

STATE OF ALASKA

SARAH PALIN, GOVERNOR

ALASKA OIL AND GAS CONSERVATION COMMISSION

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ADMINISTRATIVE APPROVAL AIO 2B.011 (Revised)

Ms. MJ Loveland
Well Integrity Projects Supervisor
ConocoPhillips Alaska, Inc.
P.O. Box 100360
Anchorage, AK 99510-0360

RE: Kuparuk River Unit 1A-04A (PTD 200-194)
Request for Modification of Administrative Approval

Dear Ms. MJ Loveland:

On July 4, 2009 ConocoPhillips Alaska, Inc. (CPAI) requested that the current administrative approval be revised under Rule 9 of Area Injection Order (AIO) 2B to allow both the injection of water and miscible gas injectant (MI) in Kuparuk River Unit (KRU) well 1A-04A (PTD 200-194). The Alaska Oil and Gas Conservation Commission (Commission) GRANTS CPAI's request for both water and MI injection as detailed below.

KRU 1A-04A is a redrill of 1A-04. The new bottom-hole location was accessed by plugging the original well and exiting the production casing at about 6494 feet measured depth (MD) and drilling new hole to 9160 feet MD. A 4-1/2" liner was set from total depth to 6345 feet MD. The liner was cemented to provide required formation isolation. The well is equipped with a 4-1/2" tubing string that is stung into the liner top with a packer set at 6288 feet MD. The shallowest perforation is at 8848 feet MD. As constructed, KRU 1A-04A does not meet the requirements of 20 AAC 25.412(b) for an injection well which is required to be equipped with a packer set not more than 200 feet MD above the top of the perforations. The purpose of this requirement is to ensure that the injection string can be monitored throughout its length for possible leakage. As constructed, over 2500 feet of this wellbore cannot be monitored. Where fresh water is not affected, 20 AAC 25.450 gives the Commission authority to approve less stringent well construction and integrity requirements. For wells similarly constructed, the Commission has exercised this discretionary authority and approved injection operations with the fluid limited to water only. AIO 2B.011 was granted to CPAI on June 27, 2006 allowing water only injection to continue.

The well has no known integrity issues. Recent well diagnostics done during a short term MI cycle indicated gas injection is confined in the target strata. The diagnostics included 1) an injection spinner survey during gas injection into the Kuparuk A sand (8880 to 8900 feet MD), and 2) a Pulsed Neutron Porosity log showing no gas migration up the liner annulus.

CPAI has provided pressure test information using water that demonstrates that the injection string (combination of tubing and liner) and the production casing (the 7" casing above the packer) do have integrity. Accordingly, the Commission believes that the well's condition will not result in an increased risk of movement of fluids outside the injection zone.

Per Rule 9 of Area Injection Order 2B, the Commission hereby grants CPAI's July 4, 2009 request to allow MI injection with the already approved water injection in KRU 1A-04A with the following conditions:

1. CPAI shall perform a mechanical integrity test of the tubing/liner string (MIT-T) every 2 years by employing the nipple profile at 8533 feet MD to demonstrate continued integrity of the injection string;
2. CPAI shall perform a mechanical integrity test of the inner annulus (MIT-IA) every 2 years to demonstrate continued integrity of production casing;
3. Anniversary date for MITT and MITIA is May 30, 2006;
4. CPAI shall immediately shut in the well and notify the Commission if there is any change in the well's mechanical condition;
5. After well shut in due to a change in the well's mechanical condition, Commission approval shall be required to restart injection;

Monthly reporting of daily rate and pressures is not required since this well does have a separate production casing string and does not demonstrate integrity loss.

DONE at Anchorage, Alaska and dated July 20, 2009.



Daniel T. Seamount, Jr.
Chair



Cathy P. Foerster
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.