

STATE OF ALASKA

ALASKA OIL AND GAS CONSERVATION COMMISSION

SEAN PARNELL, GOVERNOR

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ADMINISTRATIVE APPROVAL AIO 2B.045

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

RE: KRU 2X-06 (PTD 1831100) 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 an administrative approval to continue water injection in the subject well.

CPAI notified the Commission that Kuparuk River Unit (KRU) 2X-06 exhibited tubing x inner annulus (TxIA) communication on January 18, 2008. Diagnostic testing confirmed a leak at the at the tubing seal unit near the packer. Testing also indicates the communication is one-way, from the tubing to the IA, and that the IA pressure will equalize with the tubing pressure. Due to the deep location of the leak, CPAI has requested that an upper pressure limit of 3000 psi be authorized for the IA. Since 3000 psi is approximately 60% of the published internal yield of the 7" casing, CPAI proposes to install automatic shut in equipment tied to the well's outer annulus pressure that will activate at 1000 psi. A similar installation has been approved previously in KRU.

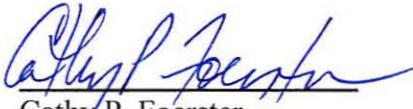
The reported results of CPAI's diagnostic procedures and wellhead pressure trend plots indicate that KRU 2X-06 exhibits at least two competent barriers to the release of well pressure. Installation of automatic shut in equipment on the well's outer annulus set to activate at 1000 psi will provide an additional level of protection due to the anticipated high annulus pressure. The Commission finds that the well's condition does not compromise overall well integrity so as to threaten human safety or the environment.

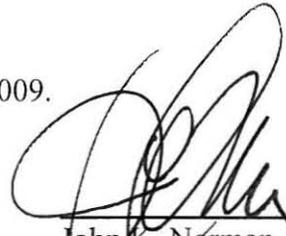
AOGCC's administrative approval to continue water injection only in KRU 2X-06 is conditioned upon the following:

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 limit the inner annulus pressure to 3,000 psi and outer annulus pressure to 1,000 psi;
4. 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 perform a mechanical integrity test of the inner annulus every 2 years to the maximum anticipated injection pressure. The initial MIT should be performed after thermal stabilization when the well is returned to operation;
6. CPAI shall immediately shut in the well and notify the AOGCC if there is any change in the well's mechanical condition;
7. After well shut in due to a change in the well's mechanical condition, AOGCC approval shall be required to restart injection; and

DONE at Anchorage, Alaska and dated December 2, 2009.


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.