

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 AIO 24A.002

Mr. Steve Rossberg
Wells Program Manager
Attention: Well Integrity Coordinator, PRB-20
BP Exploration (Alaska) Inc.
P.O. Box 196612
Anchorage, AK 99519-6612

RE: PBU V-114A (PTD 2031850) Request for Administrative Approval
Borealis Oil Pool

Dear Mr. Rossberg:

In accordance with Rule 8 of Area Injection Order ("AIO") 24A.000, the Alaska Oil and Gas Conservation Commission ("AOGCC" or "Commission") hereby grants the request of BP Exploration (Alaska) Inc. ("BPXA") for administrative approval to continue water injection in the subject well. Before listing the approval conditions, however, the Commission will comment on BPXA's operation of this well with pressure communication in violation of Commission requirements.

Borealis Oil Pool (part of the Prudhoe Bay Unit) well V-114A commenced enriched gas injection in September 2006. Pressure data indicate the well operated with a stable inner annulus pressure ranging from 600 to 900 psi until mid-June 2007. During subsequent months leading up to BPXA's notification to the Commission on August 29, 2007 of pressure communication, PBU V-pad personnel engaged in the active management of increasing inner annulus pressure with periodic bleeds. Pad operating personnel monitoring the well pressures have applied annulus pressure triggers from Conservation Order 492 (applicable to production wells only) in operating this well. **BPXA is reminded that there is a more stringent requirement governing annular pressures in injection wells than development wells; immediate notification is required for any indication of pressure communication or leakage in an injection well.** Pressure data provided with this administrative approval request indicate that the Commission should have been notified of pressure communication, and the well should have been swapped to water injection in June 2007 instead of September 2007.

At no time during the months of increasing inner annulus pressure has there been any indication of pressure communication or leakage outside of the well; all injection has remained confined to the Borealis Oil Pool and the wellbore. Therefore, the Commission does not intend to take enforcement action against BPXA at this time for the continued injection of gas into PBU V-114A in the presence of pressure communication to the inner annulus. **Notification delays in the future will result in enforcement actions.**

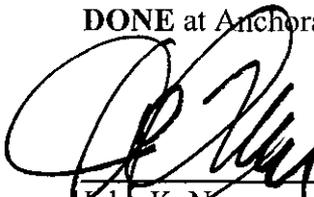
Regarding the administrative approval request to allow continued injection of water only, the Commission finds that BPXA has elected to perform no corrective action at this time on PBU V-114A. The Commission further finds that, based upon reported results of BPXA's diagnostic procedures and wellhead pressure trend plots, PBU V-114A exhibits two competent barriers to the release of well pressure. Accordingly, the Commission believes that the well's condition does not compromise overall well integrity so as to threaten human safety or the environment.

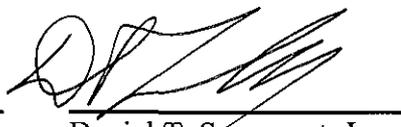
AOGCC's administrative approval to continue water injection in PBU V-114A is conditioned upon the following:

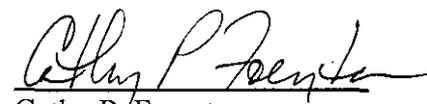
1. BPXA shall daily record wellhead pressures, injection rate, and annuli pressure bleeds;
2. BPXA shall submit to the AOGCC a monthly report of well pressures, injection rates, and IA pressure bleeds;
3. Every 2 years, BPXA shall perform an MIT-IA to 1.2 times the maximum anticipated well pressure;
4. BPXA shall immediately shut in the well and notify the AOGCC if there is any change in the well's mechanical condition;
5. After a well shut in due to a change in the well's mechanical condition, injection in the well shall not be restarted without AOGCC approval, and
6. The MIT anniversary date is November 3, 2007.

As provided in AS 31.05.080(a), within 20 days after written notice of this 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. A request for reconsideration is considered timely if it is received by 4:30 PM on the 23rd day following the date of this letter, or the next working day if the 23rd day falls on a holiday or weekend. A person may not appeal a Commission decision to Superior Court unless reconsideration has been requested.

DONE at Anchorage, Alaska and dated December 10, 2007.


John K. Norman
Chairman


Daniel T. Seamount, Jr.
Commissioner


Cathy P. Foerster
Commissioner

