

STATE OF ALASKA

ALASKA OIL AND GAS CONSERVATION COMMISSION

SARAH PALIN, GOVERNOR

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

ADMINISTRATIVE APPROVAL NO. DIO 3.003

Ms. Mary Mae Aschoff
Environmental Coordinator
ConocoPhillips Alaska Inc.
P.O. Box 66
Kenai, Alaska 99611

Re: Disposal Injection of Unused Completion Fluids

Dear Ms. Aschoff:

Disposal Injection Order ("DIO") 3 approved the injection of Class II waste fluids into Beluga River Unit Well BRWD-1. There have been three administrative approvals granted since DIO 3 was issued clarifying fluids eligible for injection into this Class II disposal well. On June 10 and clarified June 17, 2008 you requested approval to dispose of unused completion fluids in Well BRWD-1. Your request is **APPROVED**.

The Beluga River Field is a remote gas production facility located on the west side of Cook Inlet. ConocoPhillips has scheduled well work and drilling operations for several Beluga wells during 2008. Hydraulic fracturing is necessary with an engineered fluid due to the insufficient capability of the completed formations to produce based on past production tests. ConocoPhillips Alaska Inc. (CPAI) has chosen a fluid designed with sufficient viscosity to carry and keep the fracture proppant in solution.

CPAI notes in their request the 2008 drilling and completion programs are complex because of the uncertainty of fluid required for fracturing operations and the gross thickness to be completed. Planned operations call for fracturing multiple zones that may require separate fracture treatments due to pressure differences. CPAI states that while they have the ability to prepare the completion fluid at the location, there may be excess volumes that cannot be used downhole for cleaning out sand plugs placed in a well for isolating the zones that will be fractured. Disposal options are limited at Beluga and CPAI argues the most efficient and environmentally preferable option is to inject unused completion fluids into BRWD-1.

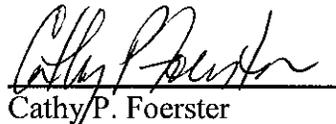
Confinement of fluids to the intended injection zone in Well BRWD-1 has been demonstrated by historical injection performance data provided by CPA. Well integrity has been demonstrated by successful mechanical integrity testing and monitoring the well's annular pressures. The disposal of unused completion fluids to be used during the 2008 drilling and completion program at Beluga will have no detrimental effect on the confinement of fluids. Well integrity, correlative rights, and waste will not occur from the disposal injection of unused completion fluid into Well BRWD-1.

Approval applies only to this specific request and is not intended to provide for a blanket authorization to inject these or similar non-hazardous fluids down other Class II disposal wells.

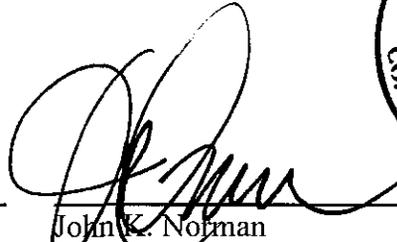
DONE at Anchorage, Alaska and dated June 19, 2008.



Daniel T. Seamount, Jr.
Chair



Cathy P. Foerster
Commissioner



John K. Norman
Commissioner



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.