

STATE OF ALASKA

SARAH PALIN, GOVERNOR

ALASKA OIL AND GAS CONSERVATION COMMISSION

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ADMINISTRATIVE APPROVAL 2B.032

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

RE: KRU 2U-04 (PTD 1850070) Request for Administrative Approval

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) 2U-04 exhibits communication between the surface casing and conductor at approximately 5 feet below ground level. All positive pressure tests performed on the well's tubing, inner annulus (IA), and wellhead seals have passed since communication was first identified and reported in March 2008. The Commission finds that CPAI intends to pursue repair options and will make appropriate application if a viable option is available. The Commission further finds, based upon reported results of CPAI's diagnostic procedures and wellhead pressure trend plots, that KRU 2U-04 exhibits at least 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.

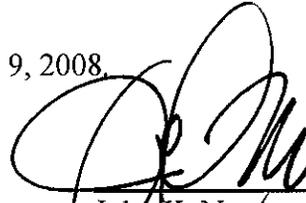
AOGCC's administrative approval to continue water injection in KRU 2U-04 is conditioned upon the following:

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 1.2 times the maximum anticipated injection pressure;
4. CPAI shall immediately shut in the well and notify the AOGCC if there is any change in the well's mechanical condition;

5. After well shut in due to a change in the well's mechanical condition, AOGCC approval shall be required to restart injection, and
6. The MIT anniversary date is April 20, 2008.

DONE at Anchorage, Alaska and dated June 9, 2008.


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.