

ADMINISTRATIVE APPROVAL NO 457A.003 and 22B.001

Mr. Gil Beuhler
GPB Waterflood Resource Manager
BP Exploration (Alaska) Inc.
P. O. Box 196612
Anchorage, AK 99519-6612

Dear Mr. Beuhler,

By letter dated April 26, 2004, BP Exploration (Alaska), Inc. ("BPXA") requested authorization to conduct a pilot miscible injection (MI) project in Aurora Oil Pool ("AOP") Wells S-112, S-110 and S-116. The Commission approved AOP miscible gas injection for enhanced recovery purposes by Conservation Order 457A (CO 457A), dated May 15, 2003 and Area Injection Order (AIO 22B) dated May 6, 2003. Rule 7 of CO 457A and Rule 9 of AIO 22B require that approval be obtained prior to expansion outside of the North of Crest and West Blocks of the AOP. Wells proposed for the pilot are outside of this approved area.

Injection is planned to start mid-May in Well S-112 and S-110, within the South East of Crest Block, and in mid-September in Well S-116i, within the Crest Block of the AOP. Pilot miscible injection for 4-6 weeks is proposed to verify long-term feasibility of MI injection, and to stimulate the formation, improving water injection rates for these wells.

The reservoir pressure in the injectors appears to be above the minimum miscibility pressure ("MMP") of 2700 psi, although the same producers have reservoir pressures lower than the MMP. Pilot operations for short-term injection may provide valuable information for later long term expansion of the area under MI flood, potentially enhancing recovery.

The Commission approves BPXA's request to inject miscible gas into AOP Wells S-112, S-110 and S-116 subject to the conditions, limitations, and requirements set out below and statewide requirements under 20 AAC 25 (to the extent not otherwise superseded by AIO 22B and Conservation Order 457A).

- Separate sundry approval for conversion to MI injection service must be obtained.
- Miscible gas injection is limited to no more than 3 months duration in each well.
- Review of the information obtained during the test period must be presented to the Commission before April 1, 2005.

This approval expires on December 31, 2004.

DONE at Anchorage, Alaska and dated May 11, 2004.

John K. Norman, Chair
Commissioner

Daniel T. Seamount, Jr.
Commissioner