



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  
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April 4, 2018

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

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

Re: 18th Plan of Development for the Redoubt Unit

Dear Mr. Jones:

Cook Inlet Energy (CIE) submitted a proposed Redoubt Unit (RU) Plan of Development (POD) to the Department of Natural Resources, Division of Oil and Gas (Division) on January 31, 2018. This decision approves the 18th 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 8, 2018 that the Division had deemed the POD submittal complete. CIE also delivered a technical presentation on February 26, 2018.

RU is currently producing 827 stb/day, and the cumulative stands at 4.2 million barrels through November 2017. Gas production currently is at 145,000 cubic feet per day, and the cumulative production at 2.41 billion cubic feet through November 2017.

For the 17th POD period, CIE committed to:

- Drill and hydraulically fracture a sidetrack of the RU-3 well and use it as waterflood injection;
- If hydraulic fracture stimulation of RU-7B well provided satisfactory results, then CIE would complete similar hydraulic fracture stimulations of RU-1A and 5B to enhance production; and
- Change out the ESP's in RU-1A and RU-5B.

CIE completed the sidetrack of the RU-3 as RU-3A, and brought the well online as a waterflood injection well. CIE did not hydraulically fracture RU-1A and RU-5B because of ESP failures in those wells. Those ESPs, however, all were replaced during the POD period. Additionally, CIE applied to contract the RU and create a new South Step Out Participating Area (PA). A decision on CIE's application is pending.

For the 18th POD period, CIE commits to:

- Examine results of current and planned enhanced recovery waterflood efforts, and if appropriate, convert, additional non-producing wells to water injection wells
- Change out the failed ESP in the RU-9 well, and perhaps stimulate the RU-9 well by hydraulic fracturing
- Drill and stimulate a sidetrack of the RU-4A well and use it as a waterflood injection well to further enhance production

As stated in the 2017 POD approval, CIE's continued production from RU, its efforts to enhance production from existing wells, and continued drilling protects the State's economic interests in developing natural resources. CIE's long-range proposed development plans further include the pursuit of delineation and development drilling opportunities within the Central, Southern, and Northern fault blocks. CIE's planned activities do not increase impact to the land, thus demonstrating the conservation and environmental benefits of unitized development.

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 of 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 RU, and incorporates those findings by reference.

Considering the 11 AAC 83.303 criteria, and the continued production proposed with this POD, the Division approves the 18th POD for the period May 1, 2018 through April 30, 2019. CIE will need to submit a proposed 54th POD to the Division 90 days before the expiration of 18th POD, which is on or before January 30, 2019.

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 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 Ken Diemer with the Division at 907-269-8784 or via email at [ken.diemer@alaska.gov](mailto:ken.diemer@alaska.gov).

Sincerely,



Chantal Walsh  
Director