

STATE OF ALASKA

SARAH PALIN, GOVERNOR

ALASKA OIL AND GAS CONSERVATION COMMISSION

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ADMINISTRATIVE APPROVAL AIO 1.008

Mr. Steve Rossberg
Wells Manager
BP Exploration (Alaska) Inc.
P.O. Box 196612
Anchorage, AK 99519-6612

RE: Duck Island Unit 1-15/P25 (PTD 1930560) Request for Administrative Approval
Endicott Oil Pool

Dear Mr. Rossberg:

Pursuant to Rule 9 of Area Injection Order (AIO) 01.000, the Alaska Oil and Gas Conservation Commission (AOGCC or Commission) hereby grants BP Exploration (Alaska) Inc. (BPXA)'s request for administrative approval to continue gas injection in the subject well.

The Commission previously granted BPXA's request for administrative approval – AIO 1.006 – allowing the continued gas injection in Duck Island Unit (DIU) 1-15/P25. The well exhibited inner annulus (IA) repressurization that was manageable with periodic pressure bleeds. AIO 1.006 was canceled on March 18, 2008 following a failed mechanical integrity test, and BPXA advised the well would remain shut in for a rig workover. BPXA indicates it does not have specific plans for repairs at this time, but is evaluating DIU 1-15/P25 as a potential sidetrack candidate for rig work scheduled at Endicott during spring 2009.

The Commission finds that BPXA successfully completed three mechanical integrity tests (MITs) in the tubing-casing annulus of DIU 1-15/P25 on June 4, 2008. Test pressures ranging up to 5,630 psi in these passing MITs demonstrate competent primary and secondary barriers to the release of wellbore fluids. The Commission further finds that outer annulus pressures do not indicate anomalous conditions or loss of pressure integrity. The Commission believes that the well's condition does not compromise overall well integrity so as to threaten the environment or human safety, if the well's operation is subject to the constraints enumerated below.

AOGCC's administrative approval to continue gas injection in DIU 1-15/P25 is conditioned upon the following:

1. BPXA shall record wellhead pressures and injection rate daily;
2. BPXA shall submit to the AOGCC a monthly report of well pressures and injection rates, and shall flag the well's periodic pressure bleeds on the report;
3. BPXA shall perform an MIT-IA every 2 years to the maximum anticipated injection pressure;

4. BPXA shall maintain and operate existing automatic well shut-in equipment linked to the well's IA pressure. The actuation pressure shall not exceed 2,500 psi. Testing of the shut-in equipment shall be performed in conjunction with production well pilots and safety valves;
5. BPXA shall limit the IA pressures to 2,500 psi;
6. BPXA shall immediately notify the AOGCC and shut in the well if there is any continued deterioration in well integrity, indicated by increased inner or outer annulus pressure, increased repressure rate, or increased bleed frequency;
7. After well shut in due to a change in the well's mechanical condition, AOGCC approval shall be required to restart injection; and
8. The MIT anniversary date is June 4, 2008.

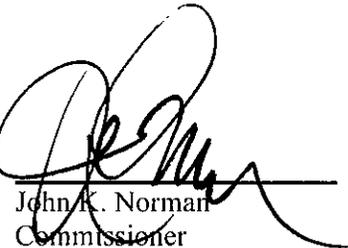
DONE at Anchorage, Alaska and dated September 19, 2008.



Daniel T. Seamount, Jr.
Chair



Cathy F. Foerster
Commissioner



John K. Norman
Commissioner

cc: BPXA Well Integrity Coordinator, PRB-20
P.O. Box 196612
Anchorage, AK 99519-6612

RECONSIDERATION AND APPEAL NOTICE

As provided in AS 31.05.080(a), within 20 days after written notice of the entry of this order or decision, or such further time as the Commission grants for good cause shown, a person affected by it may file with the Commission an application for reconsideration of the matter determined by it. If the notice was mailed, then the period of time shall be 23 days. An application for reconsideration must set out the respect in which the order or decision is believed to be erroneous.

The Commission shall grant or refuse the application for reconsideration in whole or in part within 10 days after it is filed. Failure to act on it within 10-days is a denial of reconsideration. If the Commission denies reconsideration, upon denial, this order or decision and the denial of reconsideration are FINAL and may be appealed to superior court. The appeal MUST be filed within 33 days after the date on which the Commission mails, OR 30 days if the Commission otherwise distributes, the order or decision denying reconsideration, UNLESS the denial is by inaction, in which case the appeal MUST be filed within 40 days after the date on which the application for reconsideration was filed.

If the Commission grants an application for reconsideration, this order or decision does not become final. Rather, the order or decision on reconsideration will be the FINAL order or decision of the Commission, and it may be appealed to superior court. That appeal MUST be filed within 33 days after the date on which the Commission mails, OR 30 days if the Commission otherwise distributes, the order or decision on reconsideration. As provided in AS 31.05.080(b), "[t]he questions reviewed on appeal are limited to the questions presented to the Commission by the application for reconsideration."

In computing a period of time above, the date of the event or default after which the designated period begins to run is not included in the period; the last day of the period is included, unless it falls on a weekend or state holiday, in which event the period runs until 5:00 p.m. on the next day that does not fall on a weekend or state holiday.