

STATE OF ALASKA

ALASKA OIL AND GAS CONSERVATION COMMISSION

FRANK H. MURKOWSKI, GOVERNOR

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ADMINISTRATIVE APPROVAL NO. AIO 2B.015

Mr. Jerry Dethlefs
Problem Well Supervisor
ConocoPhillips Alaska, Inc.
P.O. Box 100360
Anchorage, AK 99510-0360

RE: KRU 1Y-05 (PTD 183-087)
Request for Administrative Approval

Dear Mr. Dethlefs:

On September 5, 2006 ConocoPhillips Alaska, Inc ("CPAI") requested an administrative approval under Rule 9 of Area Injection Order "AIO" 2B to allow continued water injection in service well Kuparuk River Unit ("KRU") 1Y-05. The Alaska Oil and Gas Conservation Commission ("Commission") GRANTS CPAI's request for WATER ONLY service, as detailed below.

1Y-05 was originally reported to have failed mechanical integrity testing on July 18, 2006. Diagnostic testing on July 23, 2006 indicated that there was a production casing leak ~200' above the packer. Additional testing has indicated that the tubing is competent and the outer annulus ("OA") was also successfully tested.

CPAI has elected not to perform corrective action on 1Y-05 to restore full integrity. The Commission finds that, based upon reported results of CPAI diagnostic procedures, 1Y-05 exhibits a minimum of two competent barriers to the release of well pressure. Accordingly, the Commission believes that the well's condition does not compromise overall well integrity and will not result in an increased risk of movement of fluids outside the injection zone. Where freshwater is not affected, 20 AAC 25.450 gives the Commission authority to approve less stringent well integrity and operation requirements.

Per Rule 9 of AIO 2B, the Commission hereby grants CPAI's request for administrative approval to continue water injection in KRU 1Y-05 on the following conditions:

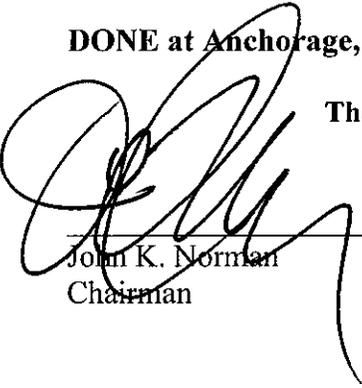
1. Injection is limited to WATER ONLY;

2. CPAI shall monitor and record tubing, inner annulus and outer annulus (T/I/O) pressures and injection rate daily;
3. CPAI shall submit to the Commission a monthly report of well pressures and injection rates including any pressure bleed events;
4. CPAI shall perform a Mechanical Integrity Test of the Tubing ("MIT-T") every two years against a wireline plug set below the packer;
5. CPAI shall perform an MIT-OA every two years;
6. CPAI shall immediately shut in the well and notify the Commission upon any measurable change in the wells mechanical condition; and
7. After well shut in due to a change in the well's mechanical condition, Commission approval shall be required to restart injection.
8. The MIT anniversary date is July 23, 2006.

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 September 12, 2006.

The Alaska Oil and Gas Conservation Commission



John K. Norman
Chairman



Daniel T. Seamount, Jr.
Commissioner



Cathy F. Foerster
Commissioner