

STATE OF ALASKA

SARAH PALIN, GOVERNOR

ALASKA OIL AND GAS CONSERVATION COMMISSION

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ADMINISTRATIVE APPROVAL AIO 14A.002

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

RE: PBU NK-16 (PTD 1940220) Request for Administrative Approval

Dear Mr. Rossberg:

In accordance with Rule 8 of Area Injection Order ("AIO") 14A.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 water injection in the subject well.

Niakuk Oil Pool (part of the Prudhoe Bay Unit) well NK-16 exhibits inner annulus repressurization that is being managed by periodic pressure bleeds. BPXA initiated diagnostic testing and notified the Commission regarding increased inner annulus pressure on October 8, 2007. However, pressure records show that the first indication of increasing inner annulus pressures occurred in late August 2007. You are reminded that AIO 14A, Rule 5 requires notification by the first working day following observation of pressure communication or leakage. It appears that notice should have been made to the Commission in early September.

AOGCC finds that BPXA has elected to perform no corrective action at this time on PBU NK-16. The Commission further finds that, based upon reported results of BPXA's diagnostic procedures and wellhead pressure trend plots, PBU NK-16 exhibits two competent barriers to the release of well pressure. Accordingly, the Commission believes that the well's condition does not compromise overall well integrity so as to threaten human safety or the environment.

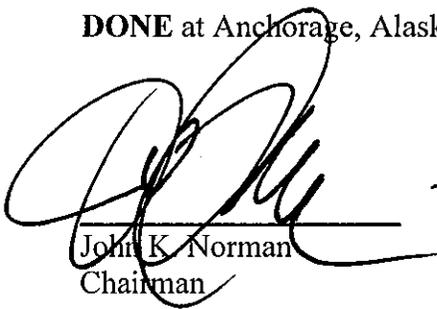
AOGCC's administrative approval to continue water injection in PBU NK-16 is conditioned upon the following:

1. BPXA shall record wellhead pressures and injection rate daily;

2. BPXA shall submit to the AOGCC a monthly report of well pressures, injection rates, and IA pressure bleeds;
3. BPXA shall perform an MIT-IA every 2 years to 1.2 times the maximum anticipated well pressure;
4. BPXA shall limit the well's IA pressure to 2,000 psi;
5. BPXA shall immediately shut in the well and notify the AOGCC if there is any change in the well's mechanical condition;
6. After well shut in due to a change in the well's mechanical condition, AOGCC approval shall be required to restart injection, and
7. The MIT anniversary date is October 28, 2007.

As provided in AS 31.05.080(a), 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 reconsideration. A request for reconsideration 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 reconsideration has been requested.

DONE at Anchorage, Alaska and dated November 29, 2007.


John K. Norman
Chairman


Daniel T. Seamont, Jr.
Commissioner


Cathy P. Foerster
Commissioner

