



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of Natural Resources

Division of Oil & Gas  
Anchorage Office

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December 3, 2015

**CERTIFIED MAIL  
RETURN RECEIPT REQUESTED**

Edward Jones, President  
Aurora Gas, LLC  
4645 Sweetwater Blvd, Suite 200  
Sugar Land, TX 77479

Re: Nicolai Creek 42<sup>nd</sup> Plan of Development Approval

Dear Mr. Jones,

On October 7, 2015, the State of Alaska (State), Department of Natural Resources (DNR), Division of Oil and Gas (Division) timely received the proposed Nicolai Creek Unit (NCU) 42<sup>nd</sup> Plan of Development (POD). The Division notified the operator Aurora Gas, LLC (Aurora) by email on October 17, 2015, it had deemed the POD application complete. This letter approves the POD.

The NCU first produced gas in 1968, with many years between sustained production through a handful of wells. Aurora began sidetracking and reworking wells to reestablish production in 2001. Aurora continues to manage this gas field through continued maintenance and production operations. As of September 2015, 8.9 billion standard cubic feet of gas have been produced.

No development drilling, well workovers, or significant field modifications were performed during the 41<sup>st</sup> POD period. However, Aurora performed slickline work on several wells: perforating the tubing in the NC#3 well, opening sliding sleeves in the NC#2 and NC#10 wells, and cleaning out tubing in the NC#9 well, which restored production to over 400 million cubic feet per day. Aurora installed sand control measures in the NC #10 well and opened it for production.

When considering a POD, the Division must consider the criteria in 11 AAC 83.303(a) and (b). Accordingly, the Division considered the public interest, conservation of natural resources, prevention of economic and physical waste, protection all interested parties including the state, environmental costs and benefits, geological and engineering characteristics or reservoirs or potential hydrocarbon accumulations, prior exploration activities, plans for exploration or development, economic costs and benefits to the state, and any other relevant factors, including mitigation measures. 11 AAC 83.303(a), (b).

In approving earlier NCU PODs the Division considered 11 AAC 83.303 and found that the PODs promoted conservation of natural resources, promoted prevention of waste, and protected the parties' interests. The Division incorporates those findings by reference.

This NCU 42nd POD proposes activities to help to maintain production at NCU. Aurora may drill a new well following testing of the deeper sands in the NC #10. Continued production will lead to additional economic benefit to the state, but will have only an incremental effect on environmental costs because the development will occur under the terms of the unit agreement. The agreement promotes efficient evaluation and development of the state's resources, and minimizes impacts to the area's cultural, biological, and environmental resources.

Having considered the 11 AAC 83.303 (a) and (b) criteria, the Division finds that the 42nd POD complies with the provisions of 11 AAC 83.303. Accordingly, the 42nd POD is approved for the period January 1, 2016 through December 31, 2016.

This approval is only for a general plan of development. Specific field operations will require an approved Plan of Operations. Under 11 AAC 83.343, the 43rd POD is due on October 1, 2016, 90 days before the 42nd POD expires.

A person affected by this decision may appeal it, in accordance with 11 AAC 02. Any appeal must be received within 20 calendar days after the date of "issuance" of this decision, as defined in 11 AAC 02.040(c) and (d), and may be mailed or delivered to Mark Myers, Commissioner, Department of Natural Resources, 550 W. 7<sup>th</sup> Avenue, Suite 1400, Anchorage, Alaska 99501; faxed to 1-907-269-8918; or sent by electronic mail to [dnr.appeals@alaska.gov](mailto:dnr.appeals@alaska.gov). This decision takes effect immediately. An eligible person must first appeal this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.

If you have questions regarding this decision, contact Kathleen King with the Division at 907-269-8813 or via email at [kathleen.king@alaska.gov](mailto:kathleen.king@alaska.gov).

Sincerely,



Corri A. Feige  
Director

cc: DOL