

STATE OF ALASKA

SARAH PALIN, GOVERNOR

ALASKA OIL AND GAS CONSERVATION COMMISSION

333 W. 7th AVENUE, SUITE 100
ANCHORAGE, ALASKA 99501-3539
PHONE (907) 279-1433
FAX (907) 276-7542

ADMINISTRATIVE APPROVAL 4E.028

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

RE: PBU GNI-04 (PTD 2071170) Request for Administrative Approval
Prudhoe Bay Oil Pool

Dear Mr. Rossberg:

Pursuant to Rule 9 of Area Injection Order ("AIO") 04E.000, the Alaska Oil and Gas Conservation Commission ("AOGCC" or "Commission") hereby grants BP Exploration (Alaska) Inc. ("BPXA")'s request to defer the initial pressure fall-off test at the subject well until summer 2008.

The Grind and Inject ("GNI") plant and associated disposal injection wells are located near Drillsite 4 in the eastern operating area of the Prudhoe Bay field. An initial pressure fall-off test is required by AIO 4E, Rule 10 as one of several baseline tests to be completed for slurry injection wells prior to sustained disposal injection. GNI-04 is the fifth slurry injector drilled as part of the Prudhoe Bay field GNI project. All required baseline and performance tests have been conducted as required in previous GNI slurry injection wells.

The Commission finds that sufficient information exists to approve BPXA's request, including the following about GNI-04 well construction and baseline test information:

1. Information provided with BPXA's request and on file in Commission well records demonstrates the regional continuity of the disposal injection interval; similar well construction and operating parameters mean injection performance is predictable and likely to mirror the performance of other GNI wells;
2. Sufficient cement was placed in the well's annular spaces and verified by calculations and cement evaluation tools to assure the injection zone is isolated and injected wastes will be confined;
3. Deferring the initial pressure fall-off test until the more temperate months of summer will mitigate the difficulties BPXA has experienced in attempting to gather useful baseline performance data during winter testing;

4. Continuous monitoring of annulus pressures, injection rate and volumes will provide early detection of any potential migration of fluids from the primary injection path (injection tubing to receiving injection zone). Existing rules in AIO 4E adequately address well surveillance requirements during injection operations;
5. AIO 4E concludes that no underground sources of drinking water are known to exist in the Eastern Operating Area of the Prudhoe Bay Unit. The lack of underground sources of drinking water allows for less stringent requirements (tubing and packer integrity, monitoring, operation, etc.) by Commission-approved variance; and
6. Deferring the initial pressure fall-off test until summer during the normal GNI plant maintenance shutdown will provide the appropriate baseline data for later comparison.

Several of the baseline tests have been completed prior to this request, including a passing mechanical integrity test performed March 22, 2008, baseline temperature log, and injectivity test. BPXA has committed to completing other baseline evaluations (water flow log and step rate test) prior to commencing sustained disposal injection in GNI-04.

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. The 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. The failure to act on it within the 10-day period 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.

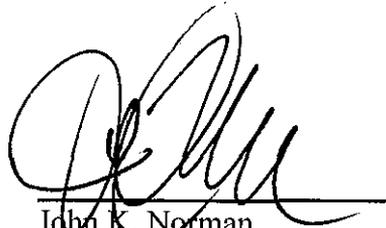
DONE at Anchorage, Alaska and dated April 9, 2008.



Daniel T. Seamount, Jr.
Chairman



Cathy P. Foerster
Commissioner



John K. Norman
Commissioner

