

STATE OF ALASKA

SARAH PALIN, GOVERNOR

ALASKA OIL AND GAS CONSERVATION COMMISSION

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ADMINISTRATIVE APPROVAL AIO 12.002

Mr. Steve Lambert
Sr. Advising Reservoir Engineer
Union Oil Company of California
PO Box 196247
Anchorage, Alaska 99519-6247

RE: Trading Bay State A-29RD (PTD 202-004) Request for Administrative Approval

Dear Mr. Lambert:

Per Rule 8 of Area Injection Order 12, the Alaska Oil and Gas Conservation Commission (Commission) hereby grants Union Oil Company of California (Union)'s request for administrative approval to continue water injection in the subject well.

Unocal notified the Commission on February 23, 2009 that Trading Bay State A-29RD exhibited a significant pressure increase in the well's tubing-casing annulus. Pressure was detected on February 21, 2009 and the well was immediately shut in pending diagnostic tests. Union submitted a request dated February 25, 2009 to perform a 30-day injection test followed by a static temperature survey to confirm casing integrity. At the Commission's request, Union proceeded with the temperature survey without the 30-day injection.

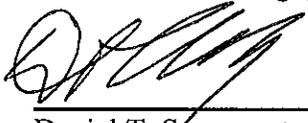
The temperature survey performed on March 18, 2009 confirms the injected fluids are exiting the well at the perforations and all injected fluids are contained within the injection interval authorized by AIO 12. Union also performed a wellhead inspection and confirms that there are no integrity concerns and 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)]. Based on the diagnostic test results, Union has elected to perform no corrective action at this time on Trading Bay State A-29RD. 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 Trading Bay State A-29RD is conditioned upon the following:

1. Injection is limited to WATER ONLY;

2. Union shall monitor and record tubing, inner annulus, and outer annulus pressures and injection rate daily;
3. Union shall submit to the Commission a monthly report of well pressures and injection rates;
4. Union shall perform a temperature survey at intervals not to exceed every 2 years in lieu of the mechanical integrity test as outlined in Rule 5 of AIO 12 to demonstrate continued production casing integrity;
5. Union must 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.
7. The anniversary date for temperature survey is March 18, 2009.

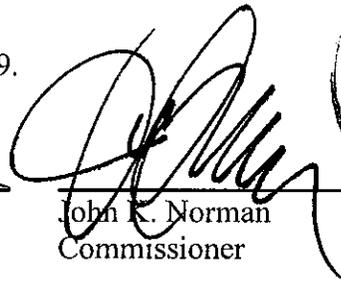
DONE at Anchorage, Alaska and dated March 23, 2009.



Daniel T. Seamount, Jr.
Chair



Cathy P. Foerster
Commissioner



John K. Norman
Commissioner



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.