

ADMINISTRATIVE APPROVAL NO. DIO 11.001

Mr. Ben Schoffmann
Operations Superintendent
Marathon Oil Company
P.O. Box 196168
Anchorage, AK 99519-6168

Re: Request to amend Disposal Injection Order ("DIO") 11, by replacing well KU 24-07 (PTD 182-016) with sidetrack well KU 24-7rd (PTD 205-099).

Dear Mr. Schoffman:

The Alaska Oil and Gas Conservation Commission ("Commission") grants the request of Marathon Oil Company ("MOC") to amend DIO 11 by replacing well KU 24-07 with sidetrack well KU 24-7rd. By Application for Sundry Approvals (Form 10-403) dated June 21, 2005 and application for Permit to Drill (Form 10-401) dated June 22, 2005, MOC proposed to abandon well KU 24-07 (PTD 182-016) and replace it with sidetrack well KU 24-7rd (PTD 205-099). During an attempted workover operation approved by the Commission on February 17, 2005 (Sundry Approval No. 305-034), MOC determined that KU 24-07 was damaged beyond repair.

The Commission finds as follows:

1. KU 24-7rd was drilled to a bottom-hole location approximately 170 feet away from KU 24-07's bottom-hole location;
2. during an attempted workover operation, MOC determined that KU 24-07 was irreparably damaged;
3. KU 24-07 and KU 24-7rd penetrate common subsurface strata;
4. MOC proposes to utilize well KU 24-7rd as a replacement for the now abandoned well KU 24-07, for injection in the Kenai Unit;

5. KU 24-7rd's area of review ("AOR") encompasses no wells that are not already within KU 24-07's AOR, and
6. Replacing well KU 24-07 with sidetrack well KU 24-7rd is based upon sound engineering practices and will not result in an increased risk of fluid movement into an underground source of drilling water.

It is therefore ordered that DIO 11 is amended by replacing well KU 24-07 with sidetrack well KU 24-7rd.

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 February 7, 2006.

John K. Norman
Chairman

Daniel T. Seamount, Jr.
Commissioner

Cathy P. Foerster
Commissioner