

STATE OF ALASKA

SARAH PALIN, GOVERNOR

ALASKA OIL AND GAS CONSERVATION COMMISSION

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ADMINISTRATIVE APPROVAL ERO 2.002

Re: **The application from Forest Oil Corporation** to inject non-hazardous fluids for Class II enhanced oil recovery in the Redoubt Unit, Redoubt Shoal Undefined Oil Pool, Cook Inlet, Alaska.

Mr. Paul M. Winslow
Reservoir Engineer
Forest Oil Corporation
310 K Street, Suite 700
Anchorage, AK 99501

Dear Mr. Winslow:

Forest Oil Corporation ("Forest") requested by letter dated January 25, 2007 approval to commingle West Foreland produced water with non-hazardous fluids currently authorized for injection into the Hemlock formation of the Redoubt Shoal Undefined Oil Pool. Enhanced Recovery Injection Order ("ERO") 2.001A authorizes a pilot waterflood involving injection well Redoubt Unit 6A and lists the fluids currently permitted for injection. Produced water from Redoubt Unit and West MacArthur River Unit ("WMRU") development wells is currently authorized for waterflood injection in Redoubt Unit 6A. West Foreland produced water is currently not listed in ERO 2.001A.

Forest's request to include produced water from the West Foreland field is approved.

The Commission reviewed results of a fluid compatibility study attached to Forest's request. The study results included analyzing mixed samples of the produced water streams to be injected into the Hemlock formation for total suspended solids and turbidity. Results indicate that addition of the small volume of West Foreland produced water is insufficient to adversely impact the Hemlock reservoir.

Forest indicates oil production from the Redoubt Unit has been enhanced because of the pilot waterflood. However, recent mechanical problems in one Redoubt Unit production well have significantly reduced the volume of produced water available for injection. Completion of a 4-inch transmission line from the WMRU in October 2006 has made it possible to transfer produced water to the Redoubt Unit to sustain the waterflood. To date WMRU produced water has been diverted to Class II disposal well WMRU #4D because produced water from the WMRU and West Foreland fields are commingled before injection.

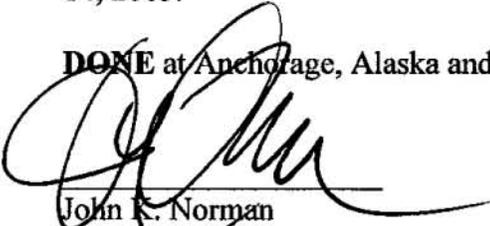
The Commission finds that the addition of West Foreland produced water to the currently authorized EOR injection fluids in Redoubt Unit Well 6A will not promote waste, will not jeopardize correlative rights, and will not contribute to the potential for fluid movement outside of the injection zone. Therefore, in accordance with the provisions of ERO No. 2, Rule 9, the Commission approves the injection of the following non-hazardous fluids by blending with produced water from the Redoubt Shoal Undefined Oil Pool (Hemlock formation):

- 1) treated sanitary waste,
- 2) treated gray water from platform and camp living facilities,
- 3) produced Hemlock Formation water from the West McArthur River Oil Pool,
- 4) produced water from gas wells at the West Foreland field,
- 5) storm water from secondary containment areas at the Kustatan and West McArthur Production Facilities, and
- 6) deck drainage from the Osprey platform.

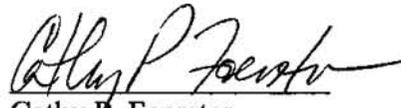
As a condition of this approval, Forest must continue to collect and analyze representative samples of the mixed fluid stream at Redoubt Unit injection manifold to demonstrate its non-hazardous characteristics and its continued suitability for EOR injection. Analytical results shall be retained according to the provisions of 20 AAC 25.310. Volumes shall be incorporated into the monthly (Form 10-406) and annual (Form 10-413) injection reports.

This approval amends and replaces the original administrative approval ERO 2.001A dated July 14, 2005.

DONE at Anchorage, Alaska and dated January 30, 2007.



John K. Norman
Chairman



Cathy P. Foerster
Commissioner