

ADMINISTRATIVE APPROVAL AIO 5.005

Mr. Steve Lambert
Reservoir Engineer
Unocal Alaska
P.O. Box 196247
Anchorage, AK 99519-6247

RE: Trading Bay Unit G-16 [aka Grayling 16] (PTD 168-109)
Request for Administrative Approval AIO 5

Dear Mr. Lambert:

Per Rule 9 of Area Injection Order (“AIO”) 005, the Alaska Oil and Gas Conservation Commission (“AOGCC” or “Commission”) hereby grants Unocal Alaska (“Unocal”)’s request for administrative approval for water injection in the subject well.

Based upon the information provided to us, AOGCC finds the following:

1. This well was originally reported to have experienced tubing x inner annulus (“T x IA”) communication in August 1997.
2. A workover was performed in March 1998 with the well passing the standard MIT.
3. Despite the repair effected by the workover, the IA pressure gradually increased indicating continued communication.
4. On June 5, 1998 Unocal applied by letter to keep the well in operation with known T x IA communication. Unocal’s request was approved.
5. Unocal has been operating TBU G-16 in accord with the agreement of June 5, 1998, however current Commission policy is that such authorizations require an Administrative Approval.
6. While operating the well, Unocal has performed temperature surveys to demonstrate that injected fluids are being placed in the intended formations and reporting daily observations of rate and well pressures. The most recent temperature survey was conducted on June 25, 2005.
7. Based upon analysis of the submitted logging information, there are no temperature anomalies indicated. The monthly rate/pressure information has not indicated any further pressure integrity loss.
8. At this time, Unocal is not proposing to repair the well to restore full integrity.

9. An aquifer exemption is in effect below Cook Inlet for Trading Bay Unit (McArthur River Field) [40 CFR 147.102(b)(2)(ii).]

Based on analysis of the submitted information, the Commission concludes that TBU G-16 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 Trading Bay Unit G-16 [aka Grayling 16] is conditioned upon the following:

1. Injection is limited to WATER ONLY;
2. Unocal shall monitor and record wellhead pressures [T/I/O] (tubing/inner annulus/outer annulus) and injection rate daily and submit this information to the Commission monthly;
3. Unocal shall perform a temperature log every two years to demonstrate continued production casing integrity;
4. Unocal shall immediately shut in the well and notify the AOGCC upon any measurable change in well outer annulus pressure or any change in the rate/pressure relationship for the tubing/IA; and
5. 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.

DONE at Anchorage, Alaska and dated September 7, 2005.

John K. Norman
Chairman

Daniel T. Seamount, Jr.
Commissioner

Cathy P. Foerster
Commissioner