

STATE OF ALASKA

SARAH PALIN, GOVERNOR

ALASKA OIL AND GAS CONSERVATION COMMISSION

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ADMINISTRATIVE APPROVAL 2B.029

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

RE: KRU 3N-04 (PTD 1860170) Request for Administrative Approval
Kuparuk River Oil Pool

Dear Mr. Walters:

In accordance with Rule 9 of Area Injection Order ("AIO") 02B.000, the Alaska Oil and Gas Conservation Commission ("AOGCC" or "Commission") hereby grants ConocoPhillips Alaska Inc. ("CPAI")'s request for administrative approval to continue water injection in the subject well.

Kuparuk River Unit ("KRU") 3N-04 exhibits tubing by inner annulus communication. Despite passing all positive pressure diagnostic tests and a drawdown test, the well exhibits inner annulus re-pressurization following pressure bleeds. The Commission finds that CPAI does not intend to perform repairs at this time, deferring until the location of pressure communication can be determined. Reported results of CPAI's diagnostic procedures and wellhead pressure trend plots indicate that KRU 3N-04 exhibits at least two competent barriers to the release of well pressure.

The pressure history provided by CPAI with their initial notification of sustained casing pressure (December 28, 2007) shows that the inner annulus pressure equalizes with the injection pressure. CPAI requests the Commission approve inner annulus pressure equalized up to an injection pressure of 3000 psi, which is approximately 60 percent of the production casing's minimum internal yield pressure rating. Should the well develop communication to the outer annulus, the 3000 psi injection pressure would represent 85 percent of the surface casing's minimum internal yield pressure rating.

Outer annulus pressures must be monitored and engineering controls must be installed to assure ongoing integrity of the surface casing. With such in place, the Commission believes that the well's condition would not compromise overall well integrity so as to threaten human safety or the environment.

AOGCC's administrative approval to continue water injection only in KRU 3N-04 is conditioned upon the following:

1. CPAI shall record wellhead pressures and injection rate daily;
2. CPAI shall submit to the AOGCC a monthly report of well pressures, injection rates, and pressure bleeds for all annuli;

3. CPAI shall perform an MIT-IA every 2 years to the maximum anticipated injection pressure;
4. Within 30 days of the effective date of this approval, CPAI shall install, maintain and operate automatic well shut-in equipment linked to the well's outer annulus pressure. The actuation pressure shall not exceed 1,000 psi. Testing of the shut-in equipment shall be performed in conjunction with production well pilots and safety valves;
5. CPAI shall immediately shut in the well and notify the AOGCC if there is any change in the well's mechanical condition;
6. After well shut in due to a change in the well's mechanical condition, AOGCC approval shall be required to restart injection; and
7. The MIT anniversary date is January 26, 2008.

DONE at Anchorage, Alaska and dated April 10, 2008.



Daniel T. Seamount, Jr.
Chairman



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.

