

20 AAC 25.055. Drilling units and well spacing

(a) The commission ~~will, in its discretion,~~ **may** establish drilling units to govern well spacing and prescribe a spacing pattern by pool rules adopted in accordance with 20 AAC 25.520. 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:

(1) for a well drilling for oil, a wellbore 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;

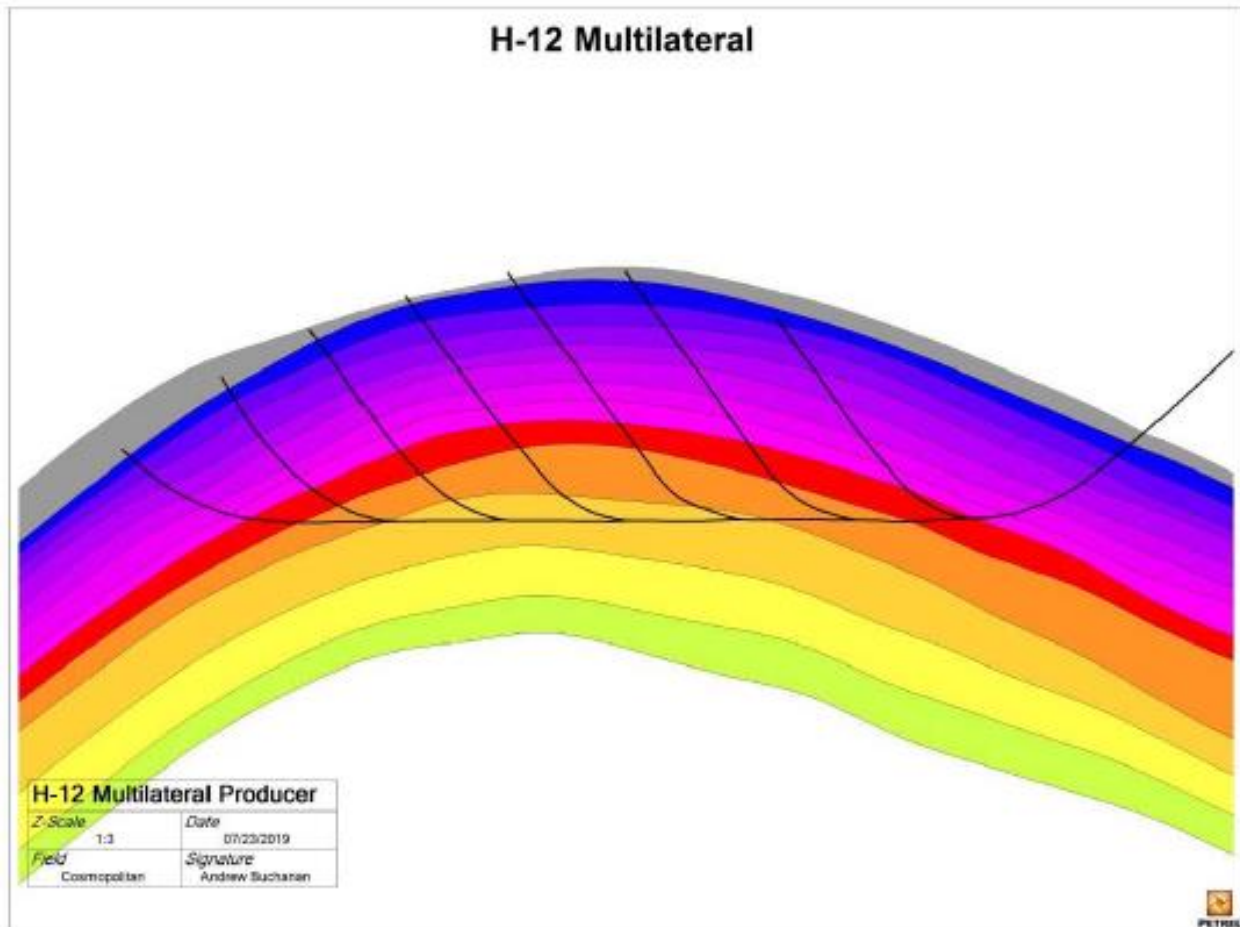
(2) for a well drilling for gas, a wellbore may be open to test or regular production within 1,500 feet of a property line only if the owner is the same and the landowner is the same on both sides of the line;

~~(3) if oil has been discovered, the drilling unit for the pool is a governmental quarter section; not more than one well may be drilled to and completed in that pool on any governmental quarter section; a well may not be drilled or completed closer than 1,000 feet to any well drilling to or capable of producing from the same pool;~~

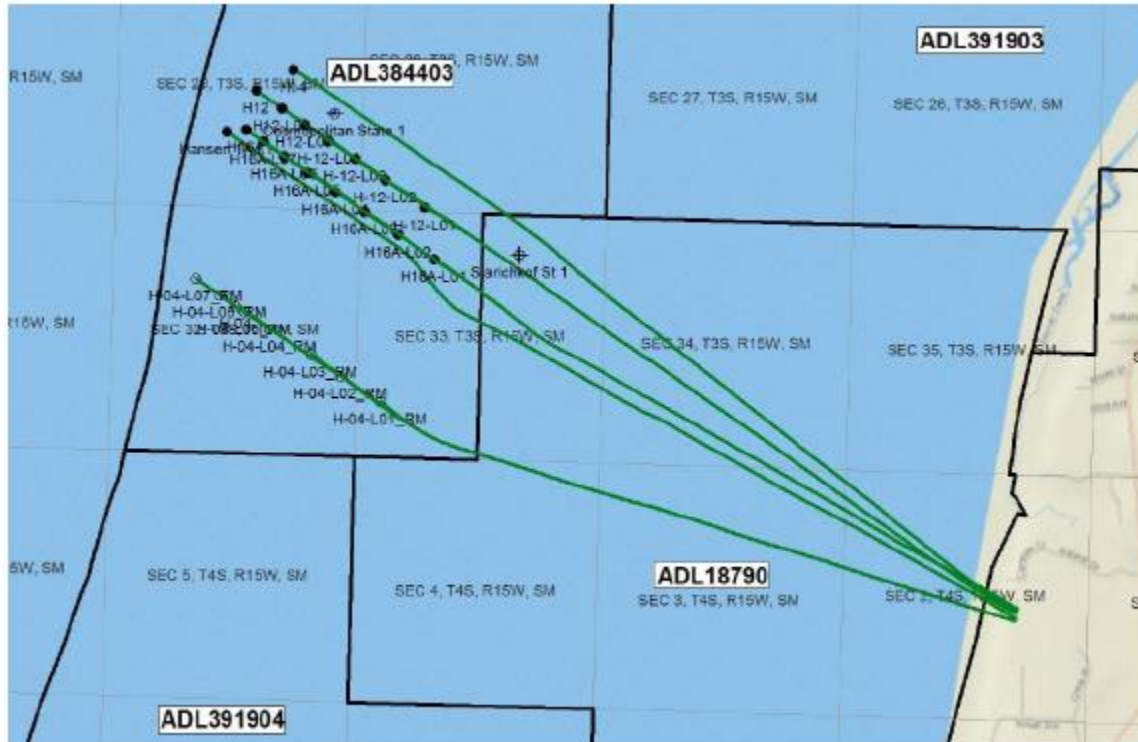
~~————— (4) if gas has been discovered, the drilling unit for the pool is a governmental section; not more than one well may be drilled to and completed in that pool on any governmental section; a well may not be drilled or completed closer than 3,000 feet to any well drilling to or capable of producing from the same pool.~~

## AOGCC Well Spacing Exception Example #1: BlueCrest Energy

- The figure below is a side view example of the “fishbone” well design in the Cosmopolitan Unit.
- Spacing between the individual fishbones (or laterals) in a single well is about 800 feet resulting in the need for 7 or more spacing exceptions per “fishbone” under the existing statute.
- Modern well designs like this are used to optimize and improve ultimate recovery.
- Requests for inter-well spacing exceptions are unnecessary to protect correlative rights or prevent waste.



The figure below is a bird's-eye view of the Cosmopolitan Unit development with the dots and text indicating the locations of the many "fishbone" laterals.



## AOGCC Well Spacing Exception Example #2: ConocoPhillips

- The figure below is a bird's-eye view of the planned development of the Rendezvous Oil Pool in the Greater Mooses Tooth Unit.
- Multiple wells will cross a governmental quarter section, and each well would require a spacing exception under the existing statute.
- The proposed horizontal well development will yield greater recovery than a conventional vertical/slant well development plan with a minimum spacing rule.
- Requests for inter-well spacing exceptions are unnecessary to protect correlative rights or prevent waste.

