

STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

ALASKA OIL AND GAS CONSERVATION COMMISSION

333 W. 7TH AVENUE, SUITE 100
ANCHORAGE, ALASKA 99501-3539
PHONE (907) 279-1433
FAX (907) 276-7542

ADMINISTRATIVE APPROVAL NO. AIO 2B.014

Mr. Jerry Dethlefs
Problem Well Supervisor
ConocoPhillips Alaska, Inc.
P.O. Box 100360
Anchorage, AK 99510-0360

RE: KRU 2G-03 (PTD 184-139)
Request for Administrative Approval

Dear Mr. Dethlefs:

On July, 2006 ConocoPhillips Alaska, Inc ("CPAI") requested an administrative approval under Rule 9 of Area Injection Order "AIO" 2B to allow continued water injection in service well Kuparuk River Unit ("KRU") 2G-03. The Alaska Oil and Gas Conservation Commission ("Commission") GRANTS CPAI's request for WATER ONLY service, as detailed below.

2G-03 was originally reported to have minor tubing x inner annulus ("T x IA") pressure communication in 1996. CPAI obtained a Sundry Approval (397-046) to allow the well to remain in water only service. Diagnostic testing determined that the IA pressure communication is likely due to an intermittent leak at the packer. When the well is operating, pressure induced forces within the tubing are sufficient to affect integrity at the packer; however when injection is stopped the absence of the pressure induced forces allows T x IA communication.

CPAI has elected not to perform corrective action on 2G-03 to restore full integrity. The Commission finds that, based upon reported results of CPAI diagnostic procedures, 2G-03 exhibits a minimum of two competent barriers to the release of well pressure. Accordingly, the Commission believes that the well's condition does not compromise overall well integrity and will not result in an increased risk of movement of fluids outside the injection zone. Where freshwater is not affected, 20 AAC 25.450 gives the Commission authority to approve less stringent well integrity and operation requirements.

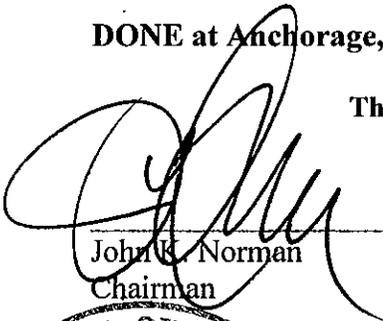
Per Rule 9 of AIO 2B, the Commission hereby grants CPAI's request for administrative approval to continue water injection in KRU 2G-03 on the following conditions:

1. Injection is limited to WATER ONLY;
2. CPAI shall monitor and record tubing, inner annulus and outer annulus (T/I/O) pressures and injection rate daily;
3. CPAI shall submit to the Commission a monthly report of well pressures and injection rates including any pressure bleed events;
4. CPAI shall perform a standard Mechanical Integrity Test of the Inner Annulus ("MIT-IA") every two years. If the MIT-IA fails, a Combined Mechanical Integrity Test (CMIT) of the tubing and inner annulus (T x IA) will be performed;
5. CPAI shall perform an MIT-OA every two years;
6. CPAI shall immediately shut in the well and notify the Commission upon any measurable change in the wells mechanical condition; and
7. After well shut in due to a change in the well's mechanical condition, Commission approval shall be required to restart injection.
8. The MIT anniversary date is May 14, 2006.

As provided in AS 31.05.080, 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 rehearing. A request for rehearing 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 rehearing has been requested.

DONE at Anchorage, Alaska and dated August 2, 2006.

The Alaska Oil and Gas Conservation Commission


John K. Norman
Chairman


Daniel T. Seamont, Jr.
Commissioner


Cathy P. Foerster
Commissioner

