



THE STATE  
*of* **ALASKA**  
GOVERNOR BILL WALKER

Department of Natural Resources

DIVISION OF OIL & GAS

550 W 7th Avenue, Suite 1100  
Anchorage, AK 99501-3560  
Main: 907.269.8800  
Fax: 907.269.8939

April 4, 2017

CERTIFIED MAIL  
RETURN SERVICE REQUESTED

Tim Jones  
Senior Landman  
Cook Inlet Energy  
601 W 5th Ave, Suite 310  
Anchorage, AK 99501

Re: 2017 17th Plan of Development for the Redoubt Unit

Dear Mr. Jones:

Cook Inlet Energy (CIE) submitted a proposed Redoubt Unit (RU) 17th Plan of Development (2017 POD) to the Department of Natural Resources, Division of Oil and Gas (Division) on January 31, 2017. This decision approves the 2017 POD.

CIE's proposed POD provides information about development and operational activities, as prescribed by 11 AAC 83.343. Accordingly, the Division notified CIE by email on February 9, 2017 that the Division had deemed the POD submittal complete. CIE also provided a technical presentation on February 16, 2017.

RU is currently producing 640 stb/day and the cumulative stands at 3.86 Million Barrels.

For the 2016 (16th) POD period, CIE committed to (1) sidetrack the RU 7A well; (2) continue well maintenance and optimizations, including electric submersible pump (ESP) change outs in the RU-1A and/or RU-5B wells and stimulation of one or both wells; and (3) develop a plan to explore and develop the South Stepout. CIE also set forth long-term plans to begin drilling the RU-4B sidetrack well by April 1, 2018 to further develop the Hemlock PA, to possibly convert the RU-3 well to waterflood injection, and to continue further delineations and development drilling in the Central, Southern, and Northern fault blocks.

CIE reports that during the 2016 POD period it completed the RU-7A sidetrack as RU-7B and brought the well into production. CIE also upgraded the Osprey platform, including replacing the gas-fired boiler with an electric heating system. CIE started, but did not complete, developing its plan for additional exploration and development. CIE also did not complete the ESP changeouts.

For the 2017 POD period, CIE commits to:

- Drill and hydraulically fracture a sidetrack of the RU-3 well and use it as waterflood injection;
- Change out the ESP's in RU-1A and RU-5B; and

- Hydraulically fracture the RU-1A, RU-5B, and RU-9 wells if the results from stimulating the RU-7B well are satisfactory.

When considering a POD, the Division considers the public interest, conservation of natural resources, prevention of economic and physical waste, protection of all interested parties, including the state, environmental cost 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). The Division previously considered these factors in approving the unit and earlier PODs for Redoubt, and incorporates those findings by reference.

Continued production from RU, CIE's efforts to enhance production from existing wells, and continued drilling protects the State's economic interests in developing its natural resources. The work commitments that CIE did not fully complete from the 2016 POD, it has committed to completing in the 2017 POD period. Beyond this POD period, CIE's plans include additional development drilling, as well as exploration of areas to the north, which also protects the State's interest in developing its resources. CIE's planned activities do not increase its impact to the land, further demonstrating the conservation and environmental benefits of unitized development.

Considering the 11 AAC 83.303 criteria, and the continued production and drilling proposed with this POD, the Division approves the 2017 POD for the period May 1, 2017 through April 30, 2018. CIE will need to submit a proposed 2018 POD to the Division 90 days before the expiration of 2017 POD, which is on or before January 30, 2018. This approval is for a general plan of development; specific field operations will require an approved Plan of Operations.

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 Andrew T. Mack, Commissioner, Department of Natural Resources, 550 W. 7th 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 Becky Kruse with the Division at 907-269-8799 or via email at [Becky.Kruse@Alaska.gov](mailto:Becky.Kruse@Alaska.gov).

Sincerely,



Chantal Walsh  
Director