

# STATE OF ALASKA

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

360 K STREET - SUITE 105  
ANCHORAGE 99501

JAY S. HAMMOND, GOVERNOR

April 3, 1978

Howard A. Slack,  
Vice President & Resident  
Manager  
Atlantic Richfield Company  
P.O. Box 360  
Anchorage, Alaska 99510

Dear Mr. Slack:

The Department of Natural Resources, Division of Oil and Gas Conservation, has reported that there has been a violation of 11 AAC 22.005 which requires that an operator of an oil and gas well secure a drilling permit prior to drilling or deepening of any well. Atlantic Richfield Company spudded and started drilling on Well DS4, Number 13 in the Prudhoe Bay field without a permit. The operator commenced drilling approximately three days before a permit was issued by the Oil and Gas Conservation Committee. Although we are convinced that the infraction was not intentional, this is the second time that ARCO has violated 11 AAC 22.005 and the Oil and Gas Conservation Committee has recommended that action be initiated to collect a fine from ARCO pursuant to AS 31.05.150. That provision provides that a person who willfully violates a provision of AS 31.05 is subject to a penalty of not more than \$1,000.00 for each act of violation and for each day that the violation continues.

The Oil and Gas Conservation Committee has recommended that efforts be made to collect the penalty from you equivalent to about 25% of the maximum penalty to which ARCO could be subjected for willful violation. In this case, the well operations were carried on for approximately two days and 17 hours. A \$1,000.00 per day penalty rate would equal approximately \$2,710.00. A 25% penalty would amount to \$678.00 which the Committee has rounded off to \$700.00.

The Oil and Gas Conservation Committee is willing to accept \$700.00 from ARCO in this matter as full penalty payment if ARCO gives assurance that they will inaugurate procedures to prevent similar occurrences from happening again.

RECEIVED  
APR - 4 1978

Division of Oil and Gas Conservation

Mr. Howard A. Slack

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April 3, 1978

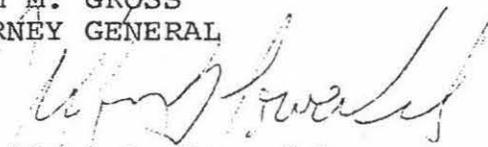
Although the Oil and Gas Conservation Committee is convinced that the infraction was not intentional, this is the second time that it has happened despite a March 10, 1976 communication from you indicating that necessary steps were taken to revamp ARCO's procedure to assure that similar occurrences would not happen again.

If I may be of any assistance in this matter please do not hesitate to contact me. Should you decide to pay the penalty of \$700.00, payment should be made through this office and any checks submitted should be made out to the State of Alaska.

Once again, please do not hesitate to contact me if you have any questions about this matter.

Very truly yours,

AVRUM M. GROSS  
ATTORNEY GENERAL

By:   
Jeffrey B. Lowenfels  
Assistant Attorney General

JBL:tb

cc: O. K. Gilbreath, Jr., Director  
Alaska State Division of Oil  
and Gas  
3001 Porcupine  
Anchorage, Alaska 99501

Fred Boness, Deputy Commissioner  
Department of Natural Resources  
Pouch M  
Juneau, Alaska 99811

DEPARTMENT OF NATURAL RESOURCES  
Division of Oil and Gas Conservation

FILES

March 30, 1978

Hoyle H. Hamilton  
Chief Petroleum Engineer



ARCO Well DS4-13  
Spudded Without Permit

Ben Le Norman called from Prudhoe Bay at 9:15AM today. He reported that well DS 4-13 was spudded at 4:30 PM Sunday 03/26/78. The drilling permit was approved for the well at 9:30 AM Wednesday 03/29/78.

Calculation of possible penalty for drilling without a permit.

4:30 PM 03/26/78 to 9:30 AM 03/29/78 = 2 days 17 hours  
or 2.71 days.

Max Penalty = 2.71 days X \$1,000.00/day = \$2,710.00.

.25 X \$2,710.00 = \$678.00 or approximately \$ 700.00.



Conservation

March 29, 1978

Re: Prudhoe Bay Unit DS 4-13  
Atlantic Richfield Company  
Permit No. 78-31

Frank M. Brown  
District Drilling Engineer  
Atlantic Richfield Company  
P. O. Box 360  
Anchorage, Alaska 99510

Dear Sir:

Enclosed is the approved application for permit to drill the above referenced well at a location in Section 34, Township 11N, Range 15E, 10M.

Well samples, core chips and a mud log are not required. A directional survey is required.

Many rivers in Alaska and their drainage systems have been classified as important for the spawning or migration of anadromous fish. Operations in these areas are subject to AS 16.50.870 and the regulations promulgated thereunder (Title 5, Alaska Administrative Code). Prior to commencing operations you may be contacted by the Habitat Coordinator's office, Department of Fish and Game.

Pollution of any waters of the State is prohibited by AS 46, Chapter 03, Article 7 and the regulations promulgated thereunder (Title 18, Alaska Administrative Code, Chapter 70) and by the Federal Water Pollution Control Act, as amended. Prior to commencing operations you may be contacted by a representative of the Department of Environmental Conservation.

Pursuant to AS 38.40, Local Hire Under State Leases, the Alaska Department of Labor is being notified of the issuance of this permit to drill.

To aid us in scheduling field work, we would appreciate your notifying this office within 48 hours after the well is spudded. We would also like to be notified so that a representative of the Division may be present to witness testing of blowout preventer equipment before surface casing shoe is drilled.