

STATE OF ALASKA

ALASKA OIL AND GAS CONSERVATION COMMISSION

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ADMINISTRATIVE APPROVAL

ENHANCED RECOVERY INJECTION ORDER 3.002

Mr. David Hall, CEO
Cook Inlet Energy
601 W. 5th Ave., Ste. 310
Anchorage, AK 99501

Re: Request for Time Extension of Enhanced Recovery Injection Order No. 03, West McArthur River Unit, West McArthur River Oil Pool, Well West McArthur River Unit No. 2A.

Dear Mr. Hall:

By letter dated and received December 27, 2010 Cook Inlet Energy (CIE) requests a time extension of the West McArthur River Unit (WMRU) pilot waterflood project, authorized by Enhanced Recovery Injection Order (ERIO) No. 03.

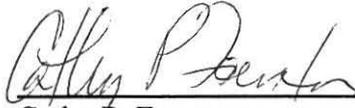
In accordance with Rule 11, Administrative Actions, of ERIO No. 03, CIE's request is approved. The expiration date specified in Rule 1 of ERIO No. 03 is extended until December 31, 2013. All other Rules of ERIO No. 03 remain in effect.

On November 6, 2006 the Alaska Oil and Gas Conservation Commission (AOGCC) issued ERIO No. 03, authorizing a pilot waterflood project by Forest Oil Corporation (Forest) in the West McArthur River Oil Pool, WMRU, Cook Inlet, Alaska. Forest did not initiate the approved waterflood, and Pacific Energy Resources Ltd. (PERL) succeeded Forest as operator of the WMRU. On November 10, 2008 the AOGCC approved a time extension of ERIO No. 03 until November 6, 2010, however PERL never undertook the necessary repair to well WMRU 2A to allow fluid injection. Since becoming operator of the WMRU, CIE has completed a tubing repair of WMRU 2A, and CIE now desires a further time extension of ERIO No. 03.

WMRU 2A is currently producing, but CIE is in position to begin fluid injection. The requested ERIO No. 03 time extension should provide adequate time for pilot water injection and data acquisition necessary for prudent project evaluation. This time extension will not promote waste or jeopardize correlative rights, is based upon sound engineering and geoscience principles, and will not result in fluid movement outside of the authorized injection zone. Therefore, the AOGCC is authorized under Rule 11 of

ERIO No. 03 to administratively amend Rule 1 of ERIO No. 03, to extend the expiration date to December 31, 2013.

ENTERED at Anchorage, Alaska and dated January 11, 2011.


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.