

STATE OF ALASKA

SARAH PALIN, GOVERNOR

ALASKA OIL AND GAS CONSERVATION COMMISSION

333 W. 7th AVENUE, SUITE 100
ANCHORAGE, ALASKA 99501-3539
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ADMINISTRATIVE APPROVAL 4E.033

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

RE: PBU 09-20 (PTD 1770410) 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 (Commission) hereby grants BP Exploration (Alaska) Inc. (BPXA)'s request for administrative approval to continue water injection in the subject well. BPXA's request to resume miscible gas injection is **DENIED**.

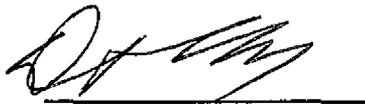
BPXA reported to the Commission that PBU 09-20 failed a mechanical integrity test (tubing-casing annulus) on June 6, 2003. Diagnostic test results provided to the Commission in December 2003 showed the well to have a production casing leak at a depth of 3400 feet. BPXA performed a rig workover in 2005 involving the installation and cementing of a scab liner to isolate the production casing leak, and installation of a new tubing string with packer. Prior to 2003, it appears that PBU 09-20 was restricted to water only due to other well mechanical integrity concerns. Water-only injection has continued following the 2005 rig workover. Commission injection records indicate PBU 09-20 has not injected miscible gas since December 1998.

On February 14, 2009, BPXA performed a passing mechanical integrity test in support of an administrative approval request for water-alternating-gas injection. The test was witnessed by a Commission Inspector. The current wellhead pressure trend plot indicates PBU 09-20 exhibits outer annulus repressurization that tracks and eventually equalizes with the inner annulus pressure. Some level of pressure communication between the inner annulus and outer annulus is evident. Infrequent pressure bleeds while injecting water have been demonstrated to be effective at managing the OA pressure. BPXA does not indicate any other diagnostic tests have been completed, and does not plan to perform corrective action at this time on PBU 09-20. 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 constraints enumerated below.

Administrative approval to continue water injection only in PBU 09-20 is conditioned upon the following:

1. BPXA shall record wellhead pressures and injection rate daily;
2. BPXA shall submit to the Commission a monthly report of well pressures and injection rates, and shall flag the well's periodic pressure bleeds on the report;
3. BPXA shall perform an MIT - IA every 2 years to the maximum anticipated injection pressure;
4. BPXA shall immediately notify the Commission 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;
5. After well shut in due to a change in the well's mechanical condition, Commission approval shall be required to restart injection; and
6. The MIT anniversary date is February 14, 2009.

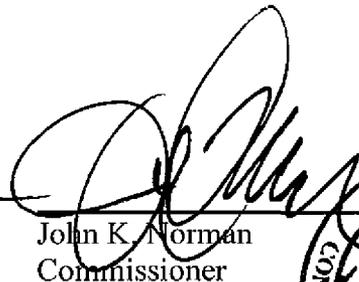
DONE at Anchorage, Alaska and dated March 24, 2009.



Daniel T. Seamount, Jr.
Chair



Cathy P. 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 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.