

STATE OF ALASKA

ALASKA OIL AND GAS CONSERVATION COMMISSION

FRANK H. MURKOWSKI, GOVERNOR

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ADMINISTRATIVE APPROVAL AIO 12.001

Mr. Steve Lambert
Advising Reservoir Engineer
Unocal Alaska
P.O. Box 196247
Anchorage, AK 99519-6247

RE: TBF A-19RD (PTD 188-001) Request for Administrative Approval

Dear Mr. Lambert:

Per Rule 8 of Area Injection Order 12, the Alaska Oil and Gas Conservation Commission ("AOGCC") hereby grants Unocal Alaska ("Unocal")'s October 3, 2006 request for administrative approval to inject water in Trading Bay Field ("TBF") A-19RD.

Unocal notified the Commission on July 19, 2006 that TBF A-19RD exhibits tubing-casing pressure communication and that the well had been shut-in. Approval to continue injection for the purpose of performing well integrity diagnostics was granted by sundry number 306-262 on August 15, 2006.

Unocal has elected to perform no corrective action at this time on TBF A-19RD. Temperature surveys performed as part of the diagnostic testing confirm the injected fluids are exiting the well at the perforations. While there is evidence of fluid movement to sands above the perforations, all injected fluids are contained within the injection interval authorized by AIO 12. Monitoring has shown that pressures are contained within the wellbore. An aquifer exemption is in effect for all aquifers lying directly below Trading Bay Field [40 CFR 147.102(b)(2)(iv)]. Accordingly, the Commission believes that the well's condition does not compromise overall well integrity so as to threaten the environment or human safety.

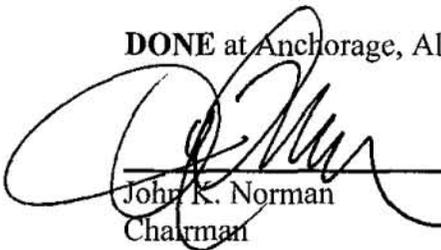
The Commission's administrative approval to inject in TBF A-19RD is conditioned upon the following:

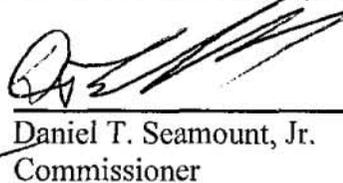
1. Injection is limited to WATER ONLY;

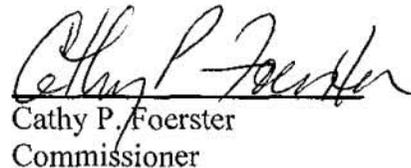
2. Unocal shall monitor and record tubing, inner annulus, and outer annulus pressures and injection rate daily;
3. Unocal shall submit to the Commission a monthly report of well pressures and injection rates;
4. Unocal shall perform a temperature survey every 2 years in lieu of the mechanical integrity test as outlined in Rule 5 of AIO 12 to demonstrate continued production casing integrity. For purposes of this requirement, the next temperature survey is due no later than September 30, 2008;
5. Unocal shall immediately shut in the well and notify the Commission if there is any change in the well's mechanical condition; and
6. After well shut in due to a change in the well's mechanical condition, Commission approval shall be required to restart injection.

As provided in AS 31.05.080, within 20 days after written notice of this 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 rehearing. A request for rehearing is considered timely if it is received by 4:30 PM on the 23rd day following the date of this letter, or the next working day if the 23rd day falls on a holiday or weekend. A person may not appeal a Commission decision to Superior Court unless rehearing has been requested.

DONE at Anchorage, Alaska and dated November 2, 2006.


John K. Norman
Chairman


Daniel T. Seamount, Jr.
Commissioner


Cathy P. Foerster
Commissioner