

STATE OF ALASKA

ALASKA OIL AND GAS CONSERVATION COMMISSION

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CORRECTED

ADMINISTRATIVE APPROVAL AIO 18C.001
ADMINISTRATIVE APPROVAL AIO 28.004
ADMINISTRATIVE APPROVAL AIO 30.004
ADMINISTRATIVE APPROVAL AIO 35.002

Mr. Jack Walker
North Slope Development
ConocoPhillips Alaska, Inc.
P.O. Box 100360
Anchorage, AK 99510

RE: Application to Allow Injection of Kuparuk River Unit Produced Water into the Following Oil Pools
No. 18C Alpine Oil Pool
No. 28 Nanuq Oil Pool
No. 30 Fiord Oil Pool
No. 35 Qannik Oil Pool
Colville River Field

Dear Mr. Walker:

The Commission has corrected the Administrative Approval to reflect the correct number in AIO 28 and AIO 35.

In accordance with Rule 11 of Area Injection Orders (AIO) 18C, 28, and 30, respectively governing the Alpine Oil Pool, Nanuq Oil Pool, and Fiord Oil Pool, and Rule 10 of AIO 35 governing the Qannik Oil Pool, the Alaska Oil and Gas Conservation Commission (Commission) **CONDITIONALLY GRANTS** ConocoPhillips Alaska, Inc.'s (CPAI) request for administrative approval to inject produced water from the Kuparuk River Unit (KRU) into the aforementioned oil pools.

Due to a fuel gas line failure, the CPAI-operated seawater treatment plant in the KRU is unable to move seawater to the Colville River Field (CRF). In order to prevent the seawater transport pipeline from freezing, CPAI has begun to displace the line with warmer produced water from the KRU. CPAI expects the displacing operation to require approximately 26,000 bbls of produced water obtained from the CPF-2 facility in the KRU. Once the seawater treatment plant is back in operation, CPAI will begin shipping seawater to the CRF again and thus displace the KRU produced water that will be occupying the seawater transport pipeline. Currently, the aforementioned AIOs, as amended, do not authorize injection of produced water from the KRU

for enhanced recovery purposes, so the only option currently available to accommodate the produced water from the KRU is to inject it into one or both of the Class I disposal wells in the CRF. These two wells don't have a high injection rate capability, so it would take several days to completely purge the seawater pipeline of KRU produced water. As such CPAI has requested authorization to inject the KRU produced water into the aforementioned oil pools for enhanced recovery purposes.

CPAI has provided compositional analyses of the produced water from the KRU and CRF as well as compositional analysis of the Beaufort seawater shipped to the CRF. The composition of the KRU produced water is very similar to the CRF produced water, so there should not be any formation compatibility issues with injection of this water. There are some differences between the KRU produced water and the Beaufort seawater that could lead to scale deposition, however the use of scale inhibitors and the small relative volume for the produced water to be injected, 26,000 bbls versus the normal monthly injection volume of 3 mmbbls, should result in negligible amount of scale deposition.

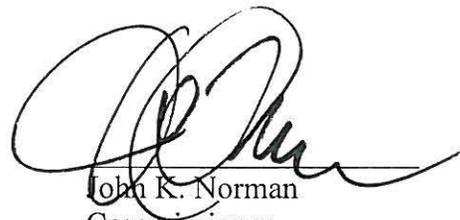
The Commission has determined that the proposed action does not require notice and public hearing, will not promote waste or jeopardize correlative rights, is based on sound engineering and geoscience principles, and will not result in an increased risk of fluid movement into freshwater. **Therefore, in accordance with Rule 11 of AIOs 18C, 28, and 30, and Rule 10 of AIO 35, the Commission administratively amends the orders to authorize the injection of up to 30,000 barrels of KRU produced water for enhanced oil recovery purposes. CPAI must use an appropriate scale inhibitor to minimize the possibility of formation damage due to scale deposition when mixing of KRU produced water and Beaufort seawater from the seawater treatment plant.**

This administrative approval does not exempt CPAI from obtaining additional permits or approvals required by law from other governmental agencies.

ENTERED at Anchorage, Alaska, and dated November 5, 2010. **Corrected on December 2, 2010.**



Daniel T. Seamount, Jr.
Commissioner, Chair



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.