

STATE OF ALASKA

ALASKA OIL AND GAS CONSERVATION COMMISSION

SEAN PARNELL, GOVERNOR

333 W. 7th AVENUE, SUITE 100
ANCHORAGE, ALASKA 99501-3539
PHONE (907) 279-1433
FAX (907) 276-7542

ADMINISTRATIVE APPROVAL NO. DIO 15.001

Ms. Tiffany Stebbins
Regulatory Compliance Representative
Marathon Alaska Production, LLC
P.O. Box 196168
Anchorage, AK 99519-6168

Re: **The application from Marathon Alaska Production, LLC** to authorize disposal of Class II fluids utilizing North Trading Bay Unit (NTBU) S-05 without a passing MIT-IA or MIT-T.

Dear Ms. Stebbins:

Marathon Alaska Production, LLC (Marathon) requested by letter dated August 19, 2009 approval to inject Class II fluids into NTBU well S-05 in support of the ongoing P & A activities associated with dismantling the Spark Platform. S-05 recently failed MIT's on both tubing and inner annulus but follow-up diagnostic testing indicates injected fluid is being contained in the desired strata. Marathon's request to inject Class II fluids as described in the application is **GRANTED**.

In the application Marathon describes the sequence of events and pressure testing history of well NTBU S-05 as follows:

5/12/09: Initial baseline temperature pass was run.

6/25/09: The initial testing on June 25, 2009 where a WRP (retrievable plug) was set at 10800' just above the top packer in the tubing. The well failed the MIT-T and the IA pressured up to the same pressure as the tubing (the OA did not see any pressure response).

6/26/09: On June 26, 2009 the CMIT pressure left on the well overnight had slowly bled to 0 psi. This indicated a tubing leak as well as a possible 9 5/8" leak or a packer leak.

6/27/09: Permission was granted to use alternate NTBU S-04 for disposal of Class II wastes.

7/27/09: After about 1000 bbls of fluid were pumped into S-04 it locked up. Re-perforating the injection zones in S-04 did little to improve injectivity. Marathon requested use of S-05 for disposal.

8/13/09: Performed a temperature/pressure survey after pumping 200 bbls of cold fluid down well NTBU S-05. The temperature overlay with the baseline log done on 5/12/09 indicates fluid is being injected below the upper packer at 10796' md. There is a major cooling temperature shift seen at the top of the upper packer. No indication of fluid moving upward from the top packer or out of the target intervals is evident.

8/17/09: A charted 15 minute passing pressure test of the OA was done on NTBU S-05.

In summary, Marathon supplies sufficient evidence to justify a short term period of injection into NTBU S-05. The anticipated minor amount of waste fluid (approx. 2000 bbls) is additional argument to justify

injection into the onsite DIO well instead of more costly and potentially hazardous shipping of waste fluids to an onshore site for disposal. The Commission agrees with Marathon's assessment that there is no reason to believe injecting the requested fluids will result in fluid movement out of zone.

The Commission further finds that injecting the subject fluids will not promote waste or jeopardize correlative rights, and will not contribute to the potential for fluid movement outside of the authorized injection zone.

The following stipulations will apply to this Administrative Approval (DIO 15.001)

- 1) There must be continuous manning of the well during injection. Tubing, IA and OA pressures to be recorded every 30 minutes.
- 2) If any indications of OA pressure or communication are seen, immediate shut-down of operations and notification of AOGCC must occur.
- 3) A weekly summary of injection to include TIO plot, volume pressure plot, total volume injected and any anomalous conditions or pressure bleeds.
- 4) Fluids permitted under this AA are restricted to associated P & A activities on the Spark platform and are limited to a total volume of 2500 bbls.

DONE at Anchorage, Alaska and dated August 21, 2009.


Daniel T. Seamont, Jr.
Chair


Cathy P. Foerster
Commissioner



RECONSIDERATION AND APPEAL NOTICE

As provided in AS 31.05.080(a), within **20** days after written notice of the entry of this order or decision, or such further time as the Commission grants for good cause shown, a person affected by it may file with the Commission an application for reconsideration of the matter determined by it. If the notice was mailed, then the period of time shall be **23** days. An application for reconsideration must set out the respect in which the order or decision is believed to be erroneous.

The Commission shall grant or refuse the application for reconsideration in whole or in part within 10 days after it is filed. Failure to act on it within 10-days is a denial of reconsideration. If the Commission denies reconsideration, upon denial, this order or decision and the denial of reconsideration are **FINAL** and may be appealed to superior court. The appeal **MUST** be filed within **33** days after the date on which the Commission mails, **OR 30** days if the Commission otherwise distributes, the order or decision denying reconsideration, **UNLESS** the denial is by inaction, in which case the appeal **MUST** be filed within **40** days after the date on which the application for reconsideration was filed.

If the Commission grants an application for reconsideration, this order or decision does not become final. Rather, the order or decision on reconsideration will be the **FINAL** order or decision of the Commission, and it may be appealed to superior court. That appeal **MUST** be filed within **33** days after the date on which the Commission mails, **OR 30** days if the Commission otherwise distributes, the order or decision on reconsideration. As provided in AS 31.05.080(b), "[t]he questions reviewed on appeal are limited to the questions presented to the Commission by the application for reconsideration."

In computing a period of time above, the date of the event or default after which the designated period begins to run is not included in the period; the last day of the period is included, unless it falls on a weekend or state holiday, in which event the period runs until 5:00 p.m. on the next day that does not fall on a weekend or state holiday.