

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION
333 West 7th Avenue, Suite 100
Anchorage Alaska 99501

Re: **THE APPLICATION OF**) **Area Injection Order No. 21.001**
CONOCO PHILLIPS ALASKA,)
INC. for an order allowing) Kuparuk River Field
underground injection of fluids for) Meltwater Oil Pool
enhanced oil recovery in the)
Meltwater Oil Pool, in the Meltwater) October 4, 2012
Participating Area, Kuparuk River)
Field, North Slope, Alaska)

By letters dated September 25, 2012, ConocoPhillips Alaska Inc. (CPAI) requests administrative approval for two injection wells in the Kuparuk River Unit (KRU) Meltwater Oil Pool to allow the continued injection of miscible injectant (MI) with the outer casing annulus indicating re-pressurization after pressure bleeds. The Alaska Oil and Gas Conservation Commission (AOGCC) is returning CPAI's administrative approval requests without action, and on its own motion is hereby administratively amending Area Injection Order (AIO) 021.000, Rule 2 to include an injection pressure limit. This approval authorizes the continued injection of MI into the Meltwater Oil Pool for enhanced oil recovery purposes until such time as additional AIO 21.000 amendments have been considered by the AOGCC.

Rule 2 ("Fluid Injection Wells") is hereby amended to read as follows:

*The underground injection of fluids must be through a well permitted for drilling as a service well for injection in conformance with 20 AAC 25.005, or through a well approved for conversion to a service well for injection in conformance with 20 AAC 25.280. **Surface injection pressure shall be limited to 2600 psi.***

Motivating this amendment and efforts further to revise AIO 21.000 are two issues: indications of MI migrating out of the authorized injection zone as defined and described in the AIO, and elevated outer annulus pressures in Meltwater Oil Pool injection and producing wells.

MI Migration out of the Injection Zone. Interpreted seismic data provided by CPAI shows the existence of vertical fractures that are consistent with the bottomhole location of Meltwater Oil Pool injection wells. Based on the results and interpretation of the seismic, vertical fractures appear to have allowed MI to migrate above the injection zone. In response, CPAI has imposed a wellhead injection pressure limit on Meltwater Oil Pool injection wells to ensure the injection pressure at the sand face is less than 3400 psi, which corresponds to a pressure less than the leak-off test data gathered after drilling out of the production casing (top-sets the injection zone/producing horizon). As noted in AIO 21.000, there are no potential underground sources of drinking water in the Meltwater Oil Pool area.

Elevated Outer Annulus Pressures. With the restricted injection pressure, data provided by CPAI indicates that the outer annulus pressure in wells has declined. Where pressures remain, the rate of pressure build-up in the outer annulus is manageable with periodic pressure bleeds.

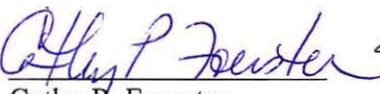
Effective immediately the following additional conditions are imposed:

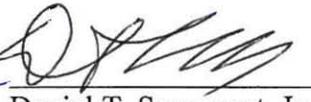
1. CPAI shall record wellhead pressures and injection rates daily;
2. CPAI shall submit to the AOGCC a monthly report detailing the daily monitoring of all Meltwater Oil Pool wells. Included in the monthly report CPAI shall submit OA fluid levels, well pressures, injection and/or production rates, and pressure bleeds for all annuli. Trends shall be evaluated and detailed;
3. CPAI shall limit the outer annulus pressure to 1000 psi;
4. CPAI shall immediately shut in any well indicating a change in its mechanical condition;
5. CPAI shall immediately notify AOGCC when a well is shut in for mechanical integrity reasons; and
6. After well shut in due to a change in the well's mechanical condition, AOGCC approval shall be required to restart injection.

The AOGCC has scheduled a hearing on November 8, 2012 at 9:00am to consider the need for additional amendments to AIO 21.000.

This Administrative Amendment 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 a USDW.

DONE at Anchorage, Alaska and dated October 4, 2012.


Cathy P. Foerster
Chair, Commissioner


Daniel T. Seamount, Jr.
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 AOGCC grants for good cause shown, a person affected by it may file with the AOGCC 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 AOGCC 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 AOGCC 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 AOGCC mails, **OR 30** days if the AOGCC 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 AOGCC 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 AOGCC, and it may be appealed to superior court. That appeal **MUST** be filed within 33 days after the date on which the AOGCC mails, **OR 30** days if the AOGCC 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 AOGCC 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.

