

STATE OF ALASKA

SARAH PALIN, GOVERNOR

ALASKA OIL AND GAS CONSERVATION COMMISSION

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ADMINISTRATIVE APPROVAL 2B.033

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

RE: KRU 30-10 (PTD 1880590) 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. CPAI's request for miscible gas injection on a shortened injection cycle is denied.

Kuparuk River Unit ("KRU") 30-10 exhibits inner annulus repressurization following pressure bleeds while on miscible gas injection. The Commission finds that CPAI does not intend to perform repairs at this time, deferring until the location of pressure communication can be determined. Reported results of CPAI's diagnostic procedures (including positive and negative pressure tests) and wellhead pressure trend plots indicate that KRU 30-10 exhibits at least two competent barriers to the release of well pressure. CPAI has theorized that the IA pressure is the result of miscible gas injection drying out the seals and packoffs in KRU 30-10, and reenergizing those seals with more frequent water injection cycles may eliminate the communication.

The Commission has approved one well, KRU 30-12, to continue water alternating gas injection with a shortened miscible gas injection cycle and other approval conditions. Reviewing well performance for KRU 30-12, there has been no indication of pressure communication during the shortened gas injection. The same has not been demonstrated with the KRU 30-10 test data provided to the Commission, where there appears to be slow tubing by inner annulus communication developing approximately one month after commencing miscible gas injection.¹

The burst rating for surface casing is a consideration in determining pressure limits and other conditions of approval. Restricting the well to water injection significantly reduces the injection pressure. Such a limitation mitigates some of the concerns about potential excessive pressures in the event communication develops to the outer annulus. Given the stable pressure history while injecting water and relatively low annulus pressure (compared to miscible gas injection), the Commission believes it unnecessary to require special engineering controls to assure ongoing integrity of the surface casing.

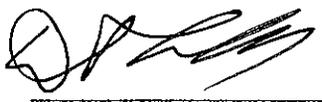
¹ On January 24, 2008 the Commission approved CPAI's request to inject miscible gas on a shortened cycle following water injection in KRU 30-10. CPAI's test of the shortened gas cycle began mid-March 2008 after approximately 3 months of water injection.

AOGCC's administrative approval to continue water injection only in KRU 30-10 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 and injection rates, and shall flag the well's periodic pressure bleeds on the report;
3. CPAI shall perform an MIT-IA every 2 years to the maximum anticipated injection pressure;
4. CPAI shall limit the well's IA operating pressure to 2000 psi and the OA operating pressure to 1000 psi;
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 June 10, 2008.



DONE at Anchorage, Alaska and dated June 19, 2008.


Daniel T. Seamont, Jr.
Chair


Cathy P. Foerster
Commissioner


John K. Norman
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.