

STATE OF ALASKA

SARAH PALIN, GOVERNOR

ALASKA OIL AND GAS CONSERVATION COMMISSION

333 W 7th AVENUE, SUITE 100
ANCHORAGE, ALASKA 99501-3539
PHONE (907) 279-1433
FAX (907) 276-7542

ADMINISTRATIVE APPROVAL 2B.026

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

RE: KRU 3A-14 (PTD 1852520) Request for Administrative Approval
Kuparuk River Oil Pool

Dear Ms. Loveland:

In accordance with Rule 9 of Area Injection Order (AIO) 02B.000, 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.

Kuparuk River Unit (KRU) 3A-14 exhibits tubing by inner annulus communication. Despite passing all positive pressure diagnostic tests and a drawdown test, the well exhibits inner annulus re-pressurization several days following pressure bleeds. The Commission finds that CPAI does not intend to perform repairs at this time, deferring until location of the communication can be determined. Reported results of CPAI's diagnostic procedures and wellhead pressure trend plots indicate that KRU 3A-14 exhibits at least two competent barriers to the release of well pressure.

The recent pressure history provided by CPAI shows that the inner annulus pressure equalizes with the injection pressure. CPAI requests the Commission approve inner annulus pressure equalized up to an injection pressure of 3000 psi, which is approximately 60 percent of the production casing's minimum internal yield pressure rating. Should the well develop communication to the outer annulus, the 3000 psi injection pressure would represent 85 percent of the surface casing's minimum internal yield pressure rating.

CPAI recommends no engineering controls for the ongoing assurance of integrity of the surface casing. The basis for CPAI's recommendation is an inner annulus pressure bleed conducted in December 2007. Monitoring data indicates inner annulus repressured to equalize with tubing pressure after 12 days. The Commission disagrees and believes engineering controls are appropriate. Despite 12 total days with pressures continuing to decline slightly after the initial pressure bleed, the actual repressurization of the inner

annulus occurred in just 3 days. The Commission believes that the well's condition would not compromise overall well integrity so as to threaten human safety or the environment if engineering controls were installed, monitored, and periodically tested.

AOGCC's administrative approval to continue water injection only in KRU 3A-14 is conditioned upon the following:

1. CPAI shall record wellhead pressures and injection rate daily;
2. CPAI shall submit to the AOGCC a monthly report of well pressures, injection rates, and pressure bleeds for all annuli;
3. CPAI shall perform an MIT-IA every 2 years to the maximum anticipated injection pressure;
4. **Within 30 days of the effective date of this approval, CPAI shall install, maintain and operate automatic well shut-in equipment linked to the well's outer annulus pressure. The actuation pressure shall not exceed 1,000 psi. Testing of the shut-in equipment shall be performed in conjunction with production well pilots and safety valves;**
5. CPAI 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 January 30, 2008.

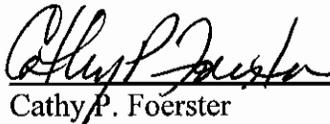
As provided in AS 31.05.080(a), within **20** days after written notice of the entry of this order, or such further time as the Commission grants for good cause shown, a person affected by it may file with the Commission an application for reconsideration of the matter determined by the order. If the notice was mailed, then the period of time shall be **23** days. The application for reconsideration must set out the respect in which the order 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. The failure to act on it within the 10-day period is a denial of it. If the Commission denies an application for reconsideration by order or inaction, upon denial, this order and the order denying reconsideration or inaction become **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 denying reconsideration, **UNLESS** the denial results from inaction, in which case the appeal **MUST** be filed within **40** days after the date on which the application for reconsideration is filed. If the Commission grants an application for reconsideration, this order does not become final. Rather, the order on reconsideration will be the **FINAL** order 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 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.

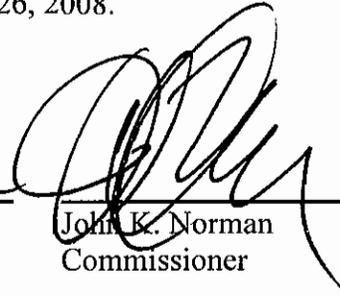
ENTERED at Anchorage, Alaska and dated February 26, 2008.



Daniel T. Seamount, Jr.
Chair



Cathy P. Foerster
Commissioner



John K. Norman
Commissioner

