

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.006

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

RE: KRU 1H-07 (PTD 182-084)
Request for Administrative Approval

Dear Mr. Dethlefs:

On May 28, 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") 1H-07. The Alaska Oil and Gas Conservation Commission ("Commission") GRANTS CPAI's request for WATER ONLY service, as detailed below.

1H-07 was originally reported to have tubing x inner annulus ("T x IA") pressure communication in February 2003. Mechanical integrity was restored by placing a patch over the leak, however pressure communication returned in December 2003. CPAI has determined that a rig workover is necessary to repair the well.

CPAI has attempted to perform corrective action on 1H-07 to restore full integrity, however the work was not ultimately successful and CPAI does not propose to continue with any planned repairs. The Commission finds that, based upon reported results of CPAI's diagnostic procedures, 1H-07 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 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 1H-07 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 an Combined Mechanical Integrity Test (CMIT) of the tubing and inner annulus (T x IA) every two years;
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 January 3, 2006.

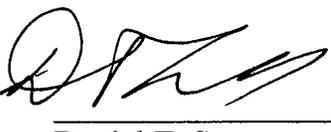
As provided in AS 31.05.080, within 20 days after written notice of this decision, or such further time as the Commission grants for good cause shown, a person affected by it may file with the Commission an application for rehearing. A request for rehearing is considered timely if it is received by 4:30 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 June 21, 2006.

The Alaska Oil and Gas Conservation Commission



John K. Norman
Chairman



Daniel T. Seamount, Jr.
Commissioner



Cathy P. Foerster
Commissioner

