

STATE OF ALASKA

ALASKA OIL AND GAS CONSERVATION COMMISSION

SARAH PALIN, GOVERNOR

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ADMINISTRATIVE APPROVAL AIO 3.023

Mr. Steve Rossberg
Wells Manager
BP Exploration (Alaska) Inc.
P.O. Box 196612
Anchorage, AK 99519-6612

RE: PBU Y-24 (PTD 1861130) Request for Administrative Approval
Prudhoe Bay Oil Pool

Dear Mr. Rossberg:

Pursuant to Rule 9 of Area Injection Order (AIO) 3.000, the Alaska Oil and Gas Conservation Commission (Commission) hereby GRANTS BP Exploration (Alaska) Inc. (BPXA)'s request for administrative approval to continue water injection in the subject well.

The Commission was notified by BPXA of tubing by inner annuls (IA) communication while injecting water into PBU Y-24. Diagnostic mechanical integrity testing confirms the well exhibits competent tubing and production casing. Attempts to locate what is hypothesized by BPXA as a small tubing leak using a leak detect log were unsuccessful. BPXA has elected to perform no corrective action at this time on PBU Y-24.

A 90-day pressure history graph provided with BPXA's request shows fluctuating outer annulus (OA) pressures while the well is on injection. Clarification provided by BPXA suggests OA pressures are thermally induced. The Commission agrees that the outer annulus pressure appears to be consistent with a fluid filled annulus and not the result of pressure communication or leakage based on the available pressure information and a passing mechanical integrity test of the well's IA. A specified pressure limit for the outer annulus appears to be warranted.

The Commission believes that the well's condition does not compromise overall well integrity so as to threaten the environment or human safety if the well's operation is subject to the certain constraints. AOGCC's administrative approval to continue water injection only in PBU Y-24 is conditioned upon the following:

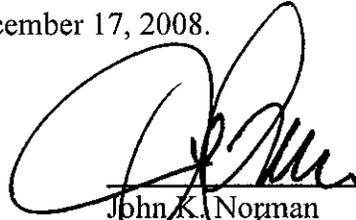
1. BPXA shall record wellhead pressures and injection rates daily;

2. BPXA 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. BPXA shall limit the well's outer annulus pressure to 1000 psi.
4. BPXA shall perform an MIT - IA every 2 years to the maximum anticipated injection pressure;
5. BPXA shall immediately notify the AOGCC and shut in the well if there is any continued deterioration in well integrity, indicated by increased inner or outer annulus pressure, increased repressure rate, or increased bleed frequency;
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 October 10, 2008.

DONE at Anchorage, Alaska and dated December 17, 2008.



Cathy F. Foerster
Commissioner



John K. Norman
Commissioner



cc: BPXA Well Integrity Coordinator, PRB-20
P.O. Box 196612
Anchorage, AK 99519-6612

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 in-action, 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.