

STATE OF ALASKA

SEAN PARNELL, GOVERNOR

ALASKA OIL AND GAS CONSERVATION COMMISSION

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ADMINISTRATIVE APPROVAL AREA INJECTION ORDER 2B.068

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

RE: KRU 3Q-01 (PTD 1911250) Request for Administrative Approval
Kuparuk River Oil Pool

Dear Ms. Lyons:

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”) 3Q-01 exhibits inner annulus repressurization following pressure bleeds while on miscible gas injection. Possible communication was reported to the Commission on August 16, 2011. The Commission finds that CPAI does not intend to perform repairs at this time, deferring until MI injection is again desired in the well. Reported results of CPAI’s diagnostic procedures (including positive and negative pressure tests) and wellhead pressure trend plots indicate that KRU 3Q-01 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 3Q-01, although an exact leak location has not been determined.

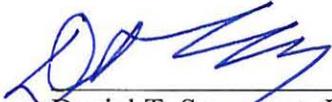
The burst rating for surface casing is a consideration in determining pressure limits and other conditions of approval. Restricting the well to water injection significantly reduces the injection pressure. Such a limitation mitigates some of the concerns about potential excessive pressures in the event 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.

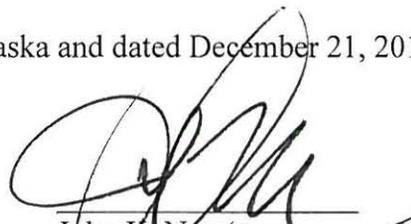
AOGCC’s administrative approval to continue water injection only in KRU 3Q-01 is conditioned upon the following:

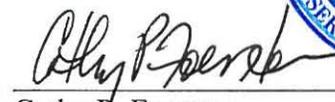
1. CPAI shall record wellhead pressures and injection rate daily;

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 November 24, 2011.

DONE at Anchorage, Alaska and dated December 21, 2011.


Daniel T. Seamount, Jr.
Chair, Commissioner


John K. Norman
Commissioner


Cathy P. Foerster
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 AOGCC grants for good cause shown, a person affected by it may file with the AOGCC 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 AOGCC 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 AOGCC 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 AOGCC mails, **OR 30** days if the AOGCC 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 AOGCC 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 AOGCC, and it may be appealed to superior court. That appeal **MUST** be filed within **33** days after the date on which the AOGCC mails, **OR 30** days if the AOGCC 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 AOGCC 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.