

STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

ALASKA OIL AND GAS CONSERVATION COMMISSION

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ADMINISTRATIVE APPROVAL NO. AIO 2B.002

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

RE: KRU 2Z-16 (PTD 185-109) Request for Administrative Approval
Approval AIO2B.002

Dear Mr. Dethlefs:

Per Rule 9 of Area Injection Order ("AIO") 002.B, the Alaska Oil and Gas Conservation Commission ("AOGCC" or "Commission") hereby grants ConocoPhillips Alaska, Inc. ("CPAI")'s request for administrative approval to continue water injection in the subject well.

AOGCC finds that CPAI has attempted to perform corrective action on 2Z-16 to restore full integrity, however the work was not successful and CPAI does not propose to continue with the planned repairs. The Commission further finds that, based upon reported results of CPAI's diagnostic procedures, 2Z-16 exhibits two competent barriers to release of well pressure. Accordingly, the Commission believes that the well's condition does not compromise overall well integrity so as to threaten the environment or human safety.

AOGCC's administrative approval to continue water injection in KRU 2Z-16 is conditioned upon the following:

1. Injection is limited to WATER ONLY;
2. CPAI shall monitor and record wellhead pressures (T/I/O) and injection rate daily;
3. CPAI shall submit to the AOGCC a monthly report of well pressures and injection rates;
4. CPAI shall perform an MIT-OA every two years to 1800 psi;

January 14, 2005

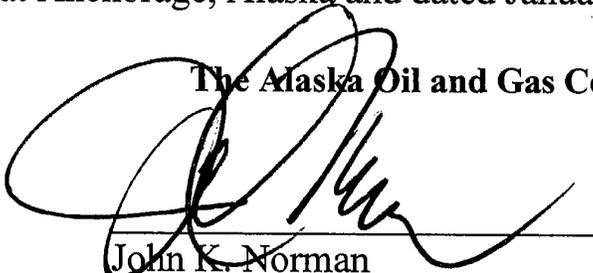
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5. CPAI shall perform a leak detection log every two years to demonstrate production casing integrity;
6. CPAI shall immediately shut in the well and notify the AOGCC upon any measurable change in well outer annulus pressure; and
7. After well shut in, AOGCC approval shall be required to restart injection.

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 January 14, 2005.

The Alaska Oil and Gas Conservation Commission



John K. Norman
Chairman



Daniel T. Seamont, Jr.
Commissioner

