal notice and opportunity for public hearing in accordance with 20 AAC 25.540, issue an order permitting the underground injection of fluids on an area basis, rather than for each well individually, if the wells are

(1) described and identified by location in the application if they are existing wells, except that the commission will, in its discretion, accept a single description of wells with substantially the same characteristics;

(2) within the same field, facility site, reservoir, project, or similar unit;

(3) operated by a single operator; and

(4) used to inject other than hazardous waste.

(b) The area injection order will specify

(1) the area and strata within which underground injections are authorized; and

(2) the requirements for drilling, operating, monitoring, reporting, and abandoning all wells authorized by the order.

(c) The area injection order will, in the commission's discretion, authorize the operator to drill and operate, convert, or plug and abandon wells within the area if

(1) the operator files with the commission a Form 10-401 or Form 10-403, as appropriate, for approval before work;

(2) any additional wells satisfy the criteria in (a) of this section and meet the requirements specified in the order under (b) of this section; and

(3) the cumulative effects of drilling and operating additional injection wells are considered by the commission during evaluation of the area injection order application and are acceptable to the commission.

(d) If the commission determines that any well drilled and operated under (c) of this section does not satisfy any of the requirements of (c)(1) or (c)(2) of this section, the commission will take enforcement action to ensure compliance. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.505 is amended to read:

20 AAC 25.505. SCOPE OF REGULATIONS. This chapter consists of general regulations of statewide application which apply to all wells, pools, [AND] fields and oil and gas

properties. However, the commission will, in its discretion, and after notice and opportunity for public comment, adopt orders applicable to particular areas or subject matter, which prevail over these general regulations to the extent that the orders do not create waste or impugn correlative rights [THEY ARE IN CONFLICT]. Variance to these general regulations which govern underground injection must be in conformance with 20 AAC 25.450. (Eff. 4/13/80, Register 74; am. / /85, Register)

Authority: AS 31.05.030
AS 31.05.100

20 AAC 25 is amended by adding a new section to read:

20 AAC 25.507. CHANGE OF AN APPROVED PROGRAM. Where unexpected conditions necessitate a substantive change in an already approved program of operations, complete details of the current condition and the proposed change must be submitted to the commission with the Application for Sundry Approvals (Form 10-403). A change of program may not be undertaken without commission approval. In cases where prompt approval is needed, verbal approval may be obtained from the commission or its authorized representative and the required Form 10-403 subsequently submitted, setting forth the name of the person that provided verbal approval and the date of the verbal approval. The commission will condition

its approval as necessary to protect oil, gas and freshwater sources. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.510 is amended to read:

20 AAC 25.510. COMMISSION OFFICE, HOURS AND SEAL. (a) The principal office of the Alaska Oil and Gas Conservation Commission is located at 3001 Porcupine Drive, Anchorage, Alaska 99501-3192. The commission's telephone number is (907) 279-1433.

(b) The office of the commission is open for the transaction of business each day from 8:00 am until 12:00 noon and from 1:00 pm until 4:30 pm, except Saturday, Sunday, and every state holiday. A commission representative will be available after normal office hours and on weekends and state holidays through an answering service by calling the same number as shown in (a) of this section.

(c) The official seal of the commission is reproduced below.

(Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.017
AS 31.05.030
AS 31.05.050(b)

20 AAC 25.515 is amended to read:

20 AAC 25.515. U.S. GOVERNMENT LEASES. Any person, including a federal agency, [ALL PERSONS] drilling for or producing oil or natural gas or conducting underground injection activities related to the recovery and production of oil or gas on federal land [UNITED STATES GOVERNMENT LEASES] shall comply with all applicable regulations and orders of the commission [WHICH ARE NOT IN CONFLICT WITH APPLICABLE UNITED STATES GOVERNMENT REGULATIONS]. (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030
[AS 31.05.027]

20 AAC 25 is amended by adding a new section to read:

20 AAC 25.517. PLAN FOR POOL DEVELOPMENT AND OPERATION, AND INTEGRATION OF INTERESTS. (a) Upon discovery of an oil or gas pool that would appear to a reasonable and prudent operator to be of sufficient value to warrant development, the operator shall within 90 days and annually thereafter submit to the commission for approval a plan of development and operation for the pool.

(b) The plan of development and operation must provide for

(1) the prevention of waste;

(2) the protection of correlative rights for the owner of each property in the pool; and

(3) the maximum ultimate recovery of oil and gas that is prudent.

(c) A copy of an agreement validly integrating the interests of all persons owning interests in affected property in a pool must be filed with the commission no later than 30 days before the commencement of regular production from the pool. In the absence of an agreement, the commission will, in its discretion, issue an order creating a unit for a pool after notice and public hearing in accordance with 20 AAC 25.540. (Eff. / / , Register)

Authority: AS 31.05.030
AS 31.05.110

20 AAC 25.520 is amended to read:

20 AAC 25.520. FIELD AND POOL REGULATION AND CLASSIFICATION. (a) Upon the motion [REQUEST] of the commission or request of any affected property operator or [LEASE] owner at any time after the discovery of oil or gas in a field or pool, or both, a hearing will be held and the commission will issue an order, based upon the evidence presented, classifying the pool as an oil or gas pool in a field and prescribing rules for the development of the pool. All pool orders so promulgated must

(1) prevent waste and protect correlative rights; and

(2) be based on the operating and technical data presented.

(b) The commission will, in its discretion, reclassify fields and pools or amend pool orders upon the presentation of additional data at a subsequent hearing. (Eff. 4/13/80, am. / / , Register 74)

Authority: AS 31.05.020
AS 31.05.030
AS 31.05.060
AS 31.05.100

20 AAC25.525 is amended to read:

20 AAC 25.525. FORMS UPON REQUEST. Forms required by this chapter [FOR APPLICATIONS, NOTICES, APPROVALS, AND REPORTS REQUIRED BY THE COMMISSION] will be furnished upon request. (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030

20 AAC 25.526 is amended to read:

20 AAC 25.526. WORKMANLIKE OPERATIONS AND FIRE HAZARD. The operator shall carry on all operations and maintain the property at all times in a safe and workmanlike manner in accordance with acceptable practices and having due regard for the preservation and conservation of the property and protection of freshwater. Each well location and property must be maintained in a manner to prevent fires. All rubbish, debris, waste material, spilled oil, and any other substance that constitutes a fire hazard must be disposed of in a manner and at a location approved by all applicable state and federal regulatory agencies. (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030

20 AAC 25 is amended by adding a new section to read:

20 AAC 25.528. OPEN PIT STORAGE OF OIL. An operator may not, except during an emergency, permit oil to be stored or retained in earthen reservoirs or in any receptacle in which there may be waste of oil. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.530 is amended to read:

20 AAC 25.530. COOPERATION WITH OTHER PARTIES. The commission will, in its discretion, from time to time enter into arrangements with Alaska and federal government agencies, industry committees, and individuals with respect to special projects, services, and studies relating to <u>underground fluid injection and</u> the conservation of oil and gas. If any arrangement requires the commission to utilize procedures not covered in this chapter, the procedures necessary to carry out the intent of the arrangement will be formulated and made available at the office of the commission after public notice and opportunity for public comment. (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.023
AS 31.05.030

20 AAC 25 is amended by adding a new section to read:

20 AAC 25.534. TESTS, SURVEYS, AND REMEDIAL MEASURES. When considered necessary or advisable to carry out the purposes of the Alaska Oil and Gas Conservation Act and this chapter, the commission will require that tests or surveys be made to determine the quality of oil and gas produced; the formation, casing, tubing, or other pressures; or the existence of any waste of crude oil, gas, or reservoir energy. If it is determined that waste is occurring, the commission will order remedial work it considers necessary. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.536 is amended to read:

20 AAC 25.536. GEOLOGIC DATA AND LOGS. (a) The operator shall <u>log</u> [LOT] the portion of the hole below the conductor pipe by either a complete electrical log or a complete radioactivity log unless the commission specifies which type of log is to be run.

(b) Within 30 days after completion, suspension, or abandonment of a drilling well, the operator shall file with the commission

(1) a <u>sepia and a reproduced copy of a</u> complete

mud log or a lithology log consisting of a detailed record and description of the sequence of strata encountered, including kind and character of the rock and all shows of hydrocarbons;

(2) a complete set of washed and dried, legibly-identified samples of all drill [WELL] cuttings as caught by the operator in accordance with good geological practices consisting of a minimum of one-quarter cup in volume or three ounces in weight of cuttings for each sample interval;

(3) a lithologic [BRIEF] description of all cores and a chip or chips from each foot of recovered core; the chips must be representative of the one foot interval and be approximately one cubic inch in volume or two ounces in weight;

(4) a list of the geologic markers encountered in the well and the measured and true vertical depths of each marker;

(5) a sepia and a reproduced copy of all logs run in the well, (including dipmeter and [THE] composite logs, if available) except velocity surveys and experimental logs; [AND]

(6) [THE DIGITIZED DATA] if available, a tape and verification listing of the digitized data [FOR COPYING,] for [ALL] logs required in (5) of this subsection, except the dipmeter survey, including a written description of the logical and physical format of the digitized data; and

(7) a copy of all drill stem test data and charts; core analysis determinations of porosity, permeability and fluid saturations; and formation water analyses obtained by the operator. These data must be filed as soon as they are available when the 30 day filing period cannot be met.

(c) The commission will, in its discretion, waive the requirements of (a), (b)(1), and (b)(2) of this section for development wells.

(d) In this section

(1) "experimental logs" means the logs which are so newly developed or so limited or specialized in application that they are not commonly run on petroleum exploration or development wells; and

(2) "velocity survey" means a survey, the primary purpose of which is to determine velocity of seismic waves through formations penetrated by a well by measuring travel times of seismic pulses from or near the surface to a seismometer lowered to various depths in the well[, AND ALSO INCLUDES THE INTEGRATED TIME MARKERS ON SONIC LOGS]. (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030
AS 31.05.035

20.AAC 25.537 is amended to read:

20.AAC 25.537 PUBLIC AND CONFIDENTIAL WELL INFORMATION. (a) The commission will routinely make available to the public, by means of records or reports, in its offices or elsewhere, or by means of regular publication, the following information:

(1) surface and proposed bottom-hole location of each well, after approval of the drilling permit;

(2) total depth, bottom-hole location and well status after the Well Completion or Recompletion Report and Log (Form 10-407) is filed;

(3) regular production data and regular production reports, as required to be filed by the operator each month; [AND]

(4) injection data and injection reports, as required to be filed by the operator each month; and

(5) [(4)] all [WELL INFORMATION] data filed on a well as required [TO BE FILED] by this chapter upon [THE OPERATOR AFTER THE] expiration of the confidential period.

(b) Information not required by this chapter, but voluntarily filed with the commission will be kept confidential if the person filing the information so requests.

(c) In this section, "well status" means the classi-

fication of a well as oil, gas, service, suspended, or abandoned.

(d) Except as provided by (a) of this section, the reports and information required by this chapter to be filed by the operator will be kept confidential by the commission for 24 months following the 30-day filing period after well completion, suspension or abandonment unless the operator gives written and unrestricted permission to release all of the reports and information at an earlier date. Upon notification that [FROM] the commissioner of the Department of Natural Resources [THAT HE] has made a finding that the required reports and information from a well [DRILLED ON STATE LAND] contain significant information relating to the valuation of unleased land in the same vicinity, the commission will hold the reports and information confidential beyond the 24-month period and until notified by the commissioner of the Department of Natural Resources to release the reports and information.

(e) Notwithstanding (b) or (d) of this section, any information obtained or used by the commission in the administration of its program under 42 U.S.C. 300(h)-4

(1) will be made available to the public unless the material has been claimed confidential and has been determined by the commission to be entitled to confidential

treatment; claims of confidentiality will be denied for the following:

(A) the name and address of any applicant for underground injection of fluids, and

(B) information which deals with the existence, absence or level of contaminants in freshwater;

(2) will be made available to the U.S. Environmental Protection Agency upon request; if the information has been submitted to the commission under claim of confidentiality, the commission will submit that claim to the U.S. Environmental Protection Agency when providing the information. (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.026
AS 31.05.030
AS 31.05.035
AS 31.05.170

20 AAC 25.538 is repealed.

20 AAC 25.538. NAMING OF FIELDS AND POOLS. Repealed / / .

20 AAC 25.540 is amended to read:

20 AAC 25.540. HEARINGS. (a) [UPON ITS OWN MOTION OR] When a written request is received to issue an order affecting a single well or a single field, the commission will give notice by publishing in an appropriate newspaper. The notice will provide the essential details of the proposed or requested order and set out the date, time, and place for a hearing. A proper protest and request in writing for a hearing must be filed with the commission at its office in Anchorage, Alaska within 15 [10] days after the publication date by any person who may be aggrieved if [BY] the requested order[,] is [IF] issued. If such a

protest is timely filed, a hearing will be held on the date and time specified in the notice. If no protest is timely filed, the commission will, in its discretion, issue an [ISSUANCE OF THE] order [WILL BE CONSIDERED BY THE COMMISSION] without a hearing.

(b) Upon its own motion or when a written request for a public hearing is received concerning a matter within jurisdiction of the commission under this chapter, the commission will give notice by publishing in an appropriate newspaper. The notice will provide the essential details of the matter and set out the date, time and place for the hearing.

(c)[(b)] The following procedure will be followed at public hearings conducted under (a) and (b) of this section:

(1) the hearing will be called to order and the subject of the hearing along with the date and place of public notice given for the hearing will be read into the record;

(2) the commission will receive both sworn testimony and unsworn statements; it will give greater weight in its deliberations to sworn testimony;

(3) all persons wishing to testify will be sworn;

(4) each witness shall state his or her name and who he or she represents;

(5) each witness who wishes to give expert testimony shall state his or her qualifications and the commission will rule on whether the witness qualifies as an expert;

(6) the applicant will be asked to present [HIS] testimony first; all others wishing to present testimony will be heard next; upon request, the commission will, in its discretion, allow cross-examination of witnesses by the applicant or affected owners;

(7) any person wishing to make an oral statement will be allowed to do so after the conclusion of all testimony;

(8) any person wishing to submit a written statement will be permitted to do so after the conclusion of the oral statements;

(9) the commission will, in its discretion, ask questions of any of the witnesses;

(10) members of the audience will not be permitted to ask questions of witnesses directly; if they wish to have a question directed to a witness, they must write the question down and give it to a designated commission representative indicating to whom the question should be directed; before the end of the hearing, the commission will review these questions and ask those which it believes will be helpful in eliciting needed information; all questions will be included in the hearing record; and

(11) a written transcript of the hearing will be prepared and included in the public record of the hearing.

(d)[(d)] Hearings on matters of statewide or general application will be held under the applicable provisions of AS 44.62 (Administrative Procedure Act). (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030
AS 31.05.050
AS 31.05.060

20 AAC 25.555 is repealed.

20 AAC 25.555. ORDERS. Repealed / / .

20 AAC 25.557 is amended to read.

20 AAC 25.557. SUBPOENAS. (a) The commission will, in its discretion, issue subpoenas and subpoenas duces tecum.

(b) Subpoenas duces tecum for the production of books, records, papers, or other documents of any sort will, in the commission's discretion, be issued by the commission upon a written request. The applicant shall [MUST] establish that the applicant [HE] has a proper relation to the matter and show the relevance of the evidence sought and the facts expected to be proved by them.

(c) The issuance of subpoenas, requiring the attendance of a witness for the purpose of taking oral testimony before the commission will, in the commission's discretion, be issued by the commission upon a written request. The applicant shall [MUST] establish that the applicant [HE] has proper relation to the matter and give the name and address of the desired witness. (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030
AS 31.05.070

20 AAC 25.570 is repealed and re-adopted to read:

20 AAC 25.570. DEFINITIONS. In this chapter, unless the context clearly requires otherwise

(1) "abandoned well" means a well that has been plugged as required by 20 AAC 25.105 and the abandonment marker installed as required by 20 AAC 25.120;

(2) "abandonment operations" means work performed as required by 20 AAC 25.105 and 20 AAC 25.120 in a dry hole or an oil, gas, service or suspended well to effect abandonment;

(3) "abnormally geo-pressured strata" means subsurface zones where the pore pressure exceeds the calculated hydrostatic pressure for the depth of the strata using a hydrostatic pressure gradient of 0.50 psi/ft;

(4) "actual drilling operations" means the actual penetration of ground below the setting depth of structural or conductor casing, whichever is first set, by the drill bit, utilizing a drilling unit capable of performing the permitted well work, and includes the running of casing, cementing and other downhole work performed ancillary to formation evaluation and drilling the well to the permitted depth;

(5) "API" means the American Petroleum Institute;

(6) "API Specifications" means those specifications that are in effect at the time these regulations are promulgated.

(7) "API Standards" means those standards that are in effect at the time these regulations are promulgated.

(8) "API RP" means those recommended practices that are in effect at the time these regulations are promulgated.

(9) "barrel" means 42 U.S. gallons, measured under standard conditions;

(10) "BOP" means blowout preventer, which is a casinghead assembly equipped with special gates or rams or other packoffs which can be closed around the drill pipe, tubing, casing, or tools and which completely closes the top of the casing to control well pressure;

(11) "BOPE" means blowout prevention equipment system;

(12) "completed well" means a well which has been drilled and equipped as a producible or service well;

(13) "completion operations" means the work performed in an oil, gas or service well after the casing and cementing of the well bore, and includes plugging, perforating, stimulating, testing and equipping the well as a producible or service well;

(14) "day" means a calendar day;

(15) "development well" means a well drilled to a known productive pool;

(16) "drilling fluid" means any fluid used for the purpose of drilling a well;

(17) "drilling unit" means that area of a pool set by the commission either by order or regulation, to which no more than one oil or gas well may be drilled or produced;

(18) "exploratory well" means a well that is drilled to discover a pool;

(19) "fluid" means any material or substance which flows or moves whether in a semi-solid, liquid, sludge, gas, or other form or state;

(20) "freshwater" means water having a total dissolved solids concentration of less than 10,000 milligrams per liter which occurs in strata not exempted by 20 AAC 25.440 or water which occurs in strata which supply a source of drinking water for human consumption;

(21) "gas-oil ratio" means the standard cubic feet of gas produced per barrel of oil produced;

(22) "gas well" means a well which produces natural gas not associated with an oil pool;

(23) "injection" means the subsurface emplacement of fluid; injection may be for enhanced recovery of oil or natural gas, disposal of water or other oil field waste fluids, or for the underground storage of hydrocarbons which are liquid at standard temperature and pressure;

(24) "multiple completion" means the completion of any well so as to permit production from more than one pool with the production from each pool completely segregated;

(25) "oil well" means a well which produces crude oil;

(26) "operator" means an owner or any person duly authorized by an owner who is responsible for drilling, development, production, injection and abandonment operations;

(27) "potential" means the actual or computed daily ability of a well to produce oil or gas;

(28) "property" means a legally described tract of land, submerged or otherwise, to which a person has the exclusive right to drill, extract, remove, clean, process and dispose of oil, gas, and associated substances;

(29) "reservoir" means the same as pool;

(30) "service well" means a well drilled or completed for the purpose of supporting production in an existing field; service wells are drilled for gas injection, water injection, steam injection, air injection, salt water and oil field waste disposal, liquid hydrocarbon storage, water supply for injection, observation, and injection in in-situ combustion;

(31) "spud date" means the day that actual drilling operations commence;

(32) "standard conditions" means a temperature of 60 degrees Fahrenheit and an absolute pressure of 14.65 pounds per square inch;

(33) "stratigraphic test" means a hole drilled for the sole purpose of gaining structural or stratigraphic information or both;

(34) "suspended well" means a well which has been plugged as required by 20 AAC 25.105 and held in abeyance pending a determination to either complete the well as a service or producible well or to abandon the well;

(35) "suspension operations" means work performed as required by 20 AAC 25.105 in a well bore to effect well suspension.

(36) "unit" means an aggregation by agreement of properties overlying a pool to form a single property unit for the purpose of pool development and operation in a manner to prevent waste, insure greater ultimate recovery of oil and gas and protect correlative rights;

(37) "well abandonment date" means the day that abandonment operations cease;

(38) "well completion date" means the day that completion operations cease;

(39) "well suspension date" means the day that suspension operations cease. (Eff. 4/13/80, Register 74; am. / / , Register)

Authority: AS 31.05.030

STATE OF ALASKA

ALASKA OIL AND GAS CONSERVATION COMMISSION

PERMIT TO DRILL

20 AAC 25.005

1a. Type of work: Drill ☐ Redrill ☐ Re-Entry ☐ Deepen ☐

1b. Type of well: Exploratory ☐ Stratigraphic Test ☐ Development Oil ☐ Service ☐ Development Gas ☐ Single Zone ☐ Multiple Zone ☐

2. Name of Operator

3. Address

4. Location of well at surface

At top of productive interval

At total depth

5. Datum Elevation (DF or KB) feet

6. Property Designation

7. Unit or property Name

8. Well number

9. Approximate spud date

10. Field and Pool

11. Type Bond (see 20 AAC 25.025)

Number

Amount

12. Distance to nearest property line feet

13. Distance to nearest well feet

14. Number of acres in property

15. Proposed depth (MD and TVD) feet

16. To be completed for deviated wells

Kickoff depth feet Maximum hole angle °

17. Anticipated pressure (see 20 AAC 25.035(e)(2)

Maximum surface psig At total depth (TVD) psig

18. Casing program

Size Hole	Size Casing	Specifications Weight	Grade	Coupling	Length	Setting Depth MD Top TVD	MD Bottom TVD	Quantity of cement (include stage data)

19. To be completed for Redrill, Re-entry, and Deepen Operations.

Present well condition summary

Total depth: measured feet Plugs (measured)

true vertical feet

Effective depth: measured feet Junk (measured)

true vertical feet

Casing	Length	Size	Cemented	Measured depth	True Vertical depth
Structural					
Conductor					
Surface					
Intermediate					
Production					
Liner					

Perforation depth: measured

true vertical

20. Attachments Filing fee ☐ Property plat ☐ BOP Sketch ☐ Diverter Sketch ☐ Drilling program ☐

Drilling fluid program ☐ Time vs depth plot ☐ Refraction analysis ☐ Seabed report ☐ 20 AAC 25.050 requirements ☐

21. I hereby certify that the foregoing is true and correct to the best of my knowledge

Signed Title Date

Commission Use Only

Permit number	API number 50 -	Approval date	See cover letter for other requirements

Conditions of approval Samples required ☐ Yes ☐ No Mud log required ☐ Yes ☐ No

Hydrogen sulfide measures ☐ Yes ☐ No Directional survey required ☐ Yes ☐ No

Required working pressure for BOPE ☐ 2M; ☐ 3M; ☐ 5M; ☐ 10M; ☐ 15M

Other:

Approved by Commissioner by order of the commission Date

Form 10-401 Rev. 7-1-85 Submit in triplicate

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION

BOND

20 AAC 25.025

BOND NUMBER _____ PENAL SUM $ _____

KNOW ALL MEN BY THESE PRESENTS,

That we, ...

of the City of ..... , State of .....

as principal, and .....

of ..... , as surety, authorized to do business in the State of Alaska, are held firmly bound unto the Alaska Oil and Gas Conservation Commission in the penal sum as indicated, lawful money of the United States, for which payment, well and truly to be made, we bind ourselves and each of us, and each of our heirs, executors, administrators or successors, and assigns jointly and severally, firmly by these presents.

Whereas the above bounden principal proposes to engage in the drilling, producing and operating of a well or wells for oil and/or gas, or proposes to drill holes for stratigraphic information in and upon the lands situated within the State of Alaska, at a location described as follows:

☐ SINGLE WELL BOND—minimum penal sum $ 250,000

Unit or Lease Name	Well Number	Area of State

Surface Well Location—Sec., Twp., Rng. and Mer.

☐ BLANKET BOND—minimum penal sum $ 500,000

Any and all wells drilled and operated by the principal in the State of Alaska.

NOW, THEREFORE, the above bounden principal shall comply with all of the provisions of the laws of the State of Alaska and the rules, regulations and orders of the Alaska Oil and Gas Conservation Commission, and file with the Alaska Oil and Gas Conservation Commission all notices and records required by said Commission.

This obligation shall remain in full force and effect until released by the Alaska Oil and Gas Conservation Commission at the request of Principal or Surety.

Witness our hands and seals this

.....day of ..... , 19..... (Principal) .....

Witness our hands and seals this

.....day of ..... , 19..... (Surety) .....

Approved: ..... Date: .....
Commissioner

Approved: ..... Date: .....
Commissioner

Approved: ..... Date: .....
Commissioner

(requires two signatures) ALASKA OIL AND GAS CONSERVATION COMMISSION

Countersigned:

_____
(Resident Agent, if necessary)

Submit in duplicate—one form will be returned

Form 10-402
Rev. 7-1-85

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION
APPLICATION FOR SUNDRY APPROVALS

1. Type of Request: Abandon ☐ Suspend ☐ Operation shutdown ☐ Re-enter suspended well ☐ Alter casing ☐
Time extension ☐ Change approved program ☐ Plugging ☐ Stimulate ☐ Pull tubing ☐ Amend order ☐ Perforate ☐ Other ☐

2. Name of Operator

3. Address

4. Location of well at surface

At top of productive interval

At effective depth

At total depth

5. Datum elevation (DF or KB) feet

6. Unit or Property name

7. Well number

8. Permit number

9. API number
50 ___

10. Pool

11. Present well condition summary

Total depth: measured feet Plugs (measured)
true vertical feet

Effective depth: measured feet Junk (measured)
true vertical feet

Casing	Length	Size	Cemented	Measured depth	True Vertical depth
Structural					
Conductor					
Surface					
Intermediate					
Production					
Liner					

Perforation depth: measured

true vertical

Tubing (size, grade and measured depth)

Packers and SSSV (type and measured depth)

12. Attachments Description sumary of proposal ☐ Detailed operations program ☐ BOP sketch ☐

13. Estimated date for commencing operation

14. If proposal was verbally approved

Name of approver Date approved

15. I hereby certify that the foregoing is true and correct to the best of my knowledge

Signed Title Date

Commission Use Only

Conditions of approval Notify commission so represtative may witness
☐ Plug integrety ☐ BOP Test ☐ Location clearance

Approval No.

Approved by Commissioner by order of the commission Date

Form 10-403 Rev. 7-1-85

Submit in triplicate

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION

REPORT OF SUNDRY WELL OPERATIONS

1. Operations performed: Operation shutdown ☐ Stimulate ☐ Plugging ☐ Perforate ☐ Pull tubing ☐ Alter Casing ☐ Other ☐

2. Name of Operator

3. Address

4. Location of well at surface

At top of productive interval

At effective depth

At total depth

5. Datum elevation (DF or KB) feet

6. Unit or property name

7. Well number

8. Approval number

9. API number 50-

10 Pool

11. Present well condition summary

Total depth: measured feet Plugs (measured)

true vertical feet

Effective depth: measured feet Junk (measured)

true vertical feet

Casing	Length	Size	Cemented	Measured depth	True vertical depth
Structural					
Conductor					
Surface					
Intermediate					
Production					
Liner					

Perforation depth measured

True vertical

Tubing (size, grade and measured depth)

Packers and SSSV (type and measured depth)

12. Stimulation or cement squeeze summary

Intervals treated (measured)

Treatment description including volumes used and final pressure

13. Representative Daily Average Production or Injection Data

	Oil-Bbl	Gas-Mcf	Water-Bbl	Casing Pressure	Tubing Pressure
Prior to well operation					
Subsequent to operation					

14. Attachments

Daily Report of Well Operations ☐ Copies of Logs and Surveys Run ☐

15. I hereby certify that the foregoing is true and correct to the best of my knowledge

Signed Title Date

Form 10-404 Rev.7-1-85 Submit in Duplicate

STATE OF ALASKA

ALASKA OIL AND GAS CONSERVATION COMMISSION

MONTHLY PRODUCTION REPORT

20 AAC 25.230

Name of Operator _____ Field and Pool _____ Month and Year of Production _____

1. WELL NO.	2. API NUMBER 50-	3. CLASS	4. FIELD & POOL CODE	5. METHOD	6. DAYS IN OPER	7. GAS-OIL RATIO	8. TUBING PSIG	DAILY AVG. PROD. 9. OIL (BBL)	10. WATER (BBL)	11. GAS (MCF)	TOTAL MONTHLY PRODUCTION 12. OIL (BBL)	13. WATER (BBL)	14. GAS (MCF)
15. Total													

I hereby certify that the foregoing is true and correct to the best of my knowledge

Signed _____

Title _____ Date _____

Form 10-405 Rev. 7-1-85

INSTRUCTIONS ON REVERSE SIDE

Submit In Duplicat

INSTRUCTIONS

1. Report due by the 20th of month following reporting period.

2. Property totals should be shown for each defined pool or defined commingling group similar to that required at the bottom of the page. Inclusion or more than one property in a pool on a page is permissible.

3. Codes utilized in column 3, classification of well, are:
   O-Oil producer
   G-Gas producer

4. Codes used in column 4, Field and Pool Code, are as assigned by the Alaska Oil and Gas Conservation Commission.

5. Codes utilized in column 5, Method of Operation are:
   1-Flowing
   2-Gas Lift
   3-Rod Pump
   4-Hydraulic Pump
   5-Submersible
   6-Standing or Shut-in
   7-Other

6. Wells with no production which are not abandoned should be shown with zero production and as Code 6 in column 5 under Method.

7. In column 6, Days in Operation, report any portion of a day as a full day.

8. Daily average production should equal total monthly production divided by Days in Operation.

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION

MONTHLY INJECTION REPORT

20 AAC 25.432

Name of Operator | Field and Pool | Month and Year of Injection

1. WELL NO.	2. API NUMBER 50-	3. CLASS	4. FIELD & POOL CODE	5. DAYS IN OPER	Tubing PRESSURE 6. Max psig	Tubing PRESSURE 7. Average psig	CASING PRESSURE 8. Max psig	CASING PRESSURE 9. Average psig	DAILY AVERAGE INJECTION 10. LIQUID (BBL)	DAILY AVERAGE INJECTION 11. GAS (MCF)	TOTAL MONTHLY INJECTION 12. LIQUID (BBL)	TOTAL MONTHLY INJECTION 13. GAS (MCF)

I hereby certify that the foregoing is true and correct to the best of my knowledge

14. Total

Signed ____________________

Title ____________________ Date ____________

INSTRUCTIONS

1. Report due by the 20th of month following reporting period.

2. Property totals should be shown for each defined pool or defined commingling group similar to that required at the bottom of the page. Inclusion of more than one property in a pool on a page is permissible.

3. Codes utilized in column 3, classification well, are:

O-Oil injector	M-miscible fluid injector
G-Gas injector	D-Fluid disposal injector
W-Water injector	S-Liquid storage injector

4. Codes used in column 4, Field and Pool Code, are as assigned by the Alaska Oil and Gas Conservation Commission.

5. In column 5, Days in Operation, report any portion of a day as a full day.

6. Daily average injection should equal total monthly injection divided by Days in Operation.

7. Columns 8 and 9 are to be used for reporting the pressure on the tubing-casing annulus at the wellhead.

STATE OF ALASKA

ALASKA OIL AND GAS CONSERVATION COMMISSION

DESIGNATION OF OPERATOR

20 AAC 25.020

1. Name of Owner

2. Address

3. Notice is hereby given of a designation of operatorship for the oil and gas property described below:

Property designation:

Legal description of property:

Property Plat Attached ☐

4. Name of Designated Operator

Address

5. Effective date designation

6. Acceptance of operatorship for the above described property with all attendant responsibilities and obligations is hereby acknowledged

Signed Title Date

7. The owner hereby certifies that the foregoing is true and correct

Signed Title Date

Form 10-411 Eff. 7-1-85

Submit in Duplicate

STATE OF ALASKA

ALASKA OIL AND GAS CONSERVATION COMMISSION

NOTICE OF CHANGE OF OWNERSHIP

20 AAC 25.022

1. Name of Operator

2. Address

3. Notice is hereby given that the owner ☐, landowner ☐ of record for the oil and gas property described below has assigned or transfered intrest in the property indicated below.

Property Designation:

Legal description of property:

Property Plat Attached ☐

4. Effective date of assignment or transfer

5. Percentage interest assigned or transferred

6. Assignee or Transferee:

Address:

7. Assignor or Transferor:

Address:

8. I hereby certify that the foregoing is true and correct to the best of my knowledge

Signed _____ Title _____ Date _____

Form 10-417 Eff. 7-1-85

Submit in Duplicate

#13

C.O. #212 Filmed 4-16-86 3-11-87

STATE OF ALASKA

OIL AND GAS CONSERVATION COMMISSION

PUBLIC HEARING

PROPOSED CHANGES TO REGULATIONS

CHAT CHATTERTON, CHAIRMAN
HARRY KUGLER, COMMISSIONER
LONNIE SMITH, COMMISSIONER

Ann E. Prezyna, Assistant Attorney General

August 7, 1985
9:00 A.M.
Greater Anchorage Area Borough
Assembly Chambers
3500 East Tudor Road
Anchorage, Alaska.

RECEIVED
AUG 13 1985
Alaska Oil & Gas Cons. Commission
Anchorage

MR. CHATTERTON: Good morning, one and all. For the record I would like to note that the date is August the 7th of 1985, and it is now approximately 9:00 o'clock in 15 seconds, and we're located here at -- in the Anchorage Municipal Assembly Chambers at 3500 Tudor Road, Anchorage, Alaska, zip code 99504.

I'd like to introduce the people here at the head table. We have Ann -- at my extreme right, your left, why is Ann Prezyna from the Attorney -- Attorney General Office that acts as our -- as the Commission's legal counsel. Located next to them is Commissioner Harry Kugler, then Commissioner Lonnie Smith. To my immediate left is Meredith Downing of R & R Court Reporters, and I am Chat Chatterton.

I would like to ask Harry to read or at least read into the record a summary of why we are all here at 9:00 o'clock this morning. Harry, would you hold forth, please?

MR. KUGLER: This is a public hearing held by the Alaska Oil and Gas Conservation Commission to receive comments on our proposals to adopt, amend, and repeal regulations in Title 20, Chapter 25 of the Alaska Administrative Code. As detailed in the notice for this hearing, the proposals deal with the establishment of an underground injection control program for Class Two wells in Alaska, and with oil and gas conservation in general.

The proposed regulations implement, interpret and make

specific various provisions of the Alaska Oil and Gas Conservation Act, which is set forth in Title 31, Chapter Five of the Alaska Statutes.

This hearing is also being held to receive comments on the Commission's application to the United States Environmental Protection Agency to obtain primary enforcementd responsibility for the control of Class Two injection wells within the State of Alaska under Section 1425 of the Federal Safe Drinking Water Act.

Class Two injection wells are wells associated with oil and gas production. Class Two wells are used for such purposes as salt water disposal, enhanced recovery of crude oil and natural gas, and storage of hydrocarbons which are liquid at standard temperature and pressure.

MR. CHATTERTON: Thank you, Harry, very much.

I would like to, before we get into accepting any arguments or statements or whatever from -- from anyone who wishes to, if you do wish -- incidently, if you have not already done so and do wish to make a statement of any form or fashion, or submit any written material, I would appreciate your taking a moment and sneaking back, and I failed to introduce, our -- the person that keeps the Commission going, Betty Jane -- Jane Erlich is at the back of the office -- of the room, and she'll take your name and will make sure you -- you get a slot.

One other point is she does have before here -- the

Commission of its own volition, as a result of some comment since the public notice on August 7th -- or, excuse me, on -- on July 19th, we have amended the -- our proposed language for 20 AAC 25.035, subsections (b) and (c), and she has a copy of that at the back of the room. That's the section dealing with secondary well control and in particular diverter systems, so if you would like to pick up a copy of that and look at it and maybe amend or add to or detract from any of your statements, why we would appreciate it, but that's our best shot at it at the present time.

There has been some concern about the sufficient timing. As you will recall from the public notice that we said that we would accept oral or -- or written statements as through 4:30 p.m. this afternoon, August the 7th. Due to several requests, why we will now defer that and will keep the record open for receiving written or oral comments, for that matter, until 4:30 p.m. the 30th of August, 1985. That should give everyone time to have input on this -- on -- on these proposed regulations.

I do know of one person -- let -- let -- let me make -- as for the format of this, we will have no -- in effect no testimony under oath or anything, but at least to keep a sense of decorum in the meeting, why any questions that you have of anyone that does make a statement or anything, those questions should be directed through the chair if -- if you do not mind, and we'll see if we cannot get those questions answered.

I hope we can keep this as informal as possible. I hope

that we can move along rapidly. We have this room until four or five this afternoon. Hopefully why we can give it back to them along about 11 or 11:30.

I do -- I have been advised that there is one person that would like to make -- that does like to make a statement, and we'll -- and I'll call upon him first. And then I'll recognize people as you wish, as -- as you hold your hand and -- and identify. And -- and in making a statement, if you'll come forward to this front place so there's a microphone so Meredith can get it all on the tape. Tom Fink, I believe you were -- indicated you would like to make a statement. Is he -- is he here?

MR. SMITH: He just walked in.

UNIDENTIFIED: Coming through the door.

MR. SMITH: That's him that just walked in.

MR. CHATTERTON: Tom?

MR. FINK: I didn't realize I was first crack out of the box.

MR. CHATTERTON: Well, if you want time for a breather, I can put a substitute in for you?

MR. FINK: No, I'll just do fine. Don't worry about that.

MR. CHATTERTON: Okay.

MR. FINK: I -- I looked at what I'm about to say here, and was wondering how the Environmental Department

ended up with this, because the original environmental and now we have others. However, ...

MR. CHATTERTON: Tom, for -- for the record, would you state your name and -- and -- and so forth and so on, please?

MR. FINK: Yes, sir. My name is tom Fink. I am the Environmental Conservation Manager for ARCO Alaska, Incorporated, here in Anchorage, and today I'm representing the Alaska Oil and Gas Association. AOGA is an organization composed of the majority of companies who explore, produce, and transport oil and gas in Alaska.

AOGA appreciates the efforts of the Commission to adopt underground injection control regulations that will best serve the needs of the State of Alaska. We feel the Commission has made a significant effort to understand industry's needs, and that the Commission has attempted to draft reasonable rules.

With respect to proposed changes to other sections of the Administrative Code, we offer the following remarks:

Regarding Section 20 AAC 25.515, "U.S. Government Leases," we believe the relevant UIC statutory authorization grants the Commission jurisdiction over federal land only to the extent of administrating the underground injection control program. As proposed, the language of 25.515 could be read to assert Commission jurisdiction over a broad range of oil and gas activities on federal lands. Such an assertion of authority is

not ustified by the UIC authority sought to be administrated -- administered under these proposed regulations.

Regarding 20 AAC 25.517, "Plan for Pool Development and Operation, and Integration of Interests," we have the following comments: This plroposed regulation increases the burdens on lessees by requiring that a plan for pool development be filed within 90 days after a discovery, quote, "that would appear to be to a reasonable and prudent operator to be of sufficient value to warrant development," unquote, and annually thereafter.

Now, this requirement is vague in that it is not possible to determine in the abstract what discoveries would meet the threshhold criterion. In any case, the requirement should be triggered by a decision to develop, and not by a discovery. Further, the requirement is unnecessary to the extent that it affects unitized leases.

The unit regulations, that's 11 AAC 83.343, require that plans of development be filed with the Department of Natural Resources as an exhibit to the unit agreement prior to the development. The plans may be effective for more than one year, and they must include sufficient information to allow the Commissioner to determine that the development is appropriate under 11 AAC 83.303. The criteria in 11 AAC 83.303(a) are derived from those in the proposed regulation already. Submission to the Commission of a copy of the plan of development required under 11 AAC 83.343 should satisfy all the Commission requirements

as to unitized lands. In other words, kind of an unnecessary redundancy in our opinion.

Now, based on these points, we recommend that the proposed regulations be modified to limit their application to leases that are not unitized and to require submission of plans of development only after a decision by the lessee to develop the lease. We believe the plan of development should not be required to be filed annually.

To supplement this statement today, we're going to be submitting suggested revisions to these proposed sections as written comments, and we ask that you give full consideration to these two areas of concern with the proposed regulations.

AOGA appreciates the opportunity to comment on these proposed Alaska Oil and Gas Conservation Commission regulations, and once again I apologize if I delayed all this here. I'm sorry.

MR. CHATTERTON: You did not. Your timing was perfect, Tom.

MR. FINK: Thank you.

MR. CHATTERTON: Thank you very much for your comments. Will you be able to -- do you have a copy of what you read from so ....

MR. FINK: Yes, I think Easy said he had 25 of them here somewhere.

MR. CHATTERTON: Okay. Very good.

MR. FINK: Okay. Do you want to take them up there?

MR. CHATTERTON: Thanks, Easy. I've got to be sure Meredith gets one.

Any questions from the Commission?

MR. SMITH: Not at this point.

MR. CHATTERTON: Very good. Thank you, Tom.

MR. FINK: Thank you.

MR. CHATTERTON: Yes, sir?

MR. DILLON: Good morning.

MR. CHATTERTON: Good morning.

MR. DILLON: Mr. Chairman, members of the Alaska Oil and Gas Conservation Commission, my name is Thomas M. Dillon, I'm an attorney for Exxon Company, U.S.A., here in Anchorage.

Exxon welcomes this opportunity to comment in response to your notice of proposed regulation changes. We've carefuly reviewed the proposal and we join with the Alaska Oil and Gas Conser- -- Oil and Gas Association in commending you for the efforts you and your staff have made in adopting an underground injection control program. We plan to submit written comments before the deadline, but today I'd like to draw your attention to two issues of concern with the proposal.

First, we believe that the inclusion of 20 AAC 25.517 in the proposal should be reconsidered. this proposed regulation requires that upon jdiscovery of an oil or gas pool that would

appear to a reasonable and prudent operator to be of sufficient value to warrant development, the operator shall within 90 days and annually thereafter submit to the commission for appro-- for approval a plan of development and operation for the pool. It is a substantive change to the Commission's regulations, unrelated to the underground injection control program. We believe that it should be considered on its own merits.

This provision will be difficult to apply, in that reasonable land prudent operators may differ on whether a pool is of sufficient value to warrant development. LIndividual operators may evaluate a jpool differently on the basis of their individual perceptions of the economic size of the pool, the costs of development and production, the marketability of the product and other factors. Given that each operator evaluates these questions independently, the reasonable and prudent operator standard would be practic- -- practically incapable of application. We suggest instead a requirement that a development plan be filed prior to development of -- of regular production from the pool. I'm sorry, that's development or regular production from the pool. This makes sense in light of the fact that an operator may discover a pool which seems to be of sufficient value to warrant development, but immediate development may be precluded by the fact that unleased acrage overlies a significant portion of the pool, or adjacent leases may not yet have -- lessees may not yet have agreed on an operating agreement for the pool. In these

cases, formulation of a development plan would be premature. As a result, failure to file a development plan within 9i0 days after a discovery, could be erroneously interpreted as being based on a belief that the pool does not warrant development. This problem could be resolved by requiring the operator to file a plan of development only after the operator has determined to develop the lease as we suggest.

Besides the timing of the filing requirement, Exxon is concerned that the proposed regulation could be interpreted to require filing a plan of development for an entire pool even where the operator is not authorized to operate the entire pool. We would appreciate clarification of the regulation to avoid that interpretation by requiring submission of a plan only for the portion of the pool that the operator is authorized to develop.

Additionally, we feel that the requirement that development plans be filed annually should be reconsidered. An operator may desire to file a development plan that envisions one or more activities that may take more than a year. Construction, geophysical work and development drilling may take significantly more than one year. We recommend that operators be allowed the flexibility to file plans of development that extend for appropriate periods of time, which may be several years. Updates of lease plans of development should be required only when the current plan is about to expire.

We assume that the three goals specified in 20 AAC

25.517(b), "Prevention of Waste, Protection of Correlative Rights, and Maximization of Recovery," are the criteria upon which the Commission intends to judge the plan of development, since those are the statutorily prescribed goals of the Commission. In our opinion, those goals are appropriate criteria.

Finally, we recommend that the proposed regulation be made expressly ilnapplicable to lands that are covered by unit agreements approved by the Commission under AS 31.0j5.110 or the Commissioner of Natural Resources under AS 38.05.180. Where a unit is in effect, 11 AAC 83.343 requires that a plan of development must be filed as an exhibit to the unit agreement. This plan must provide sufficient information to allow the Commissioner to find that development will promote conservation of all natural resources, including all or part of an oil or gas pool, filed or area, promote the prevention of economic and physical waste, and provide for the protection of all parties of -- of interest, including the State. Those criteria are found in 11 AAC 83.303(a). We submit that a plan which addresses these issues would provide sufficient information for Commission approval under the proposed regulation.

It is our understanding that filing of the agreements contemplated in subsection (c) is for information only, that the commission does not intend to approve these agreements. We believe that that is the current practice, and we would support its continuation.

I have submitted as an attachment to this testimony, or I will submit, a markup showing the changes that we would believe -- that we believe would resolve the issues I've discussed this morning.

Our second concern relates to the proposed amendments to 20 AAC 25.515. Like AOGA, we believe that this assertion of authority should be limited to matters covered by the underground injection control program. Thank you. And I have copies of my testimony I'll bring up in a minute.

MR. CHATTERTON: Real fine. Tom, one -- one point, and -- and I'm sure now that the record will be open, why we may be in touch, but one point that I -- I did catch, a lot of your concern is -- is duplication as you indicate of filings that you already make with the State. That's very true, but the -- the Administrative Code 11 that you were referring to does not apply to private lands.

MR. DILLON: Yes, sir, we understand that, and -- and we -- that's why we suggested that only those units that are approved by the Commissioner of Natural Resources, ...

MR. CHATTERTON: Okay. Fine.

MR. DILLON: ..... which are units including State lands would -- would be properly excluded from this requirement.

MR. CHATTERTON: Very good. Thank you, Tom, very much.

MR. DILLON: Thank you.

MR. CHATTERTON: Yes, sir, step forward?

MR. RODGERS: My name is Dan rodgers. I am an attorney with ARCO Alaska, Inc., in Anchorage.

ARCO is a member of AOGA, and ARCO concurs with AOGA's comments concerning the proposed changes to Section 20 AAC 25.515 and 20 AAC 25.517.

ARCO recognizes that Chapter 25 of Title 20 consists of general regulations of statewide application. ARCO presently operates fields in Alaska under a number of specific field rules and conservation orders, and it's ARCO's understanding that the particular field rules and conservation orders will prevail over these general regulations to the extent they do not create waste or impugn correlative rights.

Our main comment here today is a specific technical one addressed to custody transfer measurement regulations, and that regulation is 20 AAC 25.228. And our first recommended change to that would be to change subsection -- subsection (c) to read as follows:

"If a totalizer system is microprocessor based, it must be equipped with a back-up pulse accumulator for each meter run which will count and preserve meter pulses in the event of power or computer failure."

We recommend that change in order to clarify the application and intent of subsection (c). It's ARCO's

1 understanding that the intent of subsection (c) is to require a
2 back-up system to preserve raw data, and we think this change
3 would accommodate that.
4 The second suggested change is to change subsection (d)
5 to read as follows:
6 "Where a microprocessor totalizing system is used, the
7 reports of net measured volumes for the custody transfer intervals
8 must at a minimum show the raw or factored pulses, average
9 temperature, pressure, and gravity, the meter factors, the
10 correction factors, and the gross standard volumes."
11 ARCO requests this change because the original language of
12 subsection (d) appeared to require that all the information
13 required by the Commission be submitted on a single computer
14 print-out. ARCO agrees that it is appropriate that -- that the
15 requested information be reported to the Commission. However,
16 ARCO is not aware of any currently existing equipment which will
17 include all the requested information on a single print-out. So
18 we request this change in order to allow the information to be
19 reported in a different format.
20 And finally we request the addition of a new subsection
21 (f) to this section, which would state as follows:
22 "Upon request, the Commision will, in its discretion,
23 approve a variance to subsections of this section."
24 And we request this to allow the Commission and the
25 operators flexibility in custody transfer metering.

And if you have any questions about these changes, Mr. Happy Pierce is with me here today to answer them.

MR. CHATTERTON: Thank you very much, Dan. Any -- any questions?

MR. SMITH: None at this time.

MR. CHATTERTON: Okay. Real fine. Thanks, Dan, very much.

Yes? Step forward, please.

MR. LANDESMAN: My name is Cliff Landesman. I'm an intern at the Alaska Center for the Environment.

The Center appreciates the effort by the Commission to draft these proposed regulations. We approve of many aspects of the proposed amendments, in particular the treatment of aquifer exemptions, and some of the measures taken to protect underground sources of drinking water.

I would like to point out to the Commission, to those who supply the Commission with legal advice, and to the Environmental Protection Agency the following passage of the CFR at 145.31: Quote, "Prior to submitting an application to the administrator for approval of a state UIC program, the State shall issue public notice of its intent to adopt a UIC program, and to seek program approval from EPA. This public notice shall," passage omitted, "schedule a public hearing on the state program for no less than 30 days after notice of the hearing is published."

As far as I know, the State has still failed to issue an

appropriate public notice. A notice which was issued is dated July 19, 1985, and schedules the hearing for today, August 7th.

To those members of the public who believe they were not -- they were notified of a public hearing too late, the law says that you are entitled to another public hearing before an application is submitted to the EPA.

Class Two wells for which the State seeks primary enforcement responsibility are associated with oil and gas production, including the disposal of drilling fluids. The Alaska Center for the Environment considers drilling muds and cuttings to be a hazardous waste which, nay, if improperly disposed, threaten human health and the environment.

In view of this, we believe the Commission should act cautiously in regulating underground injection of drilling fluids, and error on the side of safety, not negligence, in protecting human beings and the environment.

There are a number of areas where we believe the proposed regulations can be improved. Some of these recommendations are necessary for the State to meed federal standards, others are departures from federal standards which would -- which would provide greater protection of human health, nature, and our valuable water -- groundwater supplies.

Our questions and suggestions concern five areas: injection pressure, earthquakes, monitoring, information required in the permit application, and drilling fluid composition.

In drafting the proposed regulations, the Commission seems to have neglected a critical aspect of underground injection. Federal regulations control injection pressure under two requirements. They specify that, quote, "The owner or operator shall not exceed a maximum injection pressure at the wellhead which shall be calculated so as to assure that the pressure during injection does not initiate new fractures or propogate existing fractors in the confining zone adjacent to U.S.D.W.s," that is, underground sources of drinking water, "and," passage omitted, "the owner or operator shall not inject at a pressure which will cause the movement of injection or formation fluids into an underground source of drinking water," CFR 144.28.

A second requirement for the State of Alaska specifically states that, quote, "The owner or operator shall limit injection pressure to the lesser of, (a), a value which will not exceed the operating requirements of 144.28(f)(3)(1) or (2) as applicable, or, (b), a value for wellhead pressure calculated by using the following formula: PN equal, left parenthesis, 0.733 minus 0.433 SG, right parenthesis, d. CFR 147.103.

The second requirement, it should be noted, does not prevent a company from applying for a permit to exceed the pressure specified by the formula if doing so can be demonstrated, I believe demonstrated in the permit application, to meet the performance standard quoted first above.

The restrictions on injection pressure are intended to

protect underground sources of drinking water. However, injection under high pressure might have other effects which we think are worth consideration.

The question I have in mind is whether underground injection at the depths and pressures which occur during oil and gas operations might cause earthquakes. In the last ten to 20 years scientists have made major advances in their understanding of the causes of earthquakes and the rôle played by underground and surface fluid pressure. In a 1968 article in Science, you will find a discussion by Jay N. Healy and others of the 1966 Denver earthquakes which were the result of injecting waste fluid into the Army's disposal well at the Rocky Mountain Arsenal.

Rawliegh and others in a 1976 article in Science presents the results of an experiment which proves conclusively that underground injection of fluid at high pressure can cause earthquakes. Rawliegh and others found that when fluid was injected at elevated pressures, earthquakes occurred, and when the pressure was lowered, the earthquakes subsided.

Alaska is a region of high risk with respect to earthquakes.

Has the EPA or the Commission invested (sic) this issue? Inves- -- excuse me, investigated this issue? What reasons are there to believe that underground injection will not increase the chances of earth- -- of an earthquake?

Further, should companies be required to consider the

possible effects of seismic activity on the effective containment of waste deposited underground?

In drafting these regulatory amendments, the Commission has unfortunately neglected an important aspect -- another important aspect of injection operations: The need for monitoring. The EPA requires of Class Two wells that, quote, "The owner or operator shall monitor the nature of the injection fluid with sufficient frequency to yield data representative of their characteristics," passage omitted, "the owner or operator shall observe the injection pressure, flow rate and cumulative volume at least with the following frequencies." Monthly, weekly, and daily schedules follow the passage quoted. CFR 144.34(g)(2).

I have given you only a part of the federal monitoring requirements. We believe the State should not adopt regulations beneath those of the federal government, and should require vigilent monitoring in their regulations.

The Commission should consider requiring continuous recording devices to monitor pressure rate and volume and pressure on the annulus between the two being the long string of the casing.

The proposed amendments require an applicant to submit certain information in his or her application. The information must -- must include such things as a list of operators and surface owners, a plate showing the location of wells, and a report on the mechanical integrity of the wells. The applicant

must provide information for wells, operators, and surface owners within a certain area called an area of review or radius of investigation. The proposed regulations set the radius of investigation at one-quarter mile. We believe that this area is too small for some of the information required in an application. If I own land one-quarter mile and one foot from a disposal well, my name should be listed on the application. I should receive notice of the permit application and a copy. Owners up to ten miles from the proposed well should be notified of the permit application. People have a right to be informed about significant and potentially dangerous operations which occur in close proximity to their property.

We also question the adequacy of the quarter mile radius for locating and reporting on the condition of neighboring wells. The existence of these wells pose an environmental threat, because they may act as conduits for upward migration of waste. On what scientific basis was the quarter-mile radius chosen?

Our final concern is with the constituents of the drilling fluids. The proposed regulations we are considering regulate not only Class Two wells, but all aspects of oil and gas operations. The proposed amendments include a section 20 AAC 25.033 on drilling fluids, which require fluids to meet certain performance standards. These standards are in place I believe in order to insure safe drilling -- drilling operations. They prevent blow-outs and other accidents which may harm workmen and

the environment. However, there's another aspect to drilling fluids: The associated environmental and health hazards and the economic costs of disposal.

We suggest that the State include in its regulations of chemicals which can be added to drilling fluids provisions which will insure that their disposal will not require painful trade-offs between economic efficiency and environmental and human hazards. We suggest the Commission seriously consider prohibiting the addition of hydrocarbons to drilling muds, a measure which the EPA has in effect already taken with regard to offshore -- -shore oil and gas operations.

The Commission has the authority, and in fact a duty we believe to impose such restrictions under AS 01.05.030 which says, quote, "The Commission may require," passage omitted, "the drilling," passage omitted, "of wells in a manner which will prevent," passage omitted, "the polution of fresh water supplies by oil, gas or salt water." I repeat, quote, "The Commission may require .... the drilling .... of wells in a manner which will prevent .... the polution of fresh water supplies by oil, gas or salt water."

Finally, I wish to -- I wish to inquire after further information on a number of issues: One, do the proposed regulations provide for deviation checks to ensure the wellhole is dug vertically as required under federal law? What are the hazards associated with nonvertical holes? Two, what provisions

have been made in the proposed regulations for the placement of cement plugs between strata in order to prevent migration of wastes after abandonment? Three, would the Commission be willing to list all those subjects for which the proposed amendments regulate UIC Class Two wells less stringently than does the federal government? What aspects of federal regulations have been ignored by the proposed State regulations? Must State regulations mirror all of the details of the federal regulations? And if not, what details can the State omit? Is a standard present in the federal code but not the State code still enforceable? And by whom? Four, lastly, what training and qualifications does the Commission require of those employees who review permit applications? Are these employees sensitive to the need for environmental protection?

I want to thank the Commission for their patient and serious consideration of our questions and recommendations.

MR. CHATTERTON: Fine. Thank you very much. Jerry?

MR. PATZ: Thank you, Mr. Chatterton, for the opportunity to make a statement at this hearing. My name is Gerald O. Patz, and I have been designated as the lead EPA staff person to work with the Commission as it proceeds with obtaining primary enforcement responsibility, hereafter referred to as "primacy" (ph), for the underground injection control program for Class Two wells in Alaska. I work in the water division in

1 EPA's regional office in Seattle.

2 The underground injection control, or UIC, program was
3 established by the enactment of the Safe Drinking Water Act in
4 1974. Like most other national environmental programs, Congress
5 anticipated that it should be implemented through State primacy.
6 In the absence of State primacy, EPA is required to implement
7 the program. This is the situation we are in now with largely
8 duplicative state and federal programs since June 1984. We
9 have been working closely with the Commission over the past
10 year as it has been preparing its regulation revisions and other
11 accompaniment -- accompanying documents on which -- on which
12 it is basing its request for primacy. We believe that the
13 regulations being proposed today generally meet EPA's requirements
14 for primac.. However, we believe that the Commission's
15 enforcement program should be strengthened in order to represent
16 a more effective program to assure protection of underground
17 sources of drinking water.

18 We recommend that the Commission's regulations include
19 the authority for the Commission to order the curtailment or
20 cessation of oil or gas production activities if the operator
21 of the oil or gas production activities fails to comply with
22 UIC related regulations or orders of the Commission. We under-
23 stand that such authority is commonly granted to regulatory
24 agencies of other major oil and gas producing states, and it
25 represents a major deterrent to noncompliance with UIC

requirements. We would expect that such enforcement powers would be rarely if ever -- would rarely if ever need to be utilized, but where underground sources of drinking water would be significantly endangered, such authority should be extremely useful.

I would now like to summarize the administrative process EPA uses in the approval of state UIC programs. Upon receipt of the Commission's formal request for primacy, EPA first publishes notice of receipt of the state's request and provides opportunity for a public hearing, an EPA public hearing, and for -- and for other public comment. Second, concurrent with the public review, EPA conducts its final review of the documents accompanying the primacy request. Any final comments regarding the state's application are usually addressed in the state/EPA memorandum of agreement and/or Attorney General's statement. And, third, upon resolution of any final comments raised by EPA reviewers or the public, a second Federal Register notice is published announcing approval of the state program.

The above process from receipt of the formal request for final approval, should take approximately 90 days. And we will work with this timeframe in mind. This should result in final approval of the state program occurring in late November. At that time the EPA UIC program will be rescinded.

EPA is very pleased that the Commission is pursuing primacy. We believe that the people of Alaska and the regulated

industry is best served by a single state run regulatory program. We will continue to -- continue to work with the Commission in getting its program approved and subsequently to assure that the objectives of the safe Drinking Water Act are being carried out by the Commission's program. Thank you.

MR. CHATTERTON: Thank you, Jerry, very much. Do -- do you have a copy of that? I'll .....

MR. PATZ: Unfortunately .....

MR. CHATTERTON: .... get one?

MR. PATZ: ..... I'll -- I'll get a copy to you .....

MR. CHATTERTON: Okay. We'll get one.

MR. PATZ: ..... later.

MR. CHATTERTON: Thank you. Any others wishing -- wishing to make comments? Any comments from the head table? I don't see any reason for us to sit around here any longer then. As I indicated, why, this record of this hearing will be kept open through 4:30 p.m., August 30th. And we will continue -- we may well be back in touch with some of you people that have testified to see if we can -- if we need any better understanding of what you're proposing or what your comments and concerns are. And without further ado, why, I think we are adjourned.

(END OF PROCEEDINGS)

C E R T I F I C A T E

UNITED STATES OF AMERICA)
) ss.
STATE OF ALASKA)

I, Meredith L. Downing, Notary Public in and for the State of Alaska, residing at Anchorage, Alaska, and electronic reporter for R & R Court Reporters, Inc., do hereby certify:

That the annexed and foregoing public hearing was taken before me on the 7th day of August, 1985, beginning at the hour of 9:00 a.m., at the Greater Anchorage Area Borough Assembly Chambers, 3500 East Tudor Road, Anchorage, Alaska, pursuant to notice.

That this transcript of public hearing, as heretofore annexed, is a true and correct transcription of the testimony given at said public hearing, taken by me electronically and thereafter transcribed by me.

That the original transcript has been retained by me for the purpose of filing the same with the Alaska Oil and Gas Conservation Commission, Anchorage, Alaska, as required.

I am not a relative or employee or attorney or counsel of any of the parties, nor am I financially interested in this action.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal this 12th day of August, 1985.

Meredith L. Downing
Notary in and for Alaska
My Commission expires: 5/3/86

S E A L

#12

ORDER REPEALING REGULATIONS OF THE
DEPARTMENT OF NATURAL RESOURCES

By this order, 11 AAC 22.005 -- 11 AAC 22.570, dealing with oil and gas conservation, are repealed by the Department of Natural Resources under authority vested by AS 38.05.020 and after compliance with the Administrative Procedure Act (AS 44.62.), specifically including notice under AS 44.62.190 and 44.62.200 and opportunity for public comment under AS 44.62.210.

This order takes effect on the 30th day after it has been filed by the lieutenant governor, as provided in AS 44.62.180.

DATED: 13 March 1980
Juneau, Alaska

Robert E. LeResche
Robert E. LeResche, Commissioner
Department of Natural Resources

I, ~~Terry Miller~~ Avrum Gross, designee for the Lieutenant Governor for the State of Alaska, certify that on March 14, 1980, at 4:15 p.m., I filed the above order according to the provisions of AS 44.62.040 -- 44.62.120.

Avrum Gross
Designee for Lieutenant Governor

Effective April 13, 1980
Register 74, July 1980

RECEIVED
APR 20 1980

ORDER ADOPTING REGULATIONS OF
ALASKA OIL AND GAS CONSERVATION COMMISSION

The attached 29 pages of regulations, dealing with all functions and activities of the Alaska Oil and Gas Conservation Commission, are hereby adopted and certified to be correct copies of the regulations which the Alaska Oil and Gas Conservation Commission adopts under authority vested by AS 31.05.030 and after compliance with the Administrative Procedure Act (AS 44.62), specifically including notice under AS 44.62.190 and 44.62.200 and opportunity for public comment under AS 44.62.210.

This order takes effect on the 30th day after it has been filed by the lieutenant governor as provided in AS 44.62.180.

DATE: 3/5/80
Anchorage, Alaska

Hoyle H. Hamilton
Hoyle H. Hamilton
Chairman/Commissioner

Lonnie C. Smith
Lonnie C. Smith
Commissioner

Harry W. Kugler
Harry W. Kugler
Commissioner

I, Avrum Gross, designee for the, Lieutenant Governor for the State of Alaska, certify that on March 14, 1980, at 4:15 p.M., I filed the attached regulations according to the provisions of AS 44.62.040 -- 44.62.120.

Avrum Gross
Designee for Lieutenant Governor

Effective April 13, 1980.)
Register 74, July 1980.)

Returned from Lt. Governor's Office as the official copy.
Cons. File #158

TITLE 20. MISCELLANEOUS BOARDS, COMMISSIONS

CHAPTER 25. ALASKA OIL AND GAS CONSERVATION COMMISSION.

Editors Note:
This chapter is based on the former regulations of the Division of Oil and Gas Conservation formerly located in 11 AAC 22.

Article

1. Drilling (20 AAC 25.005 -- 20 AAC 25.075)
2. Abandonment and Plugging (20 AAC 25.105 -- 20 AAC 25.170)
3. Production Practices (20 AAC 25.200 -- 20 AAC 25.270)
4. Reports (20 AAC 25.300 -- 20 AAC 25.320)
5. Additional Recovery Methods (20 AAC 25.400 -- 20 AAC 25.430)
6. General Provisions (20 AAC 25.505 -- 20 AAC 25.570)

ARTICLE 1. DRILLING.

Section

05. Permit to drill
10. Re-entry
15. Changes to drilling permit
20. Change of operator
25. Bonding
26. Claims
30. Casing and cementing
35. Blowout prevention equipment
40. Well identification
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61. Well site surveys
65. Hydrogen sulfide
70. Records and reports
75. Other wells in designated areas

20 AAC 25.005. PERMIT TO DRILL. (a) An application for a Permit to Drill (Form 10-401) must be submitted for approval before the drilling, redrilling or deepening of the following types of wells

(1) exploratory wells;
(2) development wells;
(3) service wells; and
(4) stratigraphic test wells.

(b) An application for a Permit to Drill (Form 10-401) must be submitted for approval before the re-entry of an abandoned well.

(c) The application for a Permit to Drill must be accompanied by the following

(1) a fee of $100 payable to the State of Alaska, Department of Revenue;

(2) a plat showing the proposed surface and bottom hole location; before the completion, suspension, or abandonment of the well, a survey plat certified by a registered land surveyor showing the precise surface location must be submitted; only the first well drilled from a fixed platform or a multiple well site must have a certified survey;

(3) a diagram and description of the BOP equipment to be used and the information required in sec. 35(c)(2) of this chapter;

(4) the complete proposed casing and cementing program as required in sec. 30 of this chapter; and

(5) a diagram and description of the diverter system to be used as specified in sec. 35(b) of this chapter, unless this requirement is waived by the commission.

(d) Any well which is not to be intentionally deviated must meet the requirements of sec. 50(a) of this chapter.

(e) Any well which is to be intentionally deviated must meet the requirements of sec. 50(b) and (c) of this chapter.

(f) Each offshore location must meet the requirements of sec. 61 of this chapter.

(g) Each hole drilled below the conductor casing, unless drilled solely to straighten the original hole, sidetrack junk, or correct mechanical difficulties, is a separate well requiring a Permit to Drill.

(h) Each lease must have a different and distinct name.

(i) Information must be submitted regarding the bond as required in sec. 25 of this chapter.

(j) After approval by the commission, the Permit to Drill (Form 10-401) may be referred to as the "drilling permit" in this chapter.

(k) If drilling is not commenced within 24 months after the approval date, the drilling permit will expire. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030
AS 31.05.090

20 AAC 25.010. RE-ENTRY. (a) If a suspended well is to be re-entered, the operator shall advise the commission and request approval on the form entitled Sundry Notices and Reports on Wells (Form 10-403).

(b) If an abandoned well is to be re-entered, an application for a Permit to Drill (Form 10-401) must be submitted as required by sec. 5(b) of this chapter. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.015. CHANGES TO DRILLING PERMIT. (a) For any proposed change in a drilling permit, before the start of drilling operations, an operator must comply with the following

(1) notify the commission of the proposed change;

(2) a new application for a Permit to Drill (Form 10-401) may be required but no additional fee is required;

(3) a revised plat as required by sec. 5 of this chapter must be filed if the surface location is changed; and

(4) be approved by the commission.

(b) For any proposed change in a drilling permit, after drilling operations have started, an operator must comply with the following

(1) to change the bottom hole location, a new Form 10-401 accompanied by a fee of $100 must be submitted to the commission for approval; and

(2) requests for other changes must be submitted to the commission for approval on the form entitled Sundry Notices and Reports on Wells (Form 10-403); in cases where prompt approval is needed, verbal approval may be obtained from the commission or its representative; if verbal approval is obtained, a description of the approved change, the name of the commission member or its representative that provided verbal approval, and the date of the approval must be included on the Form 10-403 submitted. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.090

20 AAC 25.020. CHANGE OF OPERATOR. If an operator wishes to relinquish his role as operator, he shall submit a written statement to the commission setting forth the facts, designating the new operator, and requesting approval by the commission. The newly designated operator shall notify the commission in writing of his acceptance of the obligations as operator and shall furnish a bond as provided for in sec. 25 of this chapter. Approval by the commission of the change constitutes the release of the former operator's bonding obligation. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.025. BONDING. (a) Except as otherwise provided in this section, the commission will require from the operator an appropriate bond to insure that each well is abandoned or repaired in accordance with secs. 45, 105, 120, 140, and 170 of this chapter.

(b) The bond required in (a) of this section must be either a single well bond of not less than $100,000 or a blanket bond of not less than $200,000 in favor of the Alaska Oil and Gas Conservation Commission. Existing bonds not in favor of the commission will be valid until January 1, 1981.

(c) The bond must be by a corporate surety authorized to do business in Alaska.

(d) A bond must remain in force and effect until the abandonments of all wells covered are approved by the commission and the bond is released by the commission.

(e) If a well is to be drilled on federal land the operator is not required to deposit a bond with the commission. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.026. CLAIMS. Commission approval of the abandonment of a well and the release of the bond, required by sec. 25 of this chapter, constitutes a presumption of proper abandonment, but does not relieve an operator of further claim by the commission after the abandonment. (Eff. 4/13/80, Reg. 74)

Authority: AS 31.05.030

20 AAC 25.030. CASING AND CEMENTING. (a) For each type of well listed in sec. 5(a) of this chapter, a complete proposed casing and cementing program must be included on the application for the Permit to Drill (Form 10-401). Unless

modified or altered by special pool rules, each casing program must be designed to

(1) provide suitable and safe operating conditions for the total measured depth proposed;

(2) confine fluids to the wellbore;

(3) prevent migration of fluids from one stratum to another;

(4) assure control of well pressures encountered;

(5) protect from thaw subsidence and freezeback effects within permafrost;

(6) prevent contamination of strata bearing freshwater; and

(7) provide well control until the next string of casing is set; all pertinent factors for well control should be considered, including formation fracture gradients, formation pressures, casing setting depths, and proposed total depth.

(b) The following requirements apply to the different types of casing strings listed below:

(1) Conductor casing:

(A) one or more strings may be required; and

(B) this casing may be set by drilling, driving or jetting; if the hole is drilled, a sufficient quantity of cement must be used to fill the annular space to the surface or mud line.

(2) Surface casing:

(A) setting depth must be below the base of freshwater sands or below the base of permafrost at a depth that will insure good anchorage;

(B) must be set into a competent stratum with sufficient cement in the annulus to circulate to the surface; if offshore, sufficient cement must be used to bring the top of cement either to the mud line or to at least 1500 feet above the surface casing shoe and at least 200 feet inside the conductor casing; if cement does not circulate to the surface when required, the annulus must be cemented before drilling ahead or initiating tests; and

(C) after drilling approximately 50 feet of new formation, a pressure test must be obtained either by testing to formation leak-off or by testing to a predetermined equivalent mud weight to aid in determining a formation fracture gradient; the results of this test and any subsequent tests of the formation must be recorded on the driller's log.

(3) Intermediate casing:

(A) must be set when required to maintain well control;

(B) under normal conditions drilling may continue until the mud weight has been increased to a point not exceeding 0.5 pounds per gallon less than the equivalent mud weight of the most recent pressure test of the formation below the surface casing shoe; and

(C) a sufficient quantity of cement must be used to provide annular fill-up to a minimum of 500 feet above all hydrocarbon zones and abnormal pressure intervals; in cases where zonal coverage is not required, a minimum fillup of 500 feet of cement above the casing shoe is required.

(4) Production casing:

(A) may be set through or just above the production interval;

(B) cementing practices must be the same as that for intermediate casing strings; and

(C) casing must be tested in accordance with (e) of this section.

(5) Liners:

(A) may be set as an intermediate or production string;

(B) a cemented liner must have a minimum of 100 feet of cemented lap with the next larger casing string; other cementing practices must be the same as that for intermediate casing; and

(C) before drilling ahead, cemented liner and lap must be tested by a fluid entry or pressure test, in accordance with (e) of this section, to determine that a seal between the liner top and next larger string has been achieved; the test must be recorded as required by sec. 70(a)(1) of this chapter.

(c) A cement plug or shoe, in the casing strings required by (b) of this section, must not be drilled until a minimum compressive strength of 300 psig at bottom hole conditions has been attained according to the manufacturer's cement strength tables for the particular cement being used. Casing must be tested before drilling ahead in accordance with (e) of this section.

(d) Within permafrost intervals, fluids which have a freezing point above the minimum permafrost temperature must not be left in the annulus between any two strings of pipe or inside the casing upon completion or suspension of a well without commission approval.

(e) Pressure Testing of Casing and Surveys:

(1) with the exception of the conductor casing, before drilling out the casing or liner after cementing, all casing strings, liners and liner laps must be tested to a surface pressure of 50 percent of the minimum internal yield strength of the casing or 1500 psig, whichever is lower. If the pressure declines more than 10 percent in 30 minutes, or if there are indications of improper cementing such as lost returns, cement channeling or mechanical failure of equipment, corrective measures must be taken until a satisfactory test is obtained; and

(2) the operator shall report on the form entitled the Monthly Report of Drilling and Workover Operations (Form 10-404) the test results and any remedial measures taken.

(f) Variances to this section to allow for special or unusual conditions such as cable tool drilling, air or foam drilling, will, in the commission's discretion, be approved by the commission upon request by the operator. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.035. BLOWOUT PREVENTION EQUIPMENT. (a) General Practice

(1) BOP equipment and its use must, as a minimum, be in accordance with ~~API RP~~ 53, "Blowout Prevention Equipment Systems" except as modified by this section;

(2) all equipment must be in good operating condition at all times and must be adequately protected to insure reliable operation under the range of weather conditions

American Petroleum Institute Recommended Practices

expected at the specific location; and

(3) blind rams must be function tested each trip but not more than once each day and all other BOP's must be function tested each day.

(b) Surface Hole Diverter System:

(1) before drilling below the conductor string, at least one remotely controlled annular preventer and flow diverter system must be installed; the annular preventer must permit the diversion of hydrocarbons and other fluids; the low pressure, high capacity diverter system must provide at least the equivalent of a six-inch line with at least two lines venting in different directions to insure safe downwind diversion and must be designed to avoid freezeup; these lines must be equipped with full-opening butterfly type valves or other valves approved by the commission; a schematic diagram, list of equipment, and operational procedure for the diverter system must be submitted for approval with the application for a Permit to Drill (Form 10-401); and

(2) the commission will, in its discretion, waive the requirements of (1) of this subsection where drilling experience in the near vicinity indicates they are unnecessary.

(c) Blowout Prevention Equipment:

(1) before drilling below the surface casing, a well must have a minimum of three remotely controlled BOP's, including one equipped with pipe rams that fit the size of drill pipe or casing being used, one with blind rams, and one annular type;

(2) the working pressure of any BOP and associated equipment must exceed the maximum surface pressure to which they may be subjected; information submitted with Form 10-401 must include the anticipated downhole pressures to be encountered, the maximum surface pressures to which the BOP equipment may be subjected, and the criteria used to determine these pressures;

(3) the hydraulic actuating system used must provide sufficient accumulator capacity to supply 1.5 times the volume of hydraulic fluid necessary to close all BOP equipment; the system must also be capable of maintaining a minimum remaining pressure of 200 psig above the required precharge pressure when all BOP's are closed with the primary power source shut off; an accumulator backup system, supplied by a secondary power source independent of the primary power source, must be provided with sufficient capacity to actuate all BOP equipment;

(4) in addition to the primary controls on the accumulator equipment unit, at least one operable remote BOP control station must be provided; this control station must be in a readily accessable location on or near the drilling floor; a device to avoid unintentional closure must be provided on all remote blind ram closing controls;

(5) the BOP equipment must include a drilling spool with minimum two-inch side outlets (if not on the blowout preventer body), a minimum three-inch choke line and minimum two-inch choke manifold, a kill line, and a fillup line; the drilling string must contain full opening valves above and immediately below the kelly during all circulating operations using the kelly, with the necessary valve wrenches conveniently located on the rig floor; and

(6) two emergency valves with rotary subs for all connections in use and the necessary wrenches must be conven-

iently located on the drilling floor; one valve must be an inside BOP of the spring-loaded type; the second valve must be of the manually operated ball type, or equivalent valve.

(d) Testing:

(1) all ram-type BOP's, kelly valves, emergency valves and choke manifolds must be tested to the rated working pressure or to the maximum surface pressure as required to be submitted in (c)(2) of this section; annular preventers must be tested to not less than 50 percent of the rated working pressure; these tests must be made when the BOP equipment is installed or changed and at least once each week thereafter; test results must be recorded as required by sec. 70(a)(1) of this chapter;

(2) to insure that minimum standards are achieved, the operator shall perform the recommended tests for BOP closing units specified in sections 5A and 5B of API RP 53; and

(3) sufficient notice of certain BOP equipment tests must be given so that a representative of the commission can witness these tests; these tests will be specified in the drilling permit or by notice to the operator.

(e) BOP equipment for cable tool drilling activities must have prior commission approval and must be in accordance with good established practice with all equipment in good operating condition at all times. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.040. WELL IDENTIFICATION. (a) Every drilling well must be identified by a sign posted in a conspicuous place on or near the derrick but not more than 100 feet from the well. For suspended or producible wells, the well sign must be at the wellhead for multiple housed wells or on the wellhead building for single housed wells. The sign must be of durable construction, large enough to be legible under normal conditions at a distance of 50 feet, and maintained in legible condition. Each sign must show

(1) the name of the lease on which the proposed objective is located;

(2) the name of the lessee;

(3) the owner or operator if different from the lessee;

(4) the well number;

(5) the well surface location by quarter section, section, township and range; and

(6) the drilling permit number (for drilling wells).

(b) The name of each lease or unit must be different and distinct.

(c) The wells on each lease or property must be numbered in a nonrepetitive, logical, and distinct sequence.

(d) Each well will be assigned an API well number by the commission when the drilling permit is approved.

(e) For platforms or multiple well drill sites, the information required in (a)(1),(2),(3), and (5) of this section may be posted on one sign for each lease on the platform or at the main entrance to the drill site. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.045. SEALING OFF STRATA. (a) During the drilling of any well permitted under sec. 5 of this chapter, the contents of oil, gas, and water strata penetrated must be sealed to prevent them from passing into other strata.

(b) All freshwater and water of present or probable value for domestic, commercial, or livestock purposes must be confined to their respective strata and adequately protected by methods approved by the commission. Precautions must be taken in drilling, completing, producing, and abandoning operations to guard against loss of any freshwater from the strata in which it occurs, and the contamination of any freshwater by oil, gas, or objectionable water.

(c) Except for fluids removed by production from the completion interval, all fluids encountered in a well must be confined to their respective strata. (Eff. 4/13/80, Reg~~is-ter~~ 74)

Authority: AS 31.05.030

20 AAC 25.050. DEVIATION. (a) Any well which is not intentionally deviated must be

(1) drilled as close to vertical as is possible using normal, acceptable drilling techniques, except that deviation is permitted for short intervals to straighten the hole, sidetrack junk, or correct mechanical difficulties;

(2) surveyed to determine the inclination from the vertical with surveys starting at 500 feet and no more than 500 feet apart to total depth; and

(3) surveyed by a complete continuous multishot directional survey if the surface location is less than 660 feet from a lease line where ownership changes or less than 660 feet from any other vertical or deviated well; the survey must be taken at intervals not more than 100 feet apart, beginning within 100 feet of the surface.

(b) Any well which is to be intentionally deviated must meet the following criteria

(1) the application for the Permit to Drill (Form 10-401) must

(A) state the surface and proposed producing interval locations;

(B) include a plat drawn to a scale of 1 inch equal to 100 feet showing the path of the proposed well bore in relation to all other vertical and deviated well bores which are within a distance of 200 feet from the proposed well bore and the true vertical depths must be shown at frequent intervals along each well bore;

(C) list the affected operators and show that each has been furnished a copy of the application by registered mail, or state that the applicant is the only affected operator; and

(D) include a neat and accurate plat of the lease and of all affected leases showing the names of all affected operators and the surface and proposed producing interval locations of the well and all other wells within one-half mile of any portion of the new well; the plat must be drawn to a scale which will permit easy observation of all pertinent data;

(2) items (b)(1)(C) and (D) of this section are not

applicable to any well drilled on land subject to an approved unit, except that wells drilled near the unit's exterior boundary must conform with sec. 55 of this chapter;

(3) if drilling is in progress, the operator shall notify the commission immediately of his intention to deviate and then may proceed at his own risk; when an operator follows this procedure, he must file an application as soon as practicable and obtain another drilling permit as required in sec. 15 of this chapter;

(4) if the applicant is the only affected operator and the commission does not object to the application, the commission will approve it immediately; if there are other affected operators, the commission will hold the application for 10 days unless a letter of non-objection from each affected operator has been filed with the commission; if objection from an affected operator to the proposed deviation is received within the 10-day period, or if the commission does not approve the proposed deviation, the application will be subject to public hearing; if no objection from either affected operators or the commission is interposed within the 10-day period, the application will be approved and a drilling permit issued by the commission; and

(5) the operator must run a complete, continuous, multi-shot directional survey at intervals not more than 100 feet apart, beginning within 100 feet of the surface.

(c) Within 30 days after the completion, abandonment, or suspension of the well, a complete copy of each inclination and directional survey obtained must be filed with the commission. A composite survey may also be filed if the operator feels this would better represent the well course. If a composite survey is filed, the operator shall specify the portion of each survey used in the composite.

(d) If the proposed or final location of the producing interval of the deviated well is not in compliance with sec. 55 of this chapter or other rules of the commission applicable to the reservoir, the operator may apply for an exception which will be handled in accordance with sec. 540 of this chapter.

(e) For the purpose of this section, an affected operator is an owner in a quarter section directly or diagonally offsetting any quarter section upon which the operation is proposed to be conducted. In areas where irregular shaped leases are to be drilled the commission will determine who are the affected operators.

(f) Inclination and directional survey reports must contain, when applicable, the following

(1) name of surveying company;

(2) name, title, and signature of person actually performing the survey;

(3) the date on which the survey was performed;

(4) type of survey conducted;

(5) method used in calculating survey;

(6) a complete identification of the well so as to indicate the name of the operator, the lease name, the well number, and field name;

(7) the depth interval over which the survey was conducted;

(8) a certified plat showing the surface location, the plotted well course, and the nearest lease lines or unit

lines; and

(9) a tabulation of the depth and drift angles for all inclination survey points.

(g) Certification requirements for survey reports are as follows:

(1) each inclination survey report as required in (a) of this section must be accompanied by a certified statement of the operator or someone acting at his direction on his behalf that the well was not intentionally deviated from the vertical;

(2) each directional survey report as required in (b) of this section may be certified to by the person having personal knowledge of the facts, by execution and dating of the data compiled; and

(3) a certified plat as required in (f)(8) of this section.

(h) The commission may require the submittal of the original film, time sheets, charts, graphs, discs, and other data used to compile the survey.

(i) The willful filing of a false or incorrect inclination survey or directional survey is grounds for penalty actions under the applicable statutes. (Eff. 4/13/80, ~~Register~~ 74)

Authority: AS 31.05.030

20 AAC 25.055. WELL SPACING. (a) In proven oil and gas fields, the establishment of drilling units and a spacing pattern will be governed by special field rules adopted in accordance with sec. 520 of this chapter. In the absence of an order by the commission establishing drilling units or prescribing a spacing pattern for a pool, the following applies

(1) the surface location of an exploratory well must not be located closer than 500 feet to any property line of the lease on which the well is located, nor may any hydrocarbon reservoir be opened to the well bore closer than 500 feet to any property line of the lease on which the well is located;

(2) where oil has been discovered, not more than one well may be drilled to that pool on any governmental quarter section or governmental lot corresponding to it nor may any well be drilled to that pool on a governmental quarter section or governmental lot corresponding to it which contains less than 150 acres, nor may any hydrocarbon reservoir be opened to the well bore closer than 500 feet to any property line nor closer than 1,000 feet to any well drilling to or capable of producing from the same pool; and

(3) where gas has been discovered, not more than one well may be drilled to that pool on any governmental section or governmental lot corresponding to it nor may any well be drilled to that pool on a governmental section or lot corresponding to it which contains less than 600 acres, nor may any hydrocarbon reservoir be opened to the well bore closer than 1,500 feet to any property line nor closer than 3,000 feet to any well drilling to or capable of producing from the same pool.

(b) An application for exception to the provisions of this section or any spacing order of the commission must set out the names of all owners and of all operators of govern-

mental quarter sections directly and diagonally offsetting the quarter section where the oil well is located or the names of all owners and of all operators of governmental sections directly or diagonally offsetting the section where the gas well is located. A plat must be attached, drawn to a scale of one inch equaling 2640 feet or larger, showing the property for which the exception is sought, all other completed and drilling wells on the property and all adjoining properties and wells. The application must be verified by a person acquainted with the facts, stating that all facts are true and that the plat correctly portrays pertinent and required data. The applicant for exception must give notice of that filing by registered mail to all owners and to all operators noted above and furnish the commission with a copy of the notice, date of mailing, and the addresses to which the notices were sent. The application for exception will be handled in accordance with sec. 540 of this chapter. (Eff. 4/13/80, Reg~~ister~~ 74)
Authority: AS 31.05.030

20 AAC 25.061. WELL SITE SURVEYS. In offshore areas where the sea floor conditions or the presence of shallow geologic hazards or hydrocarbons are unknown, the operator shall conduct the well site surveys as may be required by the commission. These surveys and an analysis of the geologic hazards must be submitted to the commission as an attachment to the application for a Permit to Drill (Form 10-401). (Eff. 4/13/80, Reg~~ister~~ 74)
Authority: AS 31.05.030

20 AAC 25.065. HYDROGEN SULFIDE. (a) When hydrogen sulfide gas is encountered in the drilling of any well, the operator must notify the Alaska Oil and Gas Conservation Commission within 24 hours.

(b) When a well is to be drilled in an area where a formation to be penetrated is known to contain hydrogen sulfide gas or if hydrogen sulfide is encountered while drilling, each operator must meet the requirements of API RP 49 "Safe Drilling of Wells Containing Hydrogen Sulfide."

(c) Where there is an insufficient history of drilling in an area to know if hydrogen sulfide exists, the commission will specify on the drilling permit that the operator must comply with the minimum requirements for detection monitoring, contingency and control, and training as follows:

(1) detection monitoring:

(A) an automatic hydrogen sulfide monitor must be installed and have a combination visual and audible alarm system located where it can be seen or heard from all parts of the location;

(B) the automatic hydrogen sulfide monitor must have a minimum of two probes, one at the shale shaker and one on the bell nipple; and

(C) in addition to the automatic hydrogen sulfide monitor, at least three hand-operated, bellows type detectors with an adequate supply of extra detector tubes must be available at the drill site;

(2) contingency and control:

(A) hydrogen sulfide scavenger material for the drilling mud must be available on or near the location in good condition and in sufficient quantity to adequately treat the mud system should hydrogen sulfide be encoun-

tered;

(B) detailed emergency operating procedures must be defined and posted to insure the safety of all personnel should hydrogen sulfide be encountered;

(C) detailed step-by-step remedial procedures must be developed and posted to cover emergencies while drilling or tripping; and

(D) personnel protective equipment must be available at the well site.

(3) all drill site supervisors must be trained for operations in the presence of hydrogen sulfide. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.070. RECORDS AND REPORTS. (a) The operator of each drilling well shall

(1) keep a detailed accurate written daily record of the well operations which must be available for inspection at reasonable times by the commission or a representative of the commission

(A) at the well before completion, abandonment, or suspension; and

(B) in Alaska for five years after completion, abandonment, or suspension, upon 30 days written notice;

(2) file with the commission, on or before the 15th of each month, the Monthly Report of Drilling and Workover Operations (Form 10-404), setting out an accurate summary of the daily record of well operations during the previous calendar month; and

(3) file with the commission within 30 days after completion, abandonment, or suspension of the well

(A) a complete well record on the Well Completion or Recompletion Report and Log (Form 10-407);

(B) a detailed report of all drill stem tests and production tests including time intervals, quantity and description of all recovered fluids, and pressure data; and

(C) a complete well history.

(b) A well is considered completed, abandoned, or suspended on the date significant well operations cease. The commission will, in its discretion, approve a subsequent date upon which a suspended well will be considered completed, abandoned, or suspended if the operator shows that significant well operations will be resumed within a reasonable time.

(c) In this section, "significant well operations" means those well operations conducted in accordance with good oil or gas field practices. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.075. OTHER WELLS IN DESIGNATED AREAS. There are areas in the state where drilling operations could unexpectedly encounter oil, gas, or hazardous substances at shallow depths. When the commission obtains sufficient evidence to define a specific area and the approximate depth range of the substances, it will issue an order that will present the evidence, define the area, and stipulate a drilling depth. After the issuance of such an order, any well drilled in the defined area for any purpose, that exceeds the stipulated depth will require a drilling permit and may be subject to the other requirements of this chapter. (Eff. 4/13/80, Reg~~is-~~

~~ter~~ 74)

Authority: AS 31.05.030

ARTICLE 2. ABANDONMENT AND PLUGGING.

Section

105. Abandonment and plugging requirements and notices
120. Well abandonment marker
140. Water wells
170. Location cleanup

20 AAC 25.105. ABANDONMENT AND PLUGGING REQUIREMENTS AND NOTICES. (a) Each well must be abandoned within 90 days following the expiration of the lease unless an extension of time is granted by the commission. The commission will, in its discretion, grant an extension upon receipt of the form entitled Sundry Notices and Reports on Wells (Form 10-403), on which is specified

(1) a request for a specific time extension; and
(2) the reason an extension is necessary.

(b) Each well to be abandoned must be plugged by the operator who is responsible for the well, so as to prevent fluid migration within the wellbore. Notice of plugging or abandonment must be filed according to (c) of this section. Unless a different program is approved by the commission, the minimum requirements for abandonment of a well are as follows:

(1) a cement plug not less than 100 feet in length must be placed immediately above each hydrocarbon-bearing formation open to the well bore;

(2) a cement plug of at least 50 feet must be placed to extend to the surface of the ground in each hole for onshore wells and to the mud line in offshore wells;

(3) the intervals below and between plugs must be filled with fluid of sufficient density to equal or exceed the fluid density utilized to drill that interval;

(4) in uncased holes, in addition to the requirements of (1) through (3) of this subsection

(A) a cement plug not less than 100 feet in length must be placed from 50 feet below the deepest existing casing shoe to 50 feet inside the casing;

(B) a cement plug not less than 100 feet in length must be placed across the top of the stub where the casing is cut and pulled; and

(C) a cement plug not less than 100 feet in length must be placed immediately below the deepest freshwater bearing strata;

(5) in cased holes, permanent packers or bridge plugs with a minimum cement cap of not less than 50 feet may be substituted for cement plugs;

(6) final abandonment of onshore wells is completed only after the well location is cleaned up as specified in sec. 170 of this chapter; and

(7) final abandonment of offshore wells in addition to meeting the requirements of this section may also have to meet the requirements of other governmental agencies.

(c) When a well is to be plugged and abandoned, the form entitled Sundry Notices and Reports on Wells (Form 10-403) must be filed and approved, whenever possible, before commencing work. However, when necessary, verbal approval may be

obtained from the commission or its representative before commencing work. The Form 10-403 must contain

(1) the reason for plugging or abandonment; and

(2) a statement of proposed work which includes

(A) information on porous strata;

(B) the kind, size, and location (by measured depth) of existing and proposed plugs;

(C) any plans for mudding, cementing, shooting, testing, and removing casing;

(D) all other pertinent information; and

(E) if the Form 10-403 is filed after commencing work, it must contain the name of the commission member or its representative who provided verbal approval and the date of the approval.

(d) Notice of the plugging and abandonment must be given to the commission in time so that a representative of the commission may be present to witness the work.

(e) Following completion of the work, a final Form 10-403 must be filed. It must contain a history of the completed work and the date the well site would be in condition for final inspection. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.120. WELL ABANDONMENT MARKER. (a) The exact surface location of the abandoned hole must be shown by a steel marker post. The description and installation of the post must be as follows

(1) at least four inches in diameter;

(2) at least 10 feet long;

(3) set in cement inside well casing;

(4) extending at least four feet above final ground level;

(5) the top of the pipe must be closed with one of the following

(A) cement plug;

(B) screw cap; or

(C) welds; and

(6) as an alternative method to (2) and (3) of this subsection, the marker post may be firmly welded with supporting fillets to the top of a blind flange placed on the wellhead.

(b) The following information must be bead-welded directly to the marker post

(1) name of the operator;

(2) unit or lease name;

(3) well number; and

(4) exact location with

(A) footage from section lines;

(B) section number;

(C) township, north or south;

(D) range, east or west; and

(E) meridian.

(c) Inspection of proper marker post installation and correct information will be made by a representative of the commission at the time of the location cleanup inspection as required in sec. 170 of this chapter.

(d) When requested by the surface owner, the marker post

installation requirement will, in the commission's discretion, be waived by the commission, in which case the information required in (b) (1), (2), and (3) of this section must be bead welded to the top of a blind flange placed on the wellhead.

(e) In navigable waters, marker posts are not required. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.140. WATER WELLS. If a well drilled for oil or gas is to be plugged and abandoned but may safely be used as a freshwater well, and such a use is desired by the landowner, the well need not be cemented above the required plug set below the freshwater as required in sec. 105 of this chapter. Written authority for this action must be obtained from the landowner, including his assumption of the full responsibility for the final plugging of the water well. This authorization must be filed with and approved by the commission. Following the commission's approval of the plugging of the well to the base of the freshwater bearing strata and the location cleanup, the operator will be relieved of further obligation under his bond. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.170. LOCATION CLEANUP. (a) Within one year of suspension or abandonment of an onshore well, the operator shall

(1) remove all materials, supplies, structures, and installations from the location;

(2) remove from location, adequately bury, or incinerate all loose debris on or near the location in accordance with all applicable statutes and regulations;

(3) fill and grade all pits; and

(4) leave the location in a clean and graded condition.

(b) An extension of time beyond one year will, in the commission's discretion, be granted by the commission upon receipt of the form entitled Sundry Notices and Reports on Wells (Form 10-403) on which is stated

(1) a request for a specific time extension;

(2) the reason an extension is necessary; and

(3) a description of location cleanup progress.

(c) Following completion of all work required in (a) of this section, or when requested by the operator, onsite inspections will be made by a representative of the commission to

(1) verify a proper well marker as required in sec. 120 of this chapter;

(2) verify the location condition at the time of inspection; and

(3) provide the operator and his field representative a report of the inspection. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

ARTICLE 3. PRODUCTION PRACTICES.

Section

200. Surface equipment
205. Notification of accidental loss of oil or gas

Section

210. Multiple completion of wells
215. Commingling of production
225. Capacity of gas wells
230. Production measurement
235. Gas utilization
240. Gas-oil ratios
245. Common production facilities
250. Disposal of salt water and other wastes
255. Equitable distribution of production
260. Illegal production
265. Automatic shut-in equipment
270. Bottom hole pressures

20 AAC 25.200. SURFACE EQUIPMENT. (a) Adequate production equipment must be installed to control, separate, process, and clean in a safe manner all produced oil, gas, and water. All equipment must be installed and maintained in accordance with good established industry practice.

(b) All equipment must be adequately protected to insure reliable operation under the range of weather conditions expected for the specific location and use.

(c) Wellhead equipment installed must include adequate gauges and valves on the tubing and on casing-tubing and casing-casing annuli to show surface pressures and to control the well flow for the range of conditions expected. Other alternatives may be approved for subsea completions. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.205. NOTIFICATION OF ACCIDENTAL LOSS OF OIL OR GAS. (a) The commission must be immediately notified by the operator of any accidental loss of oil or gas, or both, from any drilling or producing well. This notification does not relieve the operator from complying with any other notification requirements imposed by statute or regulation.

(b) Within five days after the accidental loss, the operator shall submit a written report to the commission detailing the following facts

(1) time of incident;
(2) location where incident took place;
(3) volumes of oil and of gas lost;
(4) cause of the loss;
(5) actions taken and planned to prevent further loss; and
(6) equipment or procedural changes, if applicable, to prevent the loss from recurring. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.210. MULTIPLE COMPLETION OF WELLS. A well may not be completed in more than one pool without approval of the commission. The commission will require evidence of adequate and complete separation as ascertained by pressure or circulation tests conducted at the time the packers are set. Subsequently, if packer leakage is suspected, the commission will, in its discretion, request the operator to provide proof of adequate and complete separation of the pools involved in

the completions or make a packer leakage test. Notification must be given so that the packer leakage test may be witnessed by a representative of the commission. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.215. COMMINGLING OF PRODUCTION. (a) On the surface, the production from one pool may not be commingled with that from another pool except when the quantities from each source of the production are determined by periodic well tests or other measurements.

(b) In the same well bore, commingling of production from two or more pools will not be permitted except after notice, hearing, and an order of the commission approving such commingling. After the first hearing, the commission will, in its discretion, approve commingling in other wells in the same pools if the proposing operator has certified that all operators with wells completed in one or more of the pools have been notified and no protest is furnished the commission within 15 days. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.225. CAPACITY OF GAS WELLS. All gas wells must be tested by the multi-point back pressure method upon completion or at a time requested by the operator and approved by the commission. The test results must be reported to the commission on the form entitled Gas Well Open Flow Potential Test Report (Form 10-421) within 30 days after the test. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.230. PRODUCTION MEASUREMENT. (a) All production from wells must be measured to determine the quality and quantity of produced fluids, using equipment and techniques acceptable to the commission such as API Standards, Recommended Practices, and Specifications.

(b) Production may be measured from a lease or unitized property as a whole if adequate individual well test facilities are provided to enable accurate allocating and reporting of all fluids to individual wells.

(c) Bypasses must not be connected around sales measurement equipment such as tanks, meters, gauges, or gas meter runs.

(d) The volumes of produced gas, oil and water must be reported monthly, where appropriate, on the Monthly Production and Injection Report (Form 10-405), the Producer's Report of Gas Disposition (Form 10-422), and the Report of Injection Project (Form 10-413).

(e) The commission will, in its discretion, require sufficient notice so that its representative may monitor, witness, and collect data from

(1) well tests to verify production allocation and gas-oil ratio determinations;

(2) measuring equipment installations to verify that

(A) tank settings are in accordance with API Standards including automatic gauging, if installed;

(B) liquid hydrocarbon metering is in accord-

ance with API Std. 2502, "Lease Automatic Custody Transfer" and API Spec. 11N, "Lease Automatic Custody Transfer (LACT) Equipment";

(C) meter provers and calibration are in accordance with API Std. 2531, "Mechanical Displacement Meter Provers";

(D) gas metering, meter runs, and calibrations are in accordance with API Std. 2530, "Orifice Metering of Natural Gas" or gas metering by turbine and other meters is in accordance with accepted industry standards; and

(E) gas volume determination is in accordance with acceptable differential pressure chart or electronic computer methods;

(3) liquid hydrocarbon pipeline run tickets, to verify that the volumes for custody transfer have been properly determined by making

(A) temperature adjustments to 60°F, from tanks or meters;

(B) API gravity determinations from appropriate fluid samples in accordance with API Std. 2544, "Hydrometer Method";

(C) basic sediment and water (BS&W) determinations from appropriate samples in accordance with API Std. 2542, "Standard Methods of Test for Water and Sediment in Crude Oils"; and

(D) meter proving factor determinations in accordance with API Std. 1101, "Measurement of Liquid Petroleum Hydrocarbon and Positive Displacement Meter"; and API Std. 2534, "Liquid Hydrocarbons by Turbine Meter Systems" except that successive meter factors that differ by more than 0.0025 are unacceptable and proper steps must be immediately taken to bring the meter within acceptable tolerance. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.235. GAS UTILIZATION. (a) Gas from a well may be used in lease or unit operations for

(1) light or fuel;

(2) injection to increase the ultimate recovery of hydrocarbons, or for storage;

(3) the extraction of liquid hydrocarbons if the gas is not wasted; and

(4) the artificial lifting of oil from a pool if all gas returned to the surface is used without waste.

(b) Gas from a well must not be permitted to escape into the air without commission approval, except

(1) when required for safety;

(2) when required for initial testing; and

(3) in cases of operational necessity if no such escape is for more than five days within any 30-day period.

(c) The disposition of gas production must be reported each month on the Producer's Report of Gas Disposition (Form 10-422). (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.020
AS 32.05.030

20 AAC 25.240. GAS-OIL RATIOS. (a) An oil well may not be allowed to produce with a gas-oil ratio in excess of 2,000 cubic feet of gas per barrel of oil.

(b) Upon application by an operator, the limition in (a) of this section will, in the commission's discretion, be waived by the commission

(1) for wells producing from a pool that has an approved additional recovery project; or

(2) where the produced gas is being returned to the same pool.

(c) Exceptions for conditions other than those specified in (b) of this section will, at the discretion of the commission, be granted only after application, notice, and hearing. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 22.245. COMMON PRODUCTION FACILITIES. Common facilities may be used to receive the production from any number of wells if adequate tankage or other measuring equipment is installed so that production from each well can be accurately determined at reasonable intervals. The commission will, in its discretion, require the measurement of production from each lease. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.250. DISPOSAL OF SALT WATER AND OTHER WASTES. Salt water and other wastes may be disposed of by injection into a hydrocarbon bearing formation upon approval of the commission. The disposal must be done in a manner that will not contaminate fresh water sources or endanger other natural resources. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.255. EQUITABLE DISTRIBUTION OF PRODUCTION. (a) Whenever the commission limits the quantity or rate of production of oil or gas that may be produced from a pool, the production allowed will be distributed among the wells or properties in such a manner that each producer has the opportunity to produce or receive his just and equitable share.

(b) Production tests of wells, in cases where the results of the tests may be used in determining correlative rights of other producers, may be witnessed by those producers and they must be notified by the operator of the wells and be given an opportunity to be present. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.260. ILLEGAL PRODUCTION. No person may produce or transport crude oil or natural gas from any well or pool in Alaska except that which has been produced in accordance with the regulations and orders of the commission. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.265. AUTOMATIC SHUT-IN EQUIPMENT. (a) Any well covered by this chapter with an offshore surface location, which is capable of unassisted flow of hydrocarbons, must be equipped with a commission-approved

(1) fail-safe automatic surface safety valve (SSV) capable of preventing an uncontrolled flow; and

(2) fail-safe automatic surface controlled subsurface safety valve (SSSV), unless another type of subsurface valve is approved by the commission; this valve must be in the tubing string and located below the mud line, permafrost, or

at some other depth as may be required; the valve must be capable of preventing an uncontrolled flow.

(b) The commission will, in its discretion, also require SSV's or SSSV's, or both, on wells in other areas after notice and hearing in accordance with sec. 540 of this chapter.

(c) A representative of the commission will witness operation and performance tests at intervals and times as prescribed by the commission to confirm that the SSV, SSSV, and all associated equipment are in proper working condition. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.270. BOTTOM HOLE PRESSURES. The operator shall make a test to determine the bottom hole pressure in the discovery well in any new pool. The test must be made after the well has been shut-in for a period sufficient to allow an accurate determination of the reservoir pressure. The results must be reported to the commission on the form entitled Reservoir Pressure Report (Form 10-412). (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

ARTICLE 4. REPORTS.

Section

300. Request for addition information
310. Books and records
320. Forms to be used

20 AAC 25.300. REQUEST FOR ADDITIONAL INFORMATION. This chapter does not limit or restrict the authority of the commission to require the furnishing of such additional reports, data, or other information relative to drilling, production, transportation, storage, or handling of crude oil or natural gas in Alaska, as may appear to it to be necessary or desirable, either generally or specifically, for the prevention of waste and the conservation of the natural resources of Alaska. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority AS 31.05.030

20 AAC 25.310. BOOKS AND RECORDS. All operators, producers, transporters, storers, and handlers of crude oil and natural gas within Alaska shall make, and keep in Alaska for a period of not less than five years, appropriate books and records covering their operation in Alaska. The data from these books and records must be used to make and substantiate the reports required by this chapter. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.320. FORMS TO BE USED. (a) Where this chapter requires forms to be filed, the forms to meet these requirements and the submission frequency are as follows

(1) Application for Permit to Drill - Form 10-401 (each well);

(2) Bond - Form 10-402 (before drilling each well unless blanket bond filed);

(3) Sundry Notices and Reports on Wells - Form 10-403 (irregular as needed);

(4) Monthly Report of Drilling and Workover Operations - Form 10-404 (monthly);

(5) Monthly Production and Injection Report - Form 10-405 (monthly);

(6) Well Completion or Recompletion Report and Log - Form 10-407 (within 30 days after completion, suspension, or abandonment);

(7) Well Status Report and Gas-Oil Ratio Tests - Form 10-409 (irregular);

(8) Reservoir Pressure Report - Form 10-412 (irregular);

(9) Report of Injection Project - Form 10-413 (monthly);

(10) Gas Well Open Flow Potential Test Report - Form 10-421 (upon completion of gas well or at a time approved by the commission); and

(11) Producer's Report of Gas Disposition - Form 10-422 (monthly).

(b) These forms must be submitted to the Alaska Oil and Gas Conservation Commission at 3001 Porcupine Drive, Anchorage, Alaska 99501. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

ARTICLE 5. ADDITIONAL RECOVERY METHODS.

Section

400. Application for additional recovery
410. Injection wells
430. Records and reports

20 AAC 25.400. APPLICATION FOR ADDITIONAL RECOVERY. (a) Any operator proposing to gain additional recovery by using methods other than those methods used for primary recovery shall submit an application for the project for approval by the commission.

(b) The application must contain the following:

(1) the names and addresses of every operator of the project;

(2) a plat showing the unit, lease, or group of leases included within the proposed project; the plat must also show the location of the proposed injection well or wells and the location of all oil and gas wells, including abandoned and drilling wells and dry holes, and the name of every operator offsetting the area encompassed within the project;

(3) the pools in which all wells are currently completed;

(4) the name, description, and depth of the pool to be affected by injection;

(5) the logs of all existing injection wells;

(6) the description of the casing in each injection well, or the proposed casing programs, and the proposed method for testing the casing before use as an injection well;

(7) a statement as to the injection fluid to be used, its sources, and the estimated amounts to be injected daily;

(8) a tabulation showing recent production tests for each of the producing oil and gas wells; and

(9) a statement of the plan and rate of development of the area included within the project.

(c) A copy of the application must be mailed or delivered by the applicant

(1) to every operator affected by the project as shown on the application on or before the date the application is filed with the commission; and

(2) to the commission, including a list of all operators, with their addresses, to whom the application was mailed or delivered.

(d) In the absence of any objection within 30 days from the date of mailing, the commission will, in its discretion, approve the application. If objection is made, the commission will set the matter for hearing in accordance with sec. 540 of this chapter. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.020
AS 31.05.030

20 AAC 25.410. INJECTION WELLS. Wells used for the injection of gas, air, water, or other extraneous fluids into the producing reservoir must have

(1) safe and adequate casing which must be cemented to prevent leakage or damage to oil, gas or fresh water resources;

(2) safe and adequate tubing with a packer in place to prevent communication with the tubing-casing annulus; and

(3) regular monitoring of the tubing-casing annulus to detect pressure communication. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.430. RECORDS AND REPORTS. Each operator shall keep accurate records showing volumes of fluids produced, injected volumes, reservoir pressures and injection pressures. Upon reasonable notice, the commission or its authorized representative must be given full access during normal business hours to all records and reports. Each operator shall file with the commission a monthly report which shows all produced and injected volumes and other data as required by the commission on the forms entitled Monthly Production and Injection Report (Form 10-405), Report of Injection Projects (Form 10-413) and Producer's Report of Gas Disposition (Form 10-422). (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

ARTICLE 6. GENERAL PROVISIONS

Section

505. Scope of regulations
510. Commission office, hours and seal
515. U.S. Government leases
520. Field and pool regulation and classification
525. Forms upon request
526. Fire hazard
530. Cooperation with other parties
536. Geologic data and logs
537. Public and confidental well information
538. Naming of fields and pools
540. Hearings
545. Public mailing list
550. Oaths
555. Orders

Section

557. Subpoenas
570. Definitions

20 AAC 25.505. SCOPE OF REGULATIONS. This chapter consists of general regulations of state-wide application which apply to all wells and fields. However, the commission will, in its discretion, and after notice and opportunity for public comment, adopt orders applicable to particular areas or subject matter, which prevail over these general regulations to the extent that they are in conflict. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.510. COMMISSION OFFICE, HOURS AND SEAL. (a) The principal office of the Alaska Oil and Gas Conservation Commission is located at 3001 Porcupine Drive, Anchorage, Alaska 99501. The commission's telephone number is (907) 279-1433.

(b) The office of the commission is open for the transaction of business each day from 8:00 AM until 12:00 Noon and from 1:00 PM until 4:30 PM, except Saturday, Sunday, and every state holiday. A commission representative will be available after normal office hours and on week-ends and holidays through an answering service by calling the same number as shown in (a) of this section.

(c) The official seal of the commission is reproduced below.

(Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.017
AS 31.05.030
AS 31.05.050(b)

20 AAC 25.515. U.S. GOVERNMENT LEASES. All persons drilling on United States Government leases shall comply with all applicable regulations of the commission which are not in conflict with applicable United States government regulations. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.010

20 AAC 25.520. FIELD AND POOL REGULATION AND CLASSIFICATION. (a) Upon the request of the commission or any affected lease owner at any time after the discovery of oil or gas in a

field or pool or both, a hearing will be held and the commission will issue an order, based upon the evidence presented, classifying the pool as an oil or gas pool in a field and prescribing rules for the development of the pool. All pool orders so promulgated must

(1) prevent waste and protect correlative rights; and

(2) be based on the operating and technical data presented.

(b) The commission will, in its discretion, reclassify fields and pools or amend pool orders upon the presentation of additional data at a subsequent hearing. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.020
AS 31.05.030
AS 31.05.060
AS 31.05.100

20 AAC 25.525. FORMS UPON REQUEST. Forms for applications, notices, approvals, and reports required by the commission will be furnished upon request. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.526. FIRE HAZARD. Each well location must be maintained in a manner to prevent fires. All rubbish, debris, waste material, spilled oil, and any other substance that constitutes a fire hazard must be disposed of in a manner and at a location approved by all applicable state and federal regulatory agencies. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.530. COOPERATION WITH OTHER PARTIES. The commission will, in its discretion, from time to time enter into arrangements with Alaska and federal government agencies, industry committees, and individuals with respect to special projects, services, and studies relating to the conservation of oil and gas. If any arrangement requires the commission to utlitize procedures not covered in this chapter, the procedures necessary to carry out the intent of the arrangement will be formulated and made available at the office of the commission after public notice and opportunity for public comment. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.023
AS 31.05.030

20 AAC 25.536. GEOLOGIC DATA AND LOGS. (a) The operator shall log the portion of the hole below the conductor pipe by either a complete electrical log or a complete radioactivity log unless the commission specifies which type of log is to be run.

(b) Within 30 days after completion, suspension, or abandonment of a drilling well, the operator shall file with the commission

(1) a complete mud log or a lithology log consisting of a detailed record and description of the sequence of strata encountered, including kind and character of the rock and all shows of hydrocarbons;

(2) a complete set of washed and dried, legibly-identified samples of all well cuttings as caught by the operator

in accordance with good geological practices;

(3) a brief description of all cores and a chip from each foot of recovered core;

(4) a list of the geologic markers encountered in the well and the measured and true vertical depths of each marker;

(5) a sepia and a reproduced copy of all logs run in the well, (including the composite logs, if available) except velocity surveys and experimental logs; and

(6) the digitized data if available, for copying, for all logs required in (5) of this subsection, except the dipmeter survey.

(c) The commission will, in its discretion, waive the requirements of (a), (b)(1), and (b)(2) of this section for development wells.

(d) In this section

(1) "experimental logs" means the logs which are so newly developed or so limited or specialized in application that they are not commonly run on petroleum exploration or development wells; and

(2) "velocity survey" means a survey, the primary purpose of which is to determine velocity of seismic waves through formations penetrated by a well by measuring travel times of seismic pulses from or near the surface to a seismometer lowered to various depths in the well, and also includes the integrated time markers on sonic logs. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030
AS 31.05.035

20 AAC 25.537. PUBLIC AND CONFIDENTIAL WELL INFORMATION. (a) The commission will routinely make available to the public, by means of records or reports, in its offices or elsewhere, or by means of regular publication, the following information

(1) surface and proposed bottom-hole location of each well, after approval of the drilling permit;

(2) total depth, bottom-hole location and well status after the Well Completion or Recompletion Report and Log (Form 10-407) is filed;

(3) production data and production reports, as required to be filed by the operator each month; and

(4) all well information required to be filed by the operator after the expiration of the confidential period.

(b) Information not required by this chapter, but voluntarily filed with the commission will be kept confidential if the person filing the information so requests.

(c) In this section, "well status" means the classification of a well as oil, gas, service, suspended, or abandoned.

(d) Except as provided by (a) of this section, the reports and information required to be filed by the operator will be kept confidential by the commission for 24 months following the 30-day filing period unless the operator gives written and unrestricted permission to release all of the reports and information at an earlier date. Upon notification from the commissioner of the Department of Natural Resources that he has made a finding that the required reports and

information from a well drilled on state land contain significant information relating to the valuation of unleased land in the same vicinity, the commission will hold the reports and information confidential beyond the 24-month period and until notified by the commissioner of the Department of Natural Resources to release the reports and information. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.026
AS 31.05.030
AS 31.05.035

20 AAC 25.538. NAMING OF FIELDS AND POOLS. (a) The following procedures must be followed for the naming of new fields and pools

(1) if the operator believes the well is a new field or a new pool discovery and wants to participate in naming the discovery, he shall furnish information to the commission showing why he believes a new discovery has been made, not later than 30 days after the earliest of the following dates

(A) the date the well information is released by the commission to the public; or

(B) the date regular production commences; and

(2) at the same time that the information in (a)(1) of this section is filed, the operator may submit three recommendations for a new field name or a new pool name or both. He may indicate his first, second, and third choice of names.

(b) The commission will consider all of the information filed to determine if a new discovery has been made. If the commission finds a new discovery has been made, the commission will select a field name or a pool name, or both, giving consideration to the operator's recommendation, significant landmarks, public use, conflicts with other pool and field names, geologic completion interval, and any other factors which make it unique, acceptable, and usable. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030

20 AAC 25.540. HEARINGS. (a) Upon its own motion or when a request is received to issue an order affecting a single well or a single field, the commission will give notice by publishing in an appropriate newspaper. The notice will provide the essential details of the proposed or requested order and set out the date, time, and place for a hearing. A proper protest and request for hearing must be filed with the commission at its office in Anchorage, Alaska within 10 days after the publication date by any person who may be aggrieved by the requested order if issued. If such a protest is timely filed, a hearing will be held on the date and time specified in the notice. If no protest is timely filed, issuance of the order will be considered by the commission without a hearing.

(b) The following procedure will be followed at public hearings conducted under (a) of this section:

(1) the hearing will be called to order and the subject of the hearing along with the date and place of public notice given for the hearing will be read into the record;

(2) the commission will receive both sworn testimony and unsworn statements; it will give greater weight in its deliberations to sworn testimony;

(3) all persons wishing to testify will be sworn;

(4) each witness shall state his or her name and who

he or she represents;

(5) each witness who wishes to give expert testimony shall state his or her qualifications and the commission will rule on whether the witness qualifies as an expert;

(6) the applicant will be asked to present his testimony first; all others wishing to present testimony will be heard next; upon request, the commission will, in its discretion, allow cross-examination of witnesses by the applicant or affected owners;

(7) any person wishing to make an oral statement will be allowed to do so after the conclusion of all testimony;

(8) any person wishing to submit a written statement will be permitted to do so after the conclusion of the oral statements;

(9) the commission will, in its discretion, ask questions of any of the witnesses;

(10) members of the audience will not be permitted to ask questions of witnesses directly; if they wish to have a question directed to a witness, they must write the question down and give it to a designated commission representative indicating to whom the question should be directed; before the end of the hearing, the commission will review these questions and ask those which it believes will be helpful in eliciting needed information; all questions will be included in the hearing record; and

(11) a written transcript of the hearing will be prepared and included in the public record of the hearing.

(c) Hearings on matters of statewide or general application will be held under the applicable provisions of AS 44.62 (Administrative Procedure Act). (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030
AS 31.05.050
AS 31.05.060

20 AAC 25.545. PUBLIC MAILING LISTS. Public mailing lists will be maintained by the commission for the purpose of sending appropriate notices, orders, and publications to persons who request to be put on these lists. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030
AS 31.05.035
AS 31.05.050
AS 31.05.060

20 AAC 25.550. OATHS. Each member of the commission has the power to administer oaths to witnesses in any hearing, investigation, or proceeding conducted under AS 31.05 and this chapter. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030
AS 31.05.070

20 AAC 25.555. ORDERS. No order, except in an emergency, will be issued by the commission except under the procedure contained in sec. 540 of this chapter. An emergency order will, in the commission's discretion, be issued when an emergency requiring immediate action is found to exist. An emergency order is not effective for more than 15 days. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030
AS 31.05.040

20 AAC 25.557. SUBPOENAS. (a) The commission will, in its discretion, issue subpoenas and subpoenas duces tecum.

(b) Subpoenas duces tecum for the production of books, records, papers, or other documents of any sort will, in the commission's discretion, be issued by the commission upon a written request. The applicant must establish that he has a proper relation to the matter and show the relevance of the evidence sought and the facts expected to be proved by them.

(c) The issuance of subpoenas, requiring the attendance of a witness for the purpose of taking oral testimony before the commission will, in the commission's discretion, be issued by the commission upon a written request. The applicant must establish that he has proper relation to the matter and give the name and address of the desired witness. (Eff. 4/13/80, Reg~~ister~~ 74)

Authority: AS 31.05.030
AS 31.05.070

20 AAC 25.570. DEFINITIONS. In this chapter, unless the context clearly requires otherwise

(1) "API" means the American Petroleum Institute;

(2) "API Specifications" means those specifications that are in effect at the time these regulations are promulgated.

(3) "API Standards" means those standards that are in effect at the time these regulations are promulgated.

(4) "API Recommended Practices" means those practices that are in effect at the time these regulations are promulgated.

(5) "barrel" means 42 U.S. gallons, measured under standard conditions;

(6) "BOP" means blowout preventer, which is a casinghead assembly equipped with special gates or rams or other packoffs which can be closed around the drill pipe, tubing, casing, or tools and which completely closes the top of the casing to control well pressure;

(7) "bottom hole pressure" means the pressure in pounds per square inch gauge (psig) under conditions existing at or near the producing horizon determined by means of an instrument adopted and recognized by the oil and gas industry;

(8) "commission" means the Alaska Oil and Gas Conservation Commission;

(9) "condensate" means the liquid recovered at the surface that results from condensation due to reduced pressure or temperature of petroleum hydrocarbons existing in a gaseous phase in the reservoir;

(10) "day" means a period of 24 consecutive hours from 7:00 AM one day to 7:00 AM the following day; the calendar day is the day in which this period begins;

(11) "development well" means a well drilled within

the proved area of an oil or gas reservoir to the depth of a stratigraphic zone known to be productive;

(12) "drilling fluid" means any fluid as the term is commonly used in the industry for the purpose of drilling and removing cuttings from the well;

(13) "drilling unit" means that area set by the commission as provided for in AS 31.05.100;

(14) "exploratory well" means a well that discovers or is drilled to discover a previously unknown pool;

(15) "gas-oil ratio" means the ratio of gas in standard cubic feet to oil in barrels produced concurrently during any stated period;

(16) "gas well" means a well which produces gas as its principal product;

(17) "multiple completion" means the completion of any well so as to permit production from more than one pool with the production from each pool completely segregated;

(18) "oil well" means a well which produces oil as its principal product;

(19) "operator" means any person who, duly authorized, is in charge of the development of a lease or the operation of a well;

(20) "potential" means the ability of a well to produce oil or gas as determined by an approved test;

(21) "reservoir" means the same as pool;

(22) "service well" means a well drilled or completed for the purpose of supporting production in an existing field; service wells are drilled for gas injection, water injection, steam injection, air injection, saltwater disposal, water supply for injection, observation, and injection for in-situ combustion;

(23) "standard conditions" means a temperature of 60 degrees Fahrenheit and an absolute pressure of 14.65 pounds per square inch;

(24) "stratigraphic test" means a hole drilled for the sole purpose of gaining structural or stratigraphic information or both and to a depth sufficient to penetrate and explore formations which are prospective producing pools, but is not drilled with the intent to be completed as a producing well. (Eff. 4/13/80, Reg~~ister~~ 74)

Editor's Note:
See AS 31.05.170 for further definitions.

Authority: AS 31.05.030

#11

C.O. #212

ALASKA OIL AND GAS ASSOCIATION TESTIMONY

on

Proposed Revisions To The Alaska Oil And Gas Conservation Commission Regulations (20 AAC 25)

My name is Tom Fink. I am the Environmental Manager for ARCO Alaska, Inc. in Anchorage and today I am representing the Alaska Oil and Gas Association (AOGA). AOGA is an organization composed of the majority of companies who explore, produce, and transport oil and gas in Alaska.

AOGA appreciates the efforts of the Commission to adopt Underground Injection Control (UIC) regulations that will best serve the needs of the State of Alaska. We feel the Commission has made a significant effort to understand industry's needs, and that the commission has attempted to draft reasonable rules.

With respect to proposed changes to other sections of the administrative code, we offer the following remarks:

- Regarding Section 20 AAC 25.515 "U.S. Government Leases", we believe the relevant UIC statutory authorization grants the Commission jurisdiction over federal land only to the extent of administrating the Underground Injection Control program. As proposed, the language of 25.515 could be read to assert commission jurisdiction over a broad range of oil and gas activities on federal lands. Such an assertion of authority is not justified by the UIC authority sought to be administered under these proposed regulations.

- Regarding 20AAC 25.517 "Plan For Pool Development and Operation, and Integration of Interests", we have the following comments: This proposed regulation increases the burdens on lessees by requiring that a plan for pool development be filed within 90 days after a discovery "that would appear to a reasonable and prudent operator to be of sufficient value to warrant development" and annually thereafter.

  This requirement is vague in that it is not possible to determine in the abstract what discoveries would meet the threshold criterion. In any case, the requirement should be triggered by a decision to develop, and not by a discovery. Further, the requirement is unnecessary to the extent that it affects unitized leases.

  The unit regulations, at 11 AAC 83.343, require that plans of development be filed with the Department of Natural Resources as an exhibit to the Unit Agreement prior to the development. The plans may be effective for more than one year and they must include sufficient information to allow the Commissioner to determine that the development is appropriate under 11 AAC 83.303. The criteria in 11 AAC 83.303(a) are derived from those in the proposed regulation. Submission to the Commission of a copy of the plan of development required under 11 AAC 83.343 should satisfy all Commission requirements as to unitized lands.

Based on these points, we recommend that the proposed regulations be modified to limit their application to leases that are not unitized and to require submission of plans of development only after a decision by the lessee to develop the lease. We believe that the plan of development should not be required to be filed annually.

To supplement our brief testimony today, we are submitting suggested revisions to these two proposed sections as written comments. We ask that you give full consideration to these two areas of concern with the proposed regulations.

AOGA appreciates the opportunity to comment on these proposed Alaska Oil and Gas Conservation Commission regulations.

JDH:kyn

ARCO ALASKA INC.'S TESTIMONY

CONCERNING PROPOSED CHANGES TO AOGCC REGULATIONS

My name is Dan Rodgers. I am an attorney for ARCO Alaska, Inc. ("ARCO") in Anchorage.

ARCO is a member of AOGA and concurs with AOGA's comments concerning the proposed changes to Section 20 AAC 25.515 and Section 20 AAC 25.517.

ARCO recognizes that Chapter 25 of Title 20 consists of general regulations of statewide application. ARCO presently operates fields in Alaska under a number of specific field rules and conservation orders. It is ARCO's understanding that the particular field rules and conservation orders will prevail over these general regulations to the extent they do not create waste or impugn correlative rights.

ARCO also would like to recommend specific changes to 20 AAC 25.228. This is a proposed new regulation pertaining to custody transfer measurement equipment.

ARCO suggests that 20 AAC 25.228(c) be changed to read as follows:

> (c) If a totalizer system is microprocessor based, it must be equipped with a back-up pulse accumulator for each meter run which will count and preserve meter pulses in the event of power or computer failure.

ARCO recommends this change in order to clarify the application and intent of Subsection (c). It is ARCO's understanding that

the intent of Subsection (c) is to require a back-up system to preserve raw data.

ARCO suggests that 20 AAC 25.228(d) be changed to provide as follows:

> (d) Where a microprocessor totalizing system is used, the reports of net measured volumes for the custody transfer intervals must, at a minimum, show the raw or factored pulses, average temperature, pressure, and gravity, the meter factors, the correction factors, and the gross standard volumes.

ARCO requests this change because the original language of subsection (d) appeared to require that all the information required by the Commission be submitted on a single computer print-out. ARCO agrees that it is appropriate that the requested information be reported to the Commission. However, ARCO is not aware of any currently existing equipment which will include all the requested information on a single computer print-out. ARCO requests the Commission to adopt ARCO's proposed language in order to allow the information to be reported in a different format.

ARCO further requests the addition of a new Subsection (f) which would provide as follows:

> (f) Upon request, the Commission will, in its discretion, approve a variance to subsections of this section.

ARCO requests that this subsection be added in order to give the Commission and the producers flexibility in custody transfer metering.

If you have any questions concerning ARCO's recommended changes to 20 AAC 25.228, Mr. Happy Pierce of ARCO is here with me to answer them.

DII.24

MR. CHAIRMAN, MEMBERS OF THE ALASKA OIL AND GAS CONSERVATION COMMISSION.

MY NAME IS THOMAS M. DILLON AND I'M AN ATTORNEY FOR EXXON COMPANY, U.S.A., IN ANCHORAGE. EXXON WELCOMES THIS OPPORTUNITY TO COMMENT IN RESPONSE TO YOUR NOTICE OF PROPOSED REGULATION CHANGES. WE HAVE CAREFULLY REVIEWED THE PROPOSAL AND WE JOIN WITH THE ALASKA OIL AND GAS ASSOCIATION IN COMMENDING YOU FOR THE EFFORTS YOU AND YOUR STAFF HAVE MADE IN ADOPTING AN UNDERGROUND INJECTION CONTROL PROGRAM. I WOULD LIKE TO DRAW YOUR ATTENTION, HOWEVER, TO TWO ISSUES OF CONCERN WITH THE PROPOSAL.

FIRST, WE BELIEVE THAT THE INCLUSION OF 20 AAC 25.517 IN THE PROPOSAL SHOULD BE RECONSIDERED. THIS PROPOSED REGULATION REQUIRES THAT "UPON DISCOVERY OF AN OIL OR GAS POOL THAT WOULD APPEAR TO A REASONABLE AND PRUDENT OPERATOR TO BE OF SUFFICIENT VALUE TO WARRANT DEVELOPMENT, THE OPERATOR SHALL WITHIN 90 DAYS AND ANNUALLY THEREAFTER SUBMIT TO THE COMMISSION FOR APPROVAL A PLAN OF DEVELOPMENT AND OPERATION FOR THE POOL." IT IS A SUBSTANTIVE CHANGE TO THE COMMISSION'S REGULATIONS, UNRELATED TO THE UNDERGROUND INJECTION CONTROL PROGRAM. WE BELIEVE THAT IT SHOULD BE CONSIDERED ON ITS OWN MERITS.

THIS PROVISION WILL BE DIFFICULT TO APPLY, IN THAT REASONABLE AND PRUDENT OPERATORS MAY DIFFER ON WHETHER A POOL IS OF SUFFICIENT VALUE TO WARRANT DEVELOPMENT. INDIVIDUAL OPERATORS MAY EVALUATE A POOL DIFFERENTLY ON THE BASIS OF THEIR INDIVIDUAL PERCEPTIONS OF

THE ECONOMIC SIZE OF THE POOL, THE COSTS OF DEVELOPMENT AND PRODUCTION, THE MARKETABILITY OF THE PRODUCT AND OTHER FACTORS. GIVEN THAT EACH OPERATOR EVALUATES THESE QUESTIONS INDEPENDENTLY, THE "REASONABLE AND PRUDENT OPERATOR" STANDARD WOULD BE PRACTICALLY INCAPABLE OF APPLICATION. WE SUGGEST, INSTEAD, A REQUIREMENT THAT A DEVELOPMENT PLAN BE FILED PRIOR TO DEVELOPMENT AS REGULAR PRODUCTION FROM THE POOL. THIS MAKES SENSE IN LIGHT OF THE FACT AN OPERATOR MAY DISCOVER A POOL WHICH SEEMS TO BE OF SUFFICIENT VALUE TO WARRANT DEVELOPMENT, BUT IMMEDIATE DEVELOPMENT MAY BE PRECLUDED BY THE FACT THAT UNLEASED ACREAGE OVERLIES A SIGNIFICANT PORTION OF THE POOL OR ADJACENT LESSEES MAY NOT YET HAVE AGREED ON AN OPERATING AGREEMENT FOR THE POOL. IN THESE CASES, FORMULATION OF A DEVELOPMENT PLAN WOULD BE PREMATURE. AS A RESULT, FAILURE TO FILE A DEVELOPMENT PLAN WITHIN 90 DAYS AFTER A DISCOVERY COULD BE ERRONEOUSLY INTERPRETED AS BEING BASED ON A BELIEF THAT THE POOL DOES NOT WARRANT DEVELOPMENT. THIS PROBLEM COULD BE RESOLVED BY REQUIRING THE OPERATOR TO FILE A PLAN OF DEVELOPMENT ONLY AFTER THE OPERATOR HAS DETERMINED TO DEVELOP THE LEASE AS WE SUGGEST.

BESIDES THE TIMING OF THE FILING REQUIREMENT, EXXON IS SERIOUSLY CONCERNED THAT THE PROPOSED REGULATION COULD BE INTERPRETED TO REQUIRE FILING OF A PLAN OF DEVELOPMENT FOR AN ENTIRE POOL EVEN WHERE THE OPERATOR IS NOT AUTHORIZED TO OPERATE THE ENTIRE POOL. WE WOULD APPRECIATE CLARIFICATION OF THE REGULATION TO AVOID THAT INTERPRETATION BY REQUIRING SUBMISSION OF A PLAN ONLY FOR THE PORTION OF THE POOL THAT THE OPERATOR IS AUTHORIZED TO DEVELOP.

ADDITIONALLY, WE FEEL THAT THE REQUIREMENT THAT DEVELOPMENT PLANS BE FILED ANNUALLY SHOULD BE RECONSIDERED. AN OPERATOR MAY DESIRE TO FILE A DEVELOPMENT PLAN THAT ENVISIONS ONE OR MORE ACTIVITIES THAT MAY TAKE MORE THAN A YEAR. CONSTRUCTION, GEOPHYSICAL WORK AND DEVELOPMENT DRILLING MAY TAKE SIGNIFICANTLY MORE THAN ONE YEAR. WE RECOMMEND THAT OPERATORS BE ALLOWED THE FLEXIBILITY TO FILE PLANS OF DEVELOPMENT THAT EXTEND FOR APPROPRIATE PERIODS OF TIME, WHICH MAY BE SEVERAL YEARS. UPDATES OF LEASE PLANS OF DEVELOPMENT SHOULD BE REQUIRED ONLY WHEN THE CURRENT PLAN IS ABOUT TO EXPIRE.

WE ASSUME THAT THE THREE GOALS SPECIFIED IN PROPOSED 20 AAC 25.517(B), PREVENTION OF WASTE, PROTECTION OF CORRELATIVE RIGHTS, AND MAXIMIZATION OF RECOVERY, ARE THE CRITERIA UPON WHICH THE COMMISSION INTENDS TO JUDGE THE PLAN OF DEVELOPMENT, SINCE THOSE ARE THE STATUTORILY PRESCRIBED GOALS OF THE COMMISSION. IN OUR OPINION, THESE GOALS ARE APPROPRIATE CRITERIA.

FINALLY, WE RECOMMEND THAT THE PROPOSED REGULATION BE MADE EXPRESSLY INAPPLICABLE TO LANDS THAT ARE COVERED BY UNIT AGREEMENTS APPROVED BY THE COMMISSION UNDER AS 31.05.110 OR THE COMMISSIONER OF NATURAL RESOURCES UNDER AS 38.05.180. WHERE A UNIT IS IN EFFECT, 11 AAC 83.343 REQUIRES THAT A PLAN OF DEVELOPMENT MUST BE FILED AS AN EXHIBIT TO THE UNIT AGREEMENT. THIS PLAN MUST PROVIDE SUFFICIENT INFORMATION TO ALLOW THE COMMISSIONER TO FIND THAT DEVELOPMENT WILL PROMOTE CONSERVATION OF ALL NATURAL RESOURCES, INCLUDING ALL OR PART OF AN OIL OR GAS POOL, FIELD OR AREA; PROMOTE THE PREVENTION OF ECONOMIC AND PHYSICAL

WASTE; AND PROVIDE FOR THE PROTECTION OF ALL PARTIES OF INTEREST, INCLUDING THE STATE. (11 AAC 83.303(A).) WE SUBMIT THAT A PLAN WHICH ADDRESSES THESE ISSUES WOULD PROVIDE SUFFICIENT INFORMATION FOR COMMISSION APPROVAL UNDER THE PROPOSED REGULATION.

IT IS OUR UNDERSTANDING THAT FILING OF THE AGREEMENTS CONTEMPLATED IN SUBSECTION (C) IS FOR INFORMATION, ONLY, AND THAT THE COMMISSION DOES NOT INTEND TO APPROVE THESE AGREEMENTS. THAT IS THE CURRENT PRACTICE, AND WE SUPPORT ITS CONTINUATION.

I HAVE SUBMITTED AS AN ATTACHMENT TO THIS TESTIMONY A MARKUP SHOWING THE CHANGES THAT WE BELIEVE WOULD RESOLVE THE ISSUES I HAVE DISCUSSED.

OUR SECOND CONCERN RELATES TO THE PROPOSED AMENDMENTS TO 20 AAC 25.515. WE BELIEVE THAT THIS ASSERTION OF AUTHORITY SHOULD BE LIMITED TO MATTERS COVERED BY THE UNDERGROUND INJECTION CONTROL PROGRAM.

THANK YOU.

TMD:CAS/1089A

"20 AAC 25.517. PLAN FOR POOL DEVELOPMENT AND OPERATION, AND INTEGRATION OF INTERESTS. (a)[Upon discovery of an oil or gas pool that would appear to a reasonable and prudent operator to be of sufficient value to warrant development, the operator shall within 90 days and annually thereafter] Prior to development or regular production from an oil or gas pool, which has not been committed to a unit approved by the commission under AS 31.05.110 or the commissioner of natural resources under AS 38.05.180, the operator must submit to the commission for approval a plan of development and operation for the pool or the portion of the pool for which development is contemplated by the operator. This plan of development must be updated and submitted to the Commission for approval at least 90 days before the expiration date of the previously approved plan, as set out in that plan.

(b) The plan of development and operation must provide for

(1) the prevention of waste;

(2) the protection of correlative rights for the owner of each property in the pool; and

(3) the maximum ultimate recovery of oil and gas that is prudent.

(c) A copy of an agreement validly integrating the interests of all persons owning interests in affected property in [a pool] the pool or portion of the pool for which development is contemplated by the operator must be filed with the commission no later than 30 days before the commencement of regular production from the pool. In the absence of an agreement, the commission [will] may, in its discretion, issue an order creating a unit for a pool after notice and public hearing in accordance with 20 AAC 25.540."

TMD:cas:kyn/1089b

#10

C.O. #158

Return to HWK for filing

MEMORANDUM State of Alaska

TO: The Honorable Robert LeResche
Commissioner
Department of Natural Resources
and
Hoyle H. Hamilton, Chairman
Alaska Oil & Gas Conservation Commission

DATE: March 14, 1980

FILE NO:

TELEPHONE NO:

FROM: Avrum M. Gross
Attorney General

By:
Rodger W. Pegues
Acting Deputy Attorney General
Department of Law

SUBJECT: Repeal of 11 AAC 22 (oil and gas conservation) and adoption of 20 AAC 25 (Alaska Oil and Gas Conservation Commission)
Our File: J-99-012-79

In accordance with AS 44.62.060, we have reviewed the Department of Natural Resources' repeal of 11 AAC 22 and the Alaska Oil and Gas Conservation Commission's adoption of 20 AAC 25, and approve both actions for filing by the lieutenant governor. A duplicate original of this memorandum is being furnished the lieutenant governor, along with the commission's new regulations and related documents, and Department of Natural Resources' repeal order.

RWP:md

cc: Jeff Lowenfels
Assistant Attorney General
Anchorage

RECEIVED
MAR 18 1980
Alaska Oil & Gas Conservation Commission
Anchorage

02-001A(Rev.10/79)

TITLE 20. MISCELLANEOUS BOARDS, COMMISSIONS

CHAPTER 25. ALASKA OIL AND GAS CONSERVATION COMMISSION

Editors Note:
This chapter is based on the former regulations of the Division of Oil and Gas Conservation formerly located in 11 AAC 22.

Article

1. Drilling (20 AAC 25.005 -- 20 AAC 25.075)
2. Abandonment and Plugging (20 AAC 25.105 -- 20 AAC 25.170)
3. Production Practices (20 AAC 25.200 -- 20 AAC 25.270)
4. Reports (20 AAC 25.300 -- 20 AAC 25.320)
5. Additional Recovery Methods (20 AAC 25.400 -- 20 AAC 25.430)
6. General Provisions (20 AAC 25.505 -- 20 AAC 25.570)

ARTICLE 1. DRILLING.

Section

05. Permit to drill
10. Re-entry
15. Changes to drilling permit
20. Change of operator
25. Bonding
26. Claims
30. Casing and cementing
35. Blowout prevention equipment
40. Well identification
45. Sealing off strata
50. Deviation
55. Well spacing
61. Well site surveys
65. Hydrogen sulfide
70. Records and reports
75. Other wells in designated areas

20 AAC 25.005. PERMIT TO DRILL. (a) An application for a Permit to Drill (Form 10-401) must be submitted for approval before the drilling, redrilling or deepening of the following types of wells

(1) exploratory wells;
(2) development wells;
(3) service wells; and
(4) stratigraphic test wells.

(b) An application for a Permit to Drill (Form 10-401) must be submitted for approval before the re-entry of an abandoned well.

(c) The application for a Permit to Drill must be accompanied by the following

(1) a fee of $100 payable to the State of Alaska, Department of Revenue;

(2) a plat showing the proposed surface and bottom hole location; before the completion, suspension, or abandonment of the well, a survey plat certified by a registered land surveyor showing the precise surface location must be submitted; only the first well drilled from a fixed platform or a multiple well site must have a certified survey;

(3) a diagram and description of the BOP equipment to be used and the information required in sec. 35(c)(2) of this chapter;

(4) the complete proposed casing and cementing program as required in sec. 30 of this chapter; and

(5) a diagram and description of the diverter system to be used as specified in sec. 35(b) of this chapter, unless this requirement is waived by the commission.

(d) Any well which is not to be intentionally deviated must meet the requirements of sec. 50(a) of this chapter.

(e) Any well which is to be intentionally deviated must meet the requirements of sec. 50(b) and (c) of this chapter.

(f) Each offshore location must meet the requirements of sec. 61 of this chapter.

(g) Each hole drilled below the conductor casing, unless drilled solely to straighten the original hole, sidetrack junk, or correct mechanical difficulties, is a separate well requiring a Permit to Drill.

(h) Each lease must have a different and distinct name.

(i) Information must be submitted regarding the bond as required in sec. 25 of this chapter.

(j) After approval by the commission, the Permit to Drill (Form 10-401) may be referred to as the "drilling permit" in this chapter.

(k) If drilling is not commenced within 24 months after the approval date, the drilling permit will expire. (Eff. / / , Register)

Authority: AS 31.05.030
AS 31.05.090

20 AAC 25.010. RE-ENTRY. (a) If a suspended well is to be re-entered, the operator shall advise the commission and request approval on the form entitled Sundry Notices and Reports on Wells (Form 10-403).

(b) If an abandoned well is to be re-entered, an application for a Permit to Drill (Form 10-401) must be submitted as required by sec. 5(b) of this chapter. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.015. CHANGES TO DRILLING PERMIT. (a) For any proposed change in a drilling permit, before the start of drilling operations, an operator must comply with the following

(1) notify the commission of the proposed change;

(2) a new application for a Permit to Drill (Form 10-401) may be required but no additional fee is required;

(3) a revised plat as required by sec. 5 of this chapter must be filed if the surface location is changed; and

(4) be approved by the commission.

(b) For any proposed change in a drilling permit, after drilling operations have started, an operator must comply with the following

(1) to change the bottom hole location, a new Form 10-401 accompanied by a fee of $100 must be submitted to the commission for approval; and

(2) requests for other changes must be submitted to the commission for approval on the form entitled Sundry Notices and Reports on Wells (Form 10-403); in cases where prompt approval is needed, verbal approval may be obtained from the commission or its representative; if verbal approval is obtained, a description of the approved change, the name of the commission member or its representative that provided verbal approval, and the date of the approval must be included on the Form 10-403 submitted. (Eff. / / , Register)

Authority: AS 31.05.090

20 AAC 25.020. CHANGE OF OPERATOR. If an operator wishes to relinquish his role as operator, he shall submit a written statement to the commission setting forth the facts, designating the new operator, and requesting approval by the commission. The newly designated operator shall notify the commission in writing of his acceptance of the obligations as operator and shall furnish a bond as provided for in sec. 25 of this chapter. Approval by the commission of the change constitutes the release of the former operator's bonding obligation. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.025. BONDING. (a) Except as otherwise provided in this section, the commission will require from the operator an appropriate bond to insure that each well is abandoned or repaired in accordance with secs. 45, 105, 120, 140, and 170 of this chapter.

(b) The bond required in (a) of this section must be either a single well bond of not less than $100,000 or a blanket bond of not less than $200,000 in favor of the Alaska Oil and Gas Conservation Commission. Existing bonds not in favor of the commission will be valid until January 1, 1981.

(c) The bond must be by a corporate surety authorized to do business in Alaska.

(d) A bond must remain in force and effect until the abandonments of all wells covered are approved by the commission and the bond is released by the commission.

(e) If a well is to be drilled on federal land the operator is not required to deposit a bond with the commission. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.026. CLAIMS. Commission approval of the abandonment of a well and the release of the bond, required by sec. 25 of this chapter, constitutes a presumption of proper abandonment, but does not relieve an operator of further claim by the commission after the abandonment. (Eff. / / , Reg.)

Authority: AS 31.05.030

20 AAC 25.030. CASING AND CEMENTING. (a) For each type of well listed in sec. 5(a) of this chapter, a complete proposed casing and cementing program must be included on the application for the Permit to Drill (Form 10-401). Unless

modified or altered by special pool rules, each casing program must be designed to

(1) provide suitable and safe operating conditions for the total measured depth proposed;

(2) confine fluids to the wellbore;

(3) prevent migration of fluids from one stratum to another;

(4) assure control of well pressures encountered;

(5) protect from thaw subsidence and freezeback effects within permafrost;

(6) prevent contamination of strata bearing freshwater; and

(7) provide well control until the next string of casing is set; all pertinent factors for well control should be considered, including formation fracture gradients, formation pressures, casing setting depths, and proposed total depth.

(b) The following requirements apply to the different types of casing strings listed below:

(1) Conductor casing:

(A) one or more strings may be required; and

(B) this casing may be set by drilling, driving or jetting; if the hole is drilled, a sufficient quantity of cement must be used to fill the annular space to the surface or mud line.

(2) Surface casing:

(A) setting depth must be below the base of freshwater sands or below the base of permafrost at a depth that will insure good anchorage;

(B) must be set into a competent stratum with sufficient cement in the annulus to circulate to the surface; if offshore, sufficient cement must be used to bring the top of cement either to the mud line or to at least 1500 feet above the surface casing shoe and at least 200 feet inside the conductor casing; if cement does not circulate to the surface when required, the annulus must be cemented before drilling ahead or initiating tests; and

(C) after drilling approximately 50 feet of new formation, a pressure test must be obtained either by testing to formation leak-off or by testing to a predetermined equivalent mud weight to aid in determining a formation fracture gradient; the results of this test and any subsequent tests of the formation must be recorded on the driller's log.

(3) Intermediate casing:

(A) must be set when required to maintain well control;

(B) under normal conditions drilling may continue until the mud weight has been increased to a point not exceeding 0.5 pounds per gallon less than the equivalent mud weight of the most recent pressure test of the formation below the surface casing shoe; and

(C) a sufficient quantity of cement must be used to provide annular fill-up to a minimum of 500 feet above all hydrocarbon zones and abnormal pressure intervals; in cases where zonal coverage is not required, a minimum fillup of 500 feet of cement above the casing shoe is required.

(4) Production casing:

(A) may be set through or just above the production interval;

(B) cementing practices must be the same as that for intermediate casing strings; and

(C) casing must be tested in accordance with (e) of this section.

(5) Liners:

(A) may be set as an intermediate or production string;

(B) a cemented liner must have a minimum of 100 feet of cemented lap with the next larger casing string; other cementing practices must be the same as that for intermediate casing; and

(C) before drilling ahead, cemented liner and lap must be tested by a fluid entry or pressure test, in accordance with (e) of this section, to determine that a seal between the liner top and next larger string has been achieved; the test must be recorded as required by sec. 70(a)(1) of this chapter.

(c) A cement plug or shoe, in the casing strings required by (b) of this section, must not be drilled until a minimum compressive strength of 300 psig at bottom hole conditions has been attained according to the manufacturer's cement strength tables for the particular cement being used. Casing must be tested before drilling ahead in accordance with (e) of this section.

(d) Within permafrost intervals, fluids which have a freezing point above the minimum permafrost temperature must not be left in the annulus between any two strings of pipe or inside the casing upon completion or suspension of a well without commission approval.

(e) Pressure Testing of Casing and Surveys:

(1) with the exception of the conductor casing, before drilling out the casing or liner after cementing, all casing strings, liners and liner laps must be tested to a surface pressure of 50 percent of the minimum internal yield strength of the casing or 1500 psig, whichever is lower. If the pressure declines more than 10 percent in 30 minutes, or if there are indications of improper cementing such as lost returns, cement channeling or mechanical failure of equipment, corrective measures must be taken until a satisfactory test is obtained; and

(2) the operator shall report on the form entitled the Monthly Report of Drilling and Workover Operations (Form 10-404) the test results and any remedial measures taken.

(f) Variances to this section to allow for special or unusual conditions such as cable tool drilling, air or foam drilling, will, in the commission's discretion, be approved by the commission upon request by the operator. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.035. BLOWOUT PREVENTION EQUIPMENT. (a) General Practice

(1) BOP equipment and its use must, as a minimum, be in accordance with API RP 53, "Blowout Prevention Equipment Systems" except as modified by this section;

(2) all equipment must be in good operating condition at all times and must be adequately protected to insure reliable operation under the range of weather conditions

expected at the specific location; and

(3) blind rams must be function tested each trip but not more than once each day and all other BOP's must be function tested each day.

(b) Surface Hole Diverter System:

(1) before drilling below the conductor string, at least one remotely controlled annular preventer and flow diverter system must be installed; the annular preventer must permit the diversion of hydrocarbons and other fluids; the low pressure, high capacity diverter system must provide at least the equivalent of a six-inch line with at least two lines venting in different directions to insure safe downwind diversion and must be designed to avoid freezeup; these lines must be equipped with full-opening butterfly type valves or other valves approved by the commission; a schematic diagram, list of equipment, and operational procedure for the diverter system must be submitted for approval with the application for a Permit to Drill (Form 10-401); and

(2) the commission will, in its discretion, waive the requirements of (1) of this subsection where drilling experience in the near vicinity indicates they are unnecessary.

(c) Blowout Prevention Equipment:

(1) before drilling below the surface casing, a well must have a minimum of three remotely controlled BOP's, including one equipped with pipe rams that fit the size of drill pipe or casing being used, one with blind rams, and one annular type;

(2) the working pressure of any BOP and associated equipment must exceed the maximum surface pressure to which they may be subjected; information submitted with Form 10-401 must include the anticipated downhole pressures to be encountered, the maximum surface pressures to which the BOP equipment may be subjected, and the criteria used to determine these pressures;

(3) the hydraulic actuating system used must provide sufficient accumulator capacity to supply 1.5 times the volume of hydraulic fluid necessary to close all BOP equipment; the system must also be capable of maintaining a minimum remaining pressure of 200 psig above the required precharge pressure when all BOP's are closed with the primary power source shut off; an accumulator backup system, supplied by a secondary power source independent of the primary power source, must be provided with sufficient capacity to actuate all BOP equipment;

(4) in addition to the primary controls on the accumulator equipment unit, at least one operable remote BOP control station must be provided; this control station must be in a readily accessable location on or near the drilling floor; a device to avoid unintentional closure must be provided on all remote blind ram closing controls;

(5) the BOP equipment must include a drilling spool with minimum two-inch side outlets (if not on the blowout preventer body), a minimum three-inch choke line and minimum two-inch choke manifold, a kill line, and a fillup line; the drilling string must contain full opening valves above and immediately below the kelly during all circulating operations using the kelly, with the necessary valve wrenches conveniently located on the rig floor; and

(6) two emergency valves with rotary subs for all connections in use and the necessary wrenches must be conven-

iently located on the drilling floor; one valve must be an inside BOP of the spring-loaded type; the second valve must be of the manually operated ball type, or equivalent valve.

(d) Testing:

(1) all ram-type BOP's, kelly valves, emergency valves and choke manifolds must be tested to the rated working pressure or to the maximum surface pressure as required to be submitted in (c)(2) of this section; annular preventers must be tested to not less than 50 percent of the rated working pressure; these tests must be made when the BOP equipment is installed or changed and at least once each week thereafter; test results must be recorded as required by sec. 70(a)(1) of this chapter;

(2) to insure that minimum standards are achieved, the operator shall perform the recommended tests for BOP closing units specified in sections 5A and 5B of API RP 53; and

(3) sufficient notice of certain BOP equipment tests must be given so that a representative of the commission can witness these tests; these tests will be specified in the drilling permit or by notice to the operator.

(e) BOP equipment for cable tool drilling activities must have prior commission approval and must be in accordance with good established practice with all equipment in good operating condition at all times. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.040. WELL IDENTIFICATION. (a) Every drilling well must be identified by a sign posted in a conspicuous place on or near the derrick but not more than 100 feet from the well. For suspended or producible wells, the well sign must be at the wellhead for multiple housed wells or on the wellhead building for single housed wells. The sign must be of durable construction, large enough to be legible under normal conditions at a distance of 50 feet, and maintained in legible condition. Each sign must show

(1) the name of the lease on which the proposed objective is located;

(2) the name of the lessee;

(3) the owner or operator if different from the lessee;

(4) the well number;

(5) the well surface location by quarter section, section, township and range; and

(6) the drilling permit number (for drilling wells).

(b) The name of each lease or unit must be different and distinct.

(c) The wells on each lease or property must be numbered in a nonrepetitive, logical, and distinct sequence.

(d) Each well will be assigned an API well number by the commission when the drilling permit is approved.

(e) For platforms or multiple well drill sites, the information required in (a)(1),(2),(3), and (5) of this section may be posted on one sign for each lease on the platform or at the main entrance to the drill site. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.045. SEALING OFF STRATA. (a) During the drilling of any well permitted under sec. 5 of this chapter, the contents of oil, gas, and water strata penetrated must be sealed to prevent them from passing into other strata.

(b) All freshwater and water of present or probable value for domestic, commercial, or livestock purposes must be confined to their respective strata and adequately protected by methods approved by the commission. Precautions must be taken in drilling, completing, producing, and abandoning operations to guard against loss of any freshwater from the strata in which it occurs, and the contamination of any freshwater by oil, gas, or objectionable water.

(c) Except for fluids removed by production from the completion interval, all fluids encountered in a well must be confined to their respective strata. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.050. DEVIATION. (a) Any well which is not intentionally deviated must be

(1) drilled as close to vertical as is possible using normal, acceptable drilling techniques, except that deviation is permitted for short intervals to straighten the hole, sidetrack junk, or correct mechanical difficulties;

(2) surveyed to determine the inclination from the vertical with surveys starting at 500 feet and no more than 500 feet apart to total depth; and

(3) surveyed by a complete continuous multishot directional survey if the surface location is less than 660 feet from a lease line where ownership changes or less than 660 feet from any other vertical or deviated well; the survey must be taken at intervals not more than 100 feet apart, beginning within 100 feet of the surface.

(b) Any well which is to be intentionally deviated must meet the following criteria

(1) the application for the Permit to Drill (Form 10-401) must

(A) state the surface and proposed producing interval locations;

(B) include a plat drawn to a scale of 1 inch equal to 100 feet showing the path of the proposed well bore in relation to all other vertical and deviated well bores which are within a distance of 200 feet from the proposed well bore and the true vertical depths must be shown at frequent intervals along each well bore;

(C) list the affected operators and show that each has been furnished a copy of the application by registered mail, or state that the applicant is the only affected operator; and

(D) include a neat and accurate plat of the lease and of all affected leases showing the names of all affected operators and the surface and proposed producing interval locations of the well and all other wells within one-half mile of any portion of the new well; the plat must be drawn to a scale which will permit easy observation of all pertinent data;

(2) items (b)(1)(C) and (D) of this section are not

applicable to any well drilled on land subject to an approved unit, except that wells drilled near the unit's exterior boundary must conform with sec. 55 of this chapter;

(3) if drilling is in progress, the operator shall notify the commission immediately of his intention to deviate and then may proceed at his own risk; when an operator follows this procedure, he must file an application as soon as practicable and obtain another drilling permit as required in sec. 15 of this chapter;

(4) if the applicant is the only affected operator and the commission does not object to the application, the commission will approve it immediately; if there are other affected operators, the commission will hold the application for 10 days unless a letter of non-objection from each affected operator has been filed with the commission; if objection from an affected operator to the proposed deviation is received within the 10-day period, or if the commission does not approve the proposed deviation, the application will be subject to public hearing; if no objection from either affected operators or the commission is interposed within the 10-day period, the application will be approved and a drilling permit issued by the commission; and

(5) the operator must run a complete, continuous, multi-shot directional survey at intervals not more than 100 feet apart, beginning within 100 feet of the surface.

(c) Within 30 days after the completion, abandonment, or suspension of the well, a complete copy of each inclination and directional survey obtained must be filed with the commission. A composite survey may also be filed if the operator feels this would better represent the well course. If a composite survey is filed, the operator shall specify the portion of each survey used in the composite.

(d) If the proposed or final location of the producing interval of the deviated well is not in compliance with sec. 55 of this chapter or other rules of the commission applicable to the reservoir, the operator may apply for an exception which will be handled in accordance with sec. 540 of this chapter.

(e) For the purpose of this section, an affected operator is an owner in a quarter section directly or diagonally offsetting any quarter section upon which the operation is proposed to be conducted. In areas where irregular shaped leases are to be drilled the commission will determine who are the affected operators.

(f) Inclination and directional survey reports must contain, when applicable, the following

(1) name of surveying company;

(2) name, title, and signature of person actually performing the survey;

(3) the date on which the survey was performed;

(4) type of survey conducted;

(5) method used in calculating survey;

(6) a complete identification of the well so as to indicate the name of the operator, the lease name, the well number, and field name;

(7) the depth interval over which the survey was conducted;

(8) a certified plat showing the surface location, the plotted well course, and the nearest lease lines or unit

lines; and

(9) a tabulation of the depth and drift angles for all inclination survey points.

(g) Certification requirements for survey reports are as follows:

(1) each inclination survey report as required in (a) of this section must be accompanied by a certified statement of the operator or someone acting at his direction on his behalf that the well was not intentionally deviated from the vertical;

(2) each directional survey report as required in (b) of this section may be certified to by the person having personal knowledge of the facts, by execution and dating of the data compiled; and

(3) a certified plat as required in (f)(8) of this section.

(h) The commission may require the submittal of the original film, time sheets, charts, graphs, discs, and other data used to compile the survey.

(i) The willful filing of a false or incorrect inclination survey or directional survey is grounds for penalty actions under the applicable statutes. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.055. WELL SPACING. (a) In proven oil and gas fields, the establishment of drilling units and a spacing pattern will be governed by special field rules adopted in accordance with sec. 520 of this chapter. In the absence of an order by the commission establishing drilling units or prescribing a spacing pattern for a pool, the following applies

(1) the surface location of an exploratory well must not be located closer than 500 feet to any property line of the lease on which the well is located, nor may any hydrocarbon reservoir be opened to the well bore closer than 500 feet to any property line of the lease on which the well is located;

(2) where oil has been discovered, not more than one well may be drilled to that pool on any governmental quarter section or governmental lot corresponding to it nor may any well be drilled to that pool on a governmental quarter section or governmental lot corresponding to it which contains less than 150 acres, nor may any hydrocarbon reservoir be opened to the well bore closer than 500 feet to any property line nor closer than 1,000 feet to any well drilling to or capable of producing from the same pool; and

(3) where gas has been discovered, not more than one well may be drilled to that pool on any governmental section or governmental lot corresponding to it nor may any well be drilled to that pool on a governmental section or lot corresponding to it which contains less than 600 acres, nor may any hydrocarbon reservoir be opened to the well bore closer than 1,500 feet to any property line nor closer than 3,000 feet to any well drilling to or capable of producing from the same pool.

(b) An application for exception to the provisions of this section or any spacing order of the commission must set out the names of all owners and of all operators of govern-

mental quarter sections directly and diagonally offsetting the quarter section where the oil well is located or the names of all owners and of all operators of governmental sections directly or diagonally offsetting the section where the gas well is located. A plat must be attached, drawn to a scale of one inch equaling 2640 feet or larger, showing the property for which the exception is sought, all other completed and drilling wells on the property and all adjoining properties and wells. The application must be verified by a person acquainted with the facts, stating that all facts are true and that the plat correctly portrays pertinent and required data. The applicant for exception must give notice of that filing by registered mail to all owners and to all operators noted above and furnish the commission with a copy of the notice, date of mailing, and the addresses to which the notices were sent. The application for exception will be handled in accordance with sec. 540 of this chapter. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.061. WELL SITE SURVEYS. In offshore areas where the sea floor conditions or the presence of shallow geologic hazards or hydrocarbons are unknown, the operator shall conduct the well site surveys as may be required by the commission. These surveys and an analysis of the geologic hazards must be submitted to the commission as an attachment to the application for a Permit to Drill (Form 10-401). (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.065. HYDROGEN SULFIDE. (a) When hydrogen sulfide gas is encountered in the drilling of any well, the operator must notify the Alaska Oil and Gas Conservation Commission within 24 hours.

(b) When a well is to be drilled in an area where a formation to be penetrated is known to contain hydrogen sulfide gas or if hydrogen sulfide is encountered while drilling, each operator must meet the requirements of API RP 49 "Safe Drilling of Wells Containing Hydrogen Sulfide."

(c) Where there is an insufficient history of drilling in an area to know if hydrogen sulfide exists, the commission will specify on the drilling permit that the operator must comply with the minimum requirements for detection monitoring, contingency and control, and training as follows:

(1) detection monitoring:

(A) an automatic hydrogen sulfide monitor must be installed and have a combination visual and audible alarm system located where it can be seen or heard from all parts of the location;

(B) the automatic hydrogen sulfide monitor must have a minimum of two probes, one at the shale shaker and one on the bell nipple; and

(C) in addition to the automatic hydrogen sulfide monitor, at least three hand-operated, bellows type detectors with an adequate supply of extra detector tubes must be available at the drill site;

(2) contingency and control:

(A) hydrogen sulfide scavenger material for the drilling mud must be available on or near the location in good condition and in sufficient quantity to adequately treat the mud system should hydrogen sulfide be encoun-

tered;

(B) detailed emergency operating procedures must be defined and posted to insure the safety of all personnel should hydrogen sulfide be encountered;

(C) detailed step-by-step remedial procedures must be developed and posted to cover emergencies while drilling or tripping; and

(D) personnel protective equipment must be available at the well site.

(3) all drill site supervisors must be trained for operations in the presence of hydrogen sulfide. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.070. RECORDS AND REPORTS. (a) The operator of each drilling well shall

(1) keep a detailed accurate written daily record of the well operations which must be available for inspection at reasonable times by the commission or a representative of the commission

(A) at the well before completion, abandonment, or suspension; and

(B) in Alaska for five years after completion, abandonment, or suspension, upon 30 days written notice;

(2) file with the commission, on or before the 15th of each month, the Monthly Report of Drilling and Workover Operations (Form 10-404), setting out an accurate summary of the daily record of well operations during the previous calendar month; and

(3) file with the commission within 30 days after completion, abandonment, or suspension of the well

(A) a complete well record on the Well Completion or Recompletion Report and Log (Form 10-407);

(B) a detailed report of all drill stem tests and production tests including time intervals, quantity and description of all recovered fluids, and pressure data; and

(C) a complete well history.

(b) A well is considered completed, abandoned, or suspended on the date significant well operations cease. The commission will, in its discretion, approve a subsequent date upon which a suspended well will be considered completed, abandoned, or suspended if the operator shows that significant well operations will be resumed within a reasonable time.

(c) In this section, "significant well operations" means those well operations conducted in accordance with good oil or gas field practices. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.075. OTHER WELLS IN DESIGNATED AREAS. There are areas in the state where drilling operations could unexpectedly encounter oil, gas, or hazardous substances at shallow depths. When the commission obtains sufficient evidence to define a specific area and the approximate depth range of the substances, it will issue an order that will present the evidence, define the area, and stipulate a drilling depth. After the issuance of such an order, any well drilled in the defined area for any purpose, that exceeds the stipulated depth will require a drilling permit and may be subject to the other requirements of this chapter. (Eff. / / , Regis-

Authority: AS 31.05.030

ARTICLE 2. ABANDONMENT AND PLUGGING.

Section

105. Abandonment and plugging requirements and notices
120. Well abandonment marker
140. Water wells
170. Location cleanup

20 AAC 25.105. ABANDONMENT AND PLUGGING REQUIREMENTS AND NOTICES. (a) Each well must be abandoned within 90 days following the expiration of the lease unless an extension of time is granted by the commission. The commission will, in its discretion, grant an extension upon receipt of the form entitled Sundry Notices and Reports on Wells (Form 10-403), on which is specified

(1) a request for a specific time extension; and
(2) the reason an extension is necessary.

(b) Each well to be abandoned must be plugged by the operator who is responsible for the well, so as to prevent fluid migration within the wellbore. Notice of plugging or abandonment must be filed according to (c) of this section. Unless a different program is approved by the commission, the minimum requirements for abandonment of a well are as follows:

(1) a cement plug not less than 100 feet in length must be placed immediately above each hydrocarbon-bearing formation open to the well bore;

(2) a cement plug of at least 50 feet must be placed to extend to the surface of the ground in each hole for onshore wells and to the mud line in offshore wells;

(3) the intervals below and between plugs must be filled with fluid of sufficient density to equal or exceed the fluid density utilized to drill that interval;

(4) in uncased holes, in addition to the requirements of (1) through (3) of this subsection

(A) a cement plug not less than 100 feet in length must be placed from 50 feet below the deepest existing casing shoe to 50 feet inside the casing;

(B) a cement plug not less than 100 feet in length must be placed across the top of the stub where the casing is cut and pulled; and

(C) a cement plug not less than 100 feet in length must be placed immediately below the deepest freshwater bearing strata;

(5) in cased holes, permanent packers or bridge plugs with a minimum cement cap of not less than 50 feet may be substituted for cement plugs;

(6) final abandonment of onshore wells is completed only after the well location is cleaned up as specified in sec. 170 of this chapter; and

(7) final abandonment of offshore wells in addition to meeting the requirements of this section may also have to meet the requirements of other governmental agencies.

(c) When a well is to be plugged and abandoned, the form entitled Sundry Notices and Reports on Wells (Form 10-403) must be filed and approved, whenever possible, before commencing work. However, when necessary, verbal approval may be

obtained from the commission or its representative before commencing work. The Form 10-403 must contain

(1) the reason for plugging or abandonment; and

(2) a statement of proposed work which includes

(A) information on porous strata;

(B) the kind, size, and location (by measured depth) of existing and proposed plugs;

(C) any plans for mudding, cementing, shooting, testing, and removing casing;

(D) all other pertinent information; and

(E) if the Form 10-403 is filed after commencing work, it must contain the name of the commission member or its representative who provided verbal approval and the date of the approval.

(d) Notice of the plugging and abandonment must be given to the commission in time so that a representative of the commission may be present to witness the work.

(e) Following completion of the work, a final Form 10-403 must be filed. It must contain a history of the completed work and the date the well site would be in condition for final inspection. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.120. WELL ABANDONMENT MARKER. (a) The exact surface location of the abandoned hole must be shown by a steel marker post. The description and installation of the post must be as follows

(1) at least four inches in diameter;

(2) at least 10 feet long;

(3) set in cement inside well casing;

(4) extending at least four feet above final ground level;

(5) the top of the pipe must be closed with one of the following

(A) cement plug;

(B) screw cap; or

(C) welds; and

(6) as an alternative method to (2) and (3) of this subsection, the marker post may be firmly welded with supporting fillets to the top of a blind flange placed on the wellhead.

(b) The following information must be bead-welded directly to the marker post

(1) name of the operator;

(2) unit or lease name;

(3) well number; and

(4) exact location with

(A) footage from section lines;

(B) section number;

(C) township, north or south;

(D) range, east or west; and

(E) meridian.

(c) Inspection of proper marker post installation and correct information will be made by a representative of the commission at the time of the location cleanup inspection as required in sec. 170 of this chapter.

(d) When requested by the surface owner, the marker post

installation requirement will, in the commission's discretion, be waived by the commission, in which case the information required in (b) (1), (2), and (3) of this section must be bead welded to the top of a blind flange placed on the wellhead.

(e) In navigable waters, marker posts are not required. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.140. WATER WELLS. If a well drilled for oil or gas is to be plugged and abandoned but may safely be used as a freshwater well, and such a use is desired by the landowner, the well need not be cemented above the required plug set below the freshwater as required in sec. 105 of this chapter. Written authority for this action must be obtained from the landowner, including his assumption of the full responsibility for the final plugging of the water well. This authorization must be filed with and approved by the commission. Following the commission's approval of the plugging of the well to the base of the freshwater bearing strata and the location cleanup, the operator will be relieved of further obligation under his bond. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.170. LOCATION CLEANUP. (a) Within one year of suspension or abandonment of an onshore well, the operator shall

(1) remove all materials, supplies, structures, and installations from the location;

(2) remove from location, adequately bury, or incinerate all loose debris on or near the location in accordance with all applicable statutes and regulations;

(3) fill and grade all pits; and

(4) leave the location in a clean and graded condition.

(b) An extension of time beyond one year will, in the commission's discretion, be granted by the commission upon receipt of the form entitled Sundry Notices and Reports on Wells (Form 10-403) on which is stated

(1) a request for a specific time extension;

(2) the reason an extension is necessary; and

(3) a description of location cleanup progress.

(c) Following completion of all work required in (a) of this section, or when requested by the operator, onsite inspections will be made by a representative of the commission to

(1) verify a proper well marker as required in sec. 120 of this chapter;

(2) verify the location condition at the time of inspection; and

(3) provide the operator and his field representative a report of the inspection. (Eff. / / , Register)

Authority: AS 31.05.030

ARTICLE 3. PRODUCTION PRACTICES.

Section

200. Surface equipment
205. Notification of accidental loss of oil or gas

Section

210. Multiple completion of wells
215. Commingling of production
225. Capacity of gas wells
230. Production measurement
235. Gas utilization
240. Gas-oil ratios
245. Common production facilities
250. Disposal of salt water and other wastes
255. Equitable distribution of production
260. Illegal production
265. Automatic shut-in equipment
270. Bottom hole pressures

20 AAC 25.200. SURFACE EQUIPMENT. (a) Adequate production equipment must be installed to control, separate, process, and clean in a safe manner all produced oil, gas, and water. All equipment must be installed and maintained in accordance with good established industry practice.

(b) All equipment must be adequately protected to insure reliable operation under the range of weather conditions expected for the specific location and use.

(c) Wellhead equipment installed must include adequate gauges and valves on the tubing and on casing-tubing and casing-casing annuli to show surface pressures and to control the well flow for the range of conditions expected. Other alternatives may be approved for subsea completions. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.205. NOTIFICATION OF ACCIDENTAL LOSS OF OIL OR GAS. (a) The commission must be immediately notified by the operator of any accidental loss of oil or gas, or both, from any drilling or producing well. This notification does not relieve the operator from complying with any other notification requirements imposed by statute or regulation.

(b) Within five days after the accidental loss, the operator shall submit a written report to the commission detailing the following facts

(1) time of incident;
(2) location where incident took place;
(3) volumes of oil and of gas lost;
(4) cause of the loss;
(5) actions taken and planned to prevent further loss; and
(6) equipment or procedural changes, if applicable, to prevent the loss from recurring. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.210. MULTIPLE COMPLETION OF WELLS. A well may not be completed in more than one pool without approval of the commission. The commission will require evidence of adequate and complete separation as ascertained by pressure or circulation tests conducted at the time the packers are set. Subsequently, if packer leakage is suspected, the commission will, in its discretion, request the operator to provide proof of adequate and complete separation of the pools involved in

the completions or make a packer leakage test. Notification must be given so that the packer leakage test may be witnessed by a representative of the commission. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.215. COMMINGLING OF PRODUCTION. (a) On the surface, the production from one pool may not be commingled with that from another pool except when the quantities from each source of the production are determined by periodic well tests or other measurements.

(b) In the same well bore, commingling of production from two or more pools will not be permitted except after notice, hearing, and an order of the commission approving such commingling. After the first hearing the commission will, in its discretion, approve commingling in other wells in the same pools if the proposing operator has certified that all operators with wells completed in one or more of the pools have been notified and no protest is furnished the commission within 15 days. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.225. CAPACITY OF GAS WELLS. All gas wells must be tested by the multi-point back pressure method upon completion or at a time requested by the operator and approved by the commission. The test results must be reported to the commission on the form entitled Gas Well Open Flow Potential Test Report (Form 10-421) within 30 days after the test. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.230. PRODUCTION MEASUREMENT. (a) All production from wells must be measured to determine the quality and quantity of produced fluids, using equipment and techniques acceptable to the commission such as API Standards, Recommended Practices, and Specifications.

(b) Production may be measured from a lease or unitized property as a whole if adequate individual well test facilities are provided to enable accurate allocating and reporting of all fluids to individual wells.

(c) Bypasses must not be connected around sales measurement equipment such as tanks, meters, gauges, or gas meter runs.

(d) The volumes of produced gas, oil and water must be reported monthly, where appropriate, on the Monthly Production and Injection Report (Form 10-405), the Producer's Report of Gas Disposition (Form 10-422), and the Report of Injection Project (Form 10-413).

(e) The commission will, in its discretion, require sufficient notice so that its representative may monitor, witness, and collect data from

(1) well tests to verify production allocation and gas-oil ratio determinations;

(2) measuring equipment installations to verify that

(A) tank settings are in accordance with API Standards including automatic gauging, if installed;

(B) liquid hydrocarbon metering is in accord-

ance with API Std. 2502, "Lease Automatic Custody Transfer" and API Spec. 11N, "Lease Automatic Custody Transfer (LACT) Equipment";

(C) meter provers and calibration are in accordance with API Std. 2531, "Mechanical Displacement Meter Provers";

(D) gas metering, meter runs, and calibrations are in accordance with API Std. 2530, "Orifice Metering of Natural Gas" or gas metering by turbine and other meters is in accordance with accepted industry standards; and

(E) gas volume determination is in accordance with acceptable differential pressure chart or electronic computer methods;

(3) liquid hydrocarbon pipeline run tickets, to verify that the volumes for custody transfer have been properly determined by making

(A) temperature adjustments to 60°F, from tanks or meters;

(B) API gravity determinations from appropriate fluid samples in accordance with API Std. 2544, "Hydrometer Method";

(C) basic sediment and water (BS&W) determinations from appropriate samples in accordance with API Std. 2542, "Standard Methods of Test for Water and Sediment in Crude Oils"; and

(D) meter proving factor determinations in accordance with API Std. 1101, "Measurement of Liquid Petroleum Hydrocarbon and Positive Displacement Meter"; and API Std. 2534, "Liquid Hydrocarbons by Turbine Meter Systems" except that successive meter factors that differ by more than 0.0025 are unacceptable and proper steps must be immediately taken to bring the meter within acceptable tolerance. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.235. GAS UTILIZATION. (a) Gas from a well may be used in lease or unit operations for

(1) light or fuel;

(2) injection to increase the ultimate recovery of hydrocarbons, or for storage;

(3) the extraction of liquid hydrocarbons if the gas is not wasted; and

(4) the artificial lifting of oil from a pool if all gas returned to the surface is used without waste.

(b) Gas from a well must not be permitted to escape into the air without commission approval, except

(1) when required for safety;

(2) when required for initial testing; and

(3) in cases of operational necessity if no such escape is for more than five days within any 30-day period.

(c) The disposition of gas production must be reported each month on the Producer's Report of Gas Disposition (Form 10-422). (Eff. / / , Register)

Authority: AS 31.05.020
AS 32.05.030

20 AAC 25.240. GAS-OIL RATIOS. (a) An oil well may not be allowed to produce with a gas-oil ratio in excess of 2,000 cubic feet of gas per barrel of oil.

(b) Upon application by an operator, the limition in (a) of this section will, in the commission's discretion, be waived by the commission

(1) for wells producing from a pool that has an approved additional recovery project; or

(2) where the produced gas is being returned to the same pool.

(c) Exceptions for conditions other than those specified in (b) of this section will, at the discretion of the commission, be granted only after application, notice, and hearing. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 22.245. COMMON PRODUCTION FACILITIES. Common facilities may be used to receive the production from any number of wells if adequate tankage or other measuring equipment is installed so that production from each well can be accurately determined at reasonable intervals. The commission will, in its discretion, require the measurement of production from each lease. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.250. DISPOSAL OF SALT WATER AND OTHER WASTES. Salt water and other wastes may be disposed of by injection into a hydrocarbon bearing formation upon approval of the commission. The disposal must be done in a manner that will not contaminate fresh water sources or endanger other natural resources. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.255. EQUITABLE DISTRIBUTION OF PRODUCTION. (a) Whenever the commission limits the quantity or rate of production of oil or gas that may be produced from a pool, the production allowed will be distributed among the wells or properties in such a manner that each producer has the opportunity to produce or receive his just and equitable share.

(b) Production tests of wells, in cases where the results of the tests may be used in determining correlative rights of other producers, may be witnessed by those producers and they must be notified by the operator of the wells and be given an opportunity to be present. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.260. ILLEGAL PRODUCTION. No person may produce or transport crude oil or natural gas from any well or pool in Alaska except that which has been produced in accordance with the regulations and orders of the commission. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.265. AUTOMATIC SHUT-IN EQUIPMENT. (a) Any well covered by this chapter with an offshore surface location, which is capable of unassisted flow of hydrocarbons, must be equipped with a commission-approved

(1) fail-safe automatic surface safety valve (SSV) capable of preventing an uncontrolled flow; and

(2) fail-safe automatic surface controlled subsurface safety valve (SSSV), unless another type of subsurface valve is approved by the commission; this valve must be in the tubing string and located below the mud line, permafrost, or

at some other depth as may be required; the valve must be capable of preventing an uncontrolled flow.

(b) The commission will, in its discretion, also require SSV's or SSSV's, or both, on wells in other areas after notice and hearing in accordance with sec. 540 of this chapter.

(c) A representative of the commission will witness operation and performance tests at intervals and times as prescribed by the commission to confirm that the SSV, SSSV, and all associated equipment are in proper working condition. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.270. BOTTOM HOLE PRESSURES. The operator shall make a test to determine the bottom hole pressure in the discovery well in any new pool. The test must be made after the well has been shut-in for a period sufficient to allow an accurate determination of the reservoir pressure. The results must be reported to the commission on the form entitled Reservoir Pressure Report (Form 10-412). (Eff. / / , Register)

Authority: AS 31.05.030

ARTICLE 4. REPORTS.

Section

300. Request for addition information
310. Books and records
320. Forms to be used

20 AAC 25.300. REQUEST FOR ADDITIONAL INFORMATION. This chapter does not limit or restrict the authority of the commission to require the furnishing of such additional reports, data, or other information relative to drilling, production, transportation, storage, or handling of crude oil or natural gas in Alaska, as may appear to it to be necessary or desirable, either generally or specifically, for the prevention of waste and the conservation of the natural resources of Alaska. (Eff. / / , Register)

Authority AS 31.05.030

20 AAC 25.310. BOOKS AND RECORDS. All operators, producers, transporters, storers, and handlers of crude oil and natural gas within Alaska shall make, and keep in Alaska for a period of not less than five years, appropriate books and records covering their operation in Alaska. The data from these books and records must be used to make and substantiate the reports required by this chapter. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.320. FORMS TO BE USED. (a) Where this chapter requires forms to be filed, the forms to meet these requirements and the submission frequency are as follows

(1) Application for Permit to Drill - Form 10-401 (each well);

(2) Bond - Form 10-402 (before drilling each well unless blanket bond filed);

(3) Sundry Notices and Reports on Wells - Form 10-403 (irregular as needed);

(4) Monthly Report of Drilling and Workover Operations - Form 10-404 (monthly);

(5) Monthly Production and Injection Report - Form 10-405 (monthly);

(6) Well Completion or Recompletion Report and Log - Form 10-407 (within 30 days after completion, suspension, or abandonment);

(7) Well Status Report and Gas-Oil Ratio Tests - Form 10-409 (irregular);

(8) Reservoir Pressure Report - Form 10-412 (irregular);

(9) Report of Injection Project - Form 10-413 (monthly);

(10) Gas Well Open Flow Potential Test Report - Form 10-421 (upon completion of gas well or at a time approved by the commission); and

(11) Producer's Report of Gas Disposition - Form 10-422 (monthly).

(b) These forms must be submitted to the Alaska Oil and Gas Conservation Commission at 3001 Porcupine Drive, Anchorage, Alaska 99501. (Eff. / / , Register)

Authority: AS 31.05.030

ARTICLE 5. ADDITIONAL RECOVERY METHODS.

Section

400. Application for additional recovery
410. Injection wells
430. Records and reports

20 AAC 25.400. APPLICATION FOR ADDITIONAL RECOVERY. (a) Any operator proposing to gain additional recovery by using methods other than those methods used for primary recovery shall submit an application for the project for approval by the commission.

(b) The application must contain the following:

(1) the names and addresses of every operator of the project;

(2) a plat showing the unit, lease, or group of leases included within the proposed project; the plat must also show the location of the proposed injection well or wells and the location of all oil and gas wells, including abandoned and drilling wells and dry holes, and the name of every operator offsetting the area encompassed within the project;

(3) the pools in which all wells are currently completed;

(4) the name, description, and depth of the pool to be affected by injection;

(5) the logs of all existing injection wells;

(6) the description of the casing in each injection well, or the proposed casing programs, and the proposed method for testing the casing before use as an injection well;

(7) a statement as to the injection fluid to be used, its sources, and the estimated amounts to be injected daily;

(8) a tabulation showing recent production tests for each of the producing oil and gas wells; and

(9) a statement of the plan and rate of development of the area included within the project.

(c) A copy of the application must be mailed or delivered by the applicant

(1) to every operator affected by the project as shown on the application on or before the date the application is filed with the commission; and

(2) to the commission, including a list of all operators, with their addresses, to whom the application was mailed or delivered.

(d) In the absence of any objection within 30 days from the date of mailing, the commission will, in its discretion, approve the application. If objection is made, the commission will set the matter for hearing in accordance with sec. 540 of this chapter. (Eff. / / , Register)

Authority: AS 31.05.020
AS 31.05.030

20 AAC 25.410. INJECTION WELLS. Wells used for the injection of gas, air, water, or other extraneous fluids into the producing reservoir must have

(1) safe and adequate casing which must be cemented to prevent leakage or damage to oil, gas or fresh water resources;

(2) safe and adequate tubing with a packer in place to prevent communication with the tubing-casing annulus; and

(3) regular monitoring of the tubing-casing annulus to detect pressure communication. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.430. RECORDS AND REPORTS. Each operator shall keep accurate records showing volumes of fluids produced, injected volumes, reservoir pressures and injection pressures. Upon reasonable notice, the commission or its authorized representative must be given full access during normal business hours to all records and reports. Each operator shall file with the commission a monthly report which shows all produced and injected volumes and other data as required by the commission on the forms entitled Monthly Production and Injection Report (Form 10-405), Report of Injection Projects (Form 10-413) and Producer's Report of Gas Disposition (Form 10-422). (Eff. / / , Register)

Authority: AS 31.05.030

ARTICLE 6. GENERAL PROVISIONS

Section

505. Scope of regulations
510. Commission office, hours and seal
515. U.S. Government leases
520. Field and pool regulation and classification
525. Forms upon request
526. Fire hazard
530. Cooperation with other parties
536. Geologic data and logs
537. Public and confidental well information
538. Naming of fields and pools
540. Hearings
545. Public mailing list
550. Oaths
555. Orders

Section

557. Subpoenas
570. Definitions

20 AAC 25.505. SCOPE OF REGULATIONS. This chapter consists of general regulations of state-wide application which apply to all wells and fields. However, the commission will, in its discretion, and after notice and opportunity for public comment, adopt orders applicable to particular areas or subject matter, which prevail over these general regulations to the extent that they are in conflict. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.510. COMMISSION OFFICE, HOURS AND SEAL. (a) The principal office of the Alaska Oil and Gas Conservation Commission is located at 3001 Porcupine Drive, Anchorage, Alaska 99501. The commission's telephone number is (907) 279-1433.

(b) The office of the commission is open for the transaction of business each day from 8:00 AM until 12:00 Noon and from 1:00 PM until 4:30 PM, except Saturday, Sunday and every state holiday. A commission representative will be available after normal office hours and on week-ends and holidays through an answering service by calling the same number as shown in (a) of this section.

(c) The official seal of the commission is reproduced below.

(Eff. / / , Register)

Authority: AS 31.05.017
AS 31.05.030
AS 31.05.050(b)

20 AAC 25.515. U.S. GOVERNMENT LEASES. All persons drilling on United States Government leases shall comply with all applicable regulations of the commission which are not in conflict with applicable United States government regulations. (Eff. / / , Register)

Authority: AS 31.05.010

20 AAC 25.520. FIELD AND POOL REGULATION AND CLASSIFICATION. (a) Upon the request of the commission or any affected lease owner at any time after the discovery of oil or gas in a

field or pool or both, a hearing will be held and the commission will issue an order, based upon the evidence presented, classifying the pool as an oil or gas pool in a field and prescribing rules for the development of the pool. All pool orders so promulgated must

(1) prevent waste and protect correlative rights; and

(2) be based on the operating and technical data presented.

(b) The commission will, in its discretion, reclassify fields and pools or amend pool orders upon the presentation of additional data at a subsequent hearing. (Eff. / / , Register)

Authority: AS 31.05.020
AS 31.05.030
AS 31.05.060
AS 31.05.100

20 AAC 25.525. FORMS UPON REQUEST. Forms for applications, notices, approvals, and reports required by the commission will be furnished upon request. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.526. FIRE HAZARD. Each well location must be maintained in a manner to prevent fires. All rubbish, debris, waste material, spilled oil, and any other substance that constitutes a fire hazard must be disposed of in a manner and at a location approved by all applicable state and federal regulatory agencies. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.530. COOPERATION WITH OTHER PARTIES. The commission will, in its discretion, from time to time enter into arrangements with Alaska and federal government agencies, industry committees, and individuals with respect to special projects, services, and studies relating to the conservation of oil and gas; if any arrangement requires the commission to utlitize procedures not covered in this chapter, the procedures necessary to carry out the intent of the arrangement will be formulated and made available at the office of the commission after public notice and opportunity for public comment. (Eff. / / , Register)

Authority: AS 31.05.023
AS 31.05.030

20 AAC 25.536. GEOLOGIC DATA AND LOGS. (a) The operator shall log the portion of the hole below the conductor pipe by either a complete electrical log or a complete radioactivity log unless the commission specifies which type of log is to be run.

(b) Within 30 days after completion, suspension, or abandonment of a drilling well, the operator shall file with the commission

(1) a complete mud log or a lithology log consisting of a detailed record and description of the sequence of strata encountered, including kind and character of the rock and all shows of hydrocarbons;

(2) a complete set of washed and dried, legibly-identified samples of all well cuttings as caught by the operator

in accordance with good geological practices;

(3) a brief description of all cores and a chip from each foot of recovered core;

(4) a list of the geologic markers encountered in the well and the measured and true vertical depths of each marker;

(5) a sepia and a reproduced copy of all logs run in the well, (including the composite logs, if available) except velocity surveys and experimental logs; and

(6) the digitized data if available, for copying, for all logs required in (5) of this subsection, except the dipmeter survey.

(c) The commission will, in its discretion, waive the requirements of (a), (b)(1), and (b)(2) of this section for development wells.

(d) In this section

(1) "experimental logs" means the logs which are so newly developed or so limited or specialized in application that they are not commonly run on petroleum exploration or development wells; and

(2) "velocity survey" means a survey, the primary purpose of which is to determine velocity of seismic waves through formations penetrated by a well by measuring travel times of seismic pulses from or near the surface to a seismometer lowered to various depths in the well, and also includes the integrated time markers on sonic logs. (Eff. / / , Register)

Authority: AS 31.05.030
AS 31.05.035

20 AAC 25.537. PUBLIC AND CONFIDENTIAL WELL INFORMATION. (a) The commission will routinely make available to the public, by means of records or reports, in its offices or elsewhere, or by means of regular publication, the following information

(1) surface and proposed bottom-hole location of each well, after approval of the drilling permit;

(2) total depth, bottom-hole location and well status after the Well Completion or Recompletion Report and Log (Form 10-407) is filed;

(3) production data and production reports, as required to be filed by the operator each month; and

(4) all well information required to be filed by the operator after the expiration of the confidential period.

(b) Information not required by this chapter, but voluntarily filed with the commission will be kept confidential if the person filing the information so requests.

(c) In this section, "well status" means the classification of a well as oil, gas, service, suspended, or abandoned.

(d) Except as provided by (a) of this section, the reports and information required to be filed by the operator will be kept confidential by the commission for 24 months following the 30-day filing period unless the operator gives written and unrestricted permission to release all of the reports and information at an earlier date. Upon notification from the commissioner of the Department of Natural Resources that he has made a finding that the required reports and

information from a well drilled on state land contain significant information relating to the valuation of unleased land in the same vicinity, the commission will hold the reports and information confidential beyond the 24-month period and until notified by the commissioner of the Department of Natural Resources to release the reports and information. (Eff. / / , Register)

Authority: AS 31.05.026
AS 31.05.030
AS 31.05.035

20 AAC 25.538. NAMING OF FIELDS AND POOLS. (a) The following procedures must be followed for the naming of new fields and pools

(1) if the operator believes the well is a new field or a new pool discovery and wants to participate in naming the discovery, he shall furnish information to the commission showing why he believes a new discovery has been made, not later than 30 days after the earliest of the following dates

(A) the date the well information is released by the commission to the public; or

(B) the date regular production commences; and

(2) at the same time that the information in (a)(1) of this section is filed, the operator may submit three recommendations for a new field name or a new pool name or both. He may indicate his first, second, and third choice of names.

(b) The commission will consider all of the information filed to determine if a new discovery has been made. If the commission finds a new discovery has been made, the commission will select a field name or a pool name, or both, giving consideration to the operator's recommendation, significant landmarks, public use, conflicts with other pool and field names, geologic completion interval, and any other factors which make it unique, acceptable, and usable. (Eff. / / , Register)

Authority: AS 31.05.030

20 AAC 25.540. HEARINGS. (a) Upon its own motion or when a request is received to issue an order affecting a single well or a single field, the commission will give notice by publishing in an appropriate newspaper. The notice will provide the essential details of the proposed or requested order and set out the date, time, and place for a hearing. A proper protest and request for hearing must be filed with the commission at its office in Anchorage, Alaska within 10 days after the publication date by any person who may be aggrieved by the requested order if issued. If such a protest is timely filed, a hearing will be held on the date and time specified in the notice. If no protest is timely filed, issuance of the order will be considered by the commission without a hearing.

(b) The following procedure will be followed at public hearings conducted under (a) of this section:

(1) the hearing will be called to order and the subject of the hearing along with the date and place of public notice given for the hearing will be read into the record;

(2) the commission will receive both sworn testimony and unsworn statements; it will give greater weight in its deliberations to sworn testimony;

(3) all persons wishing to testify will be sworn;

(4) each witness shall state his or her name and who

he or she represents;

(5) each witness who wishes to give expert testimony shall state his or her qualifications and the commission will rule on whether the witness qualifies as an expert;

(6) the applicant will be asked to present his testimony first; all others wishing to present testimony will be heard next; upon request, the commission will, in its discretion, allow cross-examination of witnesses by the applicant or affected owners;

(7) any person wishing to make an oral statement will be allowed to do so after the conclusion of all testimony;

(8) any person wishing to submit a written statement will be permitted to do so after the conclusion of the oral statements;

(9) the commission will, in its discretion, ask questions of any of the witnesses;

(10) members of the audience will not be permitted to ask questions of witnesses directly; if they wish to have a question directed to a witness, they must write the question down and give it to a designated commission representative indicating to whom the question should be directed; before the end of the hearing, the commission will review these questions and ask those which it believes will be helpful in eliciting needed information; all questions will be included in the hearing record; and

(11) a written transcript of the hearing will be prepared and included in the public record of the hearing.

(c) Hearings on matters of statewide or general application will be held under the applicable provisions of AS 44.62 (Administrative Procedure Act). (Eff. / / , Register)

Authority: AS 31.05.030
AS 31.05.050
AS 31.05.060

20 AAC 25.545. PUBLIC MAILING LISTS. Public mailing lists will be maintained by the commission for the purpose of sending appropriate notices, orders, and publications to persons who request to be put on these lists. (Eff. / / , Register)

Authority: AS 31.05.030
AS 31.05.035
AS 31.05.050
AS 31.05.060

20 AAC 25.550. OATHS. Each member of the commission has the power to administer oaths to witnesses in any hearing, investigation, or proceeding conducted under AS 31.05 and this chapter. (Eff. / / , Register)

Authority: AS 31.05.030
AS 31.05.070

20 AAC 25.555. ORDERS. No order, except in an emergency, will be issued by the commission except under the procedure contained in sec. 540 of this chapter. An emergency order will, in the commission's discretion, be issued when an emergency requiring immediate action is found to exist. An emergency order is not effective for more than 15 days. (Eff. / / , Register)

Authority: AS 31.05.030
AS 31.05.040

20 AAC 25.557. SUBPOENAS. (a) The commission will, in its discretion, issue subpoenas and subpoenas duces tecum.

(b) Subpoenas duces tecum for the production of books, records, papers, or other documents of any sort will, in the commission's discretion, be issued by the commission upon a written request. The applicant must establish that he has a proper relation to the matter and show the relevance of the evidence sought and the facts expected to be proved by them.

(c) The issuance of subpoenas, requiring the attendance of a witness for the purpose of taking oral testimony before the commission will, in the commission's discretion, be issued by the commission upon a written request. The applicant must establish that he has proper relation to the matter and give the name and address of the desired witness. (Eff. / / , Register)

Authority: AS 31.05.030
AS 31.05.070

20 AAC 25.570. DEFINITIONS. In this chapter, unless the context clearly requires otherwise

(1) "API" means the American Petroleum Institute;

(2) "API Specifications" means those specifications that are in effect at the time these regulations are promulgated.

(3) "API Standards" means those standards that are in effect at the time these regulations are promulgated.

(4) "API Recommended Practices" means those practices that are in effect at the time these regulations are promulgated.

(5) "barrel" means 42 U.S. gallons, measured under standard conditions;

(6) "BOP" means blowout preventer, which is a casinghead assembly equipped with special gates or rams or other packoffs which can be closed around the drill pipe, tubing, casing, or tools and which completely closes the top of the casing to control well pressure;

(7) "bottom hole pressure" means the pressure in pounds per square inch gauge (psig) under conditions existing at or near the producing horizon determined by means of an instrument adopted and recognized by the oil and gas industry;

(8) "commission" means the Alaska Oil and Gas Conservation Commission;

(9) "condensate" means the liquid recovered at the surface that results from condensation due to reduced pressure or temperature of petroleum hydrocarbons existing in a gaseous phase in the reservoir;

(10) "day" means a period of 24 consecutive hours from 7:00 AM one day to 7:00 AM the following day; the calendar day is the day in which this period begins;

(11) "development well" means a well drilled within

the proved area of an oil or gas reservoir to the depth of a stratigraphic zone known to be productive;

(12) "drilling fluid" means any fluid as the term is commonly used in the industry for the purpose of drilling and removing cuttings from the well;

(13) "drilling unit" means that area set by the commission as provided for in AS 31.05.100;

(14) "exploratory well" means a well that discovers or is drilled to discover a previously unknown pool;

(15) "gas-oil ratio" means the ratio of gas in standard cubic feet to oil in barrels produced concurrently during any stated period;

(16) "gas well" means a well which produces gas as its principal product;

(17) "multiple completion" means the completion of any well so as to permit production from more than one pool with the production from each pool completely segregated;

(18) "oil well" means a well which produces oil as its principal product;

(19) "operator" means any person who, duly authorized, is in charge of the development of a lease or the operation of a well;

(20) "potential" means the ability of a well to produce oil or gas as determined by an approved test;

(21) "reservoir" means the same as pool;

(22) "service well" means a well drilled or completed for the purpose of supporting production in an existing field; service wells are drilled for gas injection, water injection, steam injection, air injection, saltwater disposal, water supply for injection, observation, and injection for in-situ combustion;

(23) "standard conditions" means a temperature of 60 degrees Fahrenheit and an absolute pressure of 14.65 pounds per square inch;

(24) "stratigraphic test" means a hole drilled for the sole purpose of gaining structural or stratigraphic information or both and to a depth sufficient to penetrate and explore formations which are prospective producing pools, but is not drilled with the intent to be completed as a producing well. (Eff. / / , Register)

Editor's Note:
See AS 31.05.170 for further definitions.

Authority: AS 31.05.030

ORDER ADOPTING REGULATIONS OF
ALASKA OIL AND GAS CONSERVATION COMMISSION

The attached 29 pages of regulations, dealing with all functions and activities of the Alaska Oil and Gas Conservation Commission, are hereby adopted and certified to be correct copies of the regulations which the Alaska Oil and Gas Conservation Commission adopts under authority vested by AS 31.05.030 and after compliance with the Administrative Procedure Act (AS 44.62), specifically including notice under AS 44.62.190 and 44.62.200 and opportunity for public comment under AS 44.62.210.

This order takes effect on the 30th day after it has been filed by the lieutenant governor as provided in AS 44.62.180.

DATE: 3/5/80
Anchorage, Alaska

Hoyle H. Hamilton
Hoyle H. Hamilton
Chairman/Commissioner

Lonnie C. Smith
Lonnie C. Smith
Commissioner

Harry W. Kugler
Harry W. Kugler
Commissioner

I, _____, Lieutenant Governor for the State of Alaska, certify that on _____, 19____, at _____ __.M., I filed the attached regulations according to the provisions of AS 44.62.040 -- 44.62.120.

_____
Lieutenant Governor

Effective _____.)
Register _____.)

STATE
of ALASKA

MEMORANDUM

ALASKA OIL AND GAS CONSERVATION COMMISSION

TO: Jeff Lowenfels
Assistant Attorney General
Department of Law

DATE: March 5, 1980

FILE NO:

TELEPHONE NO.:

FROM: Hoyle H. Hamilton
Chairman/Commissioner

SUBJECT: Regulations to be Adopted
File No. J-99-012-79

The corrections suggested by Art Peterson in his memo to you dated February 26, 1980 have been made to the regulations. Attached are an originial and two copies of the regulations, and a new adoption order.

It is my understanding that this is all that is needed from us.

It is also my understanding that you have proposed an order for Bob LeResche's signature to repeal 11AAC 22.

HHH:be

STATE
of ALASKA

MEMORANDUM

ALASKA OIL AND GAS CONSERVATION

TO: Arthur H. Peterson
Assistant Attorney General

DATE: October 24, 1979

FILE NO:

TELEPHONE NO:

FROM: Hoyle H. Hamilton
Chairman/Commissioner

SUBJECT: Regulations to be Adopted.

I am enclosing all of the documents listed in the legislative drafting manual that are required to be sent to you. I have also included some others that are relevant.

If you have any questions or find something that needs correcting please call me right away.

The list of enclosed documents is as follows:

1. Original and two copies of final regulations.
2. Written adoption order dated October 24, 1979.
3. A copy of the public notice.
4. The publisher's written affidavit of publication.
5. Affidavit of oral hearing dated October 24, 1979.
6. Affidavit of notice of adoption of regulation dated October 24, 1979.
7. Copy of transcript of hearing.
8. Copy of written comments received at hearing.
9. Copy of memo to J. Lowenfels dated October 24, 1979.
10. Copy of memo from J. Lowenfels dated October 24, 1979.

At Jeff Lowenfels request, I am also enclosing his file on this matter.

Enclosures: (11)

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

AFFIDAVIT OF ORAL HEARING

I, Hoyle H. Hamilton, Chairman/Commissioner of the Alaska Oil and Gas Conservation Commission being sworn, depose and state the following:

On August 24, 1979, at 9:00 AM, in Room 402 of the Alaska State Court Building in Anchorage, Alaska, I presided over the public hearing held in accordance with AS 44.62.210 for the purpose of taking testimony in connection with the adoption of regulations setting forth all functions and activities of the Alaska Oil and Gas Conservation Commission.

DATE: 10/24/79
Anchorage

Hoyle H. Hamilton
Hoyle H. Hamilton,
Chairman/Commissioner

SUBSCRIBED AND SWORN TO before me this 24th day of October, 1979.

Nola J. Bragg
Notary Public in and for Alaska
My Commission expires: 5-9-81

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

AFFIDAVIT OF NOTICE OF ADOPTION OF REGULATION

I, Hoyle H. Hamilton, Chairman/Commissioner, of Alaska Oil and Gas Conservation Commission, being sworn, depose and state the following:

As required by AS 44.62.190, notice of the proposed adoption of regulation setting forth all functions and activities of the Alaska Oil and Gas Conservation Commission has been given by

(1) being published in a newspaper or trade publication,

(2) being mailed to interested persons,

(3) being mailed or delivered to appropriate state officials,

(4) being furnished to the Department of Law,

(5) being furnished to incumbent State of Alaska legislators and the Legislative Affairs Agency.

DATE: 10/24/79
Anchorage

Hoyle H. Hamilton
Hoyle H. Hamilton
Chairman/Commissioner

SUBSCRIBED AND SWORN TO before me this 24th day of October 1979.

Nola J. Bragg
Notary Public in and for Alaska
My commission expires: 5-9-81

MEMORANDUM State of Alaska

TO: Jeff Lowenfels
Assistant Attorney General
Anchorage

DATE: February 26, 1980

FILE NO:

TELEPHONE NO:

FROM: Arthur H. Peterson
Assistant Attorney General
and Regulations Attorney
Juneau

SUBJECT: Repeal of 11 AAC 22 (oil and gas conservation) and adoption of 20 AAC 25 (Alaska Oil & Gas Conservation Commission)
Our File: J-99-012-79

As we discussed yesterday, the copy of these regulations which you sent me last month is attached. I have marked corrections in pen and questions or comments in pencil. Please address the questions, and have the entire batch retyped as you said you wanted to do. I have left the paperclips on this copy to indicate where the questions are.

In addition, don't forget to send down a new adoption order, by the commission, that refers to the actual 29 pages of this version of the regulations, rather than to the original 32 pages. And be sure to get Bob LeResche's order repealing 11 AAC 22.

The rest of the backup material is in this project's folder on my desk.

AHP:md

STATE
of ALASKA

MEMORANDUM

TO: Jeff Lowenfels
Assistant Attorney General
Anchorage AGO

DATE: November 2, 1979

FILE NO:

TELEPHONE NO:

FROM: Arthur H. Peterson
Assistant Attorney General
and Regulations Attorney
Juneau AGO

SUBJECT: Oil and gas conservation regulations (repeal of 11 AAC 22 and adoption of 20 AAC 25)
Our File: J-99-012-79

Last Monday, the 29th, sometime after I wrote to you in response to your October 24th memo, a package of regulations from Hoyle Hamilton, chairman of the oil and gas conservation commission, arrived. When writing my response to your inquiry, I did not realize that the project was so far along. You did not mention that in your memo, and, if you mentioned it orally earlier, I forgot it.

Since the notice and hearing process has already been completed, the question is whether the repeal of 11 AAC 22 is adequately covered. By implication in the second paragraph of the notice, I think that the answer is yes (but just barely). That being the case, we need a repeal order signed by Bob LeResche.

Regarding the last paragraph of my October 29 memo to you, the only record we had of an oil and gas conservation regulation project was with regard to 11 AAC 22.255. I assumed that that was not the comprehensive revision you were preparing. But the file number for that one is the same as the file number for the file which Hoyle Hamilton sent to me (incidentally, how did he happen to get your file?).

I have glanced at the regulations and am returning the original to you. I do not plan to read them until they are corrected. If someone can't even get the basic format right, can I assume that the procedures and the substance are right?

I was going to overlook the fact that the margins were all cock-eyed and not in conformity with the Drafting Manual for Admini-

strative Regulations (Department of Law, 6th ed., 1978), but then I noticed that the page heading for each page was incomplete.

Then I noticed that, despite the editor's note under the chapter heading on the first page, the history notes for the repealed regulations in 11 AAC 22 were included after each section of the new regulations in 20 AAC 25.

Then I noticed that the page heading on each page referred to a register coming out in November of 1979 even though no quarterly register will, under the current law (AS 44.62.160) and system, be dated November.

Then I noticed the pompous "prior to" riddling this material.

Then I noticed the inconsistency in the designation of dollar amounts (cf. 20 AAC 25.005(c)(1) and 20 AAC 25.025(b), only one of which is correct).

Then I noticed the rather strange definition section (20 AAC 25.570), with all of those asterisks and the footnote; if you wish to make clear, by means of cross-referenced information, that the statutory definitions apply to the words used in these regulations (which, of course, is the law anyway), you could put them all in a footnote with a reference to the statute, but you should not list them all in the definition section as though they were actual definitions. Also, something seems to be missing from this section, since there is an (a) without a (b).

Then I noticed 20 AAC 25.030(f), in which the commission authorizes itself to do something (or did you intend to use "may" in the sense of "might?").

Then I noticed the rather awkward 20 AAC 25.030(e)(2).

Then I stopped.

ORDER REPEALING
11 AAC 22.005 -- 11 AAC 22.570

By this order regulations 11 AAC 22.005 through 11 AAC 22.570 dealing with oil and gas conservation are repealed under authority vested by 38.05.020 and after compliance with the Administrative Procedure Act (AS 44.62), specifically including notice under AS 44.62.190 and 44.62.200 and opportunity for public comment under AS 44.62.210.

This order takes effect on the 30th day after it has been filed by the Lieutenant Governor as provided in AS 44.62.180.

Date: March ___, 1980

Juneau, Alaska

_____
Robert E. LeResche, Commissioner
of the Department of Natural
Resources

I, Terry Miller, Lieutenant Governor for the State of Alaska, certify that on March ____, 1980, at _____.m., I filed the above order according to the provisions of AS 44.62.040 -- 44.62.120.

Oct. 29 1979

TITLE 20. MISCELLANEOUS BOARDS, COMMISSIONS

CHAPTER 25. ALASKA OIL AND GAS CONSERVATION COMMISSION

Editors Note:
This chapter is based on the former regulations of the Division of Oil and Gas Conservation formerly located in 11 AAC 22.

Article

1. Drilling
2. Abandonment and Plugging
3. Production Practices
4. Reports
5. Additional Recovery Methods
6. General Provisions

ARTICLE 1. DRILLING

Section

05. Permit to drill
10. Re-entry
15. Changes to drilling permit
20. Change of operator
25. Bonding
26. Claims
30. Casing and cementing
35. Blowout prevention equipment
40. Well identification
45. Sealing off strata
50. Deviation
55. Well spacing
61. Well site surveys
65. Hydrogen sulfide
70. Records and reports
75. Other wells in designated areas

20 AAC 25.005. PERMIT TO DRILL.

(a) An application for a Permit to Drill (Form 10-401) must be submitted for approval prior to the drilling, redrilling or deepening of the following types of wells
(1) exploratory wells;
(2) development wells;
(3) service wells; and
(4) stratigraphic test wells.

(b) An application for a Permit to Drill (Form 10-401) must be submitted for approval prior to the re-entry of an abandoned well.

(c) The application for a Permit to Drill must be accompanied by the following
(1) a fee of $100.00 payable to the State of Alaska, Department of Revenue;
(2) a plat showing the proposed surface and bottom hole location. Prior to the completion, suspension or abandonment of the well, a survey plat certified by a registered land surveyor showing the precise surface location must be submitted. Only the first well drilled from a fixed platform or a multiple well site must have a certified survey;
(3) a diagram and description of the blowout preven-

tion equipment to be used and the information required in sec. 35(c)(2) of this chapter;

(4) the complete proposed casing and cementing program as required in sec. 30 of this chapter; and

(5) a diagram and description of the diverter system to be used as specified in sec. 35(b) of this chapter unless this requirement is waived by the commission.

(d) Any well which is not to be intentionally deviated must meet the requirements of sec. 50(a) of this chapter.

(e) Any well which is to be intentionally deviated must meet the requirements of sec. 50(b) and (c) of this chapter.

(f) Each offshore location must meet the requirements of sec. 61 of this chapter.

(g) Each hole drilled below the conductor casing, unless drilled solely to straighten the original hole, sidetrack junk or correct mechanical difficulties, is a separate well requiring a Permit to Drill.

(h) Each lease must have a different and distinct name.

(i) Information must be submitted regarding the bond as required in sec. 25 of this chapter.

(j) After approval by the commission, the Permit to Drill (Form 10-401) may be referred to as the "drilling permit" in this chapter.

(k) If drilling is not commenced within 24 months after the approval date, the drilling permit will expire. (In effect before 7/28/59; am 7/15/60, Reg. 1; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25; am 4/16/69, Reg. 28; sec. 2051 prior to 4/73; sec 5 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.090

20 AAC 25.010. RE-ENTRY.

(a) If a suspended well is to be re-entered, the operator shall so advise the commission and request approval on the form entitled Sundry Notices and Reports on Wells (Form 10-403).

(b) If an abandoned well is to be re-entered, an application for a Permit to Drill (Form 10-401) shall be submitted as required by sec. 5(b) of this chapter. (In effect before 7/28/59; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25; sec. 2052 prior to 4/73; sec. 10 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

20 AAC 25.015. CHANGES TO DRILLING PERMIT.

(a) For any proposed change in a drilling permit, prior to the start of drilling operations, an operator must comply with the following

(1) notify the commission of the proposed change;

(2) a new application for a Permit to Drill (Form 10-401) may be required but no additional fee is required;

(3) a revised plat as required by sec. 5 of this chapter must be filed if the surface location is

changed; and
(4) be approved by the commission.

(b) For any proposed change in a drilling permit, after drilling operations have started, an operator must comply with the following
(1) to change the bottom hole location a new Form 10-401 accompanied by a fee of $100.00 must be submitted to the commission for approval; and
(2) requests for other changes must be submitted to the commission for approval on the form Sundry Notices and Reports on Wells (Form 10-403). In cases where prompt approval is needed, verbal approval may be obtained from the commission or its representative. If verbal approval is obtained, a description of the approved change, the name of the commission member or its representative that provided verbal approval and the date of the approval shall be included on the Form 10-403 submitted. (In effect before 7/28/59; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25; sec 2053 prior to 4/73; sec. 15 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.090

20 AAC 25.020. CHANGE OF OPERATOR. If an operator wishes to relinquish his role as operator, he shall submit a written statement to the commission setting forth the facts, designating the new operator and requesting approval by the commission. The newly designated operator shall notify the commission in writing of his acceptance of the obligations as operator and shall furnish a bond as provided for in sec. 25 of this chapter. Approval by the commission of the change shall constitute the release of the former operator's bonding obligation. (In effect before 7/28/59; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25; sec. 2054 prior to 4/73; sec. 20 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

20 AAC 25.025. BONDING.
(a) Except as otherwise provided in this section, the commission will require from the operator an appropriate bond to insure that each well is abandoned or repaired in accordance with secs. 45, 105, 120, 140 and 170 of this chapter.

(b) The bond required in (a) above must be either a single well bond of not less than $100,000 or a blanket bond of not less than $200,000 in favor of the Alaska Oil and Gas Conservation Commission. Existing bonds not in favor of the commission will be valid until July 1, 1980.

(c) The bond must be by a corporate surety authorized to do business in Alaska.

(d) A bond must remain in force and effect until the abandonments of all wells covered are approved by the commission and the bond is released by the commission.

(e) If a well is to be drilled on federal land the operator is not required to deposit a bond with the commission. (In effect before 7/28/59; am 10/8/61, Reg. 4; am 6/20/64, Reg. 16; sec. 2055 prior to 4/73; sec. 25 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

20 AAC 25.026. CLAIMS. Commission approval of the abandonment of a well and the release of the bond, required by sec. 25 of this chapter, constitutes a presumption of proper abandonment, but does not relieve an operator of further claim by the commission subsequent to the abandonment. (Eff. / /79, Reg.)

Authority: AS 31.04.030

20 AAC 25.030. CASING AND CEMENTING.

(a) For each type of well listed in sec 5(a) of this chapter, a complete proposed casing and cementing program must be included on the application for the Permit to Drill (Form 10-401). Unless modified or altered by special pool rules, each casing program must be designed to
   (1) provide suitable and safe operating conditions for the total measured depth proposed;
   (2) confine fluids to the wellbore;
   (3) prevent migration of fluids from one stratum to another;
   (4) assure control of well pressures encountered;
   (5) protect from thaw subsidence and freezeback effects within permafrost;
   (6) prevent contamination of strata bearing freshwater; and
   (7) provide well control until the next string of casing is set. All pertinent factors for well control shall be considered, including formation fracture gradients, formation pressures, casing setting depths and proposed total depth.

(b) The following requirements apply to the different types of casing strings listed below
   (1) Conductor casing
      (A) One or more strings may be required; and
      (B) This casing may be set by drilling, driving or jetting. If the hole is drilled, a sufficient quantity of cement must be used to fill the annular space to the surface or mud line.
   (2) Surface casing
      (A) Setting depth must be below the base of freshwater sands or below the base of permafrost at a depth that will insure good anchorage;
      (B) Must be set into a competent stratum with sufficient cement in the annulus to circulate to the surface. If offshore, sufficient cement must be used to bring top of cement either to the mud line or to at least 1500 feet above the surface casing shoe and at least 200 feet inside the conductor casing. If cement does not circulate to surface when required, the annulus must be cemented before drilling ahead or initiating tests; and
      (C) After drilling approximately 50 feet of new formation, a pressure test must be obtained either by testing to formation leak-off or by testing to a predetermined equivalent mud weight to aid in determining a formation fracture gradient. The results of this test and any subsequent tests of the formation must be recorded on the driller's log.
   (3) Intermediate casing

(A) Must be set when required to maintain well control;

(B) Under normal conditions drilling may continue until the mud weight has been increased to a point not exceeding 0.5 pounds per gallon less than the equivalent mud weight of the most recent pressure test of the formation below the surface casing shoe; and

(C) A sufficient quantity of cement must be used to provide annular fillup to a minimum of 500 feet above all hydrocarbon zones and abnormal pressure intervals. In cases where zonal coverage is not required, a minimum fillup of 500 feet of cement above the casing shoe is required.

(4) Production casing

(A) May be set through or just above the production interval;

(B) Cementing practices shall be the same as that for intermediate casing strings; and

(C) Casing must be tested in accordance with (e) of this section.

(5) Liners

(A) May be set as an intermediate or production string;

(B) A cemented liner must have a minimum of 100 feet of cemented lap with the next larger casing string. Other cementing practices must be the same as that for intermediate casing; and

(C) Prior to drilling ahead, cemented liner and lap must be tested by a fluid entry or pressure test, in accordance with (e) of this section, to determine that a seal between the liner top and next larger string has been achieved. The test must be recorded as required by sec. 70(a)(1) of this chapter.

(c) A cement plug or shoe, in the casing strings required by (b) of this section, must not be drilled until a minimum compressive strength of 300 psig at bottom hole conditions has been attained according to the manufacturer's cement strength tables for the particular cement being used. Casing must be tested prior to drilling ahead in accordance with (e) of this section.

(d) Within permafrost intervals, fluids which have a freezing point above the minimum permafrost temperature must not be left in the annulus between any two strings of pipe or inside the casing upon completion or suspension of a well without commission approval.

(e) Pressure Testing of Casing and Surveys

(1) With the exception of the conductor casing, prior to drilling out the casing or liner after cementing, all casing strings, liners and liner laps must be tested to a surface pressure of 50% of the minimum internal yield strength of the casing or 1500 psig, whichever is lower. If the pressure declines more than 10% in 30 minutes, or if there are indications of improper cementing such as lost returns, cement channeling or mechanical failure of equipment, corrective measures must be taken until a satisfactory test is obtained; and

(2) The operator shall report on Monthly Report of Drilling and Workover Operations (Form 10-404) the test results and any remedial measures taken.

(f) Variances to this section to allow for special or unusual conditions (e.g. cable tool drilling, air or foam drilling, etc.) may be approved by the commission upon request by the operator. (In effect before am 6/20/64, Reg. 16; am 9/30/67, Reg. 25; sec. 2056 prior to 4/73; sec. 30 from 4/73; Reg. 45; am 4/76, Reg. 57; am / /79, Reg.)

Authority: AS 31.05.030

20 AAC 25.035. BLOWOUT PREVENTION EQUIPMENT.

(a) General Practice

(1) blowout prevention (BOP) equipment and its use must, as a minimum, be in accordance with the lastest edition of API RP 53, "API Recommended Practices for Blowout Prevention Equipment Systems" except as modified by this section;

(2) all equipment must be in good operating condition at all times and must be adequately protected to insure reliable operation under the range of weather conditions expected at the specific location; and

(3) blind rams must be function tested each trip but not more than once each day and all other blowout preventers must be function tested each day.

(b) Surface Hole Diverter System

(1) before drilling below the conductor string, at least one remotely controlled annular preventer and flow diverter system must be installed. The annular preventer must permit the diversion of hydrocarbons and other fluids. The low pressure, high capacity diverter system must provide at least the equivalent of a 6 inch line with at least two lines venting in different directions to insure safe downwind diversion and must be designed to avoid freezeup. These lines must be equipped with full-opening butterfly type valves or other valves approved by the commission. A schematic diagram, list of equipment, and operational procedure for the diverter system must be submitted for approval with the application for a Permit to Drill (Form 10-401); and

(2) the above requirements may be waived by the commission where drilling experience in the near vicinity indicates they are unnecessary.

(c) Blowout Prevention Equipment

(1) before drilling below the surface casing, a well must have a minimum of three remotely controlled blowout preventers, including one equipped with pipe rams that fit the size of drill pipe or casing being used, one with blind rams and one annular type;

(2) the working pressure of any blowout preventer and associated equipment must exceed the maximum surface pressure to which they may be subjected. Information submitted with Form 10-401 must include the anticipated downhole pressures to be encountered, the maximum surface pressures to which the BOP equipment may be subjected and the criteria used to determine these pressures;

(3) the hydraulic actuating system used must provide sufficient accumulator capacity to supply 1.5 times the volume of hydraulic fluid necessary to close all BOP equipment. The system must also be capable of maintaining a minimum remaining pressure of 200 psig above the required precharge pressure when all BOP's are closed with the primary power source shut off. An accumulator backup system, supplied by a secondary power source independent of the primary power source, must be provided with sufficient capacity to actuate all blowout preventer equipment;

(4) in addition to the primary controls on the accumulator equipment unit, at least one operable remote blowout preventer control station must be provided. This control station must be in a readily accessable location on or near the drilling floor. A device to avoid unintentional closure must be provided on all remote blind ram closing controls;

(5) the BOP equipment must include a drilling spool with minimum two-inch side outlets (if not on the blowout preventer body), a minimum three-inch choke line and minimum two-inch choke manifold, a kill line and a fillup line. The drilling string must contain full opening valves above and immediately below the kelly during all circulating operations using the kelly, with the necessary valve wrenches conveniently located on the rig floor; and

(6) two emergency valves with rotary subs for all connections in use and the necessary wrenches must be conveniently located on the drilling floor. One valve must be an inside blowout preventer of the spring-loaded type. The second valve must be of the manually operated ball type, or equivalent valve.

(d) Testing

(1) all ram-type blowout preventers, kelly valves, emergency valves and choke manifolds must be tested to the rated working pressure or to the maximum surface pressure as required to be submitted in (c)(2) of this section. Annular preventers must be tested to not less than 50% of the rated working pressure. These tests must be made when the BOP equipment is installed or changed and at least once each week thereafter. Test results shall be recorded as required by sec. 70(a)(1) of this chapter;

(2) to insure that minimum standards are achieved, the operator shall perform the recommended tests for blowout preventer closing units specified in sections 5A and 5B of API RP 53; and

(3) sufficient notice of certain BOP equipment tests must be given so that a representative of the commission can witness these tests. These tests will be specified in the drilling permit or by notice to the operator.

(e) BOP equipment for cable tool drilling activities must have prior commission approval and must be in accordance with good established practice with all equipment in good operating condition at all times. (In effect before 7/28/59; am 9/30/67, Reg. 25; sec. 2057 prior to 4/73; sec. 35 from 4/73; Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

20 AAC 25.040. WELL IDENTIFICATION.

(a) Every drilling well must be identified by a sign posted in a conspicuous place on or near the derrick but not more than 100 feet from the well. For suspended or producible wells, the well sign must be at the wellhead for multiple housed wells or on the wellhead building for single housed wells. The sign must be of durable construction, large enough to be legible under normal conditions at a distance of 50 feet and maintained in legible condition. Each sign must show

(1) the name of the lease at which the proposed objective is located;

(2) the name of the lessee;

(3) the owner or operator if different from the lessee;

(4) the well number;

(5) the well surface location by quarter section, section, township and range; and

(6) the drilling permit number (for drilling wells).

(b) The name of each lease or unit must be different and distinct.

(c) The wells on each lease or property must be numbered in a nonrepetitive, logical, and distinct sequence.

(d) Each well will be assigned an API well number by the commission when the drilling permit is approved.

(e) For platforms or multiple well drill sites, the information required in (a)(1)(2)(3)(5) of this section may be posted on one sign for each lease on the platform or at the main entrance to the drill site. (In effect before 7/28/59; am 6/20/64, Reg 16; am 9/30/67, Reg. 25, sec. 2058 prior to 4/73; sec. 40 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

20 AAC 25.045. SEALING OFF STRATA.

(a) During the drilling of any well permitted under sec. 5 of this chapter, the contents of oil, gas, and water strata penetrated must be sealed to prevent their contents from passing into other strata.

(b) All freshwaters and waters of present or probable value for domestic, commercial or livestock purposes must be confined to their respective strata and adequately protected by methods approved by the commission. Precautions must be taken in drilling, completing, producing and abandoning operations to guard against loss of any freshwater from the strata in which it occurs, and the contamination of any freshwater by oil, gas or objectionable water.

(c) Except for fluids removed by production from the completion interval, all fluids encountered in a well must be confined to their respective strata. (In effect before 7/28/59; am 7/15/60, Reg. 1; am 9/30/67, Reg. 25; sec. 2059 prior to 4/73; sec. 45 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

20 AAC 25.050. DEVIATION.

(a) Any well which is not intentionally deviated must be
  (1) drilled as close to vertical as is possible using normal, acceptable drilling techniques except that deviation is permitted for short intervals to straighten the hole, sidetrack junk or correct mechanical difficulties;
  (2) surveyed to determine the inclination from the vertical with surveys starting at 500 feet and no more than 500 feet apart to total depth; and
  (3) surveyed by a complete continuous multishot directional survey if the surface location is less than 660 feet from a lease line where ownership changes or less than 660 feet from any other vertical or deviated well. The survey shall be taken at intervals not more than 100 feet apart, beginning within 100 feet of the surface.

(b) Any well which is to be intentionally deviated must meet the following criteria
  (1) the application for the Permit to Drill (Form 10-401) must
    (A) state the surface and proposed producing interval locations;
    (B) include a plat drawn to a scale of 1 inch equal to 100 feet showing the path of the proposed well bore in relation to all other vertical and deviated well bores which are within a distance of 200 feet from the proposed well bore and the true vertical depths must be shown at frequent intervals along each well bore;
    (C) list the affected operators and show that each has been furnished a copy of the application by registered mail, or state that the applicant is the only affected operator; and
    (D) include a neat and accurate plat of the lease and of all affected leases showing the names of all affected operators and the surface and proposed producing interval locations of the well and all other wells within one-half mile of any portion of the new well. The plat must be drawn to a scale which will permit easy observation of all pertinent data.
  (2) items (b)(1) (C) and (D) of this section will not be applicable to any well drilled on lands subject to an approved unit except that wells drilled near the unit's exterior boundary must conform with sec. 55 of this chapter;
  (3) if drilling is in progress, the operator shall notify the commission immediately of his intention to deviate and then may proceed at his own risk. When an operator follows this procedure, he must file an application as soon as practicable and obtain another drilling permit as required in sec. 15 of this chapter;
  (4) if the applicant is the only affected operator and the commission does not object to the application, the commission may approve it immediately. If there are other affected operators, the commission will hold the application for 10 days unless a letter of non-objection from each affected operator has been filed with the commission. If objection from an affected operator to the proposed deviation is received within the 10 day period, or

if the commission does not approve the proposed deviation, the application will be subject to public hearing. If no objection from either affected operators or the commission is interposed within the 10 day period, the application will be approved and a drilling permit issued by the commission; and

(5) the operator must run a complete, continuous multi-shot directional survey at intervals not more than 100 feet apart, beginning within 100 feet of the surface.

(c) Within 30 days after the completion, abandonment or suspension of the well, a complete copy of each inclination and directional survey obtained shall be filed with the commission. A composite survey may also be filed if the operator feels this would better represent the well course. If a composite survey is filed the operator shall specify the portion of each survey used in the composite.

(d) If the proposed or final location of the producing interval of the deviated well is not in compliance with sec. 55 of this chapter or other rules of the commission applicable to the reservoir, the operator may apply for an exception which will be handled in accordance with sec. 540 of this chapter.

(e) For the purpose of this section, an affected operator is an owner in a quarter section directly or diagonally offsetting any quarter section upon which the operation is proposed to be conducted. In areas where irregular shaped leases are to be drilled the commission will determine who are the affected operators.

(f) Inclination and directional survey reports shall contain, when applicable, the following

(1) name of surveying company;
(2) name, title and signature of person actually performing the survey;
(3) the date on which the survey was performed;
(4) type of survey conducted;
(5) method used in calculating survey;
(6) a complete identification of the well so as to indicate the name of the operator, the lease name, the well number and field name;
(7) the depth interval over which the survey was conducted;
(8) a certified plat showing the surface location, the plotted well course and the nearest lease lines or unit lines; and
(9) a tabulation of the depth and drift angles for all inclination survey points.

(g) Certification requirements for survey reports will be as follows

(1) each inclination survey report as required in (a) of this section must be accompanied by a certified statement of the operator or someone acting at his direction on his behalf that the well was not intentionally deviated from the vertical;
(2) each directional survey report as required in (b) of this section may be certified to, by the person having personal knowledge of the facts, by execution and dating of the data compiled; and

(3) a certified plat as required in (f)(8) of this section.

(h) The commission may require the submittal of the original film, time sheets, charts, graphs, discs and other data used to compile the survey.

(i) Penalties
The willful filing of a false or incorrect inclination survey or directional survey shall be grounds for penalty actions under the applicable statutes. (In effect before 7/28/59; am 7/15/60, Reg. 1; am 6/20/64, Reg. 16; am 9/30/64, Reg. 25; sec. 2060 prior to 4/73; sec. 50 from 4/73, Reg. 45; am / /79, Reg.)
Authority: AS 31.05.030

20 AAC 25.055. WELL SPACING.

(a) In proven oil and gas fields, the establishment of drilling units and a spacing pattern will be governed by special field rules adopted in accordance with sec. 520 of this chapter. In the absence of an order by the commission establishing drilling units or prescribing a spacing pattern for a pool, the following shall apply

(1) the surface location of an exploratory well must not be located closer than 500 feet to any property line of the lease on which the well is located, nor may any hydrocarbon reservoir be opened to the well bore closer than 500 feet to any property line of the lease on which the well is located;

(2) where oil has been discovered, not more than one well may be drilled to that pool on any governmental quarter section or governmental lot corresponding thereto nor may any well be drilled to that pool on a governmental quarter section or governmental lot corresponding thereto which contains less than 150 acres, nor may any hydrocarbon reservoir be opened to the well bore closer than 500 feet to any property line nor closer than 1,000 feet to any well drilling to or capable of producing from the same pool; and

(3) where gas has been discovered, not more than one well may be drilled to that pool on any governmental section or governmental lot corresponding thereto, nor may any well be drilled to that pool on a governmental section or lot corresponding thereto which contains less than 600 acres, nor may any hydrocarbon reservoir be opened to the well bore closer than 1,500 feet to any property line nor closer than 3,000 feet to any well drilling to or capable of producing from the same pool.

(b) An application for exception to the provisions of this section or any spacing order of the commission must set forth the names of all owners and/or operators of governmental quarter sections directly and diagonally offsetting the quarter section where the oil well is located or the names of all owners and/or operators of governmental sections directly or diagonally offsetting the section where the gas well is located. A plat shall be

attached, drawn to a scale of one inch equaling 2640 feet or larger, showing the property for which the exception is sought, all other completed and drilling wells on the property and all adjoining properties and wells. The application must be verified by a person acquainted with the facts, stating that all facts are true and that the plat correctly portrays pertinent and required data. The applicant for exception must give notice of such filing by registered mail to all owners and/or operators noted above and furnish the commission with a copy of the notice, date of mailing and the addresses to which the notices were sent. The application for exception will be handled in accordance with sec. 540 of this chapter. (In effect before 7/28/59; am 7/15/60, Reg. 1; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25; sec. 2061 prior to 4/73; sec. 55 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

20 AAC 25.061. WELL SITE SURVEYS. In offshore areas where the sea floor conditions and/or the presence of shallow geologic hazards or hydrocarbons are unknown, the operator shall conduct such well site surveys as may be required by the commission. These surveys and an analysis of the geologic hazards must be submitted to the commission as an attachment to the application for a Permit to Drill (Form 10-401). (Eff. / /79, Reg.)

Authority: AS 31.05.030

20 AAC 25.065. HYDROGEN SULFIDE.

(a) When hydrogen sulfide gas is encountered in the drilling of any well, the operator must notify the Alaska Oil and Gas Conservation Commission within 24 hours.

(b) When a well is to be drilled in an area where a formation to be penetrated is known to contain hydrogen sulfide gas or if hydrogen sulfide is encountered while drilling, each operator must meet the requirements of API RP 49 "Safe Drilling of Wells Containing Hydrogen Sulfide".

(c) Where there is an insufficient history of drilling in an area to know if hydrogen sulfide exists, the commission will specify on the drilling permit that the operator must comply with the minimum requirements for detection monitoring, contingency and control, and training as follows

(1) detection monitoring

(A) an automatic hydrogen sulfide monitor must be installed and have a combination visual and audible alarm system located where it can be seen or heard from all parts of the location;

(B) the automatic hydrogen sulfide monitor must have a minimum of two probes, one at the shale shaker and one on the bell nipple; and

(C) in addition to the automatic hydrogen sulfide monitor, at least three hand operated, bellows type detectors with an adequate supply of extra detector tubes must be available at the drill site.

(2) contingency and control

(A) hydrogen sulfide scavenger material for the drilling mud must be available on or near the location in good condition and in sufficient quantity to adequately treat the mud system should hydrogen sulfide be encountered;
(B) detailed emergency operating procedures must be defined and posted to insure the safety of all personnel should hydrogen sulfide be encountered;
(C) detailed step-by-step remedial procedures must be developed and posted to cover emergencies while drilling or tripping; and
(D) personnel protective equipment must be available at the well site.

(3) training
All drill site supervisors must be trained for operations in the presence of hydrogen sulfide.
(Eff. / /79, Reg.)
Authority: AS 31.05.030

20 AAC 25.070. RECORDS AND REPORTS.
(a) The operator of each drilling well shall
(1) keep a detailed accurate written daily record of the well operations which must be available for inspection at reasonable times by the commission or a representative of the commission
(A) at the well prior to completion, abandonment, or suspension; and
(B) in Alaska for five years after completion, abandonment or suspension, upon 30 days written notice;
(2) file with the commission, on or before the 15th of each month, the Monthly Report of Drilling and Workover Operations (Form 10-404), setting forth an accurate summary of the daily record of well operations during the previous calendar month; and
(3) file with the commission within 30 days after completion, abandonment or suspension of the well
(A) a complete well record on the Well Completion or Recompletion Report and Log (Form 10-407);
(B) a detailed report of all drill stem tests and production tests including time intervals, quantity and description of all recovered fluids and pressure data; and
(C) a complete well history.

(b) A well is deemed completed, abandoned or suspended on the date significant well operations cease. The commission may approve a subsequent date upon which a suspended well shall be deemed completed, abandoned or suspended if the operator shows that significant well operations will be resumed within a reasonable time; and

(c) In this section "significant well operations" means those well operations conducted in accordance with good oil or gas field practices. (In effect before 7/28/59; am 7/15/60, Reg. 1; am 9/30/67, Reg. 25; am 5/14/71, Reg. 38; sec. 2229 prior to 4/73; sec. 535 from 4/73, Reg. 45; am and sec. 70 from / /79, Reg.)
Authority: AS 31.05.030

20 AAC 25.075. OTHER WELLS IN DESIGNATED AREAS. There are areas in the state where drilling operations could unexpectedly encounter oil, gas or hazardous substances at shallow depths.

When the commission obtains sufficient evidence to define a specific area and the approximate depth range of the substances, it will issue an order that will present the evidence, define the area and stipulate a drilling depth. After the issuance of such an order, any well drilled in the defined area for any purpose, that exceeds the stipulated depth will require a drilling permit and may be subject to the other requirements of this chapter.

Authority: AS 31.05.030

ARTICLE 2. ABANDONMENT AND PLUGGING

Section

105. Abandonment and plugging requirements and notices
120. Well abandonment marker
140. Water wells
170. Location cleanup

20 AAC 25.105. ABANDONMENT AND PLUGGING REQUIREMENTS AND NOTICES.

(a) Each well must be abandoned within 90 days following the expiration of the lease unless an extension of time is granted by the commission. The commission may grant an extension upon receipt of the form entitled Sundry Notices and Reports on Wells (Form 10-403), on which is specified
  (1) a request for a specific time extension; and
  (2) the reason an extension is necessary.

(b) Each well to be abandoned must be plugged by the operator who is responsible for the well, so as to prevent fluid migration within the wellbore. Notice of plugging or abandonment must be filed according to (c) of this section. Unless a different program is approved by the commission the minimum requirements for abandonment of a well are as follows
  (1) a cement plug not less than 100' in length must be placed immediately above each hydrocarbon-bearing formation open to the well bore;
  (2) a cement plug of at least 50 feet must be placed to extend to the surface of the ground in each hole for onshore wells and to the mud line in offshore wells;
  (3) the intervals below and between plugs must be filled with fluid of sufficient density to equal or exceed the fluid density utilized to drill that interval;
  (4) in uncased holes, in addition to the requirements of (1) through (3) above
    (A) a cement plug not less than 100 feet in length must be placed from 50 feet below the deepest existing casing shoe to 50 feet inside the casing;
    (B) a cement plug not less than 100 feet in length must be placed across the tip of the stub where casing is cut and pulled; and
    (C) a cement plug not less than 100' in length must be placed immediately below the deepest freshwater bearing strata;
  (5) in cased holes, permanent packers or bridge plugs with a minimum cement cap of not less than 50 feet may be substituted for cement plugs;
  (6) final abandonment of onshore wells is completed only after the well location is cleaned up as

specified in sec. 170 of this chapter; and
(7) final abandonment of offshore wells in addition to meeting the requirements of this section may also have to meet the requirements of other governmental agencies.

(c) When a well is to be plugged and abandoned, the form entitled Sundry Notices and Reports on Wells (Form 10-403) shall be filed and approved, whenever possible, prior to commencing work. However, when necessary, verbal approval may be obtained from the commission or its representative prior to commencing work. The Form 10-403 must contain
(1) the reason for plugging or abandonment; and
(2) a statement of proposed work which must include
(A) information on porous strata;
(B) the kind, size and location (by measured depth) of existing and proposed plugs;
(C) any plans for mudding, cementing, shooting, testing and removing casing;
(D) all other pertinent information; and
(E) if the Form 10-403 is filed after commencing work, it must contain the name of the commission member or its representative that provided verbal approval and the date of the approval.

(d) Notice of the plugging and abandonment must be given to the commission in time so that a representative of the commission may be present to witness the work.

(e) Following completion of the work, a final Form 10-403 must be filed. It must contain a history of the completed work and the date the well site would be in condition for final inspection. (sec. 2101 and 2102 prior to 4/73; sec. 100 and 110 from 4/73, Reg. 45)
Authority: AS 31.05.030

20 AAC 25.120. WELL ABANDONMENT MARKER.
(a) The exact surface location of the abandoned hole must be shown by a steel marker post. The description and installation of the post must be as follows
(1) at least four inches in diameter;
(2) at least 10 feet long;
(3) set in cement inside well casing;
(4) extending at least four feet above final ground level;
(5) the top of the pipe must be closed with one of the following
(A) cement plug;
(B) screw cap; or
(C) welds; and
(6) As an alternative method to (2) and (3) above, the marker post can be firmly welded with supporting fillets to the top of a blind flange placed on the wellhead.

(b) The following information must be bead-welded directly to the marker post
(1) name of the operator;
(2) unit or lease name;
(3) well number; and
(4) exact location with
(A) footage from section lines;
(B) section number;

(C) township, north or south;
(D) range, east or west; and
(E) meridian.

(c) Inspection of proper marker post installation and correct information will be made by a representative of the commission at the time of the location cleanup inspection as required in sec. 170 of this chapter.

(d) When requested by the surface owner, the marker post installation requirement may be waived by the commission, in which case the information required in (b) (1), (2) and (3) of this section must be bead welded to the top of a blind flange placed on the wellhead.

(e) In navigable waters, marker posts are not required. (In effect before 7/28/59; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25; sec. 2103 prior to 4/73; sec. 120 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

20 AAC 25.140. WATER WELLS. If a well drilled for oil or gas is to be plugged and abandoned but may safely be used as a freshwater well, and such utilization is desired by the landowner, the well need not be cemented above the required plug set below the freshwater as required in sec. 105 of this chapter. Written authority for such action must be obtained from the landowner, including his assumption of the full responsibility for the final plugging of the water well. This authorization must be filed with and approved by the commission. Following the commission's approval of the plugging of the well to the base of the freshwater bearing strata and the location cleanup, the operator will be relieved of further obligation under his bond. (In effect before 7/28/59; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25; sec. 2105 prior to 4/73; sec. 140 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

20 AAC 25.170. LOCATION CLEANUP.

(a) Within one year of suspension or abandonment of an onshore well, the operator shall
(1) remove all materials, supplies, structures and installations from the location;
(2) remove from location, adequately bury or incinerate all loose debris on or near the location in accordance with all applicable statutes and regulations;
(3) fill and grade all pits; and
(4) leave the location in a clean and graded condition.

(b) An extension of time beyond one year may be granted by the commission upon receipt of the form entitled Sundry Notices and Reports on Wells (Form 10-403) on which is stated
(1) a request for a specific time extension;
(2) the reason an extension is necessary; and
(3) a description of location cleanup progress.

(c) Following completion of all work required in (a) of this section, or when requested by the operator, onsite inspections will be made by a representative of the commission to
(1) verify a proper well marker as required in sec. 120 of this chapter;

(2) verify the location condition at the time of inspection; and
(3) provide operator and his field representative a report of the inspection. (Eff. 9/30/67, Reg. 25, sec. 2108 prior to 4/73; sec. 170 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

ARTICLE 3. PRODUCTION PRACTICES

Section

200. Surface equipment
205. Notification of accidental loss of oil or gas
210. Multiple completion of wells
215. Commingling of production
225. Capacity of gas wells
230. Production measurement
235. Gas utilization
240. Gas-oil ratios
245. Common production facilities
250. Disposal of salt water and other wastes
255. Equitable distribution of production
260. Illegal production
265. Automatic shut-in equipment
270. Bottom hole pressures

20 AAC 25.200. SURFACE EQUIPMENT.

(a) Adequate production equipment must be installed to control, separate, process and clean in a safe manner all produced oil, gas and water. All equipment must be installed and maintained in accordance with good established industry practice.

(b) All equipment must be adequately protected to insure reliable operation under the range of weather conditions expected for the specific location and use.

(c) Wellhead equipment installed must include adequate gauges and valves on the tubing and on casing-tubing and casing-casing annuli to show surface pressures and to control the well flow for the range of conditions expected. Other alternatives may be approved for subsea completions. (In effect before 7/28/59; am 9/30/67, Reg. 25; sec. 2151 prior to 4/73, Reg. 45; sec. 200 from 4/73, Reg. 45; am / /79, Reg.).

Authority: AS 31.05.030

20 AAC 25.205. NOTIFICATION OF ACCIDENTAL LOSS OF OIL OR GAS.

(a) The commission must be immediately notified by the operator of any accidental loss of oil and/or gas from any drilling or producing well. Such notification does not relieve the operator from complying with any other notification requirements imposed by statute or regulation.

(b) Within five days after the accidental loss, the operator shall submit a written report to the commission detailing the following facts
(1) time of incident;
(2) location where incident took place;
(3) volumes of oil and/or gas lost;
(4) cause of the loss;
(5) actions taken and planned to prevent further loss;

and

(6) equipment or procedural changes, if applicable, to prevent the loss from recurring. (In effect before 7/28/59; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25; sec. 2152 prior to 4/73; sec. 205 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

20 AAC 25.210. MULTIPLE COMPLETION OF WELLS. A well may not be completed in more than one pool without approval of the commission. The commission will require evidence of adequate and complete separation as ascertained by pressure or circulation tests conducted at the time the packers are set. Subsequently, if packer leakage is suspected, the commission may request the operator to provide proof of adequate and complete separation of the pools involved in the completions or make a packer leakage test. Notification shall be given so that the packer leakage test may be witnessed by a representative of the commission. (In effect before 7/28/59; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25; sec. 2153 prior to 4/73; sec. 210 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

20 AAC 25.215. COMMINGLING OF PRODUCTION.

(a) On the surface, the production from one pool shall not be commingled with that from another pool except when the quantities from each source of the production are determined by periodic well tests or other measurements.

(b) In the same well bore, commingling of production from two or more pools will not be permitted except after notice, hearing, and an order of the commission approving such commingling. After the first hearing the commission may approve commingling in other wells in the same pools provided the proposing operator has certified that all operators with wells completed in one or more of the pools have been notified and no protest is furnished the commission within 15 days. (In effect before 7/28/59; am 6/20/64, Reg 16; am 9/30/67, Reg. 25; sec. 2154 prior to 4/73; sec. 215 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

20 AAC 25.225. CAPACITY OF GAS WELLS. All gas wells must be tested by the multi-point back pressure method upon completion or at a time requested by the operator and approved by the commission. The test results must be reported to the commission on the form entitled Gas Well Open Flow Potential Test Report (Form 10-421) within 30 days after the test. (In effect before 7/28/59; am 6/30/64, Reg. 16; am 9/30/67, Reg. 25; sec. 2156 prior to 4/73; sec. 225 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

20 AAC 25.230. PRODUCTION MEASUREMENT.

(a) All production from wells must be measured to determine the quality and quantity of produced fluids, utilizing equipment and techniques acceptable to the commission (e.g. API Standards and Recommended Practices).

(b) Production may be measured from a lease or unitized property as a whole if adequate individual well test facilities are provided to enable accurate prorating and reporting of all fluids to individual wells.

(c) Bypasses must not be connected around sales measurement equipment (e.g. tanks, meters, gauges, gas meter runs).

(d) The volumes of produced gas, oil and water must be reported monthly, where appropriate, on Monthly Production and Injection Report (Form 10-405), Producer's Report of Gas Disposition (Form 10-422) and Report of Injection Project (Form 10-413).

(e) The commission may require sufficient notice so that its representative may monitor, witness and/or collect data from
(1) well tests to verify production allocation and gas-oil ratio determinations;
(2) measuring equipment installations to verify that
(A) tank settings are in accordance with API Standards including automatic gauging, if installed;
(B) liquid hydrocarbon metering is per API Std. 2502 and Spec. 11N, "Lease Automatic Custody Transfer (LACT) Equipment";
(C) meter provers and calibration are per API Std. 2531, "Mechanical Displacement Meter Provers";
(D) gas metering, meter runs and calibrations are per API Std. 2530 (AGA Rpt. No. 3), "Orifice Metering of Natural Gas" or gas metering by turbine and other meters is per accepted industry standards; and
(E) gas volume accounting is per acceptable differential pressure chart and/or electronic computer methods;
(3) liquid hydrocarbon pipeline run tickets, to verify that the volumes for custody transfer have been properly determined by making
(A) temperature adjustments to 60°F, from tanks or meters;
(B) API gravity determinations from appropriate fluid samples per API Std. 2544, "Hydrometer Method";
(C) basic sediment and water (BS&W) determinations from appropriate samples per API Std. 2542, "Standard Methods of Test for Water and Sediment in Crude Oils"; and
(D) meter proving factor determinations per API Std. 1101, "Measurement of Liquid Petroleum Hydrocarbon and Positive Displacement Meter"; and API Std. 2534, "Liquid Hydrocarbons by Turbine Meter Systems" except that successive meter factors that differ by more than 0.0025 are unacceptable and proper steps must be immediately taken to bring the meter within acceptable tolerance. (In effect before 7/28/59; am 9/30/67, Reg 25; sec. 2157 prior to 4/73; sec. 230 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

20 AAC 25.235. GAS UTILIZATION.
(a) Gas from a well may be used in lease or unit operations for
(1) light or fuel;
(2) injection to increase the ultimate recovery of hydrocarbons, or for storage;
(3) the extraction of liquid hydrocarbons provided the

gas is not wasted; and
(4) the artificial lifting of oil from a pool provided all gas returned to the surface is used without waste.

(b) Gas from a well must not be permitted to escape into the air without commission approval except
(1) when required for safety;
(2) when required for initial testing; and
(3) in cases of operational necessity provided no such escape be for more than five days within any 30-day period.

(c) The disposition of gas production must be reported each month on Producer's Report of Gas Disposition (Form 10-422). (In effect before 7/28/59; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25; am 5/16/70, Reg. 34; sec. 2158 prior to 4/73, sec. 235 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.020
AS 32.05.030

20 AAC 25.240. GAS-OIL RATIOS.
(a) An oil well shall not be allowed to produce with a gas-oil ratio in excess of 2,000 cubic feet of gas per barrel of oil.

(b) Upon application by an operator, the above limition may be waived by the commission
(1) for wells producing from a pool that has an approved additional recovery project; or
(2) where the produced gas is being returned to the same pool.

(c) Exceptions for conditions other than those specified in (b) may be granted only after application, notice and hearing. (In effect before 7/28/59; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25; sec. 2159 prior to 4/73; sec. 240 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

20 AAC 22.245. COMMON PRODUCTION FACILITIES. Common facilities may be used to receive the production from any number of wells, provided adequate tankage or other measuring equipment is installed so that production from each well can be accurately determined at reasonable intervals. The commission may require the measurement of production from each lease. (In effect before 7/28/59; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25; sec. 2160 prior to 4/73; sec. 245 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

20 AAC 25.250. DISPOSAL OF SALT WATER AND OTHER WASTES. Salt water and other wastes may be disposed of by injection into a hydrocarbon bearing formation upon approval of the commission. The disposal must be done in a manner that will not contaminate fresh water sources or endanger other natural resources. (In effect before 7/28/59; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25; sec. 2161 prior to 4/73; sec. 250 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

20 AAC 25.255. EQUITABLE DISTRIBUTION OF PRODUCTION.
(a) Whenever the commission limits the quantity or rate of production of oil or gas that may be produced from a

pool, the production allowed will be distributed among the wells or properties in such a manner that each producer shall have the opportunity to produce or receive his just and equitable share.

(b) Production tests of wells, in cases where the results of the tests may be used in determining correlative rights of other producers, may be witnessed by said producers and they shall be notified by the operator of the wells and be given an opportunity to be present. (In effect before 7/28/59; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25; sec. 2162 prior to 4/73; sec. 255 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

20 AAC 25.260. ILLEGAL PRODUCTION. No person shall produce or transport crude oil or natural gas from any well or pool in Alaska except that which has been produced in accordance with the rules, regulations, and orders of the commission. (In effect before 7/28/59; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25, sec. 2163 prior to 4/73; sec. 260 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

20 AAC 25.265. AUTOMATIC SHUT-IN EQUIPMENT.

(a) Any well covered by this chapter with an offshore surface location, which is capable of unassisted flow of hydrocarbons, must be equipped with a commission approved

(1) fail-safe automatic surface safety valve (SSV) capable of preventing an uncontrolled flow; and

(2) fail-safe automatic surface controlled subsurface safety valve (SSSV), unless another type of subsurface valve is approved by the commission. This valve must be in the tubing string and located below the mud line, permafrost or at some other depth as may be required. The valve must be capable of preventing an uncontrolled flow.

(b) The commission may also require SSV's and/or SSSV's on wells in other areas after notice and hearing in accordance with sec. 540 of this chapter.

(c) A representative of the commission will witness operation and performance tests at intervals and times as prescribed by the commission to confirm that the SSV, SSSV and all associated equipment are in proper working condition. (Eff. 9/30/67, reg. 25; sec. 2164 prior to 4/73, sec. 265 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

20 AAC 25.270. BOTTOM HOLE PRESSURES. The operator shall make a test to determine the bottom hole pressure in the discovery well in any new pool. The test must be made after the well has been shut-in for a period sufficient to allow an accurate determination of the reservoir pressure. The results must be reported to the commission on the form entitled Reservoir Pressure Report (Form 10-412). (Eff. 9/30/67, Reg. 25, sec. 2165 prior to 4/73; sec. 270 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

ARTICLE 4. REPORTS

Section

300. Request for addition information
310. Books and records
320. Forms to be used

20 AAC 25.300. REQUEST FOR ADDITIONAL INFORMATION. These regulations must not be taken or construed to limit or restrict the authority of the Alaska Oil and Gas Conservation Commission to require the furnishing of such additional reports, data, or other information relative to drilling, production, transportation, storage, or handling of crude oil or natural gas in Alaska, as may appear to it to be necessary or desirable, either generally or specifically, for the prevention of waste and the conservation of the natural resources of Alaska. (In effect before 7/28/59; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25, sec. 2201 prior to 4/73; sec. 300 from 4/73, Reg. 45; am / /79, Reg.)

Authority AS 31.05.030

20 AAC 25.310. BOOKS AND RECORDS. All operators, producers, transporters, storers and handlers of crude oil and natural gas within Alaska shall make, and keep in Alaska for a period of not less than five years, appropriate books and records covering their operation in Alaska. The data from these books and records must be used to make and substantiate the reports required by this chapter. (In effect before 7/28/59; sec. 2202 prior to 4/73; sec. 310 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

20 AAC 25.320. FORMS TO BE USED.

(a) Where these regulations require forms to be filed, the forms to meet these requirements and the submission frequency are as follows
  (1) Application for Permit to Drill - Form 10-401 (each well);
  (2) Bond - Form 10-402 (Before drilling each well unless blanket bond filed);
  (3) Sundry Notices and Reports on Wells - Form 10-403 (irregular as needed);
  (4) Monthly Report of Drilling and Workover Operations - Form 10-404 (monthly);
  (5) Monthly Production and Injection Report - Form 10-405 (monthly);
  (6) Well Completion or Recompletion Report and Log - Form 10-407 (within 30 days of completion, suspension, or abandonment);
  (7) Well Status Report and Gas-Oil Ratio Tests - Form 10-409 (irregular);
  (8) Reservoir Pressure Report - Form 10-412 (irregular);
  (9) Report of Injection Project - Form 10-413 (monthly);
  (10) Gas Well Open Flow Potential Test Report - Form 10-421 (upon completion of gas well or at a time approved by the commission); and
  (11) Producer's Report of Gas Disposition - Form 10-422 (monthly).

(b) These forms should be submitted to the Alaska Oil and Gas Conservation Commission at 3001 Porcupine Drive, Anchorage, Alaska 99501. (In effect before 7/28/59; am 7/15/60, Reg 1; am 6/20/64, Reg. 16; am 9/30/67, Reg 25; sec. 2203 prior to 4/73; sec 320 from 4/73, Reg. 45;

am / /79, Reg.)

Authority: AS 31.05.030

ARTICLE 5. ADDITIONAL RECOVERY METHODS

Section

400. Application for additional recovery
410. Injection wells
430. Records and reports

20 AAC 25.400. APPLICATION FOR ADDITIONAL RECOVERY.

(a) Any operator proposing to gain additional recovery by utilizing methods other than those methods used for primary recovery shall submit an application for the project for approval by the commission.

(b) The application must contain the following
(1) the names and addresses of the operator or operators of the project;
(2) a plat showing the unit, lease or group of leases included within the proposed project. The plat must also show the location of the proposed injection well or wells and the location of all oil and gas wells, including abandoned and drilling wells and dry holes, and the names of all operators offsetting the area encompassed within the project;
(3) the pools in which all wells are currently completed;
(4) the name, description, and depth of the pool to be affected by injection;
(5) the logs of all existing injection wells;
(6) the description of the casing in each injection well, or the proposed casing programs, and the proposed method for testing the casing before use as an injection well;
(7) a statement as to the injection fluid to be used, its sources, and the estimated amounts to be injected daily;
(8) a tabulation showing recent production tests for each of the producing oil and gas wells; and
(9) a statement of the plan and rate of development of the area included within the project.

(c) A copy of the application must be mailed or delivered by the applicant
(1) to each operator affected by the project as shown on the application on or before the date the application is filed with the commission; and
(2) to the commission, including a list of all operators, with their addresses, to whom the application was mailed or delivered.

(d) In the absence of any objection within 30 days from the date of mailing, the commission may approve the application. If objection is made, the commission will set the matter for hearing in accordance with sec. 540 of this chapter. (Eff. 7/15/60, Reg. 1; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25, sec. 2226 prior to 4/73; sec. 400 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.020

20 AAC 25.410. INJECTION WELLS. Wells used for the injection of gas, air, water, or other extraneous fluids into the producing reservoir must have

(1) safe and adequate casing which must be cemented to prevent leakage or damage to oil, gas or fresh water resources;
(2) safe and adequate tubing with a packer in place to prevent communication with the tubing-casing annulus; and
(3) regular monitoring of the tubing-casing annulus to detect pressure communication. (Eff. 7/15/60, Reg. 1; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25; sec. 2227 prior to 4/73; sec 410 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

20 AAC 25.430. RECORDS AND REPORTS. Each operator shall keep accurate records showing volumes of fluids produced, injected volumes, reservoir pressures and injection pressures. Upon reasonable notice, the commission or its authorized representative shall have full access during normal business hours to all records and reports. Each operator shall file with the commission a monthly report which shall show all produced and injected volumes and other data as required by the commission on the forms entitled Monthly Production and Injection Report (Form 10-405), Report of Injection Projects (Form 10-413) and Producer's Report of Gas Disposition (Form 10-422). (Eff. 7/15/60, Reg. 1; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25; sec. 2229 prior to 4/73; sec. 430 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

ARTICLE 6. GENERAL PROVISIONS

Section

505. Scope of regulations
510. Commission office, hours and seal
515. U.S. Government leases
520. Field and pool regulation and classification
525. Forms upon request
526. Fire hazard
530. Cooperation with other parties
536. Geologic data and logs
537. Public and confidental well information
538. Naming of fields and pools
540. Hearings
545. Public mailing list
550. Oaths
555. Orders
557. Subpoenas
570. Definitions

20 AAC 25.505. SCOPE OF REGULATIONS. The regulations in this chapter are hereby adopted. These are general regulations of state-wide application which shall apply to all wells and fields. However, the commission may adopt special rules, applicable to particular areas or subject matter, which shall prevail over these general regulations to the extent that they are in conflict and to that extent only. (In effect before 7/28/59; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25; sec. 2001 prior to 4/73; sec. 505 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

20 AAC 25.510. COMMISSION OFFICE, HOURS AND SEAL.
(a) The principal office of the Alaska Oil and Gas Conservation Commission is located at 3001 Porcupine Drive,

Anchorage, Alaska 99501. The commission's telephone number is (907) 279-1433.

(b) The office of the commission is open for the transaction of business each day from 8:00 AM until 12:00 Noon and from 1:00 PM until 4:30 PM, except Saturday, Sunday and every state holiday. A commission representative will be available after normal office hours and on week-ends and holidays through an answering service by calling the same number as shown in (a) of this section.

(c) The official seal of the commission is reproduced below.

(In effect before 7/28/59; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25; sec. 2002 prior to 4/73; sec. 510 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.017

20 AAC 25.515. U.S. GOVERNMENT LEASES. All persons drilling on United States Government leases shall comply with all applicable regulations of the commission which are not in conflict with applicable United States government regulations. (In effect before 7/28/50; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25; sec. 2003 prior to 4/73; sec. 515 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.010

20 AAC 25.520. FIELD AND POOL REGULATION AND CLASSIFICATION.

(a) Upon the request of the commission or any affected lease owner at any time after the discovery of oil or gas in a field and/or pool, a hearing will be held and the commission will issue an order, based upon the evidence presented, classifying the pool as an oil or gas pool in a field and prescribing rules for the development of the pool. All pool rules so promulgated must
(1) prevent waste and protect correlative rights; and
(2) be based on the operating and technical data presented.

(b) The commission may reclassify fields and pools or amend pool rules upon the presentation of additional data at a subsequent hearing. (In effect before 7/28/59; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25; sec. 2004 prior to 4/73; sec. 250 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.020
AS 31.05.060
AS 31.05.100

20 AAC 25.525. FORMS UPON REQUEST. Forms for applica-

20 AAC 25.525. FORMS UPON REQUEST. Forms for applications, notices, approvals and reports required by the commission will be furnished upon request. (In effect before 7/28/59; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25; sec. 2005 prior to 4/73; sec. 525 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

20 AAC 25.526. FIRE HAZARD. Each well location must be maintained in a manner to prevent fires. All rubbish, debris, waste material, spilled oil or any other substance that constitutes a fire hazard must be disposed of in a manner and at a location approved by all applicable state and federal regulatory agencies. (In effect before 7/28/59; sec. 2062 prior to 4/73; sec. 60 from 4/73 to / /79, Reg. 45; sec. 526 and am / /79, Reg.)

Authority: AS 31.05.030

20 AAC 25.530. COOPERATION WITH OTHER PARTIES. The commission may from time to time enter into arrangements with Alaska and federal government agencies, industry committees and individuals with respect to special projects, services and studies relating to the conservation of oil and gas. Where any arrangement requires a procedure by the commission that is not covered in this chapter, the procedures necessary to carry out the intent of the arrangement will be formulated and made available at the office of the commission. (In effect before 7/28/59; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25; sec. 2006 prior to 4/73; sec. 530 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.023
AS 31.05.030

20 AAC 25.536. GEOLOGIC DATA AND LOGS.

(a) The operator shall log the portion of the hole below the conductor pipe by either a complete electrical log or a complete radioactivity log unless the commission specifies which type of log is to be run.

(b) Within 30 days after completion, suspension or abandonment of a drilling well, the operator shall file with the commission

(1) a complete mud log or a lithology log consisting of a detailed record and description of the sequence of strata encountered, including kind and character of the rock and all shows of hydrocarbons;

(2) a complete set of washed and dried, legibly-identified samples of all well cuttings as caught by the operator in accordance with good geological practices;

(3) a brief description of all cores and a chip from each foot of recovered core;

(4) a list of the geologic markers encountered in the well and the measured and true vertical depths of each marker;

(5) a sepia and a reproduced copy of all logs run in the well, (including the composite logs, if available) except velocity surveys and experimental logs; and

(6) the digitized data if available, for copying, for all logs required in (5) above, except the dipmeter survey.

(c) The commission may waive the requirements of (a),(b)

(1) and (b)(2) of this section for development wells.

(d) In this section
(1) "experimental logs" means the logs which are so newly developed or so limited or specialized in application that they are not commonly run on petroleum exploration or development wells; and
(2) "velocity survey" means a survey, the primary purpose of which is to determine velocity of seismic waves through formations penetrated by a well by measuring travel times of seismic pulses from or near the surface to a seismometer lowered to various depths in the well, and also includes the integrated time markers on sonic logs. (In effect before 7/28/59; am 7/15/60, Reg. 1; am 9/30/67, Reg. 25; am 5/14/71, Reg. 38; sec. 2229 prior to 4/73; sec. 535 from 4/73, Reg. 45; am and sec. 536 from / /79, Reg.)

Authority: AS 31.05.030
AS 31.05.035

20 AAC 25.537. PUBLIC AND CONFIDENTIAL WELL INFORMATION.
(a) The commission will routinely make available to the public, by means of records or reports, in its offices or elsewhere, or by means of regular publication, the following information
(1) surface and proposed bottom-hole location of each well, after approval of the drilling permit;
(2) total depth, bottom-hole location and well status after the Well Completion or Recompletion Report and Log (Form 10-407) is filed;
(3) production data and production reports, as required to be filed by the operator each month; and
(4) all well information required to be filed by the operator after the expiration of the confidential period.

(b) Information not required by this chapter, but voluntarily filed with the commission will be kept confidential if the person filing the information so requests.

(c) "Well status" means the classification of a well as oil, gas, service, suspended or abandoned.

(d) Except as provided by (a) of this section, the reports and information required to be filed by the operator will be kept confidential by the commission for 24 months following the 30 day filing period unless the operator gives written and unrestricted permission to release all of the reports and information at an earlier date. Upon notification from the Commissioner of the Department of Natural Resources that he has made a finding that the required reports and information from a well drilled on state land contain significant information relating to the valuation of unleased land in the same vicinity, the commission will hold such reports and information confidential beyond the 24 month period and until notified by the Commissioner of the Department of Natural Resources to release such reports and information. (Eff. / /79, Reg.)

Authority: AS 31.05.026
AS 31.05.030
AS 31.05.035

20 AAC 25.538. NAMING OF FIELDS AND POOLS.

(a) The following procedures must be followed for the naming of new fields and pools

(1) if the operator believes the well is a new field and/or a new pool discovery and wants to participate in naming the discovery, he shall furnish information to the commission showing why he believes a new discovery has been made, not later than 30 days after the earliest of the following dates

(A) the date the well information is released by the commission to the public; or

(B) the date regular production commences; and

(2) at the same time that the information in (a)(1) of this section is filed, the operator may submit three recommendations for a new field and/or a new pool name. He may indicate his first, second, and third choice of names.

(b) The commission shall consider all of the information filed to determine if a new discovery has been made. If the commission finds a new discovery has been made, the commission will select a field and/or a pool name giving consideration to the operator's recommendation, significant landmarks, public usage, conflicts with other pool and field names, geologic completion interval or any other factors which will make it unique, acceptable and usable. (Eff. / /79, Reg.)

Authority: AS 31.05.030

20 AAC 25.540. HEARINGS.

(a) Upon its own motion or when a request is received to issue an order affecting a single well or a single field, the commission shall give notice by publishing in an appropriate newspaper. The notice will provide the essential details of the proposed or requested order and set forth the date, time and place for a hearing. A proper protest and request for hearing must be filed with the commission at its office in Anchorage, Alaska within 10 days of the publication date by any person who may be aggrieved by the requested order if issued. If such protest is timely filed, a hearing will be held on the date and time specified in the notice. If no protest is timely filed, issuance of the order will be considered by the commission without a hearing.

(b) The following procedure will be followed at public hearings conducted under (a) of this section

(1) the hearing will be called to order and the subject of the hearing along with the date and place of public notice given for the hearing will be read into the record;

(2) the commission will receive both sworn testimony and unsworn statements. It will give greater weight in its deliberations to sworn testimony;

(3) all persons wishing to testify will be sworn;

(4) each witness shall state their name and who they represent;

(5) each witness that wishes to give expert testimony shall state their qualifications and the commission will rule on whether the witness qualifies as an expert;

(6) the applicant will be asked to present his testimony first. All others wishing to present

testimony will be heard next. Upon request, the commission may allow cross-examination of witnesses by the applicant or affected owners;

(7) any person wishing to make an oral statement will be allowed to do so after the conclusion of all testimony;

(8) any person wishing to submit a written statement will be permitted to do so after the conclusion of the oral statements;

(9) the commission may ask questions of any of the witnesses;

(10) members of the audience will not be permitted to ask questions of witnesses directly. Should they wish to have a question directed to a witness, they shall write the question down and give it to a designated commission representative indicating to whom the question should be directed. Before the end of the hearing the commission will review these questions and ask those which it believes will be helpful in eliciting needed information. All questions will be included in the hearing record; and

(11) a written transcript of the hearing will be prepared and included in the public record of the hearing.

(c) Hearings on matters of statewide or general application will be held under the applicable provisions of AS 44.62 (Administrative Procedures Act). (In effect before 7/28/59; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25, sec. 2009 prior to 4/73, sec. 540 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030
AS 31.05.050
AS 31.05.060

20 AAC 25.545. PUBLIC MAILING LISTS. Public mailing lists will be maintained by the commission for the purpose of sending appropriate notices, orders and publications to persons who request to be put on these lists. (In effect before 7/28/59; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25; sec. 2010 prior to 4/73; sec. 545 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.035
AS 31.05.050
AS 31.05.060

20 AAC 25.550. OATHS. Any member of the commission has the power to administer oaths to witnesses in any hearing, investigation or proceeding conducted under AS 31.05 and these regulations. (Eff. 6/20/64, Reg. 16; am 9/30/67, Reg. 25; sec. 2011 prior to 4/73; sec. 550 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.070

20 AAC 25.555. ORDERS. No order, except in an emergency, may be made by the commission except under the procedure contained in sec. 540 of this chapter. An emergency order may be issued when an emergency requiring immediate action is found to exist. An emergency order is not effective for more than 15 days. (Eff. 6/20/64, Reg. 16; am 9/30/67, Reg. 25; sec. 2012 prior to 4/73; sec. 555 from 4/73, Reg. 45; am / /79, Reg.)

Authority: AS 31.05.040

20 AAC 25.557. SUBPOENAS.

(a) The commission may, in its discretion, issue subpoenas

and subpoenas duces tecum.

(b) Subpoenas duces tecum for the production of books, records, papers or other documents of any sort may be issued by the commission upon a written request. The applicant must establish that he has a proper relation to the matter and show the relevance of the evidence sought and the facts expected to be proved by them.

(c) The issuance of subpoenas, requiring the attendance of a witness for the purpose of taking oral testimony before the commission may be issued by the commission upon a written request. The applicant must establish that he has proper relation to the matter and give the name and address of the desired witness. (Eff. / /79, Reg.).

Authority: AS 31.05.070

20 AAC 25.570. DEFINITIONS.

(a) In this chapter, unless the context clearly requires otherwise

(1) "barrel" means 42 U.S. gallons, measured under standard conditions;

(2) "blowout preventer" means a casinghead assembly equipped with special gates or rams or other pack-offs which can be closed around the drill pipe, tubing, casing or tools and which completely closes the top of the casing to control well pressure;

(3) "bottom hole pressure" means the pressure in pounds per square inch gauge (psig) under conditions existing at or near the producing horizon determined by means of an instrument adopted and recognized by the oil and gas industry;

(4) "commission" means the Alaska Oil and Gas Conservation Commission;

(5) "condensate" means the liquid recovered at the surface that results from condensation due to reduced pressure or temperature of petroleum hydrocarbons existing in a gaseous phase in the reservoir;

(6) "correlative rights"; *

(7) "'cubic foot' of natural gas"; *

(8) "day" means a period of 24 consecutive hours from 7:00 AM one day to 7:00 AM the following day. The calendar day is the day in which this period begins;

(9) "development well" means a well drilled within the proved area of an oil or gas reservoir to the depth of a stratigraphic zone known to be productive;

(10) "drilling fluid" means any fluid as the term is commonly used in the industry for the purpose of drilling and removing cuttings from the well;

(11) "drilling unit" means that area set by the

commission as provided for in AS 31.05.100;

(12) "exploratory well" means a well that discovers or is drilled to discover a previously unknown pool;

(13) "field"; *

(14) "gas"; *

(15) "gas-oil ratio" means the ratio of gas in standard cubic feet to oil in barrels produced concurrently during any stated period;

(16) "gas well" means a well which produces gas as its principal product;

(17) "multiple completion" means the completion of any well so as to permit production from more than one pool with the production from each pool completely segregated;

(18) "oil"; *

(19) "oil well" means a well which produces oil as its principal product;

(20) "operator" means any person who, duly authorized, is in charge of the development of a lease or the operation of a well;

(21) "owner"; *

(22) "person"; *

(23) "pool"; *

(24) "potential" means the ability of a well to produce oil or gas as determined by an approved test;

(25) "producer"; *

(26) "reservoir" means the same as pool;

(27) "service well" means a well drilled or completed for the purpose of supporting production in an existing field. Service wells are drilled for gas injection, water injection, steam injection, air injection, saltwater disposal, water supply for injection, observation and injection for in-situ combustion;

(28) "standard conditions" means a temperature of 60 degrees Fahrenheit and an absolute pressure of 14.65 pounds per square inch;

(29) "stratigraphic test" means a hole drilled for the sole purpose of gaining structural and/or stratigraphic information and to a depth sufficient to penetrate and explore formations which are prospective producing pools, but is not drilled with the intent to be completed as a producing well; and

(30) "waste". *

* Means the same as defined in AS 31.05.170. (In effect before 7/28/59; am 7/15/60, Reg. 1; am 6/20/64, Reg. 16; am 9/30/67, Reg. 25; sec. 570 from 4/73 to / / , Reg. 45; am / /79, Reg.)

Authority: AS 31.05.030

9

02-001B (Rev. 10/76)

STATE of ALASKA

MEMORANDUM

TO: Arthur Peterson
Assistant Attorney General
AGO - Juneau

DATE: October 24, 1979

FILE NO:

TELEPHONE NO:

FROM: Jeff Lowenfels
Assistant Attorney General
AGO - Anchorage

SUBJECT: Repeal of 11 AAC Chapter 22

Several weeks ago we discussed the oil and gas conservation commission regulations. As you may recall, the oil and gas conservation commission used to be the Oil and Gas Conservation Division of the Department of Natural Resources. The legislature created the Oil and Gas Conservation Commission as a quasi independant administrative body. It no longer comes within the purview of the Department of Natrual Resources. You will shortly be receiving copies of the proposed regulations with a new chapter number as we discussed during our telephone conversation.

I would like to take whatever steps are necessary to insure that the Commissioner of the Department of Natural Resources repeals the Chapter 22 regulations which are currently contained in the Administrative Code. However, I do not wish to have these regulations repealed until such time as the new regulations are adopted and in place. Therefore, I am requesting some direction from you as to how I should go about preparing a letter for the signature of the Commissioner of the Department of Natural Resources repealing Chapter 22 of 11 AAC in such a manner as to make sure that there are some regulations in place at all times.

Would you please advise me as to how I should go about this so that we can insure that there are always some regulations in place. I will draft a letter for the Commissioner of the Department of Natural Resources and, quite frankly, I just don't know whether we should have a statement that the regulations will be repealed effective the date of the new regulations being adopted or what have you.

JL/fs
cc: Hoyle H. Hamilton

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OCT 24 1979
Alaska Oil & Gas Conservation Commission
Anchorage

ALASKA OIL AND GAS CONSERVATION COMMISSION

Jeffrey Lowenfels
Assistant Attorney General

October 24, 1979

Hoyle H. Hamilton
Chairman/Commissioner

Request for Legal Opinion

The Commission requests a legal opinion on our proposed final regulations as is required by the legislative drafting manual.

HHH:be

02-001B (Rev. 10/76)

STATE of ALASKA

MEMORANDUM

TO: Hoyle H. Hamilton
Chairman
Oil and Gas Conservation Commission

DATE: October 24, 1979

FILE NO:

TELEPHONE NO:

FROM: AVRUM M. GROSS
ATTORNEY GENERAL

By:
Jeff Lowenfels
Assistant Attorney General
AGO - Anchorage

SUBJECT: Request for Opinion with Regard to Citation of Authorities

Pursuant to your request of October 24, 1979, I wish to inform you that I reviewed the proposed regulations to ascertain the existence of legal authority for the regulations and the correctness of the citation to your statutes (AS 31.05) in the authority sections for each of the regulations. It is my opinion that you have not exceeded your legal authority in promulgation of any of the regulations and that the citations in the regulations to the oil and gas conservation statutes are correct and proper.

I am confident now is the proper time to send the materials we discussed at our meeting of this date to Mr. Arthur Peterson in the Juneau AG's office. Mr. Peterson is the regulations attorney who is referred to in the legislative drafting manual and he will take the necessary steps to insure timely adoption of the regulations by the lieutenant governor.

JL/fs

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OCT 24 1979
Alaska Oil & Gas Conservation Commission
Anchorage

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EXXON COMPANY, U.S.A.
POUCH 6601 • ANCHORAGE, ALASKA 99502 (907) 276-4552

ALASKA OPERATIONS
WESTERN DIVISION

W. MONTE TAYLOR
OPERATIONS MANAGER

September 5, 1979

Alaska Oil & Gas
Conservation Commission
8001 Porcupine Drive
Anchorage, Alaska 99501

Gentlemen:

This letter is in response to the Commission's request for comments on the proposed Alaska Oil and Gas Conservation Regulations. We wish to emphasize that Exxon Company, USA contributed to and fully supports the oral and written testimony as presented by Mr. O. K. Gilbreth, Jr. on August 24, 1979. This testimony was on behalf of the Alaska Oil and Gas Association regarding the proposed revisions of Oil and Gas Conservation Commission Regulations adopted under 11 AAC.

We particularly wish to emphasize the importance of three of the recommendations made by AOGA. The following comments addressing these regulations are important to the industry and are in the best interests of the people of Alaska.

1. 11 AAC 22.061 page 38, line 1

The intent of this regulation is good and it appears to be patterned after the federal regulations for OCS waters. However, the application of this regulation would be impractical where water depths are too shallow to conduct the proposed hazard surveys for wells. As proposed, the regulation is too broad in nature to be adapted to many areas of Alaska State Waters which, in general terms, are relatively shallow. We support AOGA's recommendation that the Commission be furnished with sufficient information to justify that a safe location for drilling has been selected.

2. 11 AAC 22.065 page 39, line 1

Implementation of this proposed regulation as pointed out by AOGA would be extremely costly (could exceed $100,000 per well) and is clearly not necessary in many cases. The proposed precautions to be taken when hydrogen sulfide may be encountered should only be required when there is "reasonable expectation" that such a hazard may be encountered. This would be consistent with the requirements of API RP 49.

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Alaska Oil & Gas Conservation Commission
Anchorage

3. 11 AAC 22.240 page 62

Conservation regulations for hydrocarbon resources should provide flexibility for good reservoir management of an oil pool. Continuation of the existing rule 11 AAC 22.240 along with the recommended addition by AOGA for a new subsection (d) stating "where a daily oil producing rate has been established for an entire pool, a maximum daily gas limit for the pool shall be determined by multiplying the daily oil rate by 2,000 cubic feet" will provide the needed flexibility.

As previously stated, we feel these recommendations are particularly important and your consideration of them in preparing the final regulations will be appreciated.

Very truly yours,

W. Monte Taylor

W. Monte Taylor
Alaska Operations Manager

WMT:emr

cc: O. K. Gilbreth, Jr.

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Alaska Oil & Gas Conservation

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C.O. # 158

Chevron

Chevron U.S.A. Inc.
575 Market Street, San Francisco, CA 94105
Mail Address: P.O. Box 7643, San Francisco, CA 94120

J. J. Anders
Manager, Alaska Division
Land - Western Region

August 27, 1979

Proposed Drilling Regulations
Alaska

Mr. Harry W. Kugler
Executive Secretary
Alaska Oil and Gas Conservation Committee
Department of Natural Resources
State of Alaska
3001 Porcupine Drive
Anchorage, AK 99501

Dear Mr. Kugler:

Reference is made to Chevron's letter dated August 17, 1979 commenting on the revised draft on the proposed drilling regulations for Alaska. Our item number 18 dealt with 11 AAC 22.240. We recommended that the limited gas/oil ratio be increased to 4,000 cubic feet. We would like to withdraw our previous suggestion and in lieu thereof we would like to suggest that Subsection(a)(lines 1-3 on page 62) be deleted and in lieu thereof the following incorporated:

> "Total daily pool production of gas associated with oil production will be limited to twice the original solution GOR times the daily oil production or 4,000 cubic feet per barrel times the daily oil production, whichever is greater".

Chevron believes that any limitation on the gas/oil ratio should be related to a full spectrum of possible reservoirs rather than the very narrow situation proposed by the State in the revised draft.

Very truly yours,

J. J. Anders

JJA:kn

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SEP - 4 1979
Alaska Oil & Gas Conservation Commission
Anchorage

#6

STATE OF ALASKA

ALASKA OIL AND GAS CONSERVATION COMMISSION

HEARING

HOYLE HAMILTON, Chairman

HARRY W. KUGLER, Commissioner

LONNIE SMITH, Commissioner

Jeff Lowenfels, Attorney General's Office

Room 402
Alaska State Court Building
Anchorage, Alaska
August 24, 1979
9:00 A.M.

1 P R O C E E D I N G S

2 MR. HAMILTON: Good morning. Will the hearing come
3 to order? This is a public hearing called by the Alaska Oil and
4 Gas Conservation Commission to accept oral or written comments
5 regarding the adoption of new and amended regulations as provided
6 for in the Alaska Statutes, Title Thirty-one, Chapter Five, Article
7 One, Section 31.05.030C.

8 Notice of this hearing was published in the Anchorage
9 Daily News on July 14th, 1979. A copy of the published notice
10 will be made part of the hearing record.

11 I would like to introduce everyone at the table here. I'm
12 Hoyle Hamilton, Chairman of the Oil and Gas Commission. To my
13 left is Commissioner Lonnie Smith. To my immediate right is
14 Commissioner Harry Kubler. To my far right is Jeff Lowenfels from
15 the Attorney General's Office, who's our legal advisor at this
16 hearing.

17 Draft copies of the proposed regulations are available here
18 if anyone needs those, and haven't obtained one already. Where are
19 they?

20 MR. KUGLER: Over there, behind .....

21 MR. HAMILTON: Oh, over here in the box in the
22 chair if anyone wants one.

23 The hearing record will be kept open for two weeks following
24 today's hearing for additional written comment. And that will be
25 until four-thirty p.m. September the 7th, 1979.

Now, the way we will conduct the hearing today is that we have six articles that we're going to review and I might say that these proposed regulations are all -- are all of your regulations, and what -- What I'm saying is anything that is not in here we're essentially repealing, or repealing all of our regulations and we're going to adopt these as new regulations. So we'll go through these articles in order and take each section in order and -- and solicit comments on each section as we go through.

Now, those that would like to come forth and give their comments, I would like to ask to sit at the table over here to the right where the microphone is so we can record all of your comments.

So let's look at our first section today, which is Section Five in Article One, "Permit to Drill or Deepen". This section has been substantially revised. And I would like to ask for comments from the audience.

MR. GILBRETH: Mr. Chairman, my name is O. K. Gilbreth, and I'm with the Alaska Oil and Gas Association, and I will have testimony on several of the provisions today, so I'll pass out the testimony I will have.

(Pause as Mr. Gilbreth distributes copies of comments)

MR. GILBRETH: Mr. Chairman, my name is O. K. Gilbreth, Jr., and I'm appearing here today on behalf of the Alaska Oil and Gas Association, which is an organization composed of thirty members interested in the exploration, production, and marketing of oil and gas in Alaska. We appreciate the opportunity

to comment on the proposed regulations to be adopted under Title Thirty-one, and we'll be having testimony on several of the sections.

Our first comments are on page seven, line six, and the first thing I see is that it's shown in my testimony as 22.004. That should be 22.005 obviously.

Fresh water wells should not be included in the definition of service wells as they are used only for ancillary purposes. The definition of service wells in 11AAC 22.570, number twenty-seven, on page one hundred, line ten, states that a service well, quote, "means a well drilled or completed for the purpose of supporting production in an existing field". Because they support production, it's possible to include fresh water wells in this category, and we feel that this is not the intent of the regulation and that fresh water wells should be sepcifically excluded from the definition of service wells.

In subsection (b) on page seven, line nine, since no other provisions are specified, a deepening permit apparently will be required only for re-entry of an abandoned well. If this is not the intent, there needs to be a better definition of when a deepening permit is required.

Further, Sections 22.005(b) and 22.010 (b) say the same thing. One of these regulations should be deleted.

Do you want, Mr. Chairman, to go on through the additional sections .....

MR. HAMILTON: Well, Mr. Gilbreth, ...

MR. GILBRETH: ..... or take these one at a time or what?

MR. HAMILTON: Yes, I'd like to take these one at a time. If anyone else has any comments on this section five, why, if they would come forth now, otherwise we will go onto the next section?

MR. GILBRETH: May I continue to sit here?

MR. HAMILTON: Yes, I think that might be a good idea.

MR. LYON: My name is Victor T. Lyon, and I'm with Conoco, Inc., in Houston. I'm the Director of Conservation for North American Production.

And it seems to me in reading the proposed rules there may be some confusion as to when your initial form is -- is required and it seems to me that under the concept as I read the rules, that the intent is to have a permit to drill and that if you wanted to deepen while the rig is still on the well, that -- that you would file an amendment to that application for permit to drill. Where --Or you would file for a permit to re-enter after the rig had moved on.

And it would seem clearer to me if -- if you would just entitle that "Permit to Drill" and strike the words "or Deepen".

MR. KUGLER: A little explanation there. That is the name of the form itself, ...

MR. LYON: Right.

MR. KUGLER: ..... is "Permit to Drill or Deepen". And that's why it's used here.

MR. HAMILTON: We'll certainly take that into consideration and review the form, too.

MR. LYON: Thank you.

MR. HAMILTON: Are there any more comments on this Section Five?

Okay. The next section is Section Ten, entitled "Re-entry". And I'm -- I might add that there's a slight typo in our draft copy, the part (b) under Section Ten, the entire first line including the (b) itself should have been underlined since this entire section is -- is new.

Mr. Gilbreth, do you have some comments on this.....?

MR. GILBRETH: Yes, Mr. Chairman. In 22.010, page ten, lines one through six, since the proposal takes out all of the workover work, a definition of "re-entry" must be supplied. As written, a PP-- P-3 would be required to run a bottom hole pressure in a suspended well even if no change occurred in the producing interval, and we don't believe this is advisable nor necessary.

MR. HAMILTON: Are there any other comments on Section Ten?

Okay. The next section then we'll cover is Section Fifteen, formerly titled "Change of Location," and the new title is "Changes to Drilling Permit".

MR. GILBRETH: Mr. Chairman, O.K. Gilbreth.

In this section, instead of using the words "any requested change" in lines one and ten, we suggest using the words, "any substantial change".

We further suggest combining Subsections (1) and (2) by adding a "but" at the end of (1) and then deleting the number (2), and then add the language in (2) to the number (1) and then renumber (3) to number (2).

In Subsection little (a)(3) we recommend substituting "a revised" for "the" before the word "plat". In other words, submitting a revised plat.

MR. HAMILTON: Does that complete your comments, Mr. Gilbreth?

MR. GILBRETH: Yes, sir, that's all.

MR. HAMILTON: Are there any more comments on Section Fifteen?

Okay. Then we'll move along to the next section, is Section Twenty, previously entitled "Transfer of Permit". The new title is "Change of Operator".

MR. GILBRETH: We have no comment on that, Mr. Chairman.

MR. HAMILTON: Does anyone have any comments on Section Twenty?

Very well. The next section, and I'm sure there will be some comments on this one, Section Twenty-five, "Bonding".

MR. GILBRETH: Mr. Chairman, in 11 AAC 22.025 little (a), page fourteen, line four, we believe that the sections which must be adhered to should be spelled out, rather than the dash that's shown in the proposal there, and we recommend it be included as numbers "forty-five, one-oh-five, one-twenty, one-forty and one-seventy of this chapter."

And in subsection (b), page fourteen, line six, on State lands the Commission is now requiring an additional bond or in effect double bonding. We recommend that only one bond be required to be executed in favor of the State of Alaska. We realize that the Commission is separate from the Division of Lands, but it's all still the State of Alaska.

If the State Division of Lands has a bond, the Commission should accept this if the amount and the term of the bond are sufficient to cover their requirements. This requirement of duplication creates an unnecessary economic burden on the operators.

And that's all we have on that section, Mr. Chairman.

MR. HAMILTON: Are there any other comments on Section Twenty-five, "Bonding"?

Okay. The next section is Section Twenty-six entitled "Claims," and this is a new section.

MR. GILBRETH: Mr. Chairman, this being a new section, on page fifteen, line one, once a bond has been released under the presumption of proper abandonment, the Commission should be in the same position as any third party. Any further liability,

if any, would be atermined (sic) -- determined according to applicable law. We recommend deletion of all wording after the word "abandonment" in line three.

In other words, we feel this ought to go according to the existing law rather than the way that's stated here.

MR. HAMILTON: Are there any other comments on this section, Section Twenty-six?

Okay. The next section, and it's article -- Section Thirty. It's former title was "Rotary Drilling," the new title is "Casing and Cementing". Any comments?

MR. GILBRETH: Mr. Chairman, 11AAC22.030 little (a)(b) capital (A), page seventeen, line two. The requirement in this section that one or more strings of conductor casing must be run should be amended to replace the word "must" with the word "may". There may be instances where there is no need for the Commission to require conductor strings in a certain area.

Then in subsection (d), page nineteen, line twenty-three. An event should be specified after which the use of freezing fluids is prohibited. There may be instances where an operator may want to leave fluid of this type inside the casing for a short period of time, and it should not be a violation of the regulations if he chooses to do so. We recommend adding, quote, "at completion, suspension, or abandonment of a well without Commission approval" after the word "casing" on line twenty-seven.

This would give you an indication that you can't leave it

in there for a long period of time, but an operator may want to leave it in for three days or seven days, something like that. And the wording that you have proposed would -- would create a violation in that case.

Those are the -- all the -- I'm sorry.

Then on subsection (e) on page twenty, line two, we fecommend prefacint 22.030(e)(1) beginning on line two with the phrase "with the exception of conductor casing". That's page twenty, line two.

MR. HAMILTON: Does that conclude your comments on that section?

MR. GILBRETH: That's all the comments I have on that section, yes, sir.

MR. HAMILTON: Are there any other comments on this section?

And the next section is Section Thirty-five, previous -- previously titled "Cable Tool Drilling," the current title, proposed title is "Blowout Prevention Equipment".

MR. GILBRETH: Mr. Chairman, 11 AAC 22.035(a)(3), page twenty-one, line eleven. The BOPE function testing requirements specified are more frequent than required to ensure operational capability. We recommend that the regulation be changed to specify that blind rams be tested after each trip, but not more than once each day and all other blowout preventers should be function tested once each week.

In 11AAC 22.035(b)(1), page twenty-one, line sixteen. This provision should exply (sic) -- should apply only to exploratory wells. For development wells the surface hold diverter system may be unnecessary. Further, the drawing and support data required on page twenty-two, line one, serves no useful purpose. It does not add anything but cost and is a requirement that should be eliminated.

Then on 11AAC 035(c)(3), page twenty-three, line four. The wording of this particular one gives us some concern. The accumulator backup system should not be required to have a capacity to do allthe tests required in section (d)(1). It should only be required to have a capacity to form (sic) -- perform the job it is intended, which is to actuate all blowout preventer equipment. We recommend deletion of the sentence beginning on line four and replacing it with, quote, "The accumulator system will be supplied by a secondary power source, independent of the primary source, and must provide sufficient capacity to close all blowout preventer equipment".

That concludes my comments on this section.

MR. HAMILTON: Are there any other comments on this section, Section Thirty-five?

Then let's go onto the next section, it will be Section Forty, "Well Identification".

MR. GILBRETH: Mr. Chairman, we don't have any comments on that section.

MR. HAMILTON: Does anyone have any comments on Section Forty, "Well Identification"?

Very well. Let's go to the next one then. Section Forty-five, "Sealing off Strata".

MR. GILBRETH: Mr. Chairman, 11AAC 22.045 little (a), page twenty-eight, lines one through six. We believe using the word "sealed" in line four may impose an unnecessary burden and we suggest that this section be changed to read that, quote, "During the drilling of any type of well listed in Section Five of this chapter, the contents of oil, gas, and water strata penetrated must be prevented from passing into other strata".

And then in 22.045 little (c), page twenty-eight, line nineteen. The intent of this paragraph is not clear, since it could be construed to mean that the water produced with oil even in small amounts must be shut off. This obviously is impractical in all cases. We recommend replacing this subsection with, quote, "the operator of the well shall shut off and exclude all extraneous water from above and below any oil or gas producing strata to the satisfaction of the Commission". That would still permit you to produce those small volumes of water and -- and still require shut off, too.

MR. HAMILTON: Well, that comment is well taken. That was the intent of the -- that section.

MR. GILBRETH: That's all the comments I have on that.

MR. HAMILTON: Are there any other comments on Section Forty-five, "Sealing off Strata"?

Okay. The next section is Section Fifty, "Deviation". Mr. Gilbreth, do you have some comments on that?

MR. GILBRETH: Mr. Chairman, we have several comments on this one.

11AAC 22.050 little (a)(2), page twenty-nine-line seven. The requirement to run an inclination survey every five hundred feet imposes an impractical burden. We recommend that subsection two be replaced with, quote, "surveyed at reasonably frequent intervals to determine the inclination from the vertical, if the well is not closer than six hundred and sixty feet to a lease line where ownership changes. The inclination of the hole shall not vary unreasonably from the vertical."

In the next subsection, subsection little (a)(3) on page twenty-nine, line ten, we recommend replacing subsection three beginning on line ten with, quote, "surveyed at intervals not more than five hundred feet apart to determine the inclination from the vertical beginning below the conductor casing if the surface location is within five hundred feet of the lease line where ownership changes."

Then in 22.050(b), page twenty-nine, line fifteen. Our recommendation is that this subsection be deleted for the following reasons: Number one, the Commission has all historical deviation records on other wells. Number two, an operator may not have access

to other oeprator's data. Number three, Commission review of the plan will not really prevent wellbore interference. Only surveillance during the drilling will accomplish sufficient separation of the well bores.

Some of the information required by this section is filed under confidential laws and may not be available to an operator, and he may not be able to comply with this requirement as written. This section creates a tremendous burden on pad and platform operators and the burden is costly.

If the Commission finds that this section is -- to be absolutely necessary, then we recommend the following alternative: 11 AAC 22.050 little (b)(1)(A) and little (b)(1) capital (B), page twenty nine, lines eighteen through seventeen. Place a colon after the word "must" and move the word "state" to the beginning of (A) and then replace (B) with, quote, "a plat drawn to scale showing the path of the proposed well bore in relation to all other vertical and deviated well bores which are within a distance of one hundred feet." The scales of the plat should not be set. As written, this may require a very long piece of paper, several feet in some cases, and it serves no worthwhile purpose. That's the one inch to fifty feet that was in the proposal.

Then on 11 AAC 22.050 little (b)(1) capital (C), on page thirty, line one. We suggest striking the words "a" and "of" in this line and in line three, striking the word "a" and changing the word "showing" to "show". That's merely a grammatical change.

1 Pretty minor.

2 In 22.050(b)(5), that's little (b)(5), we recommend deletion
3 of the subsection (b)(5) because adequate information will be
4 funished as required in subsection (c). An operator may end up
5 with an open hole and depending on hole conditions may not want
6 to run surveys required. A complete multi-shot survey may not be
7 necessary if a good single-shot survey is available.

8 And then in 22.050 little (c), page thirty-one, line
9 twenty-one, the -- This subsection is not clear, particularly the
10 requirement that operators file "a copy" of each inclinational and
11 directional survey. We recommend that this section be changed to
12 read "Within thirty days after the completion, abandonment, or
13 suspension of a well, the operator will file a composite report
14 on the location of the wellbore based on the best survey data. The
15 operator will specify which surveys were used to determine the
16 location of the wellbore."

17 In 22.050 little (f) on page thirty-two, line ten. Sub-
18 section (g), little (g), requires certification by the operator and
19 we can see no need for subsection (f). This subsection requires
20 additional administrative burden and serves no worthwhile purpose.
21 The Commission has necessary powers to require additional informa-
22 tion if you encounter a situation which requires it.

23 And then on 11AAC 22.050(g), little (g), page thirty-three,
24 line four. This section requires certification. When the form
25 P7 or 10-407 is filed, it requires certification. As written sub-

1 section (f) requires certification. Subsection -- that's little (f)
2 -- Subsection little (g) requires certification and the form
3 10-407 requires certification. This added certification is super-
4 fluous and at least redundant and we recommend that it be deleted.
5 And 22.050(i), page thirty-three, line twenty-three. Alaska
6 Statute 31.05.150 authorizes and enumerates specific penalties
7 for violation of regulatory provisions. Accordingly, the proposed
8 regulation is superfluous. Alaska Statute 31.05.150 limits
9 penalties to "willful" or "knowing" violations, and we would thus
10 recommend that, quote, "willful," unquote, be added to this regu-
11 lation immediately preceeding, quote, "filling" (sic), unquote,
12 so that the statute and regulation are consistent. I'm sorry, that
13 should be "filing" instead of filling. So that the statute and
14 regulations are consistent.
15 The above-cited statute limits penalties to an injunctive
16 or monetary nature. The clause beginning with, quote, "and,"
17 unquote, and ending with, quote, "appropriate," unquote, should be
18 deleted. In other words, the rest of it to be consistent with the
19 statute.
20 And that concludes my remarks on this section, Mr. Chairman.
21 MR. HAMILTON: Mr. Gilbreth, one point of clarifi-
22 cation. Back on page twenty-nine, in line twenty-four, I think you
23 had some replacement wording for that in case of -- you first
24 recommended, of course, we delete it -- delete that section, but
25 your replacement wording says something to the effect that "showing

1 the path of deviated well bores which are within a distance of one
2 hundred feet." Did you intend that to be one hundred feet or ....?
3 MR. GILBRETH: Yes, sir, we don't understand why
4 it should be necessary to look at all the wells over a large
5 area. We're concerned mainly with interference of one well to
6 the other.
7 MR. HAMILTON: Fine. I just wanted to clarify
8 that.
9 MR. SMITH: I have one point, something on that
10 page. Mr. Gilbreth, on that AA -- (a)(2), your comment there,
11 page twenty-nine, line seven, and your suggested wording there
12 for two, be replaced with "surveyed at reasonably frequent inter-
13 vals." Can you suggest anything as reasonably frequent intervals?
14 What you mean there?
15 MR. GILBRETH: Mr. Smith, our people have talked
16 about this and there are different -- different procedures that
17 are carried on among different companies. Some companies have
18 policies that they will run these surveys, you know, in the building
19 of a bid. Other companies run them in a certain distance. And it
20 was our feeling that if you put that in there may be instances
21 where you might need it less than every five hundred feet and
22 other instances where you would need it for a long ways if you
23 had good hole conditions and everything is going good.
24 So we don't have any suggested wording for that, just
25 mainly because of the different procedures that people go through.

MR. HAMILTON: Are there any more comments on Section Fifty, "Deviation"?

Okay. We'll go to the next section. Section Fifty-five, "Well Spacing".

MR. GILBRETH: Mr. Chairman, 11AAC 22.055 little (b), page thirty-six, line fifteen, we understand that there is a typo in line fifteen which occurs after the word "must" and that the following should be entered: Quote, "set forth in names of all owners and-slash-or," unquote. We have no objection to this wording.

MR. HAMILTON: Does that conclude your comments on this section?

MR. GILBRETH: Yes, sir, that's all.

MR. HAMILTON: Are there any other comments on Section Fifty-five?

Section Sixty-one is next, "Well Site Surveys".

MR. GILBRETH: Mr. Chairman, I think from our discussion here you will see this one gives us a little bit of heartburn.

It's always an operator's intent, and I'm -- I'm address 22.061, page thirty-eight, line one. It's always an operator's intent to conduct whatever analysis or surveys are necessary in order to drill a safe well regardless of whether the -- such surveys are required by governmental regulations.

Hazard surveys required in federal waters are conducted in

a marine environment where a conventional marine crew has sufficient water depth in which to operate. The statement made in the regulations proposed seemed to be patterned after the federal regulations. The statement is too broad in nature to be adapted to the extremely variable conditions encountered in Alaska state waters. A typical hazard survey required by federal regulations could not be run in every case in Alaska state waters, nor would such a survey be necessary. For example, a satisfactory analysis may come from a simple visual inspection or maybe a gathering of core samples. It is proposed that the necessity to conduct such surveys or analysis be governed by the state of the knowledge of the shallow geologic--- geological conditions in each area, in each given area. It is our position that the Commission be furnished with sufficient information to satisfy them that a safe location has been selected. We suggest replacement of the regulations proposed with the following wording: "In offshore areas where the sea floor conditions and/or the presence of shallow geologic hapards or hydrocarbons are unknown, the operator shall conduct seafloor and/or shallow geologic hazard analysis of the proposed well site and/or other analyses of as may be required by the Commission. The results of these analyses of the geologic hazard must be submitted to the Commission as an attachment to the application for a permit to drill or deepen, Form 10-401.

MR. HAMILTON: Are there -- are there other comments on Section Sixty-one, "Well Site Surveys"?

Okay. The next section then will be Section Sixty-five, "Hydrogen Sulfide".

MR. GILBRETH: I guess we need the Rolaids here, Mr. Chairman. This gives us some heartburn, too.

11AAC 22.065, page thirty-nine, line one. We do not believe the Commission recognizes the far-reaching effects and costs that would be incurred by adoption of this new regulation. As written, the regulation would require detection plans for every exploratory well, even in known areas, and this would apply to deeper or shallower pools. API RP Forty-nine provides that no -- that the drill-pipe, BO equip--- BPO equipment, et cetera, must be designed for hydrogen sulfide. No H_2S limit is established by the regulation and implementation as proposed would be extremely costly. RP Forty-nine provides requirements for drilling of deep wells in highly populated areas. The extra cost of this provision as proposed could exceed one hundred thousand dollars per well.

Operators are now taking some precautions on their own and these should suffice for exploratory wells until we do know that H_2S is present. Operators now use H_2S detection equipment.

We point out that the provisions of RP Forty-nine itself state that these precautions should be taken, quote, "where there is a reasonable expectation that hydrogen sulfide gas bearing zones will be encountered that could potentially result in atmospheric concentration of twenty ppm or more of hydrogen sulfide," unquote. We feel that unless it can be established that there

is a good likelihood of encountering H_2S, this plan is far too extensive and expensive for an exploratory well and should not be adopted.

MR. HAMILTON: Are there other comments on this section, Sixty-five?

The next section is Section Seventy entitled "Records and Reports". Mr. Gilbreth, do you have any comments on that section?

MR. GILBRETH: No, Mr. Chairman, we have no comments until 22.105.

MR. HAMILTON: Does anyone have any comments on this section, Section Seventy?

Okay. The next section is Section Seventy-five, "Other Wells in Designated Areas". Are there any comments on this section?

Okay. We'll get into Article Two here, Section 105, "Flooding and Abandonment Requirements and Notices". Are there any comments on this section?

MR. GILBRETH: Mr. Chairman, 11AAC 22.105 little (a) on page forty-four, line one. We can see no reason or authority for the Commission to require that all wells be plugged prior to lease expiration. There may be many instances and circumstances in Alaska where actual abandonment of a well will occur after the expiration of the lease. The Commission still holds the bond and can enforce requirements necessary for abandonment and cleanup. Further, in section little (a)(4) capital (A), there is no real basis for requiring a plug every four thousand feet of open hole.

And we recommend that this provision be deleted.

And then in 11AAC 22.105 little (a)(5), on page forty-five, line five. We believe that the requirement for a fifty-foot cement cap on top of a bridge plug is not necessary and would essentially preclude wireline work for setting bridge plugs. It would be necessary to rig up a cementing unit to comply with this requirement.

Then in 105(d), page forty-six, lines twelve and thirteen, a grammatical change should be made so that this would read, quote, "and the date the well site would be in condition for final inspection," unquote.

And that concludes my comments on that, Mr. Chairman.

MR. HAMILTON: Are there other comments on this Section One-forty-five (sic), "Plugging and Abandonment Requirements and Notices"?

We'll go onto the next section then, Section One-twenty, "Well Abandonment Marker". Are there any comments on this section?

MR. GILBRETH: Mr. Chairman, 11AAC 22.120(d), page forty-eight, line twelve. This paragraph requires bead welding of a considerable amount of information on the blind flange on top of the well head. This welding would be so small that it probably would not be legible. We recommend that a period be placed after the word "Commission" at the end of line twelve, and the remainder of the paragraph be deleted.

And that's all I have.

MR. HAMILTON: Are there other comments on Section One-twenty?

The next section then is Section One-forty, "Water Wells".

MR. GILBRETH: Mr. Chairman, 22.140, page forty-nine, line eight, and there is a typo there, a typographical error and one of the words "filed" should be deleted. That's all I have on that one.

MR. HAMILTON: Are there other comments on Section One-forty, "Water Wells"?

The next section then is Section One-seventy, "Location Cleanup". Mr. Gilbreth?

MR. GILBRETH: Mr. Chairman, 11AAC 22.170, page fifty and then also 11AAC 22.120 on page forty-seven kind of pertains to this.

This section provides certain things for abandonment and cleanup. We believe the cleanup of a drilling location is a matter between the landowner and the operator. We have previously suggested a waiver of this requirement of the landowner and the operator can agree. We do not believe this has anything to do with the "waste of oil and gas" as envisioned in AS Thirty-one, and we question if the Commission has authority to make these requirements. On State lands this represents an overlap or a layering of present land use regulations of the State -- of the Alaska Division of Lands and our present lease provisions with the State. This will only further confuse the issue as to which State

agency has jurisdiction over this matter.

As you know, there has been a lot of confusion in the past on this particular matter between the jurisdiction between the State agencies. And we would like to see one of the layers eliminated.

MR. HAMILTON: Are there other comments on Section 170?

Okay. The first section under Article Three is Section Two hundred, "Surface Equipment". Mr. Gilbreth, do you have comments on that?

MR. GILBRETH: Yes, sir, in 11AAC 22.200 little (c) on page fifty-two, line eleven. We recommend that line eleven be replaced with the following, quote: "Except for subsea completions, wellhead equipment installed in producing wells must include adequate gauges," unquote. As you know, it will not be practical in the event of subsea -- in the subsea completions are utilized to meet the requirements proposed here and these requirements should be for producing wells only.

The conductor casing/surface casing analus should be exempt, since a wellhead is often not installed until surface pipe is run.

And that is all the comments I have on that.

MR. HAMILTON: Are there any other comments on Section Two hundred?

Okay. Section Two-oh-five, "Notification of accidental

Loss of Oil and Gas".

MR. LYON: Mr. Chairman, Victor Lyon again. I'm a little bit concerned by the -- the wording in here that requires notice of any accidental loss of oil and/or gas. It seems to me that small drippings, very small losses and so forth should not require such notification and -- and I would feel much better about it if there were some minimum quantity defined in there so that, you know, a person would notify the Commission when they felt that they should be notified and wouldn't feel guilty if he had spelled a little bit on the ground and -- and it was an insignificant volume. And I suggest something of five barrels or twenty-five barrels or something that-- like that. Whatever the Commission feels is reasonable.

MR HAMILTON: Are there other comments on Section Two-oh-five?

MR. LOWENFELS: Mr. Commissioner, perhaps I should clarify just so that the record is -- is clear on this that this particular regulation would not waive any of the Department of Environmental Conversation requirements that -- that are also imposed upon that.

MR. HAMILTON: Okay. The next section then is Section Two-ten, "Multiple Completion of Wells". Any comments on this section?

Very well, we'll move onto Section Two-fifteen, "Co-mingling of Production".

Okay. Section Two-twenty-five, "Capacity of Gas Wells"? No comments? Alright.

Section Two-thirty, previously titled "Gas to be Metered," proposed title is "Production Measurement". Any comments?

Section Two-thirty-five, "Gas Utilization"?

Next section is Section Two-Forty, "Gas-Oil Ratios". Mr. Gilbreth, I believe you have some comments?

MR. GILBRETH: Yes, Mr. Chairman. 11AAC 22.240, page sixty-two. We recommend that subsection (a) be deleted in its entirety as it would require the shutting in of wells producing with a GOR in excess of two thousand cubic feet per barrel. As the Commission knows, under primary depletion most wells will produce at GORs in excess of two thousand feet per barrel in the later life. This provision would require that the wells be shut in unless a secondary recovery or gas injection project were installed. It would not permit wells to produce without a hearing or an injection project even if gas is sold in accordance with the regulation. There may be many pools in which this is not advisable and for this reason we recommend that it be deleted.

We recommend continuing the existing rule, the one in effect now, 11AAC 22.240 and adding a new subsection (d) stating, quote, "where a daily oil production rate has been established for an entire pool, a maximum gas limit for the pool shall be determined by multiplying the daily oil rate by two thousand cubic feet, unquote.

MR. HAMILTON: Are there other comments on that section, 240, "Gas/Oil Ratios"?

The next section then is Section Two-forty-five, "Common .....

MR. SMITH: Just -- just a minute. I would like to ask a question of Mr. Gilbreth here on this. Mr. Gilbreth, you understand that generally speaking there are field rules established and where there's an opportunity for establishing at a different ratio for wells in a particular pool, and then don't you think that this would elimin--- would alleviate the problem you mentioned in the later life of most wells?

MR. GILBRETH: In some cases. It depends on the type of order that the Commission writes. If the Commission writes a field or -- or a field offtake limit, then it would obviate the necessity for a rule like this. But if the Commission should write a rule specifying a certain amount of production per well, it might not. And this -- I think our concerns primarily come from the fact that we know that every well at some time or other may go above two thousand and one and in order to continue to produce that well, we would have to come to the Commission on an individual well basis to do it. The Commission might or might not see fit then to grant approval to go ahead and produce. And the existing rule that we have, although it requires that a well be penalized and that the oil production rate be restricted, it does give the operator the opportunity to continue to produce the well by taking his equivalent share of the reservoir energy or

reservoir bordage (ph) if you please with that rule without having to come to the Commission for a hearing on that particular well.

And that was basically the -- I think the reasoning on it.

MR. SMITH: Thank you.

MR. HAMILTON: I'll ask again, are there any additional comments on Section Two-forty, "Gas/Oil Ratios" before we go on?

Section Two-forty-five, "Common Production Facilities," any comments on this section?

Section Two-fifty, "Disposal of Salt Water and Other Wastes". Mr. Gilbreth?

MR. GILBRETH: Mr. Chairman, 11AAC 22.250, page sixty-four, line two. The term "producible formation" is not precise. We recommend that the first sentance be changed to provide, quote, "salt water and other wastes may be disposed of by injection into a porus or permeable formation upon approval of the Commission," unquote.

MR. HAMILTON: Mr. Gilbreth, we have one problem with that, and that's there's dual responsibility in -- in permitting injection of waste in the formations. And that's between our agency and the Department of Environmental Conservation. And the way their regulation reads and the understanding we have with them is that we will control the injection into any formation that has the --has presence of hydrocarbons in it. Anything that

1 does not they will permit and control the injection.
2 MR. GILBRETH: I see.
3 MR. HAMILTON: And this may not be the best
4 wording, but we have to get something in there to indicate that
5 that's where our responsibility ends.
6 MR. GILBRETH: Well, Mr. Chairman, I think if --
7 if you could describe it in terms of the hydrocarbon potential
8 or something so that our people would know what you're really
9 meaning by it. They don't have the .....
10 MR. HAMILTON: Fine.
11 MR. GILBRETH: ..... problem with the regulation
12 per se, but so that we know who we have to go to to get the permit
13 and get approval.
14 MR. HAMILTON: Fine. We'll try to clarify that
15 then.
16 MR. GILBRETH: And that word, "producible formation"
17 was unclear to us.
18 MR. LYON: May I speak to that, sir?
19 MR. HAMILTON: Yes.
20 MR. LYON: I -- I understand your situation, and
21 being relatively new to Alaska, perhaps I -- I have a feeling for
22 this situation, but in trying to find out what agency to deal with,
23 I wonder if it might be helpful to just add a sentence in there
24 that disposal of produced water into any other type of formation
25 should be permitted by the Department of Environmental Conservation,

just as a help to somebody who's -- who's trying to thread his way through the State's bureaucracy.

MR. HAMILTON: Jeff, is that ....

MR. LOWENFELS: I believe it could be done.

MR. HAMILTON: ..... legally a correct thing to do?

MR. LOWENFELS: Whether it's -- whether it's legally correct or -- and whether it could be done are two different questions. I .....

MR. KUGLER: If we add that, Jeff, ...

MR. LOWENFELS: I think we could put it in a negative -- my problem is we have to derive -- it has to -- these regulations have to come from our -- our statutes, obviously, and if we put it in negative, that we do not take responsibility over producing in the other area, that the Department of Conservation does, I can see where we could. There is a way it can be done.

MR. HAMILTON: We'll certainly consider the rewording of that section to make it a little more clear as to what were intended, what our responsibilities are.

Are there any other comments on Section Two-fifty?

Section Two-fifty-five, "Equitable Distribution of Production," are there any comments on this section?

Then the next section, Section Two-Sixty, "Illegal Production". Mr. Gilbreth?

MR. GILBRETH: Mr. Chairman, 11AAC 22.260, page

sixty-six, line one. We recommend that a change be made in line one after the word "shall" by adding the word "willfully". This would recognize that only intentional violations should be penalized. This addresses back again to the provisions in AS Thirty-one.

MR. HAMILTON: Okay. Are there any other comments in Section Two-sixty?

Section Two-sixty-five, "Automatic Shut-in Equipment". Mr. Gilbreth, any comments?

MR. GILBRETH: Mr. Chairman, 11AAC 22.265 little (a) on page sixty-seven, line two. We recommend adding the words "of hydrocarbons" after the word "flow" so that unnecessary application, such as on water injection wells, would not be required.

And Section 265 little (a)(1) on page sixty-seven, line six. On line six we recommend deleting the words "high or".

And then on 265 little (a)(2) on page sixty-seven, lines eight through fourteen, we recommend deleting the words "surface controlled" as there may be times when a subsurface control is desired. Further, in gas injection wells, check valves are more reliable giving us reason not to want to use surface control valves.

11AAC 22.265 little (b), page sixty-sven, line sixteen. This requirement would give the Commission authority to require major expenditures without hearings. We recommend deletion and suggest that the Commission exercise its power only after notice and hearing and decision.

And those are all the comments I have, Mr. Chairman.

MR. SMITH: I have a question. Mr. Gilbreth, this is Lonnie Smith. On the -- your first comment there, I believe on the water injection wells?

MR. GILBRETH: Yes, sir.

MR. SMITH: You know, as you know, water injection wells are capable of flowing frequently. At what point in the life in a water injection well do you presume that you wouldn't need some safety device or back-flow device?

MR. GILBRETH: Well, Mr. Chairman -- Or Mr. Commissioner, it seems to me that you would only need these when there's a danger of oil coming back or some contaminant back to the surface, back to the waters. And in a water injection well, you generally don't have that situation.

MR. SMITH: Well, generally, but what I'm seeking is at initial initiation of water injection wells, there's certainly a frequently flow a well (sic) that's completed for --as one injection well for some period of time then, and produce from it, and then convert it to injection and it's -- it's capable of producing. And I've even seen in back-rushing, back-flowing water injection wells that have been injected into for some time amounts of oil recovered. It -- it's a possible hazardous situation at certain times, and that's why I'm pointing it out, and definitively, when that time is might be helpful.

MR. GILBRETH: Um-hm. Mr. Commissioner, maybe some

of the operators representatives I'm sure could address that, who are more knowledgeable than I.

MR. HAMILTON: Does anyone have any comments on the discussion here on Section Two-sixty-five?

MR. SMITH: Thank you.

MR. HAMILTON: Are there any other comments at all on Section Two-sixty-five?

Okay. The next section is Section Two-seventy, "Bottom Hole Pressures".

MR. GILBRETH: Mr. Chairman, 11AAC 22.270 on page sixty-eight, we recommend that the provision as written be deleted and replaced with, quote, "The operator shall make a test to determine the original bottom hole pressure in any new pool," unquote.

MR. HAMILTON: Are there any other comments on Section Two-seventy?

Okay. We'll go onto -- under Article Four, Section Three Hundred, "Requests for Additional Information". Any comments on this section?

Section Three-ten, "Books and Records," any comments?

Section Three-twenty, "Forms to be Used". Mr. Gilbreth, I believe you had .....?

MR. GILBRETH: Mr. Chairman, in 11AAC 22.320 little (a) number (4), page seventy-one, line twelve, we recommend that the requirement for filing the form 10-404 be deleted since this

same information is required on the form 10-407 and represents a duplication.

MR. HAMILTON: Are there any other comments on our forms section, Three-twenty?

Okay. The next section is under Article Five, Section Four Hundred, "Application for Additional Recovery". Are there any comments on this section?

Section Four-ten, "Injection Wells," any comments?

Section Four-thirty, "Records and Reports". Mr. Gilbreth, I believe you have ....?

MR. GILBRETH: Mr. Chairman, 11AAC 22.430, page seventy-six, lines two through four. This provision indicates that the Commission shall have full access during normal business hours if they walk into an operator's office unannounced. The Commission must recognize that some reasonable notice is necessary in cases of this kind and we recommend that the words, quote, "upon reasonable notice," unquote, be added at the beginning of this sentence so that it would read "Upon reasonable notice, the Commission or its authorized representatives shall have full access during normal business hours to all records and reports."

And that's all I have.

MR. HAMILTON: Are there any other comments on Section Four-thirty?

Okay. Under Article Six, Section Five-oh-five, "Scope of Regulations". Any comments on this section?

Section Five-ten, previously titled "Committee," the new title is "Commission Office, Hours and Seal". Are there any comments on this section?

Section Five-fifteen, "U.S. Government Leases". Are there any comments?

Section Five-twenty, "Field and Pool Regulation and Classification". Any comments?

Section Five-twenty-five, "Forms upon Request". Any comments?

Section Five-twenty-six, "Fire Hazard". Any comments on this section?

Section Five-thirty, "Cooperation with Other Parties". Any comments on this section?

Section Five-thirty-six, "Geologic Data and Logs". Mr. Gilbreth, I believe you have some comments?

MR. GILBRETH: Yes, Mr. Chairman. 11AAC 22.536 little (a) on page eighty-four, line two. We recomment changing the word "conductor" to "surface pipe". Also, we recommend that provisions be made that, quote, "the Commission may waive the requirements of this subsection," unquote.

And then in 22.536 little (b) on page eighty-four, line six, we recommend changing the requirement to read, quote, "within thirty days after completion, suspension or abandonment of an exploratory well, and on development wells if the information is available the operator shall file with the Commission, semicolon

-- or colon," unquote. The information provided for in this section should not be required on development wells and should be restricted to exploratory wells in our opinion.

Section 536(b)(3) on page eighty-four, line seventeen. We suggest deletion of the requirement to furnish a chip from each foot of recovered core. The core discription should be enough to furnish for public files.

And those are all of my remarks, Mr. Chairman.

MR. HAMILTON: Are there other comments on this section, Section Five-thirty-six, "Geologic Data and Logs"?

Section Five-thirty-seven, "Public and Confidential Well Information". Mr. Gilbreth, I believe you have some comments?

MR. GILBRETH: Mr. Chairman, 11AAC 22.537 little (d) on page eighty-seven, lines nine through twenty-four. We recommend deleting the word "state" in lines nine, seventeen, twenty-one, twenty-three and twenty-four since the statute allows for extension of the period of confidentiality where the information affects, quote, "unleased land in the vicinity." The regulation as proposed has changed the requirement to cover only "unleased state land". We believe this to be an unwarranted narrowing of the statute's intent and therefore recommend these deletions.

That's all I have.

MR. HAMILTON: Are there other comments on Section Five-thirty-seven?

How about Section Five-thirty-eight, "Naming of Fields and

Pools"? Any comments on this section?

Section Five-forty, "Hearings" -- entitled "Hearings". Any comments? Mr. Gilbreth, I believe you have?

MR. GILBRETH: Mr. Chairman, in 11AAC 22.540 little (a), page ninety, line eleven, after the word "held" we recommend adding, quote, "after the ten-day period," unquote, so that a hearing would not be held until after the ten-day notice had expired.

And that's all I have.

MR. HAMILTON: Any other comments on Section Five-forty, entitled "Hearings"?

Section Five-forty-five, previously titled "Industry Mailing List," the new title is "Public Mailing List". Are there any comments on this section?

Section Five-fifty, "Oaths". Are there any comments on this section?

Section Five-fifty-five, entitled "Orders". Are there any comments?

Section Five-fifty-seven, "Subpoenaes," are there any comments on this section?

Section Five-Seventy, "Definitions". Mr. Gilbreth, I believe you had some comments?

MR. GILBRETH: Mr. Chairman, on 11AAC 22.570, number (27) on page one hundred, line ten, we've addressed this in another area, but fresh water wells should not be included in the definition

of a service well since they are used only for ancillary purposes. As written, line eleven would require that fresh water wells be counted as a service well since they support production. This should not be the intent of the regulation and fresh water wells should be excluded.

And, Mr. Chairman, those are the -- that's all the comments then that we have on behalf of the owners.

MR. HAMILTON: Are there any other comments on this last section, Section Five-seventy, "Definitions"?

MR. LYON: Mr. Lyon with Conoco. I have several comments that I'd like to offer to the Commission in this particular section.

First, there are several of these definitions that have the word and an asterisk and then there's a note that says that this is the same definition that -- that appears in the statute. And I hope that it was the Commission's intent to -- for this particular draft, to shorten the draft rather than to leave the -- the definition in this manner.

I encountered this same situation in Nevada where the -- the representative of the Attorney General's Office who was responsible for codifying all of the administrative regulations refused to put the definitions that appeared in the statute, but somebody who is trying to operate under these regulations and doesn't have a copy of the statute in his hip pocket might be put at a considerable disadvantage by not having that definition in these

1 regulations. And I would urge the Commission incorporate the
2 definition that does appear in the -- in the statute in these
3 definitions that you have in your regulations.
4 And in regard to definition sixteen, I'm -- I'm a little
5 troubled with the definition, and this is on page ninety-nine,
6 with the definition of a gas well, which is defined as "a well
7 which produces gas as its principle product." And I wondered
8 how you determined which product is the principle product, whether
9 it's by volume or by weight or by value. And that it -- it happens
10 due to government decree and differences in conditions and
11 differences in parties involved in negotiating gas contracts that
12 the value of gas varies from well to well. And if you define a
13 gas well by the principle product being the -- the product that
14 brings the most revenue, then the same two -- two identical wells
15 with different contracts could be classified one as an oil well
16 and one as a gas well, and yet be identical in their producing
17 characteristics and it gives me a little problem to have it defined
18 in that matter.
19 MR. SMITH: Mr. Lyon, how -- how would you -- your
20 company prefer to see it defined?
21 MR. LYON: Well, I have -- I did come up with --
22 I would say that an oil well would be defined as a hydrocarbon
23 producing well whose product exists in the reservoir in a liquid
24 phase, or one defined as such by the Commission based on gas/oil
25 ratio, liquid gravity, or other appropriate perameters. And I

would define a gas well as any hydrocarbon producing well which is not defined as an oil well.

MR. SMITH: Thank you.

MR. KUGLER: Thank you.

MR. LYON: I'd also like to make a suggestion. As I mentioned before, I'm new to Alaska and because of this I don't understand a lot of the things that you understand because you have been here for so long. And early in -- in these rules you refer to abandoned wells and suspended wells, and I began looking for definitions of, you know, this classification of a well, and I found nothing in there that would let you know whether a well was suspended or abandoned. And you probably understand very well how you classify that, but I had some questions about it. And I had attempted to write definitions for those terms which I would be glad to offer to you.

I have some written comments that I'll be glad to give you that includes these. And you may not consider that this is necessary, but being unfamiliar with your procedures and so forth, it -- it would be helpful to me as a newcomer.

MR. HAMILTON: We'll be glad to receive your comments. You say you do have them written?

MR. LYON: Yes, I do.

MR. HAMILTON: That's fine.

MR. LYON: I can hand them to you or I can -- I can read them or both.

MR. HAMILTON: It doesn't matter to us, they'll go into the hearing record either way. If you want to read them .....

MR. LYON: I'll -- I'll just hand them to you, if that's -- that's all right.

MR. HAMILTON: Okay. Does anyone have any comments on any part of -- of these regulations? We've gone through them all now and -- but I would like to open it up in case someone failed to step forward at the time and comment on certain sections. It's open to comment now.

MR. MARSHALL: Mr. Chairman, Commissioners, Mr. Lowenfels, my name is Tom Marshall.

You gave us opportunity to comment on the regulations as you went through, but frankly I didn't react fast enough. I am wondering in Section AAC 22.045, "Sealing Off Strata". Mr. Gilbreth has given some suggestions as to changes in Section (a), which I believe eliminated the words "sealing off," in which event probably the section numbers should now be termed "isolation of strata" rather than "sealing off of strata".

But frankly, I'm wondering why the term "sealed" has been removed from this -- this regulation? It -- I can think of certain situations especially when you're completing a well, going up the hole after testing let's say, water wet lower horizon, where sealing may be a very important connotation, that is, the premise of the -- of the sealing. I'm -- And frankly I'm -- I didn't pick up all of the changes that Mr. Gilbreth suggested, but -- and would --

I certainly don't want to cross examine the witness, but I think it's a question which perhaps we could discuss informally? There may be no question at all, but I just wanted to bring it up.

Thank you very much.

MR. HAMILTON: Okay. Anyone else?

MR. GILBRETH: Mr. Chairman, just as a matter of clarification, I think the concern of our people was in using the words "sealing off" during the drilling of a well. This could connotate to some people that you might have to cement it off while you're drilling. And this is where our concern was, is in the use of the word "sealing" per se. And we think the intent is to restrict the content of the -- each formation to its respective formation so that you don't have counterflow and so forth. But I think that was the main concern of our people is just the use of the word "sealing". To someone it might mean that you're just going to have it flat sealed off.

MR. HAMILTON: Are there any other comments on any part of these regulations?

Well, we'll leave the hearing record open -- open as I said before until -- for to receive written comments until four-thirty p.m. September the 7th, 1979. And if there are no more comments on the regulations here today, the -- the hearing is closed.

(OFF THE RECORD)

END OF PROCEEDINGS

C E R T I F I C A T E

UNITIED STATES OF AMERICA)
) ss.
STATE OF ALASKA)

I, Meredith L. Downing, Notary Public in and for the State of Alaska, residing at Anchorage, Alaska, and electronic reporter for R & R Court Reporters, do hereby certify:

That the annexed and foregoing Transcript of Hearing was taken before me on the 24th day of August, 1979, beginning at the hour of 9:00 A.M. at the Alaska State Court Building, Room 402, Anchorage, Alaska.

That this transcript as heretofore annexed, is a true and correct transcription taken by me electronically and thereafter transcribed by me;

That the transcript has been retained by me for the purpose of filing the same with the Alaska Oil and Gas Conservation Commission, Anchorage, Alaska.

I am not a relative or employee or attorney or counsel of any of the parties, nor am I financially interested in this action.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by seal this 27th day of August, 1979.

Meredith L. Downing
Notary Public in and for Alaska

My Commission expires: 5/3/82

S E A L

#5

August 24, 1979

Public Hearing — Regulations

Name	Affiliation	
P.R. Judd	Sohio Petroleum Co.	Anchorage
D.W. Fisher	Sohio Petroleum	Anchorage
V.T. Lyon	CONOCO INC	HOUSTON TX
C.E. Ross	ARCO OIL & GAS	ANCHORAGE
J.A. Rochon	ARCO Oil & Gas	Anchorage
Tom Marshall	self	Anchorage
BEN LeNORMAND	A.O.G.C.C.	✓
Bobby Foster	A.O.G.C.C.	Anchorage
John Levorsen	AOGCC	"
RUSS DOUGLASS	AOGCC	"
Blair Wondzell	AO&GCC	"
Patrick Rumley	Sohio Petroleum Co.	"
DON HARTMAN	TEXACO INC.	"
John B. Willis	EXXON Co. USA	"
Ken Wheeits	K.C. Wheeits & Assoc. Inc	"

4

C.O. # 158

Comments on Proposed Revisions to Regulations

of Alaska Oil and Gas Conservation Commission

SECTION 11 AAC

22.005 There is confusion about when a permit is needed. A permit should be required to drill. A Deepening should be by amendment of permit to drill (if rig not moved off) or a re-entry. See definitions ("Well, abandoned" and "well, suspended").

1. Strike "or deepen (or deepening)" throughout section.

2. Change (a) after "drilling" to read "of the following or other types of wells related to oil or gas:".

3. Strike (b) entirely.

4. Redesignate (c) to (b) and also redesignate following paragraphs. In (3) substitute "diagrams" for "a description".

5. Insert in (d) - now (c) - "when circumstances so justify" after "commission" and strike all after "filed".

6. In (h) - now (g) - substitute "a separate" for "an additional".

22.010 OK

22.015 7. (a)(1) Add "but" at end; delete "(2)", add (2) language to (1); renumber (3) to (2). Substitute "a revised" for "the" before "plat".

22.020 Good - improved.

22.025 8. (c) and (d) could be combined. Insert in line 3, after "Commission," "upon compliance with sections 110, 120 and 170 hereof".

22.026 9. Could be added to 22.025 as (f).

Submitted by Vic Lyon, Conoco

ACCEPTED
Date 8-24-79
ALASKA OIL and GAS
CONSERVATION COMMITTEE
EXHIBIT #
C.O. FILE # 158

SECTION 11 AAC (Continued)

22.030 10. (a) Strike first sentence and "all" in second sentence. Insert in second sentence, after "strings", "for all wells permitted under rule 5(a)".

11. (b)(1),(2),(3),(4) excessively detailed. Present rules with some modifications would be preferred.

12. (5)(B) Second sentence unnecessary, but not objectionable.

22.035 13. Present language is adequate. Could add reference to API RP 53. Reference to BOP stack and diverter system diagrams should be made a part of information attached to 10-401 and required in 22.005.

22.040 14. (a) Combine (2) and (3).

15. (d) Strike words "need . . . but". Add second sentence: "Each well, however, shall be identified by an individual sign showing the well number."

22.045 16. (a) Line 2 - delete "type of" and substitute "permitted under" for "listed in".

17. (b) Line 6 - insert "producing" after "completing". Line 7 - substitute "operations" for "wells".

18. (c) Rewrite to: "Except for fluids removed by production from the completion interval, all fluids encountered in a well shall be confined to their respective strata."

22.050 19. (a)(3) Substitute "less than" for "within" and "from" for "of", and add "and the cumulative displacement from survey is more than 500 feet".

20. (b)(1) Delete "state".
(b)(1)(A) Insert "state" at beginning.
(b)(1)(B) Insert "include" at beginning.
(b)(1)(D) Insert "include" at beginning.

21. Rewrite (b)(1)(C): "List the affected operators and show . . . , or state that the applicant is the only affected operator."

SECTION 11 AAC (Continued)

22.050 (Cont.)

22. (b)(5) Insert (line 1) "directional" before "survey"; add "shall be run on the well".

23. (c) Insert "complete" before "copy" (line 2), and add "including a plat showing displacement of the bottom hole location".

24. Delete (f), or if (f) is retained:
    a. In (2), rewrite: "name, title and signature of person actually performing the survey". Delete (3).
    b. In (9), line 2, insert "(if directional survey)" after "Course".
    c. In (10), add "and cumulative calculation of maximum horizontal displacement, if not a directional survey".
    d. After deletion of (3), renumber remaining items 1 - 7 - 3 - 4 - 6 - 2 - 5 - 9 - 8.

25. Move (g)(1) to (a)(4); delete first 2 lines and first 3 words of line 3 and insert "Certified by". Delete remainder of (g) as it should be covered in (b)(1).

26. Redesignate (h) and (i) to (f) and (g).

22.055

27. In numerous places the word "can" is used in a case where permissive quality is intended rather than physical ability. The word "may" should be substituted.

28. In (a)(3), line 7, strike the words "the bottom hole location of". This is consistent with language in (a)(1) and (a)(2).

29. In (b) there are apparent omissions. To complete the sentences, it is presumed the Commission intended the following inclusions:
    a. In line #3, "identify" after "must".
    b. In line #8, "shall be attached" after "plat".

22.061

30. It is suggested that present rule 22.060, now redesignated 22.526, be referenced in Articles 1, 2, 3 and 5.

22.065

31. While I am not familiar with the frequency of occurrence of H_2S in Alaska, it seems these requirements are excessively detailed and burdensome.

SECTION 11 AAC (Continued)

22.070 32. In (a)(2), line 5, insert "calendar" before "month" for clarification.

33. In (a)(3), add "(see 22.010 and 22.015)".

34. In (a)(4)(B), substitute "description" for "quality" in line 3.

35. In (a)(4)(C), change to read "a well history of the intervals opened for testing or production and the quantities of fluids recovered from each." How much detail is required by "complete well history"?

36. (c) Not definite enough. Suggest substitution - beginning with line 2 - "operations involving attendance at the well site by operator's personnel or agents either continuously or by periodic visits, for monitoring purposes, on weekly or greater frequency basis".

22.075 37. Line 3 - change "unexpected" to "unexpectedly". Is any agency responsible for such wells? How are drillers put on notice?

22.105 38. (a) Line 1 - substitute "within 30 days" for "prior to". Work to restore production would be inhibited when lease expiration is imminent.

39. (a)(4)(B) There should be a provision for a cement plug across the top of the stub where casing is cut and pulled.
In (a)(4)(C), line 2, substitute "the deepest" for "all".

40. (a)(6) There is no comparable provision for offshore wells.

41. (b)(2)(A) Add "(if not already a matter of record on form 10 - 407)".

22.120 OK

22.140 42. Line 9 has duplication of "filed".

22.170 OK

22.200 OK

SECTION 11 AAC (Continued)

22.205 43. (a) should be changed to provide for a minimum loss of 25 barrels of oil or 1000 MCF gas or discharge of 1 barrel or more into a watercourse, lake, stream or littoral waters.

22.210 44. Should this rule not provide for notification of affected (offset) operators?

22.215 OK

22.225 OK

22.230 45. (d) Is it intended individual well production be reported? If so, suggest insert "by individual well" on line 2 after "reported".

22.235 OK

22.240 46. Prefer the old rule. This rule says a well with GOR over 2000 must be shut in. The allowable should be penalized in proportion to excess gas, but the well should not be shut in without allowable transfer privileges, if available.

22.245 47. Suggest second sentence be changed, for brevity, to: "Measurement of production from each lease by an acceptable method may be required by the Commission."

22.250 48. Line 2, after "injection", substitute "into a formation containing water sufficiently mineralized to make it unfit for human or livestock consumption upon approval of the Commission".

22.255 OK

22.260 49. Line 3 - substitute "that" for "oil or gas".

22.265 OK

SECTION 11 AAC (Continued)

22.270 50. The Commission may wish to require initial pressures on subsequent completions as well as subsequent pressures on all wells or key wells in order to monitor reservoir performance.

22.300 OK

22.310 OK

22.320 51. Why are there gaps in form numbers? 405-7, 409-12, etc.

22.400 52. (b) Put item (9) as (1). Delete (2). Renumber (1) to (2) and add "and, by appropriate symbol or color, the pools in which all wells are currently completed;". Add as (9) "a list of all operators, with their addresses".

53. Delete (c)(2). Put (c)(1) as continuation of (c).

22.410 OK

22.430 OK

22.505 OK

22.510 OK

22.515 54. Line 5 - delete word "all".

22.520 OK

22.525 OK

22.526 55. OK. Might help to refer to this in Articles 1, 2, 3 and 5.

22.530 OK

SECTION 11 AAC (Continued)

22.536 56. Does the Commission need, and does it have storage space for, all the materials required to be submitted?

22.537 57. (d)(2) Line 3 - delete "adjacent" and all following language and substitute "within six miles of unleased state lands". Delete (d)(3).

22.538 58. (a)(1) Move phrase comprising lines 5 and 6 and insert it after "shall" in line 3.

22.540 59. (b) This section is excessively detailed and does not appear to be necessary at all. These details are the prerogative of the hearing officer or commissioner(s).

22.545 OK

22.550 OK

22.555 OK

22.557 OK

22.570 60. Definitions (4), (6), (7), (13), (14), (18), (21), (22), (23), (25), and (30) need to be written out.

61. (5) Delete "recovered at the surface".

62. (18) Although taken directly from the statute, the definition is clearer if you delete all language following the last comma.

63. (16) and (19) How do you determine which is the principal product? By volume? By weight? By value? Varying prices applicable to different properties or wells can vary this classification. Also, if gas is flared or re-injected it brings no revenue, and consequently any well producing liquids would be classified as an oil well.
Suggestion - oil well is a hydrocarbon-producing well whose product exists in the reservoir in a liquid phase, or one defined as such by the Commission based on gas-oil ratio, liquid gravity and other appropriate parameters. "Gas well" is any hydrocarbon-producing well not defined as an oil well.

SECTION 11 AAC (Continued)

22.570 (Cont.) 64. It is suggested that two definitions be added.

(31) "Well, abandoned" is a well in which operations have ceased and in which further operations are not contemplated, other than plugging or conversion to use other than production of oil or gas.

(32) "Well, suspended" is a well in which work has ceased, and drilling or workover equipment has been removed, or no completion, recompletion or producing operation has occurred for a period of 90 days; except such period may be extended if operations are delayed solely because of weather conditions or unavailability of necessary equipment.

C.O. # 158

Testimony of

Alaska Oil and Gas Association

At the Hearing on August 14, 1979

For the Revision of

Oil and Gas Conservation Commission Regulations

Adopted Under 11 AAC

ACCEPTED
Date 8-24-79
ALASKA OIL and GAS
CONSERVATION COMMITTEE
EXHIBIT #
C.O. FILE # 158

Mr. Chairman, my name is O. K. Gilbreth, Jr. and I am appearing here today on behalf of the Alaska Oil and Gas Association which is an organization composed of 30 members interested in the exploration, production, transportation and marketing of oil and gas in Alaska. We appreciate the opportunity to comment on the Proposed Regulations to be adopted under Title 31. Our comments are as follows:

11AAC 22.004(a)(3) page 7, line 6

Fresh water wells should not be included in the definition of service wells as they are used only for ancillary purposes. The definition of service wells in 11AAC 22.570(27), page 100, line 10 states that a service well "means a well drilled or completed for the purpose of supporting production in an existing field". Because they support production, it's possible to include fresh water wells in this category. We feel that this is not the intent of the regulation and that fresh water wells should be specifically excluded from the definition of service wells.

11AAC 22.005(b) page 7, line 9

Since no other provisions are specified, a deepening permit apparently will be required only for re-entry of an abandoned well. If this is not the intent, there needs to be a better definition of when a deepening permit is required. Further, Sections 22.005(b) and 22.010(b) say the same thing. One of these regulations should be deleted.

11AAC 22.010 page 10, lines 1-6

Since the proposal takes out all workover work, a definition of "re-entry" must be supplied. As written, a P3 would be required to run a bottom hole pressure in a suspended well even if no change occurred in the producing interval, and we don't believe this is advisable nor necessary.

11AAC 22.015(a) page 11, lines 1 & 10

Instead of using the words "any requested change" in these two lines, we suggest using the words "any substantial change". We further suggest combining Subsections (1) and (2) by adding "but" at the end of (1) and delete (2) and then add the language in (2) to (1) and re-number (3) to (2). In Subsection (a)(3) we recommend substituting "a revised" for "the" before "plat".

11AAC 22.025(a) page 14, line 4

We believe that the sections which must be adhered to should be spelled out. We recommend that the sections be included as "45, 105, 120, 140, and 170 of this chapter."

11AAC 22.025(b) page 14, line 6

On State lands the Commission is now requiring an additional bond or in effect, double bonding. We recommend that only one bond be required

to be executed in favor of the State of Alaska. If the State Division of Lands has a bond, the Commission should accept this if the amount and the terms are sufficient to cover their requirements. This requirement of duplication creates an unnecessary economic burden on the operators.

Subsections (c) and (d) could be combined.

11AAC 22.026 page 15, line 1

Once a bond has been released under the presumption of proper abandonment, the Commission should be in the same position as any third party. Any further liability, if any, would be determined according to applicable law. We recommend deletion of all wording after the word "abandonment" in line 3.

11AAC 22.030(a)(1)(A) page 17, line 2

The requirement in this section that one or more strings of conductor casing must be run should be amended to replace the word "must" with the word "may". There may be instances where there is no need for the Commission to require conductor strings in certain areas.

11AAC 22.030(d) page 19, line 23

An event should be specified after which the use of freezing fluids is prohibited. There may be instances where an operator may want to leave fluids of this type inside the casing for a short period of time, and it should not be a violation of the regulations if he chooses to do so. We recommend adding "at completion, suspension or abandonment of a well without Commission approval" after the word "casing" on line 27.

11AAC 22.030(e) page 20, line 2

We recommend prefacing 22.030(e)(1) beginning on line 2 with the phrase "with the exception of conductor casing".

11AAC 22.035(a)(3) page 21, line 11

The BOPE function testing requirements specified are more frequent than required to ensure operational capability. We recommend that the regulation be changed to specify that blind rams should be tested after each trip but not more than once each day and all other blowout preventers should be function tested once each week.

11AAC 22.035(b)(1) page 21, line 16

This provision should apply only to exploratory wells. For development wells the surface hole diverter system may be unnecessary. Further the drawing and support data required on page 22, line 1 serves no useful purpose. It does not add anything but cost and is a requirement

that should be eliminated.

11AAC 0.035(c)(3) page 23, line 4

The accumulator backup system should not be required to have a capacity to do all the tests required in section (d)(1). It should only be required to have the capacity to perform the job it is intended which is to actuate all blowout preventer equipment. We recommend deletion of the sentence beginning on line 4 and replacing it with "The accumulator system will be supplied by a secondary power source, independent of the primary source, and must provide sufficient capacity to close all blowout preventer equipment".

11AAC 22.045(a) page 28, lines 1-6

We believe using the word "sealed" in line 4 may impose an unneccessary burden and suggest that this section be changed to read that "During the drilling of any type of well listed in section 5 of this chapter, the contents of oil, gas and water strata penetrated must be prevented from passing into other strata".

11AAC 22.045(c) page 28, line 19

The intent of this paragraph is not clear, since it could be construed to mean that the water produced with the oil even in small amounts must be shut off. This obviously is impractical in all cases. We recommend replacing this subsection with "the operator of the well shall shut off and exclude all extraneous water from above and below any oil or gas producing strata to the satisfaction of the Commission".

11AAC 22.050(a)(2) page 29, line 7

The requirement to run an inclination survey every 500 feet imposes an impractical burden. We recommend that subsection (2) be replaced with "surveyed at reasonably frequent intervals to determine the inclination from the vertical, if the well is not closer than 660 feet to a lease line where ownership changes. The inclination of the hole shall not vary unreasonably from the vertical".

11AAC 22.050(a)(3) page 29, line 10

We recommend replacing subsection (3) beginning on line 10 with "surveyed at intervals no more than 500 feet apart to determine the inclination from the vertical beginning below the conductor casing if the surface location is within 500 feet of the lease line where ownership changes".

11AAC 22.050(b) page 29, line 15

Our recommendation is that this subsection be deleted for the following reasons: (1) the Commission has all historical deviation records on

other wells; (2) an operator may not have access to other operators' data; (3) Commission review of the plan will not really prevent wellbore interference. Only surveillance during drilling will accomplish sufficient separation of well bores.

Some of the information required by this section is filed under confidential laws and may not be available to an operator, and he may not be able to comply with this requirement. This section creates a tremendous burden on pad and platform operators and this burden is costly.

If the Commission finds this section to be absolutely necessary, then we recommend the following alternative:

> 11AAC 22.050(b)(1)(A) and (b)(1)(B), page 29, lines 18-27 Place a colon after the word "must", move "state" to the beginning of (A) then replace (B) with "a plat drawn to scale showing the path of the proposed well bore in relation to all other vertical and deviated well bores which are within a distance of 100 feet." The scales for the plat should not be set. As written, this may require a very long piece of paper--several feet long--and it serves no worthwhile purpose.

<u>11AAC 22.050(b)(1)(C)</u> page 30, line 1

We suggest striking the words "a" and "of" in this line and in line 3, striking the word "a" and changing the word "showing" to "show".

<u>11AAC 22.050(b)(5)</u>

We recommend deletion of the subsection (b)(5) because adequate information will be furnished as required for subsection (c). An operator may end up with an open hole and depending on hole conditions may not want to run surveys required. A complete multi-shot survey may not be necessary if a good single-shot survey is available.

<u>11AAC 22.050(c)</u> page 31, line 21

This subsection is not clear, particularly the requirement that operators file "a copy" of each inclination and directional survey. We recommend that this section be changed to read "Within 30 days after the completion, abandonment, or suspension of a well, the operator will file a composite report on the location of the wellbore based on the best survey data. The operator will specify which surveys were used to determine the location of the wellbore".

<u>11AAC 22.050(f)</u> page 32, line 10

Subsection (g) requires certification by the operator and we can see no need for subsection (f). This subsection requires additional administrative burden and serves no worthwhile purpose. The Commission has necessary

powers to require additional information if you encounter a situation which requires it.

11AAC 22.050(g) page 33, line 4

This section requires certification. When the form P7 or 10-407 is filed it requires certification. As written, subsection (f) requires certification. Subsection (g) requires certification and the form 10-407 requires certification. This added certification is superfluous and at least redundant and we recommend that it be deleted.

11AAC 22.050(i) page 33, line 23

Alaska Statute 31.05.150 authorizes and enumerates specific penalities for violation of regulatory provisions. Accordingly, the proposed regulation is superfluous. Alaska Statute 31.05.150 limits penalties to "willful" or "knowing" violations, and we would thus recommend that "willful" be added to this regulation immediately preceeding "filing" so that the statute and regulation are consistent. The above-cited statute limits penalties to an injunctive or monetary nature. The clause beginning with "and" and ending with "appropriate" should be deleted.

11AAC 22.055(b) page 36, line 15

We understand that there is a typo in line 15 which occurs after the word "must" and that the following should be entered: "set forth in names of all owners and/or". We have no objection to this wording.

11AAC 22.061 page 38, line 1

It is always an operators intent to conduct whatever analysis or surveys are necessary in order to drill a safe well regardless of whether such surveys are required by governmental regulations. Hazard surveys required in federal waters are conducted in a marine environment where a conventional marine crew has sufficient water depth in which to operate. The statement made in the regulations proposed seems to be patterned after the federal regulations. The statement is too broad in nature to be adapted to the extremely variable conditions encountered in Alaska state waters. A typical hazard survey required by federal regulations could not be run in every case in Alaska State waters nor would such a survey always be necessary. For example, a satisfactory analysis may come from a simple visual inspection or maybe a gathering of core samples. It is proposed that the necessity to conduct such surveys or analysis be governed by the state of the knowledge of shallow geological conditions in each given area. It is our position that the Commission be furnished with sufficient information to satisfy them that a safe location has been selected. We suggest replacement of the regulations proposed with the following wording: "In offshore areas where the sea floor conditions, and/or the presence of shallow

geologic hazards or hydrocarbons are unknown, the operator shall conduct seafloor and/or shallow geologic hazard anaylsis of the proposed well site and/or other analyses as may be required by the Commission. The results of these analyses of the geologic hazard must be submitted to the Commission as an attachment to the application for a permit to drill or deepen (Form 10-401).

11AAC 22.065 page 39, line 1

We do not believe the Commission recognizes the far-reaching effects and costs that would be incurred by adoption of this new regulation. As written, the regulation would require detection plans for every exploratory well, even in known areas, and this would apply to deeper or shallower pools. API RP 49 provides that drill-pipe, BOP equipment, etc., must be designed for hydrogen sulfide. No H_2S limit is established by the regulation and implementation as proposed would be extremely costly. RP 49 provides requirements for drilling of deep wells in highly populated areas. The extra cost for this provision as proposed could exceed $100,000 per well. Operators are now taking some precautions on their own and these should suffice for exploratory wells until we do know that H_2S is present. Operators now use H_2S detection equipment. We point out that the provisions of RP 49 itself state that these precautions should be taken "where there is a reasonable expectation that hydrogen sulfide gas bearing zones will be encountered that could potentially result in atmospheric concentration of 20 ppm or more of hydrogen sulfide". We feel that unless it can be established that there is a good likelihood of encountering H_2S, this plan is far too extensive and expensive for an exploratory well and should not be adopted.

11AAC 22.105(a) page 44, line 1

We can see no reason or authority for the Commission to require that all wells be plugged prior to lease expiration. There may be many instances and circumstances in Alaska where actual abandonment of a well will occur after the expiration of the lease. The Commission still holds the bond and can enforce requirements necessary for abandonment and cleanup. Further, in section (a)(4)(A), there is no real basis for requiring a plug every 4,000 feet of open hole. We recommend that this provision be deleted.

11AAC 22.105(a)(5) page 45, line 5

We believe that the requirement for a 50 foot cement cap on top of a bridge plug is not necessary and would esentially preclude wireline work for setting bridge plugs. It would be necessary to rig up a cementing unit to comply with this requirement.

11AAC 22.105(d) page 46, lines 12 & 13

A grammatical change should be made so that this would read "and the date the well site would be in condition for final inspection".

11AAC 22.120(d) page 48, line 12

This paragraph requires bead welding of a considerable amount of information on the blind flange on top of the well head. This welding would be so small that it probably would not be legible. We recommend that a period be placed after the word "Commission" at the end of line 12, and the remainder of the paragraph be deleted.

11AAC 22.140 page 49, line 8

There is a typographical error and one of the words "filed" should be deleted.

11AAC 22.170 page 50 and 11AAC 22.120, page 47

This section provides certain things for abandonment and cleanup. We believe the cleanup of a drilling location is a matter between the landowner and the operator. We have previously suggested a waiver of this requirement if the landowner and the operator can agree. We do not believe this has anything to do with the "waste of oil and gas" as envisioned in AS 31 and we question if the Commission has authority to make these requirements. On State lands this represents an overlap or layering of present land use regulations of the Alaska Division of Lands and our present lease provisions with the State. This will only further confuse the issue as to which State agency has jurisdiction over this matter.

11AAC 22.200(c) page 52, line 11

We recommend that line 11 be replaced with the following: "Except for subsea completions, wellhead equipment installed in producing wells must include adequate gauges". As you know, it will not be practical in the event subsea completions are utilized to meet the requirements proposed here and these requirements should be for producing wells only.

The conductor casing/surface casing anulus should be exempt, since a wellhead is often not installed until surface pipe is run.

11AAC 22.240 page 62

We recommend that subsection (a) be deleted in its entirety as it would require the shutting in of wells producing with a GOR in excess

of 2,000 cubic feet per barrel. As the Commission knows, under primary depletion most wells will produce at GOR in excess of 2,000 cubic feet per barrel in the later life. This provision would require that the wells be shut in unless a secondary recovery or gas injection project were installed. It would not permit wells to produce without a hearing or an injection project even if gas is being sold in accordance with the regulation. There may be many pools in which this is not advisable and for this reason we recommend that it be deleted. We recommend continuing the existing rule 11AAC 22.240 and adding a new subsection (d) stating "where a daily oil producing rate has been established for an entire pool, a maximum gas limit for the pool shall be determined by multiplying the daily oil rate by 2,000 cubic feet".

11AAC 22.250 page 64, line 2

The term "producible formation" is not precise. We recommend that the first sentence be changed to provide "Salt water and other wastes may be disposed of by injection into a porus or permeable formation upon approval of the Commission".

11AAC 22.260 page 66, line 1

We recommend that a change be made in line 1 after the word "shall" by adding the word "willfully". This would recognize that only intentional violations should be penalized.

11AAC 22.265(a) page 67, line 2

We recommend adding the words "of hydrocarbons" after the word "flow" so that unnecessary application, such as on water injection wells, would not be required.

11AAC 22.265(a)(1) page 67, line 6

On line 6 we recommend deleting the words "high or".

11AAC 22.265(a)(2) page 67, lines 8-14

We recommend deleting the words "surface controlled" as there may be times when a subsurface control is desired. Further, in gas injection wells, check valves are more reliable giving us reason not to want to use surface control valves.

11AAC 22.265(b) page 67, line 16

This requirement would give the Commission authority to require major expenditures without hearings. We recommend deletion and suggest that the Commission exercise its power only after notice, hearing, and decision.

11AAC 22.270 page 68

We recommend that this provision be deleted and replaced with "The operator shall make a test to determine the original bottom hole pressure in any new pool".

11AAC 22.320(a)(4) page 71, line 12

We recommend that the requirement for filing the form 10-404 be deleted since this same information is required on the form 10-407 and represents duplication.

11AAC 22.430 page 76, line 2-4

This provision indicates that the Commission shall have full access during normal business hours if they walk into an operators office unannounced. The Commission must recognize that some reasonable notice is necessary in cases of this kind and we recommend that the words "upon reasonable notice" be added at the beginning of this sentence so it would read "Upon reasonable notice, the Commission or its authorized representatives shall have full access during normal business hours to all records and reports".

11AAC 22.536(a) page 84, line 2

We recommend changing the word "conductor" to "surface pipe". Also, we recommend that provisions be made that "the Commission may waive the requirements of this subsection".

11AAC 22.536(b) page 84, line 6

We recommended changing the requirement to read "within 30 days after completion, suspension or abandonment of an exploratory well, and on development wells, if the information is available, the operator shall file with the Commission:". The information provided for in this section should not be required on development wells and should be restricted to exploratory wells.

11AAC 22.536(b)(3) page 84, line 17

We suggest deletion of the requirement to furnish a chip from each foot of recovered core. The core discription should be enough to furnish for public files.

11AAC 22.537(d) page 87, lines 9-24

We recommend deleting the word "state" in lines 9, 17, 21, 23, and 24 since the statute allows for extension of the period of confidentiality

where the information affects "unleased land in the vicinity". The regulation as proposed has changed the requirement to cover only "unleased state land". We believe this to be unwarranted narrowing of the statute's intent and therefore recommend these deletions.

11AAC 22.540(a) page 90, line 11

After the word "held" we recommend adding "after the 10-day period" so that a hearing would not be held until after the 10-day notice has expired.

11AAC 22.570(27) page 100, line 10

Fresh water wells should not be included in the definition of service wells since they are used only for ancillary purposes. As written, line 11 would require that fresh water wells be counted as a service well since they support production. This should not be the intent of the regulation and fresh water wells should be excluded.

TEXACO

C.O. # 158

Los Angeles, CA 90010
August 21, 1979

VIA TELECOPIER

Mr. D. C. Hartman
Anchorage, AK

Additional comments on proposed Oil and Gas Conservation Rules are:

11 AAC 22.050 Deviation

page 29 item (a) (2) - suggest adding "Inclination surveys can be taken at no more than 1000 feet provided previous surveys increase no more than 1-1/2° per 500 feet."

It is felt that the more frequent surveys in a relatively straight hole present a greater risk of stuck pipe with no additional benefit.

page 29 item (a) (3) - suggest adding "unless adequate single shot directional surveys not taken as well is being drilled."

It is probable that an operator would elect to take single shot surveys as the well is being drilled if the surface location is within 660 feet of a lease line or another well in order to monitor his progress. A multishot survey after the well was drilled would not be required if adequate single shot surveys were previously obtained.

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page 29 item (b) (1) (B) - suggest the scale of 1" equals 50 feet be changed to read "A plat drawn to a suitable scale to adequately show the path of the proposed well bore-----." "The plat to be of the same scale and dimensions of the rig working plat."

TEXACO INC.
PROD. DEPT.
ANCHORAGE OFFICE
AUG 28 '79
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DES
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Sc'y
File

page 31 item (b) (5) - suggest multishot survey at not more than 100' foot apart be run from total depth to the kick-off point provided adequate directional surveys exist from surface to the kick-off point.

Since multishot surveys can only be run in open-hole sections (without the use of a gyro

survey) and cannot be run in surface or intermediate casing strings, we suggest either single shot surveys or gyro surveys be allowed above the kick-off points.

11 AAC 22.065

page 39 - We suggest a provision be included to delete requirements of this section provided data on previous wells in the area indicate no presence of H_2S through the strata to be penetrated by the proposed exploratory well.

C. P. FARMER

LMcC
BJT:2/1

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Anchorage

C.O. #58 108

Chevron

Chevron U.S.A. Inc.
575 Market Street, San Francisco, CA 94105
Mail Address: P.O. Box 7643, San Francisco, CA 94120

Land Department
Western Region
J. J. Anders
Manager, Alaska Division

ACCEPTED
Date 8-22-79
ALASKA OIL and GAS
CONSERVATION COMMITTEE
EXHIBIT #
C.O. FILE # 158

August 17, 1979

Proposed Drilling Regulations, Alaska

Mr. Harry W. Kugler
Executive Secretary
Alaska Oil and Gas Conservation
Committee
Department of Natural Resources
State of Alaska
3001 Porcupine Drive
Anchorage, Alaska 99501

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Alaska Oil & Gas Cons. Commission
Anchorage

Dear Mr. Kugler:

We have reviewed the revised draft of the subject regulations and request your consideration of the following comments.

1. Line 8, Page 10. Insert "and an application for" before "a Permit."

2. Line 8, Page 13. Change "will allow" to "shall constitute." The release of the bonding obligation should be automatic and not permissive.

3. AAC 22.025(b), Page 14. To more clearly identify the bonds required in subsection (b) to those referred to in (a), change the first four words of line 6 to "The bond required by subsection (a) above may be either."

4. AAC 22.026, Page 15. Delete the entire section. Any requirements by the commission to obtain its absolute abandonment approval and bond release should be made known to the operator prior to approval by the commission. It would be unreasonable and possibly extremely expensive to require the operator, at some subsequent time, to mobilize equipment and manpower to conduct other abandonment requirements.

5. Lines 2 - 6, Page 20. We suggest the first sentence be revised to read, "Prior to drilling out any casing or liner after cementing, that casing string liner and liner lap cemented must be tested to a surface pressure of 50% of casing minimum yield strength in burst or 1500 psi whichever is lower."

6. Line 21, Page 29. We would prefer a scale of one inch equaling 100'.

7. AAC 22.050 (b)(2), Page 30. We suggest this regulation be revised to read: "except as provided in section .055 of this chapter, items (b)(1)(C) and (D) of this section will not be applicable to any well drilled on lands subject

to an approved unit;"

8. Line 7, Page 31. At the end of the line add "affected."

9. Line 16, Page 31. Insert "the operator must run" before "a complete."

10. Sub-section (e), Page 32. Revise (e) to read "For the purpose of this section, an affected lease is a lease which includes a quarter section directly or diagonally offsetting any quarter section upon which the operation is proposed to be conducted and an affected operator is an operator of an affected lease.

11. Line 15, Page 36. Insert after "must" the words "set forth the names of."

12. AAC 22.061, Page 38. As written, this section would require sea floor and shallow geological hazard surveys, as well as other surveys required by the commission, to be conducted at all proposed wellsites. We suggest the first sentence be changed to read "The operator shall conduct such wellsite surveys as required by the commission."

14. AAC 22.065, Page 39. Revise this section to provide that the minimum requirements shall apply only when so directed by the commission based on knowledge or belief that the particular area contains hydrogen sulfide.

15. Sub-sections (b) and (c), Page 42. The date a well is deemed completed, abandoned, or suspended should be more clearly defined.

16. Line 12, Page 46. Change "conditioned" to "in condition."

17. Line 8, Page 49. The word "filed" is repeated.

18. Line 2, Page 62. We recommend that the limited gas-oil ratio be increased to 4,000 cubic feet.

19. AAC 22.537, Pages 86 and 87. In our view this regulation is defective in the following three aspects:

    (i) It is inconsistent with AS 31.05.035(c) in that the proposed regulations provide that the 24-month confidentiality period may only be extended if there are unleased State lands in the same vicinity, whereas the relevant part of AS 31.05.035(c) reads, "....unleased lands in the same vicinity...."

    The Oil and Gas Conservation Commission is entitled to the industry's proprietary data with regard to all lands in the State, not just State lands. To require disclosure, where unleased private land adjoins the area in question, would constitute a taking of data and therefore compensable under the State and Federal Constitutions.

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Anchorage

(ii) The regulation defines "land in the same vicinity" as meaning land "within 6 miles of the well." For geological purposes it is not rational to establish an absolute 6-mile limitation. Many times such a limitation would not be adequate to protect data and information under the test of significance to the valuation of unleased land in the same vicinity. We suggest substituting a geographical limitation to be determined on an individual case basis, taking into consideration the geology of the area and the significance of the data and information to unleased land which may be affected. Particular consideration should be given to the first well or wells drilled on a trend or in a basin because of the greater significance such wells may have.

(iii) The regulation provides that the confidentiality period may be extended if the Commissioner of the Department of Natural Resources finds the required reports and information should be held confidential for a longer period of time. However, there is a question as to whether the Commissioner of the Department of Natural Resources possesses a legal right to review the data. As used in AS 31.05.035(c), the word "commissioner" is ambiguous, i.e., the reference could be to either the Commissioner of the Department of Natural Resources or to any one of the three Commissioners of the Oil and Gas Conservation Commission.

Thank you for the opportunity to comment. We would be pleased to further discuss these comments with you at your convenience.

Very truly yours,

J. J. Anders

J. J. Anders

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Alaska Oil & Gas Cons. Commission
Anchorage

C.O. #158

TEXACO

PETROLEUM PRODUCTS

PRODUCING DEPARTMENT—
WEST COAST UNITED STATES
LOS ANGELES DIVISION

W. C. LENZ
DIVISION MANAGER

TEXACO INC.
3350 WILSHIRE BOULEVARD
P. O. BOX 3756
LOS ANGELES, CALIF. 90051

ACCEPTED
Date 8-24-79
ALASKA OIL and GAS
CONSERVATION COMMITTEE
EXHIBIT #
C.O. FILE # 158

August 16, 1979

STATE OF ALASKA
OIL AND GAS CONSERVATION COMMISSION
PROPOSED RULES
TITLE 11
ALASKA ADMINISTRATIVE CODE
CHAPTER 22

Alaska Conservation Commission
3001 Porcupine Drive
Anchorage, Alaska 99501

Attention: Mr. Harry W. Kugler
Commissioner

Gentlemen:

Texaco Inc. herewith submits its comments and recommendations regarding the subject proposed rules.

11 AAC 22.050(a)(3) - we recommend that a multishot survey should not be required unless total deviation exceeds some allowable value, perhaps 150 feet.

11 AAC 22.050(b)(5) - a multishot survey can only be obtained in open hole. We recommend that a multishot survey not be required over the cased portion of the hole if that portion was not deviated.

11 AAC 22.050(g)(1) - inclination surveys should be adequate over the straight hole portion of many directional holes. We recommend a limitation be placed on total deviation before a directional survey is required.

11 AAC 22.055(b) - it appears that something has been left out of the first sentence and we recommend that this sentence be clarified.

11 AAC 22.310 - this proposed regulation requires that all books and records regarding operations be kept in Alaska. We do not maintain fully staffed production and accounting offices in Alaska; therefore, this regulation would be burdensome and expensive to maintain a duplicate set of books and records in Alaska. We recommend that "in Alaska" be deleted from this proposed regulation.

For your information, this requirement has been deleted in the final draft of the State of Alaska Competitive Oil and Gas lease form.

11 AAC 22.536(b)(6) - we do not routinely digitize our logs. We do not know of any other state that requires submittal of data in digitized form. We recommend that this requirement be deleted and if the State so desires, they can make arrangements with the logging companies to purchase digitized tapes of well logs.

We appreciate being given the opportunity to consider the proposed regulations and hope that our comments and recommendations will be given consideration in the final evaluation.

Yours very truly,

KWB/JBC/JWL:ES

#3

Alaska Oil and Gas Conservation Commission

Files, Cons. File #158 July 18, 1979

Harry W. Kugler HWK Proposed Regulations
Commissioner

On July 17, 1979 a copy of the Notice of Public Hearing on the proposed regulations was mailed to the following:

1. Each member of the House of Representatives.
2. Each member of the Senate.
3. The Lieutenant Governor.
4. The Legislative Affairs Agency, Division of Research Services.

A similar copy was previously hand delivered to Jeff Lowenfels of the Attorney Generals Office.

#2

Notice of Public Hearing

STATE OF ALASKA
Alaska Oil and Gas Conservation Commission

Conservation File No. 158

Re: The adoption of new and amended regulations as provided for in the Alaska Statutes, Title 31, Chapter 05, Article 1, Section 31.05.030(c).

Notice is hereby given that the Alaska Oil and Gas Conservation Commission has found it necessary to add to, delete from and amend the regulations contained in Title 11, Alaska Administrative Code, Chapter 22.

A brief summary of the proposed regulations is as follows:

1. 11 AAC 22.005 - Permit to drill or deepen.
Provides for application for a permit to drill under specific circumstances and the procedures an operator must follow in order to obtain the permit to drill.
2. 11 AAC 22.010 - Re-entry.
Provides for procedures an operator must follow when re-entering a previously drilled hole.
3. 11 AAC 22.015 - Changes to drilling permit.
Sets out the procedures an operator must follow when requesting a change in a drilling permit.
4. 11 AAC 22.020 - Change of operator.
Sets out the procedures an operator must follow when he wishes to relinquish his role as an operator and when a substitute operator wishes to be designated.
5. 11 AAC 22.025 - Bonding
Sets out the procedures one must follow in obtaining a bond to cover operations and the amount of coverage required.
6. 11 AAC 22.026 - Claims
Sets out a presumption of proper abandonment when the commission approves the abandonment of a well and the release of a bond, but does not relieve an operator of further claim by the commission.
7. 11 AAC 22.030 - Casing and cementing.
Requires a complete casing and cementing program to be submitted on the permit to drill or deepen form and the design criteria which must be utilized.
8. 11 AAC 22.035 - Blowout prevention equipment.
Provides for general procedures to be followed when designing and installing blowout prevention equipment.
9. 11 AAC 22.040 - Well identification.
Sets out the procedures in identifying individual wells, leases or units.
10. 11 AAC 22.045 - Sealing off strata.
Sets out the requirements imposed upon operators to seal off strata.
11. 11 AAC 22.050 - Deviation.
Sets out the procedures to be followed when a well is not to be intentionally deviated and those procedures which must be followed when the well is intentionally deviated.

12. 11 AAC 22.055 - Well spacing.

Sets out the spacing requirements in the absence of a conservation order.

13. 11 AAC 22.060 - Wellsite surveys.

Requires operators in offshore areas to file wellsite surveys under certain circumstances where the geologic hazards so justify.

14. 11 AAC 22.065 - Hydrogen sulfide.

Sets out the procedures which operators must meet during exploratory drilling operations.

15. 11 AAC 22.070 - Records and reports.

Sets out those reports and records which an operator must keep for each drilling well.

16. 11 AAC 22.075 - Other wells in designated areas.

Sets out the circumstances and the procedures which the commission will follow when designating areas where oil, gas or other hazardous substances might be expected at shallow depths.

17. 11 AAC 22.015 - Plugging and abandonment requirements and notices.

Sets out the procedures which must be followed with regard to plugging and abandoning wells.

18. 11 AAC 22.120 - Well abandonment marker.

Sets out the procedures to be followed and requirements to be met with regard to abandoned well markers.

19. 11 AAC 22.140 - Water wells.

Provides an exception for abandoning wells which are drilled for oil or gas and are to be plugged and abandoned but which may safely be used as a fresh water well.

20. 11 AAC 22.170 - Location cleanup.

Sets out the requirements to be followed within one year of suspension or abandonment of an onshore well insofar as cleanup is concerned.

21. 11 AAC 22.200 - Surface equipment.

Sets out the requirements for surface equipment utilized in producing operations.

22. 11 AAC 22.205 - Notification of accidental loss of oil or gas.

Sets out the requirements to be met and the procedures to be followed when there is an accidental loss of oil or gas from drilling and producing operations in the state.

23. 11 AAC 22.210 - Multiple completions of wells.

Requires an operator to obtain approval from the commission in order to allow a well to be completed in more than one pool.

24. 11 AAC 22.215 - Commingling of production.

Sets out the rules to be followed with regard to commingling of production.

25. 11 AAC 22.225 - Capacity of gas wells.

Requires all gas wells to be tested by the multipoint back pressure method upon completion or at a time requested by the operator.

26. 11 AAC 22.230 - Production measurement.

Requires all production from wells to be measured and sets out the standards to be utilized.

27. 11 AAC 22.235 - Gas utilization.

Sets out those instances when gas from a well may be used in a lease or unit operation and those circumstances where gas may not be used or allowed to escape without prior commission approval.

28. 11 AAC 22.240 - Gas-Oil ratios.

Sets out the limitation for all oil wells in the state with regard to the gas-oil ratio and those instances when the commission may grant exceptions.

29. 11 AAC 22.245 - Common production facilities.

Provides for the use of common facilities to receive the production from any number of wells under certain circumstances.

30. 11 AAC 22.250 - Disposal of salt water and other wastes.

Sets out the procedures and the circumstances when disposal of salt water and other wastes will be allowed by injection into a producible formation.

31. 11 AAC 22.255 - Equitable distribution of production.

Sets out the procedures which will be utilized when the commission limits the quantity or rate of production of oil or gas that may be produced from a pool and allows for production tests of wells to be witnessed by operators when correlative rights are involved.

32. 11 AAC 22.260 - Illegal production.

Prohibits the production or transportation of any crude oil or natural gas except when same has been produced in accordance with the rules, regulations and orders of the Alaska Oil & Gas Conservation Commission.

33. 11 AAC 22.265 - Automatic shut-in equipment.

Sets out the requirements for automatic surface and subsurface safety valves for wells with an offshore surface location which are capable of unassisted flow. Allows the commission to require these valves on other wells in other areas.

34. 11 AAC 22.270 - Bottomhole pressures.

Requires the operator to make a test to determine the bottomhole pressure in a discovery well in any field or pool.

35. 11 AAC 22.300 - Request for additional information.

Allows the Alaska Oil & Gas Conservation Commission to request additional information it deems necessary in order to prevent waste and the conservation of the natural resources of Alaska.

36. 11 AAC 22.310 - Books and records.

Requires all operators, producers, transporters, storers and handlers of crude oil and natural gas within Alaska to make and keep in Alaska books and records covering their operations.

37. 11 AAC 22.320 - Forms to be used. Sets out the names, numbers and frequency of utilization for all forms handled by the Alaska Oil & Gas Conservation Commission.

38. 11 AAC 22.400 - Application for additional recovery.

Provides for procedures whereby any operator may propose to gain additional recovery by utilizing methods other than those used for primary recovery.

39. 11 AAC 22.410 - Injection wells.

Sets out the requirements for wells used for injection of gas, air, water or other extraneous fluids into the producing reservoir.

40. 11 AAC 22.430 - Records and reports.

Requires each operator to file and keep accurate reports showing volume of fluids produced, injected volumes, reservoir pressure and injection pressures.

41. 11 AAC 22.505 - Scope of regulations.

Notifies the public that the regulations adopted by the commission are general rules of statewide application and states that the commission may, however, adopt special rules applicable to particular areas.

42. 11 AAC 22.510 - Commission office, hours and seal.

Sets out the address, hours and seal of the commission.

43. 11 AAC 22.515 - U.S. Government leases.

Requires all persons drilling on United States Government leases to comply with all applicable state regulations which are not in conflict with the United States regulations.

44. 11 AAC 22.520 - Field and pool regulations and classification.

Sets out the procedures whereby an operator may obtain from the commission an order classifying a pool as an oil or gas pool in a field and prescribing rules for the development of the pool.

45. 11 AAC 22.525 - Forms upon request.

States that the commission shall furnish all forms upon request.

46. 11 AAC 22.526 - Fire hazard.

Sets out the requirement that each well location be maintained in such a manner so as to prevent fires.

47. 11 AAC 22.530 - Cooperation with other parties.

Allows the commission to enter into agreements with Alaska and Federal Government agencies, industry committees and individuals with respect to special projects, services and studies relating to the conservation of oil and gas.

48. 11 AAC 22.536 - Geologic data and logs.

Sets out the requirements for operators to log portions of hole below the conductor pipe and the material which is required to be filed with the commission.

49. 11 AAC 22.537 - Public and confidential well information.

Sets out the information which will be made available to the public on a routine basis, allows for information to be filed and receive a confidential status and sets out the procedures whereby the commissioner of the Department of Natural Resources can keep certain information confidential beyond the mandatory twenty-four (24) month confidential period.

50. 11 AAC 22.538 - Naming of fields and pools.

Sets out the procedures which must be followed for the naming of a new field or pool.

51. 11 AAC 22.540 - Hearings.

Sets out the procedures the commission will utilize when conducting a hearing.

52. 11 AAC 22.545 - Public mailing list.

Requires the commission to maintain a mailing list for sending appropriate notices, orders and publications to persons who request to be placed on said list.

53. 11 AAC 22.550 - Oaths.

Gives any member of the commission the power to administer oaths.

54. 11 AAC 22.555 - Orders.

Sets out the procedure for issuing orders and emergency orders.

55. 11 AAC 22.557 - Subpoenas.

Sets out the procedures to be followed when the commission determines it is necessary to issue a subpoena or subpoena duces tecum.

56. 11 AAC 22.570 - Definitions.

Sets out the definitions to be utilized (unless the context clearly requires otherwise) with regard to barrel, blowout preventer, bottom hole pressure, commission, condensate, correlative rights, cubic foot of natural gas, day, development well, drilling fluid, drilling unit, exploratory well, field, gas, gas-oil ratio, gas well, multiple completion, oil, oil well, operator, owner, person, pool, potential, producer, reservoir, service well, standard conditions, stratigraphic test, and waste.

A draft copy of the proposed regulations can be obtained at the office of the Alaska Oil and Gas Conservation Commission, 3001 Porcupine Drive, Anchorage, Alaska 99501.

A public hearing will take place at 9:00 AM, August 24, 1979 in Room 402, Bonney Court Building, Anchorage, Alaska. Oral and written testimony will be taken and the record of the hearing will be kept open until 4:30 PM, August, 31, 1979.

Harry W. Kugler

Harry W. Kugler
Commissioner
Alaska Oil and Gas Conservation
Commission

ADVERTISING ORDER

NOTICE TO PUBLISHER

INVOICE MUST BE IN TRIPLICATE SHOWING ADVERTISING ORDER NO., CERTIFIED AFFIDAVIT OF PUBLICATION (PART 2 OF THIS FORM) WITH ATTACHED COPY OF ADVERTISEMENT MUST BE SUBMITTED WITH INVOICE.

3. RECEIVING COPY

DEPT. NO.	A.O. NO.
AO- 10	4032

PUBLISHER

Anchorage Daily News
200 Potter Road
Pouch 6616
Anchorage, Alaska 99502

VENDOR NO.

DATE OF A.O. July 11, 1979

DATES ADVERTISEMENT REQUIRED:

July 14, 1979

THE MATERIAL BETWEEN THE DOUBLE LINES MUST BE PRINTED IN ITS ENTIRETY ON THE DATES SHOWN.

FROM

Ak. Oil & Gas Conservation Commission
3001 Porcupine Drive
Anchorage, Alaska 99501

BILLING ADDRESS:

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STATE OF ALASKA

Notice of Public Hearing
STATE OF ALASKA
Alaska Oil and Gas Conservation Commission
Conservation File No. 158

SEE ATTACHED FIVE PAGES

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DIVISIONAL APPROVAL Harry W. Kugler

DATE ENTERED

TOTAL ALL PAGES $

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CERTIFYING OFFICER

VOUCHER NUMBER

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A.O. NO.

4032

79

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Original copy sent to A.G.'s office — Art Peterson — for forwarding to Lt. Gov. This applies to next page also. NWK

PUBLISHER	Anchorage Daily News 200 Potter Road Pouch 6616 Anchorage, Alaska 99502
FROM	Ak. Oil & Gas Conservation Commission 3001 Porcupine Drive Anchorage, Alaska 99501

VEND

DATES

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ITS E

BILLI

AFFIDAVIT-OF-PU

UNITED STATES OF AMERICA
STATE OF Alaska } ss
third DIVISION.

BEFORE ME, THE UNDERSIGNED, A NOTARY PUBLIC THIS DAY PERSONALLY APPEARED Kristal Suffling WHO, BEING FIRST DULY SWORN, ACCORDING TO LAW, SAYS THAT HE/SHE IS THE legal clerk OF Anch. Daily News PUBLISHED AT Anchorage IN SAID DIVISION third AND STATE OF Alaska AND THAT THE ADVERTISEMENT, OF WHICH THE ANNEXED IS A TRUE COPY, WAS PUBLISHED IN SAID PUBLICATION ON THE 14 DAY OF July 1979, AND THEREAFTER FOR 0 CONSECUTIVE DAYS, THE LAST PUBLICATION APPEARING ON THE 14 DAY OF July 1979 AND THAT THE RATE CHARGED THEREON IS NOT IN EXCESS OF THE RATE CHARGED PRIVATE INDIVIDUALS.

SUBSCRIBED AND SWORN TO BEFORE ME
THIS 16th DAY OF July 1979.

Lou Ann Henning
NOTARY PUBLIC FOR STATE OF Alaska
MY COMMISSION EXPIRES 10-06-82

REMINDER—
ATTACH INVOICES AND PROOF OF PUBLICATION.

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Published 7/14

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PUBLISHER: Anchorage Daily News
200 Potter Road
Pouch 6616
Anchorage, Alaska 99502

VENDOR NO.

DATE OF A.O. July 11, 1979

DATES ADVERTISEMENT REQUIRED:

July 14, 1979

THE MATERIAL BETWEEN THE DOUBLE LINES MUST BE PRINTED IN ITS ENTIRETY ON THE DATES SHOWN.

FROM: Ak. Oil & Gas Conservation Commission
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Anchorage, Alaska 99501

BILLING ADDRESS:

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STATE OF ALASKA
Alaska Oil and Gas
Conservation Commission

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CLASSIFIED ADVERTISING INVOICE

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Notice of Public Hearing
10-43-8-100-325

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#1

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

ALASKA OIL AND GAS CONSERVATION COMMITTEE

Pre-Hearing Conference

December 15, 1978
9:00 a.m.

APPEARANCES:

HOYLE HAMILTON, Chairman of Committee

LONNIE SMITH, Committee Member

HARRY KUGLER, Executive Secretary of Committee

* * * * * * * *

1 P R O C E E D I N G S

2

3 MR. HAMILTON: Good morning, my name is Hoyle
4 Hamilton. I'm chairman of the Oil and Gas Conservation Committee.
5 To my right is Harry Kugler, Executive Secretary of the Committee.
6 To my left is Lonnie Smith, a member of the Committee. This
7 meeting or for one of a better term, we call it a pre-hearing
8 conference that we're having today involving the Regulations
9 that we've drafted and have distributed to the public and the
10 operators. We would like to review these with you today and
11 ask for any of your comments you might have on them. We have
12 copies sitting down here on the table if any of you don't have
13 copies of the draft of the regulations that we're proposing,
14 and copies of our existing regulations, they're also down here
15 if you would like to pick up a copy.
16 The procedure, I think we'll follow today, I would like
17 it to be a very informal meeting here today and anyone that
18 wants to offer comments may come forth, and I would like for
19 you to use the microphone there so we'll record your comments,
20 and that's primarily for our purposes so that we won't have
21 to take notes and we won't miss some of the comments, but we'll
22 offer a transcript to you if you would like one after it's
23 prepared. It will be available at our office if you would like
24 to check it out or either check it out for copying or just
25 come over and look at it.

Our current regulations involve six chapters -- six Articles, and under those Articles there are approximately 54 sections. Today we're looking at revisions to 19 of those sections and with two new sections that have been drafted up. I would like to take these in order, in numerical order to keep some kind of an orderly procedure here. I'll refer to a certain section and anyone who wants to offer comments on that, just come forth and we'll proceed on that basis, and when we're through, I would like to open it up for comments on any other part of our regulations or regulations that we haven't drafted or we do not have currently written that you might think that we should have, based on our statutes, particularly some of the new legislation that was introduced in the past last year.

So, let's go ahead and proceed. Now, the first section that we have drafts on.....

MR. KUGLER: Ask anyone that comes up to please identify themselves.

MR. HAMILTON: Yes, that's a good point. Anyone that comes up to the mike, would you please identify yourself and -- you don't have to, but for the record it would be nice if you would.

The first section we'll cover here this morning that we have on our draft is Section 22.005, Permit to Drill or Deepen. And, this section was substantially revised. Is there

any comments on that section? (Pause, No Response) We'll go then to the next section. Now, if you think of something as we get through this thing that you want to refer back to, one of these sections that we may have passed up, well, just let me know at the end and we'll go back to that section and take it up again.

Okay. The next section that we have is 22.010 and it's called Re-Entry. Are there any comments on that section? (Pause, No Response) Okay. The next one then is the Section 22.015, Change of Location, and that has been substantially revised. (Pause, No Response) Okay. The next section is 22.020, and that's Transfer of Drilling Permit. Are there any comments on that section? (Pause)

MR. SMITH: Well, I would like to make a comment here that there was an omission of underlining in a couple of places here, the words "such operating prior to interest" on about the six or -- about midway down should have been underlined there.

MR. HAMILTON: Okay. Any other comments on that section? (No Response) Well, let's move onto the next one then which is Bonding and the Section number is 22.025.

MR. SMITH: Well again, I would like to make a comment on this one. This is Lonnie Smith, and the omission there of Section 45 I think is in error, the Section 140, which we show to be included is for Water Wells and the Section 45 is

for Sealing off Strata, and it would be the one that should be -- should remain in there, Section 45 and cross out Section 140.

MR. HAMILTON: Okay. The next section is a new section titled Liability, and the number of that section will be 22.026. Is there any comments on that section?

MR. GILBRETH: Mr. Chairman, my name is O. K. Gilbreth and I'm employed by the Alaska Oil and Gas Association. Several representatives of our member companies have met and reviewed the regulations and I will offer some comments as we go through, and then some of the representatives are also in the audience who will also have some comments.

On this particular section, we don't feel that this section is necessary and recommend that it be deleted. In the absence of you accepting our recommendation, we would suggest the change in the wording in the last two lines, the area or the portion starting "...but shall not relieve an operator of liability for any damage..." We don't think that this is a matter for this Commission to have its regulations establishing liability. This is a matter of law, and we would recommend instead of that wording, if you're going to have this in the Regulations, that you change that to read --change the word "liability" to "any claim" and strike the word "any" so that the last part of the sentence would read "...but shall not

relieve an operator of any claim for damage subsequent to the abandonment."

MR. HAMILTON: Okay. Thank you, Mr. Gilbreth. Any other comments on this section?

MR. WILLIS: John Willis with Exxon. I would like to echo Mr. Gilbreth's comments. We would like to see this entire section deleted and suggest that after well is abandoned, according to all applicable regulations, that it's unusually a broad requirement that we would be held liable forever thereafter for anything that might happen as a result of that well, and we would like to, if not see it removed in its entirety, at least specify the types of damage, whether this would be surface or sub-surface damage, and include that it would have to be as a result of our negligence, not for following the rules and laws in effect at the time that the well was abandoned. Thank you.

MR. HAMILTON: Thank you. Any other comments before we move on? (No Response) Okay. The next section is number 22.030, and this was formally called Rotary Drilling, as you can see in our draft, we're proposing changing really the name of this section and the following section from Rotary Drilling and Cable Tool Drilling, they will be entitled Casing and Cementing and Blowout Prevention Equipment which is shown on our draft, so we'll take first the 22.030, Casing and Cementing. Any comments on that section?

Mr. Gilbreth?

MR. GILBRETH: Mr. Chairman, in Section 22.030, sub-section (b) under Safety Factors, people have a little concern of getting a set safety factor in the Regulations to cover all the situations in a state-wide rule. We recommend that sub-section (b) on safety factors be eliminated from the Regulations. The safety factor cited may not be appropriate in all instances and we feel that these safety factors should be included in the regulations as -- or should not be included as they may not be advisable under some development type programs. I think the Committee is aware that many operators have different safety factors than -- the safety factors are various among the operators and this is an arbitrary set of standards.

MR. JUDD: My name is Dick Judd with SOHIO Petroleum Company. I would like to echo Mr. Gilbreth's comments and emphasize that, I believe we would like to see this section eliminated also. We're of the opinion that this section is not necessary because if the criteria set forth in part A in the previous paragraph, design criteria, are met, I believe that the safety factors in therefore, are not necessary. In fact I note that this is the first time, to my knowledge, that the state or any other government agency has specified minimum safety factors, and I question whether or not they were necessary.

MR. WILLIS: John Willis with Exxon. I comment again on the safety factor. We prefer to see it deleted. At Exxon we apply safety factors in two different ways. One is basic safety factor on the mechanical properties of the casing, tending to assign a value to the casing that we can be assured that it will withstand pressure or tension. Now, we apply safety factors additionally as an allowance for errors in our evaluation of pressures that might be encountered in a well. Now, we have no particular objection to a safety factor on the performance properties of the casing, taking into account allowable deviations of wall thickness, and if that is what safety factors number one and two are intended to be applied to, then we have no objection on that.

I would suggest that if this section is -- remains in the regulations, that you specify whether this safety factor is to be applied on the nominal wall thickness or on the minimum allowable wall thickness casing which is twelve and a half percent difference.

Additionally, on the 1.8 safety factor, we use a very similar safety factor in our tension design, but it is uniquely and singularly a design safety factor tended to allow for variations for temperature effects, pressure effects after a well is put on production, and it is far in excess of a safety factor required for reliable understanding of the casing performance.

Additionally, on section (c), we will point out that we understand from reading this that the operator is free to interpret the results of any evaluations on cement jobs and would not require submittal of this test data to the Conservation Commission in every case, and if that's not the intent, we suggest that it could be clarified.

MR. HAMILTON: Okay.

MR. WILLIS: And, on conductor casing, I suggest that it might be appropriate to specify depth range on conductors so that there be no confusion between a conductor and a surface casing if both strings would be set. On the surface casing, cementing, "the annulus shall be cemented before drilling ahead or initiating tests..." if the cement doesn't return to surface. It might be appropriate to specify minimum depth below the surface that cement must be placed in a top job, whether it's 50 feet or a 100 feet or 500 feet.

MR. HAMILTON: Okay.

MR. WILLIS: We don't have a suggestion at this time on what that minimum depth would be. Further down in the results of formation pressure tests be used to determine the maximum depth of intermediate casing or intermediate hole and the maximum mud weight. The reference to "maximum depth" is an indirect result of the leak-off test and it could be deleted with the fact of clarifying the regulations since the

leak-off test will be used solely to determine the maximum mud weight, and that will, in turn, indirectly, determine the depth. Further down under intermediate casing, again for clarity which specify a minimum of 500 feet above all hydrocarbon zones, the Commission may want to consider specifying whether this is to be based on bit size or caliber log, have a specific in mind. And, on Casing Pressure Testing, it may be appropriate to specify a mud weight criteria in addition to the internal pressure since a variation in the internal mud weight could substantially effect the pressure testing requirements to insure reliable casing. Thank you.

MR. HAMILTON: Thank you.

MR. TATE: Leland Tate with Arco. Following up Mr. Willis's comments on circulation cement on the conductor and the surface pipe. The Federal OCS order number 2 suggests 1500 feet above the surface casing shoe or 200 feet above the conductor shoe as a guideline. I offer that as something to look at.

MR. GILBRETH: Mr. Chairman, I have some additional comments regarding other sub-sections. In sub-section (c) we recommend that this new sub-section be deleted as a requirement or covered in other areas. There is no yardstick to determine what is an inadequate cementing job, and as we foresee, there will be considerable time required to obtain

approval of the Committee any time cement does not circulate to the surface the way that the Regulation is worded. The present Regulations have worked very well in this regard. Proposed wording would not permit cementing by a top job as we're now doing, the way we read in. In sub-section (d) (2) on surface casing, "provide for setting depths of surface casing shall be between 1000 and 4500 feet." We feel this requirement is too restrictive and in some cases, it may be advisable to set at a depth of less than 1000 feet. Further, in this same section, about line 12, the sentence reads, "After drilling a maximum of 50 feet of new formation a pressure test shall be obtained to aid in determining a formation fracture gradient either by testing the formation leak-off or by testing to a pre-determined equivalent mud weight." This test, of course, is to determine the maximum depth at which the intermediate string of casing can be set. Now, the immediate question arises, however, is what if you're in shale at this point? Would you still have to test? Accordingly, we recommend that this sentence and the first portion of the following sentence ending with the wording "maximum depth" be deleted and replaced with the following; "After drilling approximately 50 feet, an integrity test shall be made to assist in determining maximum depth." And, we feel that by saying "approximately 50 feet", you know, you're getting into something else you can test or you may want to go deeper than that before you test, but

we feel that the 50 feet may be somewhat restrictive. We believe that the second portion of this section, starting five lines from the bottom of page 10 is overly restrictive, and in some cases for shallow wells, a surface casing depth of 500 feet may be proper. The strain properties developed for Prudhoe Bay characteristics are generally a worst case occurrence which makes this requirement overly restrictive for all wells through the permafrost section. The provision is not needed for wells where there is no long term fault problem.

And, then the next paragraph which occurs near the middle of page 11, "a minimum Rockwell C23 hardness is required for surface casing." This paragraph is not necessary if the criteria set out in the preceding paragraph is adopted. We recommend it be deleted. As a matter of fact, it is advisable in some instances to use a Rockwell C28 hardness casing through this area on production strings on some wells.

That's all I have on that section, Mr. Chairman.

MR. HAMILTON: Mr. Gilbreth, you're referring to the depths that we had set out here for surface casing for a minimum of a thousand to 4500 feet, do you have any other depth range to suggest or are you suggesting just that that be deleted?

MR. GILBRETH: Well, Mr. Chairman, on some shallow wells, it's my understanding that a 2000 foot well or

a 3000 foot well, you might want to run only 200 feet or 300 feet or 500 feet, and I don't have a specific recommendation other than to set -- to have safe anchorage, but we do think that the minimum of 1000 feet might be somewhat restrictive for shallow wells.

MR. HAMILTON: Okay. Thank you.

MR. JUDD: This is Dick Judd with SOHIO. I agree with Mr. Gilbreth's comments, and I would like to emphasize a couple of them. Part (c) on page 9 under Surveys and Tests Required under Surface Casing, this is under all casing strings. Again, I believe that if the design criteria under part (a) are met. I feel that Part (c) is probably not required and unnecessary. In any event, I'm concerned about the last sentence because the question immediately arises as to what the definition of inadequate cementing is and what the approval process would be to take the other options as approved by the Committee as referenced in the proposed rule. I can see some operational problems if we have to stop and get approval by the Committee to take a so-called other option.

Okay. Page 9 at the top, this is under Suface Casing, the proposed rule reads that the setting depth shall be between 1000 and 4500 feet. I agree with Mr. Gilbreth here that this could be somewhat restrictive, and in fact, I would recommend that this be eliminated. I see no need to define in terms of depth the surface casing. I believe that the remainder of the

paragraph in discussing formation and integrity tests or leak-off tests, by performing that test, the depth at which that is done will sufficiently define where the casing ought to be set with respect to drilling to the next casing point. Therefore, a depth range of 1000 to 4500 feet as stated is not necessary.

Okay. On page 11. Well, first of all, let me comment on the paragraph beginning on page 10 and going onto page 11, having to do with strain requirements for surface casing. I have some concern that the rule taken from the Prudhoe Bay Field Rules which was based on the worst case, for the specific conditions existing at Prudhoe Bay, that is, a certain set of temperature conditions, formation conditions, high volume rate flow is, is being applied on a state-wide basis. Unfortunately, I don't have a better rule to offer, but I believe that this rule would be probably more stringent than need be in other permafrost areas. In any event, the second paragraph regarding Rockwell hardness, in my opinion, is not necessary because if the strain requirements of the previous paragraph are met, the hardness requirements are secondary and are not the main concern and are really not necessary and could be too restrictive as stated because the way the rule now reads, it apparently applies to strings, inner-strings, that is not just the outer surface casing, but inner-strings and it should definitely not apply to

the inner-strings.

MR. SMITH: Dick, I -- This is Lonnie Smith. I would like to ask a question with regard to that before we leave it. Has not there been some problem with inner-strings on the North Slope because of the hardness of couplings that were run?

MR. JUDD: I can only speak for my own company, and I would say no.

MR. SMITH: You know of no problems then that...

MR. JUDD: No, not in the well, I can -- some companies, as an internal policy, may want to have certain low temperatures specifications on pipe -- for handling pipe on the surface, but the terms of integrity of the well, I see no reason to specify hardness, and I'm not aware of any problems because of a hardness that would exceed this value.

MR. SMITH: Thank you.

MR. JUDD: One last point that I would like to emphasize quite strongly. This rule --- This part in regard to casing in permafrost, apparently as written, applies to all rules -- excuse me, all wells. I believe this rule should only apply to those wells where in long term thaw would occur, specifically oil producing wells, but for sure, I believe that we would like to see this rule not apply to exploratory wells and perhaps some other kind of wells where in thaw would not

occur, but I can see a problem of applying this well to an exploratory well when it would not be necessary.

I believe that's all I have on this section.

MR. HAMILTON: Thank you, Mr. Judd. Any other comments on this section? Okay. The next section we'll take up then will be the Blowout Prevention section, it's numbered 22.035 and it was formerly titled Cable Tool Drilling.

MR. GILBRETH: Mr. Chairman?

MR. HAMILTON: Yes.

MR. GILBRETH: I have overlooked a remark on 030.

MR. HAMILTON: Certainly.

MR. GILBRETH: In 11 AAC 030 (d) (5) on Liners, we would like to point out that the provision as directed precludes the use of gravel packed pre-corporated (ph) in slotted liners, and there are some situations where these would be advisable to use. In sub-section (f) about the middle of page 13, the section provides for pressure tests and requires corrective measures if the pressure declines more than 10 percent in 30 minutes. Some consideration must be given to the temperature effects on the mud where differentials exist. In many cases this will result in a decline in pressure as temperatures are equalized, and this must be taken into consideration before corrective measures are required. And, that concludes my remarks on that section.

MR. SMITH: Mr. Gilbreth, do you have any suggestions on that? Some kind of criteria for the use of the temperature, or at what point do you consider it too much pressure loss?

MR. GILBRETH: Well, couldn't the Regulation be worded to say "excluding temperature effects" or something like that and leave it to your inspectors and people in the field to determine that?

MR. HAMILTON: All right. We'll take a look at that in that light.

MR. GILBRETH: All right. On Section 22.035, Blowout Prevention on page 15. In Section (a) (2), a provision is made to require that all blowout equipment shall be checked for satisfactory operation during each trip, the word "all" should be clarified as it could include the entire mud system depending on the interpretation given to it. Obviously, it's not necessary to test all of this equipment on each trip. In sub-section (b), Surface Hole Diverter System, approximately eight lines from the bottom of page 15. A provision is made for "...at least two lines venting in different directions to insure downwind diversion and shall be designed to avoid freeze-up." We feel that this should be clarified to indicate that an extra reserve pit will not be required to provide a downwind diversion, and both lines could be installed in one pit headed

in different directions. In sub-section (c) of Blowout Prevention Equipment, page 16, second line in sub-section (1), after the word "have", we recommend the inclusion of the words "a minimum of" so that the provision would require a minimum of three remote control blowout preventers. In some cases now operators are using four.

In sub-section (3), about the middle of page 16, the third line from the bottom. A provision is made that a locking device shall be provided on the closing controls for the blind ram preventers to avoid intentional closure. We recommend that this sentence be reworded to read, "A device shall be provided on the closing controls of the blind ram preventers to avoid unintentional closure."

MR. HAMILTON: Yes. That was a typo on our part. I'm sorry, I didn't point that out earlier.

MR. GILBRETH: Then in sub-section (5) on page 17, the second line provides for minimum three-inch side outlets. This provision is okay for Prudhoe Bay and some of the wells being drilled up there, but it's not appropriate in other areas. We suggest that a provision be made for two-inch side outlets state-wide and then let the individual field rules require different sizes if that is necessary. In sub-section (d) (1) on page 17, the third line provides that the manifold shall be tested to "required working pressure". We wonder if this is

the same working pressure required in sub-section (c) (2) on page 16. If it is the same, we are in agreement, but we think what is meant should be spelled out more clearly.

That's all I have.

MR. HAMILTON: Okay. Thank you.

MR. JUDD: This is Dick Judd with SOHIO. Just one brief comment to emphasize one of Mr. Gilbreth's comments, and that is on page 16, the last sentence regarding the locking devices. I believe that you should never have a locking device on any closing controls of your blowout preventers, it could get into a situation where the remote station, for example, is locked out and you could not then possibly, depending on hook-up, operate another remote station and you couldn't activate your BOP's and that could be a serious problem.

MR. HAMILTON: Thank you.

MR. WILLIS: John Willis with Exxon. On the same vein as some of the previous comments. Under general practices, number (2). We would like -- or agree that the reference to all BOP equipment should be changed and would suggest that it simply state "blowout preventers" shall be and then revise the rest of the sentence to actuate it, make it clear what the check is. To be actuated during each trip but not more than once each day, actuation or function test once each day is fully sufficient to insure that the blowout

preventers are operating. And, there is numerous instances where several trips could be made during one day, and there is no purpose whatsoever in repeatedly testing the blowout preventers.

And, under the requirements for Surface Hole Diverter System, generally this is a lengthy and very specific requirement for diverter systems where no conductor string is required at all, so that a well could be drilled without a conductor string and without a diverter, whereas if somebody was likely to set a conductor strings that would cause a hole problems, it would then be required to rig up a very complex diverter system that in fact, discourage the use of conductor casings. I agree that to reinforce recommendation to clear up on -- under blowout prevention equipment to state at least a minimum of three blowout preventers. We're in concurrence with the recommendation on the locking device. And, on number (5), "a minimum three-inch choke manifold..." I'm not certain that your intent is to have a three-inch choke manifold there. I think perhaps it would be preferably stated a three-inch choke line, a three-inch line to the choke manifold, but then allow the choke manifold to be a smaller diameter. There's a typographical error in that section too, on circulating, the last line. That's all. Thank you.

MR. HAMILTON: Okay. Thank you.

MR. CARLSON: Gary Carlson, Union Oil Company. I would like to make a comment on section (d). We would like to see added to that first sentence, "not to exceed 80 percent of the internal yield pressure of the casing strings installed upon.

MR. HAMILTON: Thank you, Mr. Carlson. Any other comments? I might point out that the way we have this section drafted up, it almost precludes the use of cable tool drilling equipment. We're, you know, we're not trying to rule out cable tool drilling equipment, but we will have to redraft this to provide for cable tool drilling, I believe, the way it's written out. And, this was brought to our attention here the other day, and cable tool drilling, of course, up here is -- we don't see much of it, but they're may be some special application for it. It certainly wouldn't be an exploratory well, it would have to be in some area where conditions were well known, but do you have any comments regarding that aspect of this section, of whether or not we should redraft something here to consider the possibility of cable tool operation? Does anyone care to comment on that?

MR. GILBRETH: Mr. Chairman, our representative discussed this the other day. The particular representatives who were in the meeting felt that they probably would not be doing any cable tool drilling, but I think everyone acknowledges

that there may be some in the state, and consequently, you may want to do something along that line. I think the general thought was that you probably should.

MR. HAMILTON: Okay. Thank you. We'll take that into consideration then when we look at this section again. Are there any other comments on this particular section? (No Response) Let's move on then to another section under Article II of our Regulations, Abandonment and Plugging, and the first section there is Section 22.100. We're currently proposing to call this section Notice of Plugging and Abandonment. It was previously just called Notice. Are there any comments on this section?

MR. GILBRETH: Mr. Chairman, 11 AAC 22.100, the top of page 19, sub-section (a) provides that "Before beginning the plugging or abandonment work on any well, approval must be obtained from the committee or an agent of the committee." Then sub-section (b) provides that "The approval may be written or verbal followed by a written confirmational Form 1403." If this approval must be obtained in advance before an operator can initiate plugging procedures on his well, we question why 11 AAC 22.110 on page 21 is necessary, that section provides for the manner and method of placement of cement plugs for abandonment of a well. And yet, if an operator follows this procedure, he is still required to get approval of the Committee.

We recommend that 11 AAC 22.100 be amended to provide that if the operator follows the procedures set in 22.110, he will not have to obtain advance approval of the Committee. If on the other hand, advance approval of the Committee is intended, then we recommend deletion of 11 AAC 22.110. It appears to us that it's just a duplication and it's not necessary at all.

MR. HAMILTON: Okay. Thank you, Mr. Gilbreth. Are there any more comments on this section?

MR. JUDD: This is Dick Judd with SOHIO. I may be jumping onto the next section which is Plugging Procedures, but these two are probably related. On page 22, the last section or the last part, which is part (e) beginning on the previous page. I believe that, first of all, parts (a), (b), (c) and (d) are probably part of the existing rules, part (e) looks to me like a new part and I question whether or not the requirement for placing cement plugs in an open hole at intervals no greater than 4000 feet apart is necessary. It seems to me to be somewhat arbitrary and there may be other intervals that may be more appropriate.

MR. SMITH: Mr. Judd, do you have any suggestions on interval control of that sort?

MR. JUDD: I would --- This section, I believe, parts (a) through (d) and I believe, the opening paragraph -- I'll have to find it here. I believe the opening paragraph

sets it out, sets out the intent, and it says, "Before any well is abandoned, it shall be plugged so as to permanently confine all oil and gas and water to separate strata originally containing them. I believe that that covers it and it's not necessary to give a specific requirement. Each well might differ.

MR. HAMILTON: Thank you. Well, are there any more comments? We might as well refer to both of these sections since we've kind of jumped between the two. 22.100 and -- Notice of Plugging and Abandonment and the Plugging Requirements in Section 22.110.

MR. GILBRETH: Mr. Chairman, in 110, section (d), sub-section (d) provides that the interval between plugs must be filled with heavy mud-laden fluid. It is not necessary in all cases to have heavy mud-laden fluid at any interval between plugs as weighted salt water might be and has been used. Accordingly, we recommend that the words "heavy mud-laden fluid" be replaced with "fluid of sufficient density". That would alleviate that problem. Then like Mr. Judd's recommendation in sub-section (d), page 22, cement plugs are required at intervals no greater than 4000 feet, we question if this is necessary on all wells since the fluids have to be confined.

MR. HAMILTON: Any more comments on these two sections? Sections 22.100 and Section 22.110. (No Response)

Okay. Let's take a look at the next section which is 22.120, which is Well Abandonment Marker is the current proposed title for this section. It was previously called Well Marker. Any comments on this section?

MR. GILBRETH: In 22.120 (b) on page 23, we would just like to point out that that sub-section requires a lot of information on a well marker and it's sure going to be small by the time you get it all welded on there. I question if all of it is necessary?

MR. SMITH: Yes, Mr. Gilbreth, I think this is essentially what's being required and put on the markers now presently, unless you have something there to point out that -- different.

MR. GILBRETH: Well, we know that it is and it's pretty difficult in some cases to get it all on there. One question that comes to my mind personally is that if the footage from section lines is needed, if just a quarter section would not be necessary.

MR. HAMILTON: Thank you, Mr. Gilbreth. Any other comments on Section 120? (No Response) Let's drop down to the last section then under that Article, and that will be Section 22.170 which is the Location Cleanup, and this has also been substantially revised. Are there any comments on this section?

MR. GILBRETH: 22.170 at the top of page 25 on the Location Cleanup, sub-section (a) provides that location must be cleaned up within one year of plugging of an onshore well. There may be some instances where this is not desirable and the well should be retained in its condition for some other purpose. We would recommend that the following be added at the beginning of sub-section (a). "Unless mutually agreed to by the land owner and the operator..." In other words, if the land owner and operator agree to leave it in that condition for something longer than that time, then they could, but if they couldn't agree on it, then these requirements would prevail.

Sub-section (d) on page 26. This sub-section requires an operator to furnish transportation and lodging for the committee's representative. We recommend that this provision be deleted as there is no statutory provision which gives the Commission the authority to make this requirement.

MR. HAMILTON: Any other comments on this section? Mr. Judd?

MR. JUDD: Under section (c) it says, "an on-site inspection will be made by a representative of the committee..." and so forth. We would like to see that read, "may" instead of "will". I concede that this part of the -- this particular Regulation would possibly fall under the jurisdiction of some other agencies, and if another agency had

made an inspection, it's probably not necessary for one of your representatives to also make an inspection.

MR. HAMILTON: Well, I would have to disagree with you there, Mr. Judd. As far as the drilling pad itself is concerned, there is a need for our representative to write that off before we will approve the abandonment. That's our interpretation anyway.

MR. JUDD: I understand your point. It possibly may not be necessary to always make an in person inspection.

MR. HAMILTON: Any other comments on this section? As I say, if you do think of some comments on the sections we've already covered, we can always go back to those, but let's move ahead then to Article III in Production Practices, and the first section that we have proposed regulation revisions are Section 22.230, Gas to be Metered. Any comments on that section? (No Response) Okay. How about under the same Article, Section 22.255, Equitable Distribution of Production. Are there any comments on that section?

MR. GILBRETH: Mr. Chairman, the brackets there on sub-section (b) indicates that it is to be deleted, does it not?

MR. HAMILTON: That's correct. Okay. We try to follow that same procedure throughout here unless we've slipped up, but anything in brackets is proposed for deletion

and everything underlined will be an additional statement or words we will be adding. Okay. Let's look.....

MR. SMITH: Pardon me just a minute. This is Lonnie Smith. I might ask or put forth the question to those present here that if in section (c) below where we're substituting (b), it will be the new (b), and if we substitute the word "leasees" (sic) for "parties" after the word "affected", would that be a problem with anyone? It might be more specific if we say affected leasees (sic).

MR. HAMILTON: Well, let's look at the next section 22.270, Bottom Hold Pressures. Any comments? I think the only change here was just a minor change in order to get our correct form number shown in our Regulations. (Pause) Okay. The next Section will be under Article IV, Reports. Section number 22.320, Forms to be Used. Is there any comments on this section?

MR. GILBRETH: Mr. Chairman, we just have one brief comment on this. On page 31, the Gas Well Flow Potential Test, Multi-point Test is required upon completion of a gas well. We recommend deletion of this requirement. As you know, there are many instances in the Cook Inlet when it's necessary to produce a well until the atmospheric or weather conditions will permit testing, and sometimes this is delayed for quite some time. The operators in many cases have found it advisable

to wait until spring, and we would just like to put that out for your consideration.

MR. HAMILTON: Okay. Just one question on that, Mr. Gilbreth, you're concerned primarily with the timing of this requirement?

MR. GILBRETH: Yes.

MR. HAMILTON: Okay. Any other comments on this section 320? (Pause) There's a gentleman that looks familiar.

MR. MARSHALL: Just a brief comment on Lonnie's suggestion that the word "lessee" be used. I can think of an instance where possibly the person drilling the well might be an assignee or a working interest owner. I'm wondering if "operator" would be more useful there.

MR. HAMILTON: I think we're going to have to run this through the AG's office before we finalize that word.

MR. MARSHALL: Just a minor point.

MR. HAMILTON: Yes. Thank you, Mr. Marshall. If there are no more comments on the Forms to be Used section, let's look at the next section which is under Article V, Additional Recovery Methods. Section number 22.430, Records and Reports. Are there any comments on this section?

MR. GILBRETH: Mr. Chairman, 22.430 as it's written is very broad and far-reaching in its requirements. We

have a question of what records are included in this provision. Are all records included or just production injection and injection pressures only as indicated in the first line? We also suggest that some provision made for some prior notification to an operator if an examination is to be made. That is to let him have his work schedule so that he can give access to the people.

MR. HAMILTON: Okay. Any other comments on this section? Okay. The next section is under Article VI, General Provisions, numbered 22.535 -- or excuse me, that's -- Yes, that's correct. Well Records is the title of that. Are there any comments on this section? (Pause)

MR. GILBRETH: Mr. Chairman, 22.535, small (c) in brackets, capital (B) in brackets in sub-section (2) Well Records, page 35. The Regulations in this section require that logs under sub-section (a) and composite logs under sub-section (c) must be filed with other logs under the sub-section (c) must be filed with the committee, all those logs that are run. We recommend that the Regulations be clearer that you're specifying only one composite copy of a certain type of log and that copies on two or more scales will not be required. One of these sub-sections requires a certain scale and the other one requires a copy of a log run, and we would like to not be required to make extra copies of other scale logs. Further,

there may be a time problem in actually physically filing the digitized logs within the time provided. As you know, Mr. Chairman, discussions have been held with industry members and members of the trade associations and the contractors regarding this, and the industry will make all attempts to comply with the 30 day filing period, but the -- right now there may be a question as to whether or not we can actually file within the 30 days and we would hope that your Regulations would permit us a little extra time if it becomes necessary.

MR. HAMILTON: We do recognize this new requirement as being a problem in probably needing this 30 day filing period, and we will give this more consideration, I think, before we finalize it.

MR. GILBRETH: All right. Mr. Chairman, for my part, on behalf of AOGA, that concludes all the comments we have. We have no more comments during the remainder of these. I would call your attention to the fact that the word "Committee" is used in many cases and of course it has to be changed to "Commission", I'm sure you're aware of that.

MR. HAMILTON: That's right, and I think there are some other parts of our Regulations that refers to the Division of Oil and Gas, and I think we will have to go through the entire set of Regulations to change the wording to apply to the change as of the first of the year to a Commission basis.

Did you have something?

MR. KUGLER: Yes. Mr. Gilbreth, this is Harry Kugler, in your talking to the operators, did they have any idea as to what decent time interval would be? Is 30 days too restrictive? Did they have any recommendation? 45 days?

MR. GILBRETH: Mr. Kugler, I don't think any one is trying to set up a precise time, they're certainly going to try to do it within the 30 days. I believe the discussions indicated they would be a touch and go and maybe a few days leeway required in there. I'm aware of the statute provision and we just hope that the mechanics of the thing will permit them to go ahead and file it, but I think our recommendation would be to let's try it and if we can't do it, why then we'll have to do something else.

MR. KUGLER: Your recommendation is currently that we live with the 30 days?

MR. GILBRETH: Yes. I just wanted to call to your attention though that there is a problem.....

MR. KUGLER: Yes.

MR. GILBRETH: .....in physically meeting with this requirement, but we will try.

MR. KUGLER: Yes. Thank you.

MR. HAMILTON: Okay. Any more comments on this section?

MR. TATE: Leland Tate with Arco. Concerning section (f) where you make the comments about confidentiality of the materials for a 24 month period, I'm not certain whether or not this refers to wells such as cost wells or lease sale type wells, but in the event that we drill a well and the lease sale is delayed or whatever for an extended period of time, it seems reasonable that that 24 month period that we're talking about there, the confidentiality, might need to be extended for a longer period of time should something like that arise.

MR. HAMILTON: Yes, you're exactly right. The state recognizes this and at the last session, if you're -- you may or may not be aware of the house bill 815 that was passed which gave the Commissioner of Natural Resources the authority to make a finding to extend that confidential period beyond 24 months. The way that statute is written, it will remain his responsibility to make that finding, even after we become a Commission the first of the year. So, we have not addressed that in our Regulations. It will still remain the 24 month confidential period, and if there is any extension given, it will have to be given by the Commissioner of Natural Resources.

MR. TATE: Okay. Thank you.

MR. HAMILTON: Your welcome. Any other comments on this section? (Pause, No Response) Let's take up the next

section which is a new one that's been drafted, 22.537, Naming of Fields and Pools. Does anyone have any comments on this section? (No Response)

UNIDENTIFIED VOICE: I guess we just need to find some.

MR. HAMILTON: Yes, I guess we just need to find some fields so we can handle this problem. The next section then is 22.540 entitled Hearings. Is there any comments on this section? (Pause) I might add that most of our hearings that have been conducted in the past, I think, this is about the same procedure that we've followed, but we've never had it written down in our Regulations and we're just trying to clarify it a little bit. Okay. The final section that we had proposed regulations changes on is under Article VI, 22.555 entitled Orders. Are there any comments on that section? (Pause, No Response). Then I would like to open this pre-hearing conference or meeting, whatever you want to call it, open to comments on our Regulations other than what we've proposed here or any comments that anyone wants to make while we're here today, why, the Committee is -- this is a very informal meeting and we're willing to hear anything. (Pause) Well, --- oh, here's one gentleman coming forth.

MR. WILLIS: John Willis with Exxon. I just want to mention that the people in our company review these

Regulations and we may have some additional comments we would like to furnish to you, and we have not necessarily made all of our comments today. I would like to compliment you on a much improved set of Regulations. I think they will be substantially better than the ones we've had previously. One other comment, we've seen recently organizations and people outside the oil business taking more intensive looks at our practices and procedures and I would suggest that our Regulations should be written with close attention to making them very clear not only to people within the industry, but to anyone who might try to interpret them. Perhaps a section on Definitions covering oil field vernacular terms could help this to be a little more clearer. Thank you.

MR. HAMILTON: Thank you. We --- I might add that we are drafting additional Regulations and some changes, some additional changes, but we just haven't got them all out at the present time, and the definition section is one that we are expanding on. To give you an idea of where we might go from here, we will review the comments that have been made today and the drafts that we have submitted to you and see how extensive it's going to be to change this portion of it, but if we come up with quite a few additional changes, I invision that we might have another one of these pre-hearing conferences if you want to call it that, before going into a formal hearing

for adoption of the Regulations. I'm not saying that is the way we'll go, but we're going to consider that if we think we've got enough additional material to review, but if we do go into a formal hearing for adoption of proposed Regulations, we'll try to get those drafts of those out in everyone's hands in plenty of time to review before you come into the hearing. So, we will try to keep you advised through our bulletin and so forth on what our timing is on these things. Mr. Gilbreth?

MR. GILBRETH: Mr. Chairman, could you give us any idea? Are you looking at three months or six months or one month or anything like that?

MR. HAMILTON: Okay. My best guess right now would be if we were to consider going into a hearing without another pre-conference hearing or pre-hearing conference, it would probably be early in February would be the earliest we could have a hearing, in order to get some drafts out into the industry's hands and the public's hands, to give them some chance to review it before they come into the hearing itself. If we go to another one of the meetings like these, that date would probably be postponed, another month or so would be my best guess. What do you think?

MR. KUGLER: Well, I think we have to have a 30 day notice on this, so as of today it would be the middle of January, and we're not in any position to start advertising

yet, so I wonder if the first of February is maybe a little bit optimistic?

MR. HAMILTON: The hearing to adopt these Regulations requires a 30 day notice under the Alaska Procedures Act, so that we couldn't act any sooner than that for a formal hearing, but as I say, we would like to get drafts of what we propose in everyone's hands fairly soon before the hearing date so that people could have a chance to review this, not to come into the hearing with these things just given in your hands that morning or something of that nature. We have to live with these regulations and it seems like if you get something that's written and confusing, it causes everyone a great deal of problems, so we would like to eliminate that as much as possible. Are there any other comments before we conclude today?

MR. SMITH: Mr. Chairman, I have a comment I would like to make. I would like to maybe solicit additional comments about a particular item in the Article -- let's see, 22.030, the Casing and Cementing proposed Regulation. Specifically on page 11 which is under the permafrost portion of the surface casing. In that second paragraph on that page where it refers to the Rockwell hardness of couplings and casing, I think, to begin with, that that should be a part of the paragraph above it because it refers specifically to the permafrost surface

casing. And, number two, I would like to, if possible, solicit additional comments from either AOGA or an operator that is aware of the problems that, I think, to my knowledge, there have been failures due to the wrong casing couplings in a production string being run through, which was a significant problem at the time and that's the reason for this proposal in this paragraph that suggests that all of the casing run through the permafrost, that it should be controlled yield, and the couplings, and it's a -- it's --- part of it is a housekeeping thing, it's hard to keep up with, whether or not you specified you're going to run it and that you did run it, and so this is a serious problem that should be addressed. I know you have looked at it, but all of you may not be aware that there has been a problem that was a controlled problem for awhile because of failure of casing string in the permafrost section, it was a production string. So, if we can solicit additional information on that we would be greatful for it.

MR. HAMILTON: Any comments you would like to make in writing, you can certainly submit them to our division office at any time. We would be receptive to them. Well, if that's all the oral comments we have today, I guess we'll call the meeting adjourned. Thank you very much for coming.

* * * * END OF PROCEEDINGS * * * *

C E R T I F I C A T E

UNITED STATES OF AMERICA)
) SS.
STATE OF ALASKA)

I Janice S. Laird, Notary Public in and for the State of Alaska, residing at Anchorage, Alaska and Electronic Reporter for R & R Court Reporters, do hereby certify:

THAT the annexed and foregoing Transcript of Proceedings, as heretofore annexed, is a true and correct transcription of the testimony of said proceedings, transcribed by me.

THAT I am not a relative or employee or attorney or counsel of any of the parties, nor am I financially interested in this action.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal this 20th day of December, 1978.

Janice S. Laird
Notary Public in and for Alaska
My Commission Expires: 7/18/82