

STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

ALASKA OIL AND GAS CONSERVATION COMMISSION

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ANCHORAGE, ALASKA 99501-3539
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November 18, 2004

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

A10 3.4

RE: PBU M-38A (PTD 201-132) Request for Administrative Approval

Dear Mr. Rossberg:

Per Rule 9 of Area Injection Order ("AIO") 003.000, the Alaska Oil and Gas Conservation Commission ("AOGCC" or "Commission") hereby grants BP Exploration (Alaska) Inc. ("BPXA")'s request for administrative approval to continue water injection in the subject well.

AOGCC finds that BPXA has elected to perform no corrective action at this time on PBU M-38A. The Commission further finds that, based upon reported results of BPXA's diagnostic procedures, PBU M-38A exhibits two competent barriers to release of well pressure. Accordingly, the Commission believes that the well's condition does not compromise overall well integrity so as to threaten the environment or human safety.

AOGCC's administrative approval to continue water injection in PBU M-38A is conditioned upon the following:

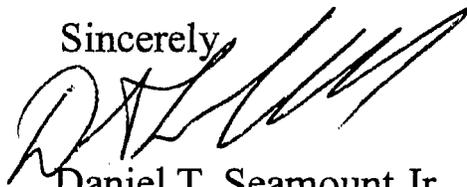
1. BPXA shall record wellhead pressures and injection rate daily;
2. BPXA shall submit to the AOGCC a monthly report of well pressures and injection rates;
3. BPXA shall perform a yearly MIT-OA to 1.2 times the maximum anticipated well pressure;
4. BPXA shall perform an MIT-T every two years to 1.2 times the maximum anticipated well pressure;
5. BPXA shall limit the well's IA pressure to 500 psi;

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6. BPXA shall immediately shut in the well and notify the AOGCC upon any measurable change in well outer annulus pressure; and
7. after well shut in, AOGCC approval shall be required to restart injection.

As provided in AS 31.05.080, within 20 days after written notice of this 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 rehearing. A request for rehearing is considered timely if it is received by 4:30 PM on the 23rd day following the date of this letter, or the next working day if the 23rd day falls on a holiday or weekend. A person may not appeal a Commission decision to Superior Court unless rehearing has been requested.

Sincerely

A handwritten signature in black ink, appearing to read 'D. T. Seamount Jr.', written over the word 'Sincerely'.

Daniel T. Seamount Jr.
Commissioner