ALASKA

Administration

1. Agency regulating oil and gas exploration/production: Alaska Oil & Gas Conservation Commission, 333 W. 7th Ave., Anchorage, AK 99501. Phone: (907) 279-1433. Fax: (907) 276-7542.

2. Contact for regulatory updates: Jody Colombie. Email: jody.colombie@alaska.gov . Phone: (907) 793-1221. Fax: (907) 276-7542.

3. Docketing procedure: On its own motion, or upon the petition of an interested person, the Commission will fix a date for the hearing and 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 Commission will set a hearing date that is at least 30 days after the date of publication.

   For an order affecting a single well or a single field, the Commission will publish notice in an appropriate newspaper that:

   - sets out the essential details of the requested order,
   - provides an opportunity for public comment,
   - tentatively specifies a place, time, and date for a public hearing, and
   - provides a telephone number that the public may use to learn if the commission will hold the tentative hearing.

   A person may submit a written protest or written comments during that 30-day period. In addition, a person may request that the tentatively scheduled hearing be held by filing a written request with the Commission within 15 days after the publication date of the notice. If the Commission receives a timely request for hearing, or if the Commission desires to hold a hearing, the Commission will hold a hearing on the date and time specified in the notice. If a request for hearing is not timely filed, the Commission will, in its discretion, issue an order without a hearing.

   a. Emergency orders: The commission will, in its discretion, issue a temporary emergency order without a hearing if necessary to protect against immediate harm to public health or safety. Before issuing a temporary emergency order, the commission will attempt to communicate with the operator about the circumstances and need for a temporary order.

      In support of a temporary emergency order, the commission will issue a written decision describing the factual and legal basis for the action,

including the necessity for acting on an emergency basis. The commission will provide the decision to the operator within 24 hours of the issuance of the order.

i. A temporary emergency order expires after 14 days unless

ii. an earlier expiration date is established in that order;

iii. the operator agrees to an extension; or

iv. within that time period the commission begins a hearing under (d) of this section, in which case that order remains in effect for an additional period not to exceed the shorter of 14 days after the date the hearing begins or three working days after the date the hearing ends; the commission will extend that period if necessary to protect against immediate harm to public health or safety.

v. The commission will, in its discretion, make the temporary emergency order permanent or modify or extend that order after a public hearing. If the temporary emergency order constitutes an enforcement action under 20 AAC 25.535(e)(1) or (2), the procedures under 20 AAC 25.535(b)(4), (c), and (d) do not apply to a commission action under this subsection unless the operator agrees to an extension sufficient to implement those procedures. If the operator does not agree to an extension, the commission's written decision under (b) of this section satisfies the requirements of 20 AAC 25.535(a) and (b)(1) - (3). The provisions of 20 AAC 25.540 apply to a public hearing under this subsection, except that

vi. the commission will provide notice of that hearing at least 10 days before the date of that hearing; and

vii. the requirement in 20 AAC 25.540 that a person request a public hearing does not apply.

b. Notice: The requirement in 20 AAC 25.540 that a person request a public hearing does not apply.

4. Agency regulating air emissions: Department of Environmental Conservation.

5. Agency regulating water quality: Department of Environmental Conservation.

License

1. License required: Regulated by Department of Natural Resources.

2. Conditions of license: Regulated by Department of Natural Resources.

Bond/Surety

1. Purpose of surety: To ensure that each well is drilled, operated, maintained, repaired, and abandoned and each location is cleared in accordance with the AOGCC regulations.

2. Plugging and restoration: Each well must be properly plugged, abandoned and a site clearance performed before a bond can be released to the operator.

3. Compliance bond required: Yes.

4. Types of surety accepted: A surety or personal bond.

5. Conditions of bond: The bond must be: 1) a surety bond by an insurer authorized to do business in Alaska, 2) a personal bond of the operator accompanied by either a certificate of deposit or an irrevocable letter of credit issued in sole favor of the Alaska Oil and Gas Conservation Commission from a bank authorized to do business in Alaska. A personal bond may also be accompanied by other forms of security the commission determines to be adequate to ensure payment. The 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.

    a. Amount per well: Not less than $100,000, unless the operator demonstrates to the commission's satisfaction in the application for a Permit to Drill that the cost of abandonment and location clearance is less than $100,000. The bond amount will then be adjusted to the cost of abandonment and location clearance.

    b. Amount of blanket bond: Not less than $200,000.

Land Leasing Information

1. Leasing method: Conventional lease sales: Competitive; several leasing options - combinations of fixed and variable bonus bids, royalty shares and net profit shares. Generally, a cash bonus bid with a fixed royalty share. AS 38.05.180(f)

   Oil and gas exploration licensing: competitive bids upon an obligation to perform a specified work commitment expressed in dollars of direct exploration expenditures. AS 38.05.133

2. Notice method: Publication of a legal notice in newspapers of statewide circulation and general circulation in vicinity of the proposed action; publication

of display advertising form in the newspapers noted above; public service e announcement on electronic media serving the affected area; and posting in a conspicuous location in the vicinity of the action, notification of parties known to be affected, or other methods calculated to reach affected parties. AS 38.05.945(2)(A-D)

Advertisement examples - Alaska Administrative Journal, State of Alaska Online Public Notice website, DO&G website, mailing list, newspapers.

3. Minimum bidding $ (per acre): Based on 2011-12 lease sale terms and conditions

   Conventional lease sales: Generally, $5 to $25 per acre bonus bid plus annual rentals.

   Cook Inlet, North Slope, and Beaufort Sea Areawide Lease Sale

   - Minimum bonus bid of $25 per acre, lands adjacent to federal lands minimum of $10 per acre; Rental rates - $10 per acre years 1-7, $250 per acre years 8-10

   Alaska Peninsula and North Slope Foothills Areawide Lease Sale

   - Minimum bonus bid of $5 to $10 per acre; Rental rates: 1st year – $1.00/acre; 2nd year – $1.50/acre, 3rd year – $2.00/acre; 4th year - $2.50/acre; 5th and following years – $3.00/acre

   Oil and gas exploration licensing: competitive bid plus licensee's payment to the state of a non-refundable oil and gas exploration license fee of $1 for each acre of land or fraction of each acre that is subject to the exploration license. AS 38.05.132(b)(6).

4. Qualification of the bidder: Every individual, association or partnership, corporation, LLC or person who is authorized to act on behalf of another party must qualify with the Division of Oil and Gas prior to bidding for lease tracts. Qualification must also be obtained prior to applying for, obtaining, or transferring interest in a permit or lease issued under AS 38.05.135 - 38.05.184.

5. State Statutes: AS 38.05.180: Oil and Gas Leasing

   AS 38.05.131 – AS 38.05.134: Oil and Gas Exploration Licenses

6. Maximum acres: AS 38.05.140(c): Oil and Gas Leasing: an oil and gas lease may not exceed 5,760 acres. One lessee may not hold oil and gas leases totaling more than 750,000 acres onshore (500,000 north of the Umiat baseline) and 500,000 acres offshore at any one time.

   AS 38.05.132 (c)(2): Oil and gas exploration licensing: one exploration license may cover an area of not less than 10,000 acres and not more than 500,000 acres

that must be reasonably compact and contiguous; AS 38.05.131(e): licensee may not hold more than 2,000,000 acres at any one time.

7. Royalty rates: Based on 2011 – 2012 areawide lease sales

   Alaska Peninsula Areawide – All tracts have a fixed royalty rate of 12.5%

   Cook Inlet Areawide – All tracts have a fixed royalty rate of 12.5%

   North Slope Areawide - South sub-region and adjacent to federal land sub-regions – a fixed royalty rate of 12.5%. Northern sub-region – a fixed royalty rate of 16.67%.

   Beaufort Sea Areawide - Tracts adjacent to federal land in the OCS, NPR-A, and ANWR – a fixed royalty rate of twelve and one-half percent (12.5%). All other tracts – a fixed royalty rate of 16.67%.

   North Slope Foothills Areawide - All tracts have a fixed royalty rate of 12.5%.

   *All other lands offered with a fixed 12.5% royalty rate

8. Agency in control of leasing: State of Alaska's Department of Natural Resources, Division of Oil & Gas.

Setbacks

1. What rules/regulations/policies does your jurisdiction have regarding well setbacks from private residences and/or other habitable structures for use by humans or animals? Nothing in our rules about well setbacks from private residences or other habitable structures.

2. Are there other sources of information on this matter that you could identify? We do require wells within 660 feet of private residences or other habitable structures to be equipped with fail-safe automatic surface-controlled subsurface safety valves capable of preventing an uncontrolled flow of fluid from the well's tubing. This can be found in our regulations at AAC 25.265(8)(d)(2)(A).

Spacing

1. Spacing requirements: Yes, in the absence of an order by the Commission establishing drilling units or prescribing a spacing pattern for a pool, the following statewide spacing requirements apply:

   a. Density: Governmental quarter section for an oil well; governmental section for a gas well.

b. Lineal: Lineal: An oil well may be open to test or regular production within 500 feet of a property line only if the owner is the same and the landowner is the same on both sides of the line, 1,000' minimum separation from any well drilling to, or capable of producing from, the same pool.

   A gas well may be open to test or regular production within 1,500 feet of a property line only if the owner is the same and the landowner is the same on both sides of the line; 3,000' minimum separation from any well drilling

2. Exceptions: Yes.

   a. Basis: Prevention of waste and protection of the correlative rights of lessees in a pool based on operating and technical data.

   b. Approval: Applicant must file for exception. The Alaska Oil and Gas Conservation Commission must publish notice and hold a hearing if protest is received.

Pooling

1. Authority to establish voluntary: Yes. Owners of oil and/or gas properties may voluntarily pool their separate interests to form a drilling unit.

2. Authority to establish compulsory: Yes, discretionary. 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 notice and public hearing will, in its discretion, issue an order pooling the owners' interest for the development of their land as a drilling unit.

Unitization

1. Compulsory unitization of all or part of a pool or common source of supply: Yes.

2. Minimum percentage of voluntary agreement before approval of compulsory unitization:

   a. Working interest: No minimum required.

   b. Royalty interest: No minimum required.

Drilling Permit

1. Require permits for:

a. Drilling a producing or service well: Yes, before drilling, redrilling, re-entering or deepening of exploratory, development, service or stratigraphic test wells, or re-entering abandoned wells.

b. Seismic drilling: No. However, a Miscellaneous Land Use Permit is required from the Department of Natural Resources, Division of Oil and Gas.

c. Recompletion: Yes, if recompletion requires a drilling operation or re-entry of an abandoned portion of a wellbore. Other recompletion operations including re-entry of a suspended well require sundry approval.

d. Plugging and abandoning: Yes, by Sundry Approval.

2. Permit fee:

   a. Drilling: None.

   b. Seismic drilling: N/A.

   c. Recompletion: None.

   d. Plugging and abandoning: None.

3. Require filing report of work performed: Yes.

4. Sundry notices used: Yes.

Vertical Deviation

1. Regulation requirement: Yes.

   a. When is a directional survey necessary: When any portion of the well path is less than 500 feet of a property line where ownership is not identical on both sides of the line, or when any portion of the well path is less than 200 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. When a well is intentionally deviated and the above conditions do not apply, the well must be directionally surveyed at intervals not more than 500 feet apart on straight or tangent sections and at intervals not exceeding 100 feet in portions of the hole where intentional angle changes are performed.

   b. Filing of survey required: Yes.

   c. Format of filing: Printed and electronic.

Casing and Tubing

1. Minimum amount required: depends upon stratigraphic or performance criteria.

    a. Surface casing: Required. Surface casing must be set below the base of all strata known or reasonably expected to serve as a source of drinking water for human consumption and at a depth sufficient to provide a competent anchor for blow out prevention equipment.

    b. Production casing: Required. Production casing must be set and cemented through, into, or just above the production interval. If the production string is a liner, a minimum of 100 feet overlap is required.

2. Minimum amount of cement required:

    a. Surface casing: Fill annular space to the surface.

    b. Production casing: Fill annular space from the casing shoe to a minimum of 500 feet above the shoe, overpressured zones or significant hydrocarbon zones, whichever is higher. If the production string is a liner, the interval of overlap must be made pressure competent unless otherwise specifically approved, such as an open hole completion. All freshwater sands encountered below the shoe of the surface casing must be cemented in a manner that will ensure no movement of fluids into sources of freshwater.

    c. Setting time: No specific regulation.

3. Tubing requirements:

    a. Oil wells: Yes. Waivers with justification.

    b. Gas wells: Yes. Waivers with justification.

Hydraulic Fracturing

1. Permitting:

    a. Before drilling: Permit to Drill as per 20 AAC 25.005 should detail well operations including Fracing plans.

    b. Before fracing: An Application for Sundry Approvals Form 10-403 must be submitted and approved by the commission as per 20 AAC 25.280.

    c. How long before: As the commission has discretion to request a public hearing and proceed under 20 AAC 25.540, Operator is advised to engage AOGCC early with preliminary permit application discussions, and to apply early. Notice period, comment period, and hearing timeframes are 10, 15, 30 days followed by possible time for clarification, commission

deliberation and approval/non-approval following that. Applications are valid for 24 months after approval.

2. Reporting requirements:

    a. Where reported: As per 20 AAC 25.280, a Form 10-404 or 10-407 is required for hydraulic fracturing reporting.

    b. When reported: Form 10-404 or 10-407 is required within 30 days after completion of workover operations as per 20 AAC 25.280.

3. Source water requirements: Regulated by Alaska Department of Environment Conservation, not regulated by AOGCC.

4. Mechanical integrity:

    a. Cementing log required: As per 20 AAC 25.280 and 20 AAC 25.030, mechanical integrity and surface water protection must be proven by operator to the satisfaction of the commission.

    b. Pressure testing: Yes. As per 20 AAC 25.280 and 20 AAC 25.030, mechanical integrity and surface water protection must be proven by operator to the satisfaction of the commission. Treating pressure/surface pressure is basis. Surface lines are to be pressure tested and have pressure relief.

    c. Pressure monitoring: Yes

    d. Blowout preventer required: Yes, with the provision that upon request of the operator, the commission will, in its discretion, approve a variance from the requirements if the variance provides at least an equally effective means of well control.

5. Disposal of flowback fluids:

    a. Retaining pits: Regulated by Alaska Dept. Environmental Conservation (ADEC).

    b. Tanks: Regulated by ADEC.

    c. Approved discharge to surface water: Regulated and approved by permit from ADEC (State law (AS 46.03.100, 18 AAC 60.200 – 265 and 18 AAC 72.01))

    d. Underground injection: AOGCC AS 31.05.030 (h). Flowback fluids classed as Class II fluids and regulated in the Underground Injection Control (UIC) under 20 AAC 25.252. Annular injection may be permissible under 20 AAC 25.080 9(h)(3)

6. Chemical disclosure requirement:

    a. Mandatory: At the request and discretion of the commission as detailed in the Application for Sundry Approvals Form 10-403 conditional approval stipulations. Some Alaska operators are currently voluntarily submitting to FracFocus.org.

    b. Where disclosed: At the request and discretion of the commission as detailed in the Application for Sundry Approvals Form 10-403 conditional approval stipulations. Fracfocus.org and on Form 10-404 or 10-407 as per 20 AAC 25.070.

    c. When disclosed (pre-fracing, post-fracing, both): At the request and discretion of the commission as detailed in the Application for Sundry Approvals Form 10-403 conditional approval stipulations. Can include both pre and post-fracing.

    d. Time limit to disclose: Form 10-404 or 10-407 is required within 30 days after completion of workover operations as per 20 AAC 25.280.

    e. Information required to be disclosed: At the request and discretion of the commission as detailed in the Application for Sundry Approvals Form 10-403 conditional approval stipulations. Can include Chemical and treatment volumes, components, CAS numbers, concentrations, as per FracFocus.org disclosures as a guide.

    f. Trade secret protection: Trade secrets are protected as per AS 45.50.940 upon application and approval of the commission.

    g. Required disclosure to health/emergency personnel: As per Federal 29 Code of Federal Regulations §1910.1200(i).

Underground Injection

1. Agencies that control the underground injection of fluid by well class:

    a. AOGCC Class II,

    b. ADEC Class I,

    c. USEPA Class I, III, IV, V and VI.

Completion

1. Completion report required: Yes.

    a. Time limit: Thirty (30) days after well completion, suspension or abandonment.

b. Where submitted: Alaska Oil and Gas Conservation Commission, 333 W. 7th Ave., Anchorage, AK 99501-3192.

2. Well logs required to be filed: Yes.

   a. Time limit: Thirty (30) days after well completion, abandonment or suspension.

   b. Where submitted: Alaska Oil and Gas Conservation Commission, 333 W. 7th Ave., Anchorage, AK 99501-3192.

   c. Confidential time period: Yes. Only exploratory and stratigraphic test well data are confidential for twenty-four (24) months following the 30-day filing period.

   d. Available for public use: Yes, after confidential time period has elapsed.

   e. Log catalog available: Yes.

3. Multiple completion regulation: Yes.

   a. Approval obtained: From Alaska Oil and Gas Conservation Commission as part of the Permit to Drill Application or through Sundry Application.

4. Commingling in well bore: Yes.

   a. Approval obtained: From Alaska Oil and Gas Conservation Commission following application and opportunity for public hearing.

Oil Production

1. Definition of an oil well: "Oil well" means a well that produces predominantly oil at a gas-oil ratio of 100,000 scf/stb or lower, unless on a pool-by-pool basis the Commission establishes another ratio.

2. Potential tests required: No. Operator shall obtain fluid samples from each new pool at the time of discovery or before regular production and determine crude composition assay, pressure, volume and temperature properties of the crude oil, and solution or non-associated gas composition assay. 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.

   a. Time interval: N/A

   b. Witness required: N/A

3. Maximum gas-oil ratio: Two times the original solution gas-oil ratio.

    a. Provision for limiting gas-oil ratio: An oil well may not be allowed to produce with a gas-oil ratio in excess of two times the original solution gas-oil ratio.

    b. Exception to limiting gas-oil ratio: Upon application to the Commission, the above limitation may be waived for approved additional recovery projects, re-injection of produced gas, or an acquisition of pool performance data needed to optimize reservoir management. Other conditions require hearing.

4. Bottom-hole pressure test reports required: Yes, on discovery wells, before significant production.

    a. Periodical bottom-hole pressure surveys: Yes, as designated by pool rules.

5. Commingling oil in common facilities: Yes, if individual well production is accurately determined monthly from each well.

6. Measurement involving meters: Yes, per API and Manual of Petroleum Measurement Standards.

7. Production reports:

    a. By lease: No.

    b. By well: Yes. Monthly production reports must be submitted to the Alaska Oil and Gas Conservation Commission indicating the oil, gas and water production from each well.

    c. Time limit: Monthly.

8. Gas Disposition at Production Facilities: Monthly gas disposition reports for each production facility must be submitted to the Alaska Oil and Gas Conservation Commission indicating the volumes of gas which were (1) sold, (2) reinjected, (3) flared or vented for less than 1 hour, (4) flared or vented for more than 1 hour, (5) pilot or purge, assist gas (6) used for lease operations, (7) NGL gas equivalent produced, (8) purchased, (9) transferred, or (10) used for other purposes.

Gas Production

1. Definition of a gas well: "Gas well" means a well that produces predominantly gas at a gas-oil ratio over 100,000 scf/stb, unless on a pool-by-pool basis the commission establishes another ratio.

2. Pressure base 14.65 psia @ 60 degrees F.

3. Initial potential tests: Yes, multi-point back pressure test or other method accepted by the Alaska Oil and Gas Conservation Commission.

    a. Time interval: Before significant production begins.

    b. Witness required: By Commission option.

4. Bottom-hole pressure test reports required: Yes, on discovery wells, before significant production.

    a. Periodical bottom-hole pressure surveys: Yes, by pool rules.

5. Commingling of gas in common facilities: Yes, if the production from each well is accurately determined at least once each month.

6. Measurement involving meters: Yes.

7. Production reports:

    a. By lease: No.

    b. By well: Yes. Monthly production reports must be submitted to the Alaska Oil and Gas Conservation Commission indicating the oil, gas and water production from each well.

    c. Time limits: Monthly.

8. Gas Disposition at Production Facilities: Monthly gas disposition reports for each production facility must be submitted to the Alaska Oil and Gas Conservation Commission indicating the volumes of gas which were (1) sold, (2) reinjected, (3) flared or vented, for less than 1 hour (4) flared or vented for more than 1 hour, (5) pilot or purge, assist gas (6) used for lease operations, (7) NGL gas equivalent produced, (8) purchased, (9) transferred, or (10) used for other purposes.