

STATE OF ALASKA

ALASKA OIL AND GAS CONSERVATION COMMISSION

SEAN PARNELL, GOVERNOR

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ADMINISTRATIVE APPROVAL AIO 2B.050

Ms. M.J. Loveland
Problem Wells Supervisor
ConocoPhillips Alaska, Inc.
P.O. Box 100360
Anchorage, AK 99510-0360

RE: Request for Administrative Approval
KRU 2A-03 (PTD 1840510)
Kuparuk River Oil Pool

Dear Ms. Loveland:

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.

Well diagnostics confirm the well has a surface casing leak at a depth of about 120 feet. CPAI does not propose to repair the well at this time however intends to continue to evaluate possible repair/remediation possibilities. Reported results of CPAI's diagnostic procedures and wellhead pressure trend plots indicate that KRU 2A-03 exhibits at least two competent barriers – tubing/packer and production casing – to the release of well pressure. As part of the diagnostic testing, the well passed the standard inner annulus pressure test. 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 only in KRU 2A-03 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 limit the inner annulus pressure to 2000 psi and the outer annulus pressure as low as practicable;

4. CPAI shall perform a mechanical integrity test of the inner annulus every 2 years to the maximum anticipated injection pressure;
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 May 27, 2010.



DONE at Anchorage, Alaska and dated June 9, 2010.

The Alaska Oil and Gas Conservation Commission

Daniel T. Seamount, Jr.
Commissioner, Chair

John K. Norman
Commissioner

Cathy P. Foerster
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.